ED4S
ACADEMY

A comprehensive analysis of systemic income inequality: exploring its drivers, impacts, and the metrics that define its scope for investors and governments.

INCOME INEQUALITY

Its causes, impact on society, and what investors can do.

By Matt Orsagh

DEEP DIVE SERIES

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EXECUTIVE SUMMARY

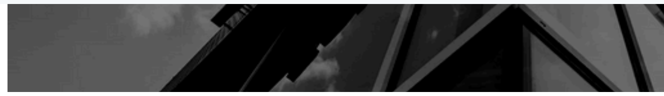
Inequality remains one of the most pressing global challenges of our time, with profound implications for social, economic, and political stability. While some level of inequality is inherent in any society, the current degree of disparity in wealth, income, and opportunity has reached troubling levels. Such levels of inequality often presage times of economic and societal instability such as the French Revolution or the Great Depression. This report provides a comprehensive analysis of the nature, causes, and consequences of inequality, as well as the role of investors, policymakers, and corporations in addressing it.

Drawing on historical context, empirical data, and modern case studies, the report outlines the impact of inequality on economic growth, social cohesion, and investor risk. The concentration of wealth in the hands of a few limits consumer demand, stifles innovation, and increases the risk of social unrest. The rise of the gig economy, the housing affordability crises, and disparities in access to healthcare, education, and technology are all manifestations of systemic inequality that requires urgent attention.

The report also explores solutions to address inequality, emphasizing the role of government policies such as progressive taxation, debt relief, and investment in public education and healthcare. Additionally, investors can contribute to systemic change through systems-level thinking, which encourages a holistic view of how investments interact with societal structures. By supporting companies that promote equitable wealth distribution and responsible business practices, investors can help create a more inclusive economy.

Case studies, such as the impact of Airbnb on housing markets and the role of venture capital in employee ownership, illustrate how business models and corporate strategies influence inequality. Moreover, the report highlights the role of new technologies, including artificial intelligence, and the importance of ensuring these innovations serve as tools for reducing inequality rather than exacerbating it.

The report concludes that addressing inequality is not only a moral imperative but also a practical economic necessity. By promoting fair policies, corporate responsibility, and systems-level investing, stakeholders can foster a more stable and sustainable economic environment for all.



INTRODUCTION

“We can either have democracy in this country or we can have great wealth concentrated in the hands of a few, but we can’t have both,” Associate Supreme Court Justice Louis Brandeis said in 1941, at the end another period of pronounced inequality in America, the Great Depression.

A 2020 study[1] by the RAND Corporation put the first-ever price tag on how much income inequality costs American workers today. The bill is estimated to be about $50 trillion. According to the study, $50 trillion has been diverted from working Americans to the wealthiest 1% since 1975.

Inequality is not only a problem in the United States. Statistics show that as of the writing of this report, inequality in Canada has never been higher.[2] The gap in the share of disposable income between the richest two-fifths of Canadians and the bottom two-fifths grew to 47 percentage points in 2024 according to Statistics Canada. That is the widest gap recorded since 1999, when Statistics Canada first started collecting such data.

In Europe, four out of five EU citizens perceive inequality is too high in their country, a proportion that has remained fairly stable since 2017.[3] On average in the EU, income inequality levels are broadly back to those from before the double-dip recession of 2009 and 2012.

Income inequality is often framed as a moral or ethical problem in a society. It is indeed that, but it is also an economic one. Rich households spend a lower proportion of their incomes than do those with lower incomes. If most of the wealth in a nation is concentrated in the hands of a small group of wealthy citizens, that economy will have a harder time growing than more equal societies. A majority of GDP usually comes from consumer spending. If those that do most of the consuming in a society have less to spend, it will be harder for economies to grow.

There is always inequality in society, it is just a matter of degrees. There seems to be a consensus however, that global economies are evolving into more unequal ones, with the gaps between the haves and have nots widening every year, with little expectation of the trend changing.

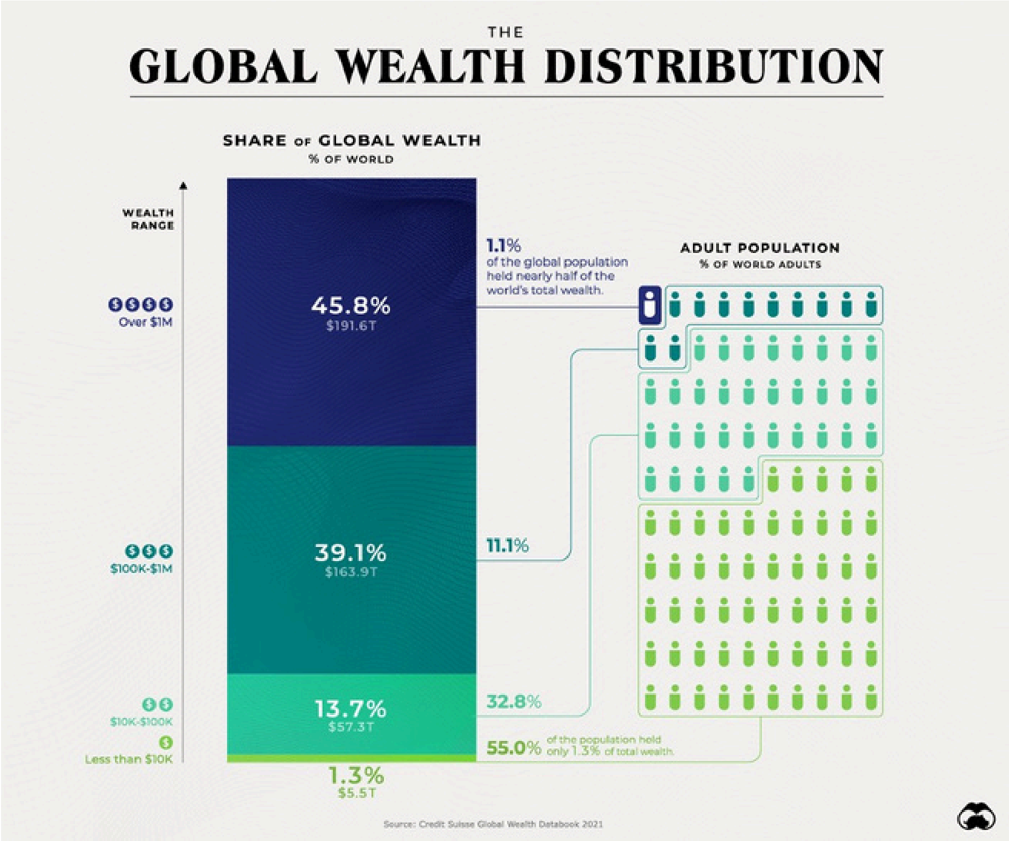
1 Trends in Income From 1975 to 2018 | RAND
2 Income inequality in Canada rises to the highest level ever recorded: Statistics Canada | CBC News
3 Economic inequalities in the EU - Key trends and policies - European Commission

Perfect equality is not possible. Making sure everyone has the exact same amount would require constant rebalancing of national assets to the point of ridiculousness. In such an extreme case where everyone's possessions and opportunities are continuously being rebalanced, society could not function. We would spend all our time rebalancing accounts, to the point that nothing got done, and everyone would be miserable.

On the other end of the spectrum, we can imagine a world of 8.2 billion people (about the Earth's population today) in which one person owned everything and owned the rights to the fruits of everyone's labor and creative endeavors. That too would be a miserable world, with very little incentive for innovation, artistic expression or many of the activities that make our lives worthwhile.

We all know that we have to accept some level of inequality for our societies to function. But what level of inequality is acceptable has always been the subject of debate since we began organizing ourselves into societies about 10,000 years ago.

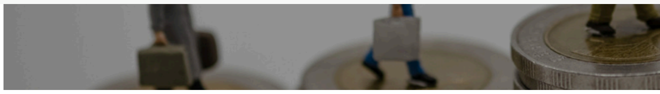
Today, there seems to be a consensus that the current level of global equality is not properly balanced. The below chart from Credit Suisse in 2021 shows that just over 1 percent of the global population in the world-controlled half of the world's wealth.



Such wealth distribution seems to violate our sense of fairness. If one person in any system-controlled half of that systems resources, the other people in that system would tend to think that system wasn’t fair.
If there were four children in a family yet one child had half of the toys, half of the food, and half of their parent's time, the other three children would rightly feel the system was unfair.

If a company with 100 employees had 1 employee who did not do half of the work, but still received half of the pay, the other employees would rightly feel that that system was unfair. This example is not as cut and dried if we make that one employee who receives half of the pay the founder of the company who put up all the capital to start the company. The company would not exist without them, so it would stand to reason that since they put more risk into the company in the form of their capital, they would be deserving of a somewhat higher reward. Would 50% of the rewards from the company be justified? That would have to be worked out within the company. If the workers had other options, they could possibly negotiate for a better deal with the company founder. If they did not, they might have to take what they could get.

On a larger scale, the scale of a state or nation, the problem of inequality is not easily negotiated. People in nations with tens of millions or hundreds of millions, or even billions of citizens cannot negotiate for a better deal. It is up to the policies of the government in that nation to address inequality – or not address it.



IS INEQUALITY EVEN A PROBLEM?

Beyond violating a sense of fairness in extreme cases, we should explore why inequality is perceived as a problem. We will start with the fairness argument that we have already discussed a bit and move on to other issues.

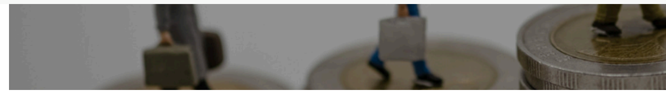
Fairness – A population that sees inequality as entrenched will be less motivated to work and innovate because they will see the fruits of their labor and effort largely benefiting someone else. Inequality that is entrenched is demotivating to a population. If there is inequality in a society that is not seen as entrenched, that is of course preferable. Policy should therefore attempt to ensure that inequality is not entrenched. It is natural for those with the most power and wealth to look to "capture the system" to keep the level of inequality as it is or even improve their position. In the long run this can exacerbate the problem.

Economy capture – If wealth is concentrated in a society, people with that wealth tend to control most of the aspects of the lives of other citizens, as they shape economic policy to meet their own needs. This tends to make unequal society more unequal over time, as those with wealth can rig the system to give themselves more wealth, often at the expense of other citizens.

Policy capture – In much the same way that wealthy individuals can capture an economy, they can also capture government policy, and bend it to their own ends. This can lead to policies that serve a small subsect of a population, and are detrimental to, or unwelcome by the rest of the population.

Economic growth – If policymakers, businesses and investors are interested in economic growth, a more egalitarian wealth distribution is desirable. Concentrated income and wealth in a society reduces demand, as wealthy households spend a smaller percentage of their income as do poorer households. An economy with higher levels of income inequality will face a headwind to their growth goals.

Instability - The more unequal a system becomes, the more unstable it becomes. In an extreme example where one person has all of the wealth and millions of people have nothing, it likely would not take long for those millions of people to rise up and revolt against the one person with all of the wealth. The more concentrated the wealth in a society, the more likely everyone else is likely to see the system as unfair, and be willing to change the system, often by violent means. History is replete with examples of people feeling treated unequally and rebelling against the status quo. Most of the revolutions or independence movements throughout history came about as a rebellion against perceived inequality.



TYPES OF INEQUALITY

Knowing the causes of inequality in a nation can help policymakers, and companies address those causes in order to make a society more equal.

Social inequality – Inequality in the systems that make up our society is often rooted in wealth. The education system of a nation may offer very different educational opportunities to its citizens. Wealthier citizens can and often do send their children to private schools, with more resources than the typical public school. Nations can narrow this gap by investing more in education for all its children. Nations that invest heavily in the education of their children often see dividends down the road.

Healthcare is another system where we can see vastly different outcomes for citizens in a nation. This is often tied to wealth, especially in nations where there is no or low-quality public healthcare option. The United States stands out as a prime example of this disparity, as it is the only developed nation in the world without universal healthcare for its citizens. It is therefore not uncommon to see very different healthcare options for the wealthy in the United States, and those in lower income brackets.

Racial and Gender inequality - Racial inequality refers to the social inequality and advantages and disparities that affect different races. These can also be the result of historic oppression, inequality of inheritance, or racism and prejudice, especially against minority groups.

There are vast differences in wealth across racial groups in the United States. The wealth gap between Caucasian and African American families substantially increased from $85,000 in 1984 to $236,500 in 2009.[4] Many causes relate to racial inequality such as: Years of home ownership, household income, unemployment, education, lack of upward mobility, and inheritance. In 1863, two years prior to emancipation, Black people owned 0.5 percent of the national wealth. In 2019 that number had risen to just[5] over 1.5 percent.

Gender inequality is a persistent and global problem. While equality in education and employment has improved, there is still discrimination based on gender in education, opportunity, pay, bodily autonomy, medical care and societal norms in many nations.

Geographic inequality. The Global North and the Global South are often defined in terms of their differing levels of wealth, economic development, income inequality, and strength of democracy, as well as by their political freedom and economic freedom. The inequality between these regions is a topic of interest and debate.

The disparity in wealth and opportunity between the Global North and Global South has its origins in the colonial system of centuries past in which the Global North largely exploited the people and resources of the global south, often with little to know compensation or restitution.

Geographic inequality can of course exist on a more local level within countries, states, provinces and even with cities and towns. This geographic inequality can result from access to favorable weather, climate, or natural resources.

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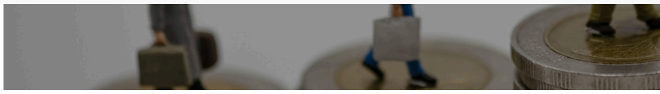
4 Brandeis University Institute on Assets and Social Policy
5 "Why the racial wealth gap persists, more than 150 years after emancipation". The Washington Post. Retrieved 27 May 2024.



CAUSES OF INEQUALITY

Wealth and Income Inequality are the forms of inequality most discussed by policymakers, academics and thought leaders, but other forms of inequality should be investigated as well. These types of inequality often have their roots in wealth inequality, but should be understood as their own unique issues so that we can understand their causes.

Historical Context

Our history and the history of those who came before us echo through today's society. One classic case is slavery and the Jim Crow era in the United States. The United States famously declared its independence from England in 1776. However, freedom from the tyranny of the English was not granted to slaves at that time. Even after the emancipation of American slaves in the late 19th century, Jim Crow policies and practices in the United States treated African Americans as second-class citizens. It wasn't until the Civil Rights Act of 1964 that African Americans enjoyed the same rights as all Americans under the law. Societies do not change overnight. In the case of the United States, the time before the Civil Rights Act of 1964 deprived most African-Americans of building wealth through investing and homeownership due to redlining and other Jim Crow-era policies.

As of 2024 the median wealth ($24,520) of African-American households in the US was about one-tenth the median wealth of households with a white householder ($250,400).[6]

6 Wealth by Race of Householder

Economic Policies

One economic policy that has a large impact on inequality is tax policy. The 2021 paper, Causes and Consequences of Income Inequality – An Overview,[7] shows that as personal income tax progressivity declined in the West, from 62% in 1981 to 35% in 2015, inequality has risen. Corporate tax rates were also cut by roughly one half across the OECD since 1980. Research from 18 OECD countries covering 50 years,[8] shows that tax reforms can significantly increase pre-tax income inequality, while having no significant effect on economic growth. The study shows that tax avoidance is estimated to be $7.6 trillion US dollars and rising, or roughly 8% of total global household wealth.

Social and Cultural Factors

Social inequality results from a society organized by hierarchies of class, race, and gender that unequally distributes access to resources and rights. An example of such a system is the Indian caste system that dates back thousands of years, and only recently has begun to be dismantled by law.[9] The caste system bestowed many privileges on the upper castes while giving few rights and privileges to the lower castes. These castes consigned people to a fixed social pecking order from which it was impossible to escape.

Often criticized for being unjust and regressive, it remained virtually unchanged for centuries, trapping people into fixed social orders from which it was impossible to escape.

Laws have been passed to brush aside the caste system. The government created a special quota of government jobs and university seats that would be reserved for the former lower castes, as mandated in the constitution.

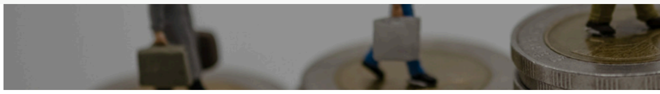
7 Polacko, Matthew. "Causes and Consequences of Income Inequality – An Overview" Statistics, Politics and Policy, vol. 12, no. 2, 2021, pp. 341-357. https://doi.org/10.1515/spp-2021-0017
8 Hope and Limberg (2020)
9 History of the Caste System in India

Technological Advancement

We live in a digital age. Today, all of the knowledge of human endeavors is at your fingertips in a device you can carry in your pocket. If knowledge is power, many people in the world still lack access to this power. According to the International Telecommunications Union, about 1/3 of humanity does not have access to the Internet.[10]

As the pace of technology adoption increases, societies should endeavor to ensure that their citizens have adequate access to that technological advancement so that all citizens can participate in the advancement of knowledge in that society.

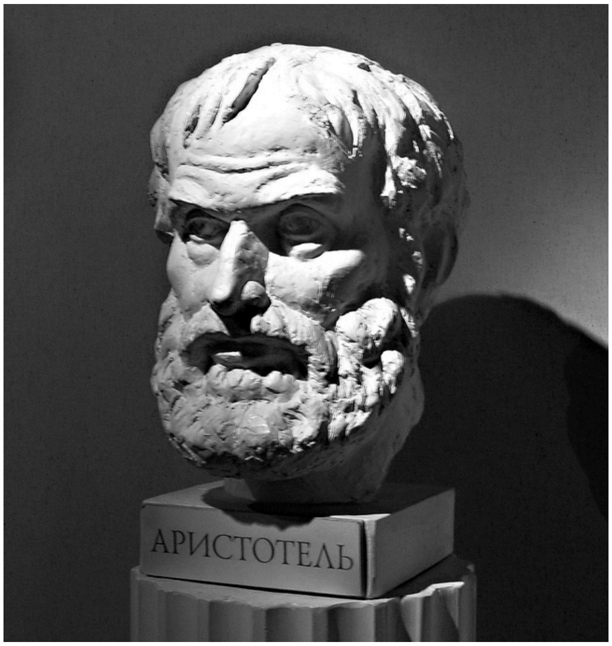
10 ITU Press release



HOW INEQUALITY EVOLVES IN SOCIETY

Some societies are more equal than others, and vastly unequal societies can exist right alongside more egalitarian ones. The type of inequality we see today has of course existed before, and if humanity exists for thousands or hundreds of thousands of years more, we will see these cycles again.

It is important to understand where our unequal societies come from so that we can see what is coming and deal with it appropriately. The old cliché of "those who do not understand the past are doomed to repeat it", applies here. So let us take a look at how this inequality comes about, examples from the past and what we can learn from those examples.



The famed Greek philosopher Aristotle, was one of the first to offer a detailed critiqued of inequality in society through his writings on government.

Aristotle warned of the danger of Oligarchy, where power is used by those in control to benefit those in control. Oligarchs gain their influence through their money and their power. In some cases, laws are written and enforced to ensure they keep their power. Power is kept in the hands of the wealthy few. Oligarchy has the appearance of more participatory form of government, but the ordinary citizen cannot run the corporations or earn a high political office. Those are generally reserved for the rich and powerful to keep the status quo.

Aristotle believed that oligarchies were inherently unstable, often leading to revolts by disenfranchised groups. Internal conflict within the oligarchy can cause problems as power and wealth become more concentrated. As power and wealth become more concentrated, those just outside of the power grow resentful and can destabilize the system. In the long run, the children of the oligarchs who have benefited from a system that handed them power, grow up without the experience or skills to rule and become poor leaders. The children of the poor grow up strong and eventually depose the oligarch's children.

Two examples from recent history highlight oligarchy in two very different systems, Russia and the United States.

In Russia, privately owned corporations, including producers of petroleum, gas, and metals, have led to the development of oligarchic elements in Russian politics, in which large companies coordinate action with the state, and are generally allowed to proceed with little or favorable regulation, as long as they stay out of the political realm.[11] Many of these corporations are directly connected with high-ranking government officials and even the president.

In the United States some scholars suggest that a shift towards oligarchic rule is caused by the influence of corporations, wealthy individuals, and special interest groups, that have outsized influence due to their disproportionate ability to lobby political leaders, and a system in which political contributions to political leaders are often nebulous and lightly regulated.[12] The researchers Martin Gilens and Benjamin Page (2014) analyzed nearly 1,800 US policies between 1981 and 2002. They concluded that most government policies tend to favor special interests and lobbying organizations.[13]

Of course, Aristotle was just one of the first to identify this problem. Ganesh Sitaraman's book, The Crisis of the Middle-Class Constitution: Why Economic Inequality Threatens Our Republic,[14] addressed this issue in the modern context.

Sitaraman argues that democracy can't survive pronounced levels of economic inequality. His conclusions echo those of Aristotle. He found that if you have a deeply unequal society, the rich will try to control the government, and undermine democracy. Sometimes this results in a revolt of the poor, which can of course be violent like the French revolution, or the poor can coalesce behind a populist leader that can become a tyrant, who claims to serve the poor, but consolidates his power as a tyrannical head of a police state.

According to Sitaraman, a large and thriving middle class is needed to make a democracy stable. A large middle class often forms a bulwark against the attempts of the ruling class from gaining too much power and influence. Of course, if the middle class of a nation is largely hollowed out, then that bulwark is not as strong.

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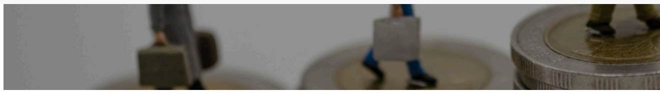
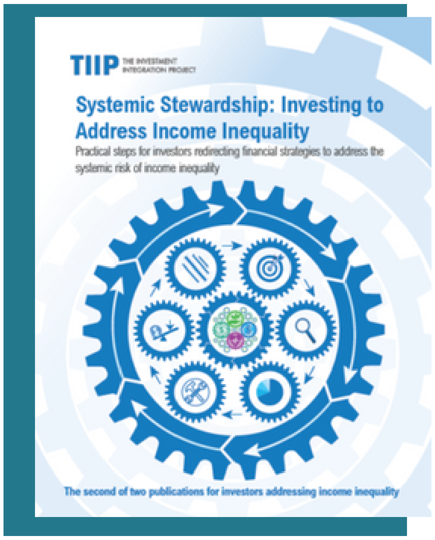
11 From Soviets to Oligarchs: Inequality and Property in Russia, 1905-2016 | NBER
12 Inequality in the long run - PubMed
13 Testing Theories of American Politics: Elites, Interest Groups, and Average Citizens | Perspectives on Politics | Cambridge Core
14 Sitaraman, Ganesh. 2018. The Crisis of the Middle-class Constitution: Why Economic Inequality Threatens Our Republic



INEQUALITY AND INVESTORS

In 2022, the Investment Integration Project published their report: Systemic Stewardship: Investing to Address Income Inequality.[15] The paper puts forth the premise that income inequality is a systemic risk and hopes to guide investors as to how to address the issue.



According to the authors, the richest 1% have more than twice as much wealth as nearly 90% of people combined.

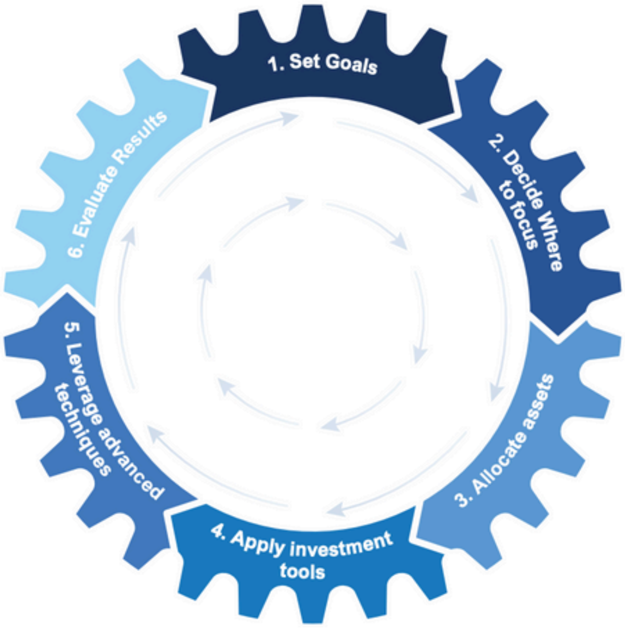
They posit that such a dramatic level of inequality affects all investments across all asset classes, as such levels of inequality are not sustainable, and ultimately will destabilize the most unequal economies. The authors acknowledge the role governments can play in addressing income inequality but assert that investors maintain a unique ability to leverage their capital and influence as an integral part of the response.

The report builds on TIIP's previously released income inequality toolkit[16] that examines and re-defines the notion of stewardship to include the consideration of social and environmental systems alongside financial returns.

15 Using Systemic Stewardship to Address Income Inequality - TIIP The Investment Integration Project
16 Income inequality: one of the major systemic challenges of our time - TIIP The Investment Integration Project

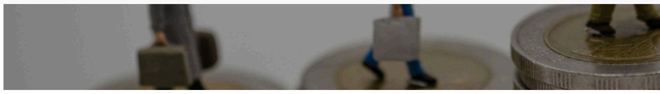
The report offers a six-step process for investors to tackle systemic issues, such as income inequality:

1. First, investors must set a system-level goal that affects their investments across all asset classes.
2. Next, investors must decide where to focus and commit to addressing a certain systemic issue, like income inequality.
3. After deciding where to focus, investors must allocate their assets accordingly.
4. Then, investors can extend conventional investment tools to exercise system-level influence.
5. Investors can further leverage advanced techniques designed specifically to manage systemic risks and rewards.
6. Finally, investors should evaluate their results towards their stated goals.



The guide aims to show how investors can protect and enhance the long-term value of their assets while acting as stewards of underlying social and environmental systems.

While governments play a critical role in the process of addressing income inequality, investors can use the leverage of their capital to accelerate far-reaching changes in corporate behavior and incentives. In essence, investors can direct their investments to companies and projects that address income inequality, ameliorating the pressures that build in a society with highly unequal wealth and income structures.



CLIMATE CHANGE AND INEQUALITY

The recent paper, Global Carbon Inequality over 1990 – 2019,[17] put into words something that most of us probably suspected, that the wealthy have contributed far more to climate change than the average person. The study grouped people based on income and wealth and then examined how different groups contributed to climate change.

Some of the highlights from the report:

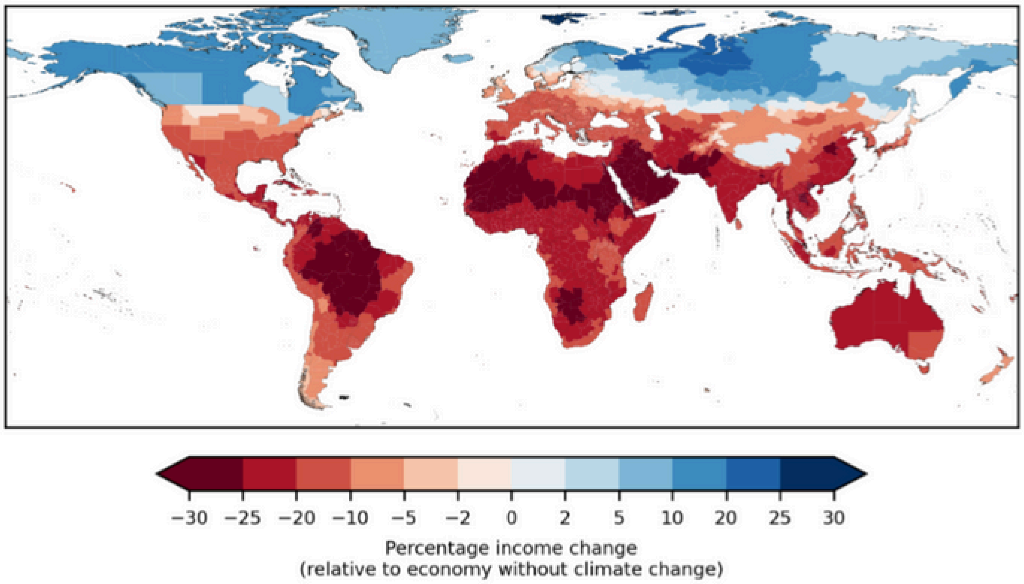
The bottom 50% of the world population emitted 12% of global emissions in 2019, whereas the top 10% emitted 48% of the total.

Since 1990, the bottom 50% of the world population has been responsible for only 16% of all emissions growth, whereas the top 1% has been responsible for 23% of the total.

While per-capita emissions of the global top 1% increased since 1990, emissions from low- and middle-income groups within rich countries declined.

Climate change is likely to hit the poorest parts of the planet the worst. These countries are concentrated around the equator and will suffer the most physical challenges from climate change such as increased temperatures, drought, famine and migration due to climate change. They will also see the largest negative impacts in income due to climate change.

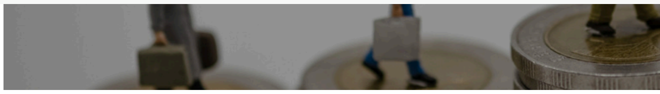
17 CBV2023-ClimateInequalityReport-2.pdf (wid.world)



The above graphic from the Potsdam Institute shows projected income changes in 2049 compared to an economy without climate change. According to the Potsdam Institute report, even without new CO2 emissions the world economy will face an income reduction of 19% until 2050 due to climate change.[18]

The environmental issues of climate change and ecological overshoot will likely exacerbate the issue of global income inequality. Ecological overshoot occurs when demands made on an ecological system exceed its ability to regenerate. Policymakers and investors concerned about inequality will need the right metrics to measure inequality, so that they can act appropriately to address the problem.

18 38 trillion dollars in damages each year: World economy already committed to income reduction of 19 % due to climate change – Potsdam Institute for Climate Impact Research



MEASURING INEQUALITY

Policymakers have a powerful tool to measure inequality, the Gini coefficient.[19] The Gini coefficient is named after sociologist Corrado Gini, who came up with the measurement. A coefficient of zero means a society of perfect equality, or everyone has the same. A coefficient of 1 represents maximum inequality, or a society in which one person has all the wealth.

To give you an idea of where different countries stand on inequality based on income around the world, the following table is a cross section of Gini coefficients taken from the World Bank Poverty and Inequality Platform in 2024.[20]

South Africa	0.63
Brazil	0.53
Mexico	0.45
United States	0.40
China	0.37
United Kingdom	0.35
Canada	0.32
Ireland	0.30
Belgium	0.26
Slovenia	0.24

Data source: World Bank

19 Measuring inequality: what is the Gini coefficient? - Our World in Data)
20 Gini index | Data

MANAGE WHAT YOU MEASURE

The Commitment to Reducing Inequality Index,[21] ranks governments on their policies in three pillars pivotal to levelling the playing field:

1

Public services, which include education, health and social protection

2

Progressive taxation, including corporate income tax and tax collection

3

Labor, which includes women's rights in the workplace and the minimum wage

This list looks suspiciously like the best performers in the Gini coefficient table:

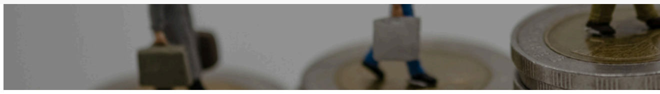
The report, Fighting Inequality in the time of COVID-19: The Commitment to Reducing Inequality Index 2020 was published by Development Finance International and Oxfam to take a snapshot of global inequality.

Table 1: CRI Index ranking of 158 countries – the top 10

COUNTRY	PUBLIC SERVICES RANKING	TAX RANKING	LABOUR RANKING	CRI RANKING
Norway	14	21	1	1
Denmark	8	28	2	2
Germany	5	17	11	3
Belgium	7	37	8	4
Finland	2	61	4	5
Canada	26	8	20	6
France	3	47	16	7
New Zealand	21	11	34	8
Austria	10	50	18	9
Sweden	11	78	7	10

The report's recommendations include "increasing taxation of the richest corporations and individuals"; increased spending on public services and social protection; greater solidarity among the international community around extending the current debt standstill through 2022; and improving data on inequality to accurately and regularly monitor progress.

21 Fighting Inequality in the time of COVID-19: The Commitment to Reducing Inequality Index 2020



SYSTEMS LEVEL THINKING

Systems level thinking is a tool that investors, companies and policymakers can use to better understand the broad cases, implications and solutions to income inequality. This involves taking a large macro view of an issue, like inequality, to identify its causes, and start to address the problem.

The idea that the sole purpose of a firm is to make money for its shareholders didn't come from just one source, but has largely been traced to an article by Milton Friedman in the New York Times on September 13, 1970.[22]

According to Friedman, any company executive who did anything other than pursue value creation for shareholders were, "unwitting puppets of the intellectual forces that have been undermining the basis of a free society these past decades." They were guilty of "analytical looseness and lack of rigor."

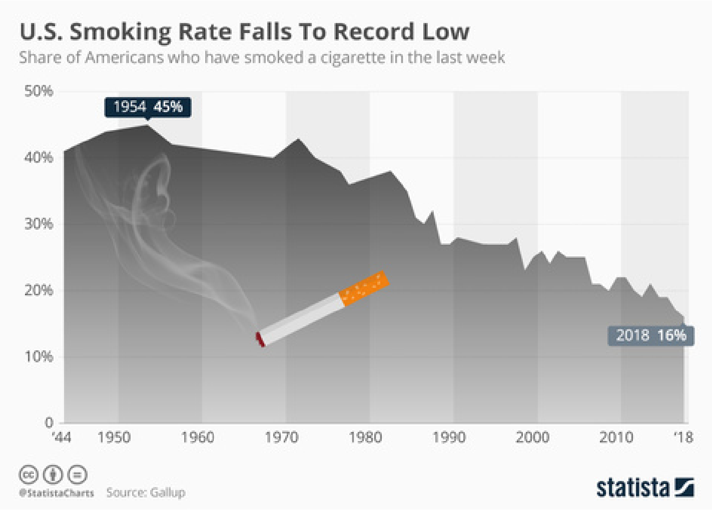
While we acknowledge the significance of Friedman's perspective, it is worth considering the broader implications of this view. A corporation, or a system of corporations, that negatively impacts the society in which it operates may ultimately affect the well-being of its shareholders beyond financial returns. Furthermore, such actions could also impact the communities where the corporation's employees and executives live and work. These broader social and environmental consequences are essential considerations for modern corporate governance and responsibility.

What good is a hefty portfolio in a world beset by climate change and environmental damage so profound that employees of a company will not be able to find water to drink or food to eat. That is an extreme example, but one that is a real possibility in the future if humanity does not address climate change and ecological overshoot.

A more recent example is smoking.

22 ghi24697_app_211-227.indd

The problem is that we don't consider negative externalities in assessing whether we as a society benefit from what these corporations are doing. That and corporations have huge lobbying budgets, so they buy our elected representatives to keep them on their side.



Cigarettes can be hugely profitable for shareholders, but the deaths linked to smoking, increased healthcare costs and loss of productivity, if factored in, outweigh any monetary benefit. It took decades of dogged work by civil society groups and lawyers, but in 1998, the tobacco industry reached a settlement with forty-six states that transformed the tobacco industry.[23] Since that time, the rate of smoking in the United States has been cut in half. This has undoubtedly resulted in a huge savings in healthcare costs for individuals and the American taxpayer due to avoided treatments of smoking related illnesses. In the wake of the Master Settlement, tobacco-related cancer incidences dropped about 5 percent from 2005 – 2009.[24] From 2010 – 2014 these incidences dropped another 1.2 percent.[25]

These numbers of course can't count the number of Americans who would have taken up smoking, but never did after the Master Settlement. This has resulted in a healthier America (at least where smoking is concerned) and lower healthcare costs for Americans. Yes, the tobacco companies ended up being fine, because they just shifted their business to new markets – but that is a complaint for another day. The point is that the tobacco industry, despite its intense lobbying, eventually had to change its ways. That can work for other industries too.

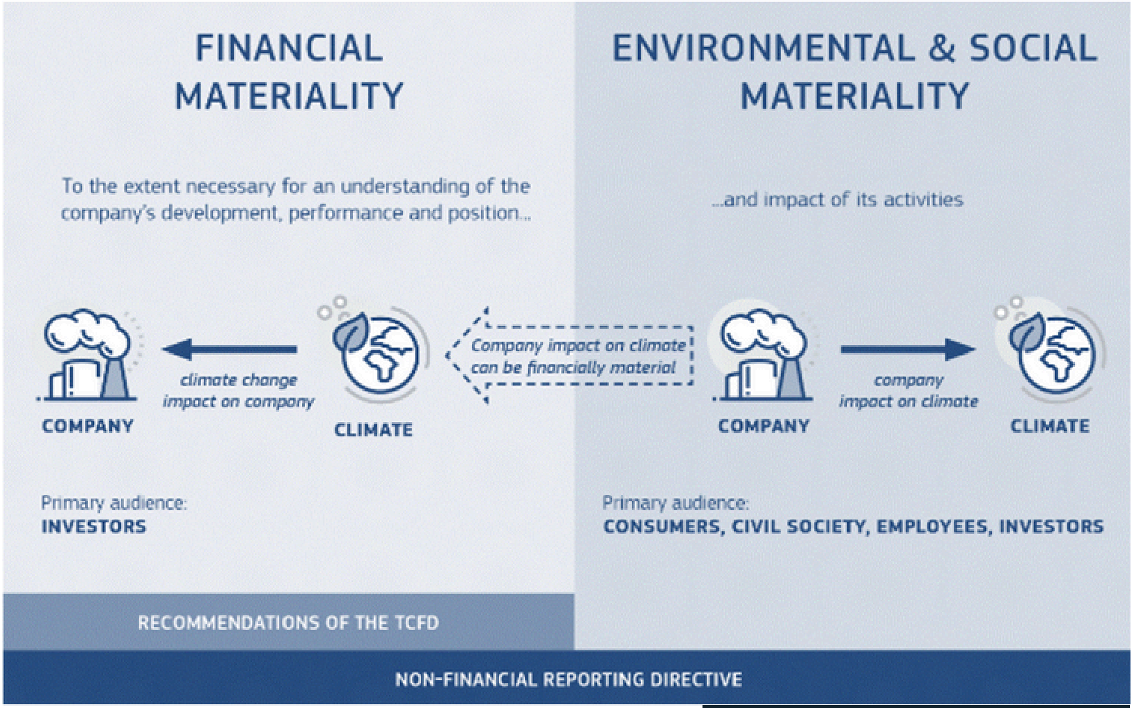
Investors need to consider returning value to shareholders. But they also need to understand the systems that make up our world, and how the health of those systems can impact our investments and our ways

23 '98 Tobacco Settlement - The American Museum of Tort Law (tortmuseum.org)
24 Decreasing trend in tobacco-related cancer incidence, United States 2005-2009 - PubMed (nih.gov)
25 Surveillance for Cancers Associated with Tobacco Use - United States, 2010-2014 - PubMed (nih.gov)

of life. Systems-level investing requires a broader understanding of finance and investing and the interactions of the financial system with the world around it. This requires more work and training from the financial practitioner to include systems-level thinking in strategic planning, and the management of systemic risks and investing in solutions to systemic problems (e.g. climate change, income inequality, economic crises).

Analyze the full spectrum of impact. Scenario planning.

With a better understanding of system thinking, investors can better trace a company's impact on the environment as well as the impact that environment has on a system. In the investment world, this is often referred to as double materiality. A company has an impact on its environment, just as the environment (the availability of resources) has an impact on a company.



Source: European Commission 2019 *

*https://www.researchgate.net/publication/369873172_Environmental_impact_of_mortgage_bond_purchases_presentation_of_a_possible_estimation_methodology

An investor needs to use this knowledge of how everything in a system can impact everything else in that system to better understand how the companies in their portfolio can adversely impact the system as a whole and therefore their portfolio as a whole.

Issues such as smoking and climate change are easy examples to think of, as each has profound impacts on a number of different industries and on society as a whole.

Inequality is a similar issue.

A system that concentrates wealth among a small elite will make a challenging operating environment for companies that cater to the needs of the middle class. For example, automobile companies may face a headwind if the middle class in a country do not feel that their wages are keeping up with inflation. Such a demographic will likely delay big ticket purchases such as a car, potentially hurting the bottom line of car companies.

Inequality will have similar implications for healthcare, housing, higher education and other industries that depend on the sale of relatively high-cost goods and services.

Investors may wish to support policies that mitigate such inequality, such as progressive taxation and employee ownership incentives, since preserving the purchasing power of a broad consumer base. ultimately strengthens markets and contributes to a more stable economic environment.

CASE STUDY - HOUSING

Companies and government policies can have unintended consequences. Investors, companies and policymakers should use a systems lens to understand how their actions and investments may impact a society and potentially exacerbate inequality.

Let us take the example of housing in the United States to see how investment and policy can help or harm citizens looking for housing.

The study, The State of the Nation's Housing in 2023 showed that half of renters spending 30% or more of their income on rent and one-quarter spending more than 50%.[26] It is estimated that Policymakers, community organizations, employers, and other stakeholders are considering solutions to boost the availability and affordability of housing as the country copes with a shortage of an estimated 4 million to 7 million homes.[27]

This shortage of housing has profound implications for inequality, as the main way that Americans build wealth, is through the equity in their homes.

In the U.S., the median household has 68% of its wealth tied up in its primary residence.[28] The inability of millions of Americans to buy a home means that those millions of American families are shut off from building wealth, which ultimately makes America more unequal, and more unstable.

Let us first take a look at the company Airbnb, through which people can rent out their home for other people to use.

As of 2024, there were about 2.25 million homes in the US listed on Airbnb.[29] These are mostly people's second or third homes. That 2.25 million is a big chunk of the 4 – 7 million in the housing shortage.

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26 THE STATE OF THE NATION'S HOUSING 2023
27 Survey Finds Large Majorities Favor Policies to Enable More Housing | The Pew Charitable Trusts
28 How Much of Americans' Personal Wealth Is Tied Up in Their Home? - 24/7 Wall St.
29 Airbnb Statistics [2024]: User & Market Growth Data

Airbnb is a good deal for those who own the 2.25 million homes in the United States. They can usually earn more renting out their property through Airbnb, than they would renting it on a monthly basis. The data shows that many of those homeowners renting out their homes, own multiple homes. About one-quarter of the hosts on the Airbnb platform own nearly two-thirds of the listings.[30]

This becomes a simple supply and demand issue. If Airbnb and other short-term house rental businesses are effectively taking over 2.25 million homes in the US off the market for rental or purchase, that is going to constrict supply, which will drive up prices, which further exacerbates the housing problem.

Another problem in the US housing market is the recent trend of institutional investors and corporations buying up houses and renting them. Large investment companies are purchasing houses en masse and converting them into rental homes. This means that a large portion of U.S. homes are being taken off the market, meaning families cannot buy them and build wealth. This results in a market with fewer available houses, and inflated home prices. [31]

According to data reported by the PEW Trust and originally gathered by CoreLogic, as of 2022, investment companies take up about a quarter of the single-family home market. Specifically, investor purchases accounted for 22% of all American homes in 2022.[32]

These examples show that a company's business model (Airbnb) and lack of housing policy (allowing corporations to buy housing) are making inequality in the United States worse by artificially limiting housing supply.

What can be done?

The answer depends largely on government policy. Zoning laws can be changed to allow for the construction of more affordable housing. Policy can also be changed to require the owners of a home to live in that home, or to limit the number of homes that can be owned by an individual or a corporation. For example, New York City has started requiring property owners to register their property with the city and prove they use the property as their main residence.

30 https://www.nasdaq.com/articles/4-reasons-airbnbs-are-partly-to-blame-for-the-housing-crisis.
31 Millions of Americans Are Being Priced Out of the Housing Market
32 Investors Bought a Quarter of Homes Sold Last Year, Driving Up Rents • Stateline

SOLUTIONS TO INEQUALITY

Though investors can play a part in addressing inequality, government policies or lack of policies have the biggest impact on inequality.

Set a floor which you won't let people fall below –

1 Ensure the minimum wage in a nation is a living wage. Every nation is different, and some countries have no federally mandated minimum wage, but have other worker protections and workers' rights groups that end up ensuring that the lowest paid workers still have enough or life's essentials.

2 Universal basic income - About fifty years ago, an economic and social experiment took place in the small town of Dauphin, Manitoba in Canada. Over the four years that the experiment ran, families could receive a basic income of 16,000 Canadian dollars (about $12,000) for the year.[33] Measures of physical and mental health improved. Full-time employment increased, and more students completed high school. The monthly payments made to qualifying families of Dauphin provided security. The payments were not enough for someone to do nothing and sit on their couches all day. But for people living near the poverty line, a payment of just under $1,000 per month removed one thing from the lives of those living on the edges in Dauphin: fear. The research from the Dauphin experiment showed an 8.5% decrease in hospitalizations over the four-year time period.[34] There were fewer alcohol-related accidents and less reporting of mental health issues. Full-time employment increased because residents could hold out for a better offer instead of trying to make ends meet with part-time or gig work. Students stayed in school longer because their families did not need them to work. Finally, those living in poverty didn't have to take on excessive debt in cases of emergency.

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33 Canada's forgotten universal basic income experiment
34 The Town with No Poverty: The Health Effects of a Canadian Guaranteed Annual Income Field Experiment

Address onerous debts that harm society –

Medical debt and educational debt can severely hamper the ability of people to get ahead in life. These may be distinctly American problems because the costs of attending University and Healthcare are largely subsidized in most other developed nations.

Medical debt in the United States can ruin a family. According to the US Census Bureau, in 2017, 19% of U.S. households carried medical debt, defined as medical costs people were unable to pay up front or when they received care.[35] Among households with medical debt, the median amount owed was $2,000, meaning half had more and half had less.

Total student debt in the U.S. has nearly tripled in the past 15 years,[36] from more than $619 billion in quarter one of 2008 to more than $1.74 trillion in quarter two of 2024, according to the Federal Reserve.

With this debt rising as average wages have fallen, many borrowers struggle to repay their student loans and are unable to pursue other life goals, such as buying a home or starting a family.

Part of the solution to eliminating excessive educational debt would be to invest more in mentoring and vocational training, so that people can earn a livable wage and attain a good life without needing an expensive college degree.

Primary education also needs to be a priority, so that even those citizens that do not wish to pursue a university degree have the education to be well informed members of society.

35 Who Had Medical Debt in the United States?
36 Student loan debt statistics in 2024

Fair taxation system:

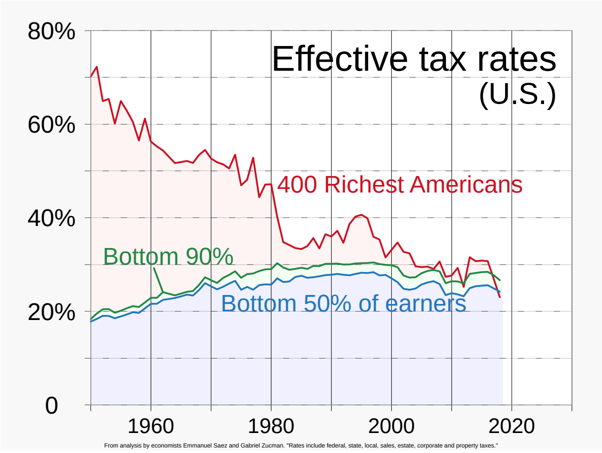
Everyone wants lower taxes, but taxes need to be set at a level where society incentivizes innovation and risk-taking, but does not allow a small portion of the population to accumulate a level of wealth that allows them to set the rules for society, which includes avoiding taxation.

In some Western nations, an oligarch class has emerged with enormous wealth that provides them the ability to capture regulators and means of the state to ensure that their interests are served first, before those of the average citizens. The same can be said for corporations in some markets that have been able to capture regulators so that they are regulated less and taxed less.

Individuals have stashed $8.7 trillion in tax havens,[37] estimates Gabriel Zucman (2017), an economist at the University of California at Berkeley. Economist and lawyer James S. Henry's (2016) more comprehensive estimates yield an astonishing total of up to $36 trillion.

To put that in perspective, the total government budget for the United States, the richest country in the world, in 2022 was about $6 trillion. The money stashed in tax havens around the world could run the US government for one year – and then some.

To achieve a more egalitarian society, policymakers need to address their tax systems so that the percentage of income and wealth taxed is conducive to a well-functioning society. Policymakers should strive to close loopholes that allow some groups to avoid taxes and crack down on tax avoidance havens that are keeping money from being invested in vital infrastructure.



37 The True Cost of Global Tax Havens – IMF F&D

Redefining Employee Ownership: Shifting from Adversarial Relationships to Shared Success

Companies have long sought ways to include employees in a company. This has traditionally taken the form of stock options, stock grants or restricted stock that aims to tie employee success with that of the company. The idea is that employees will work hard and be loyal to a company that rewards them.

This idea has started to make its way into the world of venture capital.[38] The idea is that venture capital firms grant employees an equity stake in the company. This way, employees will share in the profit if the venture capital company exits at a profit. Historically, there has been an adversarial relationship between venture capital firms and the employees at the companies they buy, who see the writing on the wall when a venture capital firm comes in, often to cut costs (staff) and sell the company at a profit at all costs.

In theory newly motivated workers benefit the company's bottom line, elevating the eventual sale price by more than the venture capital firm gives up by granting equity to employees.

Systems-Level Investing

Over the past decade, more workers have begun participating in the "gig-economy", earning money in part time jobs such as Uber, Lyft, DoorDash, freelance work, or renting their house out through Airbnb. The upside of these gig jobs is that they allow for flexibility for workers, or as ways to supplement a full-time job with a "side-hustle".

The downside of the gig economy is that it often provides no benefits, no job security, and no sense of employer loyalty, as gig workers are treated as easily replaceable commodities. This results in unstable income for workers and leaves them vulnerable to economic shifts. Companies that seek to capitalize on the rise of the gig economy by reducing benefit payouts, along with policies that enable such practices, may be contributing to growing inequality.

Take the United States as an example. Currently about 16.4 percent of the American workforce is made up of gig workers.[39] About 25 percent of lower-income American's say they work in the gig-economy in some capacity.[40]

In the United States, healthcare is often tied to employment, which means that gig workers must either purchase their own healthcare or go without coverage unless they have access through a full-

38 20+ Gig Economy Statistics for 2024: The State of Gig Work
39 30 Gig Economy Statistics for 2024 | Millennial Money
40 Facts and Figures 2021: 2.9 billion people still offline - ITU

time job or a partner's employer-provided plan. Additionally, gig jobs typically do not offer pensions or other retirement savings options. As a result, gig workers may fall behind their peers in building retirement savings, particularly during the critical early years of their careers, which are essential for long-term wealth accumulation.

Policymakers should work to ensure that the gig economy is not used as a way for companies to save on costs in the short term, and saddle society with problems in the long term when those who work in the gig economy will need pension and health services later in life.

Use Technology to address inequality, not make it worse.

As the pace of technological innovation increases, it is easy for those without access to that technology to be left behind, exacerbating inequality.

Policymakers should work to ensure that innovative technologies help all levels of society share in innovation. One example is the internet. The internet is ubiquitous in our lives, and most of us carry a connection to the internet in our pockets, where we can have access to nearly all human knowledge and art ever created, at the tip of our fingers. It is easy forget that about 3 billion people on earth, or 3/8 of us do not have access to the internet.[41] Many of them would love to have it. These people are at a competitive and cultural disadvantage, as the rest of the world has access to information they do not.

Another example is Artificial Intelligence (AI). On the one hand, AI can be used to replace jobs and put people out of work. On the other hand, AI can be used to do mundane tasks that make our lives easier and give us more leisure time. Economist John Maynard Keynes famously predicted we would have a 15-hour work week by the year 2000 due to automation and technology.[42] Tools like AI can get us closer to that world, where we have more time to do things that aren't work.

41 Facts and Figures 2021: 2.9 billion people still offline - ITU
42 Keynes Predicted We Would Be Working 15-Hour Weeks. Why Was He So Wrong? : NPR

CONCLUSION

Inequality is a multi-dimensional challenge that requires a multi-faceted approach from policymakers, investors, corporations, and civil society. While complete equality is neither feasible nor desirable, extreme disparities in wealth, income, and opportunity threaten economic stability, social cohesion, and human potential.

This report highlights how inequality manifests across geographies, demographics, and sectors, revealing the deep interconnections between income distribution, access to essential services, and systemic power imbalances. Drawing on historical and contemporary analysis, it becomes clear that unchecked inequality can reduce economic growth and lead to economic and societal instability. Addressing inequality can result in a more vibrant and resilient economy, and a more stable society with increased levels of well-being across a society.

Investors have a pivotal role to play in addressing inequality by adopting systems-level thinking, advocating for fair labor practices, and supporting policies that reduce wealth concentration. Corporations can promote shared success models, such as employee ownership, while policymakers can implement measures such as progressive taxation, universal basic income, and equitable education reform.

The report urges all stakeholders to move beyond short-term thinking and recognize that long-term stability requires a more just and balanced distribution of wealth and opportunity. By fostering inclusive growth, we can create a future where businesses thrive, workers are fairly compensated, and societies are more equitable and sustainable. The time to act is now, and the pathway to progress lies in collaboration, accountability, and a shared commitment to addressing inequality at its root.

ANNEX I - INCOME INEQUALITY METRICS

Pay Gap & Wage Inequality Metrics

These metrics measure the **difference in compensation** between employees at different levels in the organization.

1.1 CEO-to-Median Worker Pay Ratio

Formula
CEO total pay/ Median employee pay

Why it matters
A high ratio indicates extreme pay disparity, which may hurt employee morale and public reputation.

Example
In 2023, Amazon's CEO-to-median worker pay ratio was over **6,500:1**, signaling severe inequality.

1.2 Gender Pay Gap

Formula
CEO total pay/ Median employee pay

Why it matters
A high ratio indicates extreme pay disparity, which may hurt employee morale and public reputation.

Example
In 2023, Amazon's CEO-to-median worker pay ratio was over **6,500:1**, signaling severe inequality.

1.3 Living Wage Coverage

Definition
Percentage of employees paid a wage that meets the local cost of living (vs. minimum wage).

Why it matters
Companies with higher coverage of living wages have better employee satisfaction, lower turnover, and lower regulatory risks.

Example
Retail companies like **Costco** have been praised for providing living wages, unlike **Walmart**, which faced criticism for low wages.

1.4 Ratio of Top 10% Earners to Bottom 10% Earners

Formula
Average wage of top 10% / Average wage of bottom 10%

Why it matters
This metric provides insight into **internal wage inequality** beyond the CEO-worker ratio, especially for middle management

Example
Tech companies often have a large gap due to stock-based compensation for executives and low wages for contract workers.

Data Sources:

Company Filings: Public companies often disclose executive compensation and pay ratios in their annual proxy statements (DEF 14A).

Government Databases: Agencies like the U.S. Securities and Exchange Commission (SEC) provide access to such filings.

ESG Data Providers: ESG Data Providers: Firms like MSCI ESG Research and Sustainalytics offer analyses on pay gaps and wage practices.

Leading Organizations:

World Economic Forum (WEF): Provides insights on global income inequality and corporate practices.

International Labour Organization (ILO): Offers data and reports on wage disparities and labor standards.

Employee Well-being & Workforce Stability

These metrics reveal if income inequality is affecting **worker well-being, turnover, and productivity**.

2.1 Employee Turnover Rate

Formula
(Employees leaving during the period / Total employees) x 100

Why it matters
High turnover indicates dissatisfaction, often linked to low pay.

Example
Companies like **Amazon** experience high turnover (over **150% annually)**, which increases recruitment and training costs.

2.2 Absenteeism Rate

Formula
(Total absentee days / Total workdays) x 100

Why it matters
Low-paid workers may miss work due to financial stress, health issues, or burnout.

Example
Companies with high absenteeism often face supply chain disruptions and missed production targets.

2.3 Full-time vs. Part-time Employment Ratio

Definition
Percentage of workforce on full-time contracts vs. part-time or "gig" contracts.

Why it matters
Companies that rely on **gig workers** avoid paying benefits, but this exposes them to reputational and regulatory risk.

Example
Uber and other gig-economy companies face lawsuits over their refusal to classify workers as "employees."

2.4 Employee Satisfaction Scores

How it's measured
Collected via internal surveys (e.g., Glassdoor reviews) or third-party ESG surveys.

Why it matters
Employee satisfaction correlates with wage fairness, job security, and internal trust.

Example
Companies with low employee satisfaction scores face strikes, walkouts, and social media backlash.

2.5 Share of Employees Receiving Bonuses, Equity, or Profit Sharing

Definition
Percentage of employees with access to performance-based incentives.

Why it matters
Companies offering equity-based compensation across all levels create a sense of shared financial growth.

Example
Microsoft and **Salesforce** extend stock options and profit sharing beyond senior executives, reducing inequality.

Data Sources:

Company Sustainability Reports: Often include metrics on employee well-being and workforce composition.

Third-Party Surveys: Platforms like Glassdoor provide employee reviews and satisfaction ratings.

ESG Rating Agencies: Organizations such as ISS ESG and Bloomberg ESG Data Services offer comprehensive analyses on workforce stability.

Leading Organizations:

Sustainability Accounting Standards Board (SASB): Develops industry-specific standards for reporting on human capital management

Global Reporting Initiative (GRI): Provides guidelines for sustainability reporting, including labor practices.

Labor Cost & Human Capital Investment

These metrics measure how companies **invest in employee growth** vs. focusing on profit maximization.

3.1 Training & Development Spending Per Employee

Formula
Total training investment / Number of employees

Why it matters
Companies that invest in training reduce inequality by improving employee skills, enabling wage growth.

Example
Unilever and **Patagonia** are known for extensive employee training programs that build internal mobility and increase wages.

3.2 Internal Promotion Rate

Formula
(Internal promotions / Total hires) x 100

Why it matters
Companies that promote internally provide pathways to higher-paying jobs, reducing wage inequality.

Example
Companies like **Walmart** and **McDonald's** face criticism for low internal promotion rates, while Costco actively promotes from within.

3.3 Wages as a % of Operating Costs

Formula
(Wages paid / Total operating costs) x 100

Why it matters
Companies with **low wage-to-operating cost ratios** may be underpaying workers, prioritizing profits.

Example
Tech companies often have lower ratios as they rely on contract workers, while manufacturing firms have higher ratios.

Data Sources:

Company Annual Reports: May detail expenditures on training and development.

Investor Relations Materials: Provide insights into human capital strategies.

ESG Analytics Platforms: Tools like **Refinitiv ESG Data** offer data on labor costs and investments.

Leading Organizations:

Human Capital Management Coalition (HCMC): Advocates for improved human capital disclosures.

International Finance Corporation (IFC): Provides resources on labor practices and human capital development.

Social & Regulatory Risks

These metrics identify whether companies are exposed to **legal risks and regulatory scrutiny.**

4.1 Exposure to Minimum Wage Increases

Definition
Percentage of the workforce earning near minimum wage.

Why it matters
Companies with a large portion of minimum-wage workers face future wage increase pressures.

Example
Fast-food chains like **McDonald's** and **Walmart** face regulatory pressure to raise wages as minimum wage laws increase globally.

4.2 Litigation & Fines Linked to Wage Violations

Definition
Number of lawsuits, fines, or settlements related to wage or labor rights.

Why it matters
Companies paying low wages may face costly lawsuits, brand damage, and operational risks.

Example
Amazon and **Uber** have faced lawsuits for wage theft, misclassification, and unpaid overtime.

4.3 Use of Temporary, Contract, and Gig Workers

Definition
% of workforce classified as contractors vs. full-time employees.

Why it matters
Companies like **Uber** and **DoorDash** face lawsuits over worker classification, affecting profits and legal exposure.

Example
The gig economy has faced repeated regulatory scrutiny worldwide as contract workers demand employee status.

4.4 Public Sentiment (Reputation Risk)

How it's measured
Reviews, social media sentiment, and controversy indices (like **RepRisk**).

Why it matters
Companies seen as unfair to workers face **brand boycotts**, media scrutiny, and investor divestment.

Example
Protests against **Amazon's treatment of warehouse workers** led to boycotts during Black Friday and global strikes.

Data Sources:

Legal Databases: Platforms like **LexisNexis** provide information on litigation and fines.

Media Monitoring Services: Tools such as Meltwater track public sentiment and media coverage.

ESG Risk Assessment Firms: Companies like RepRisk specialize in analyzing reputational risks.

Leading Organizations:

Principles for Responsible Investment (PRI): Offers guidance on incorporating social factors into investment decisions.

Business & Human Rights Resource Centre: Provides information on corporate human rights practices.

Broader Economic Inequality Impact

These metrics measure if companies **actively reduce inequality or worsen it** in the broader economy.

5.1 Share Buybacks vs. Worker Wage Increases

Formula
Share buybacks / Total wage increases for employees

Why it matters
Companies prioritizing buybacks instead of wage increases fuel inequality.

Example
Amazon spent billions on share buybacks, while only offering small raises to warehouse workers.

5.2 Wealth Hoarding (Capital Allocation)

Definition
How much of retained earnings is reinvested into business (jobs, wages) vs. dividends and stock buybacks.

Why it matters
Companies that hoard wealth at the top (via dividends or executive bonuses) reduce worker income and consumption.

Example
Apple faced criticism for excessive cash hoarding and stock buybacks instead of investing in employee wages.

5.3 Corporate Tax Contributions (Tax Avoidance)

Definition
Effective tax rate paid by the company.

Why it matters
Companies avoiding taxes reduce funds for public services like education, healthcare, and social mobility programs.

Example
Google and **Apple** were criticized for using tax havens to avoid contributing to public services.

5.4 Job Creation Rate

Formula
(New jobs created / Existing jobs) x 100

Why it matters
Companies creating stable, high-paying jobs reduce inequality, while those automating jobs increase it.

Example
Companies that automate roles (e.g., **Amazon's AI warehouses**) displace workers, affecting local economies

Data Sources:

Financial Statements: Provide details on share buybacks, dividends, and tax payments.

Tax Filings: Offer insights into corporate tax contributions.

Employment Reports: Detail job creation and workforce expansion.

Leading Organizations:

OECD Centre for Tax Policy and Administration: Provides data and analysis on corporate taxation.

International Monetary Fund (IMF): Offers insights

SUMMARY

When screening companies for income inequality impact, look at:

1
Pay ratios
(CEO-to-median, gender pay gaps)

2
Employee well-being
(turnover, absenteeism, gig workers)

3
Labor investment
(training, promotions, wages)

4
Regulatory exposure
(litigation, fines, wage law compliance)

5
Capital allocation
(share buybacks, reinvestment, job creation)

These metrics reveal if companies are reducing or amplifying income inequality.

Investors aiming to assess a company's impact on income inequality can utilize various **quantitative and qualitative metrics.** These metrics shed light on wage practices, executive compensation, and employee well-being.


ABOUT ED4S

ED4S specializes in bridging the sustainability skills gap in the financial sector by providing expert-built, technology-enabled training and capacity-building solutions.

We offer a range of modular, customizable training programs that make it easy for organizations to equip their teams with essential sustainability knowledge. Our philosophy is that generic sustainability training has a low impact to translate into meaningful change. That's why role- and industry-specific training is key to achieve concrete results. Our approach not only simplifies the training process but also saves time and resources by eliminating the need for constant updates and development.

Our core team comprises sustainable finance experts, and instructional designers with decades of experience, whom busy ESG leaders can leverage to build effective workforce sustainability training solutions.

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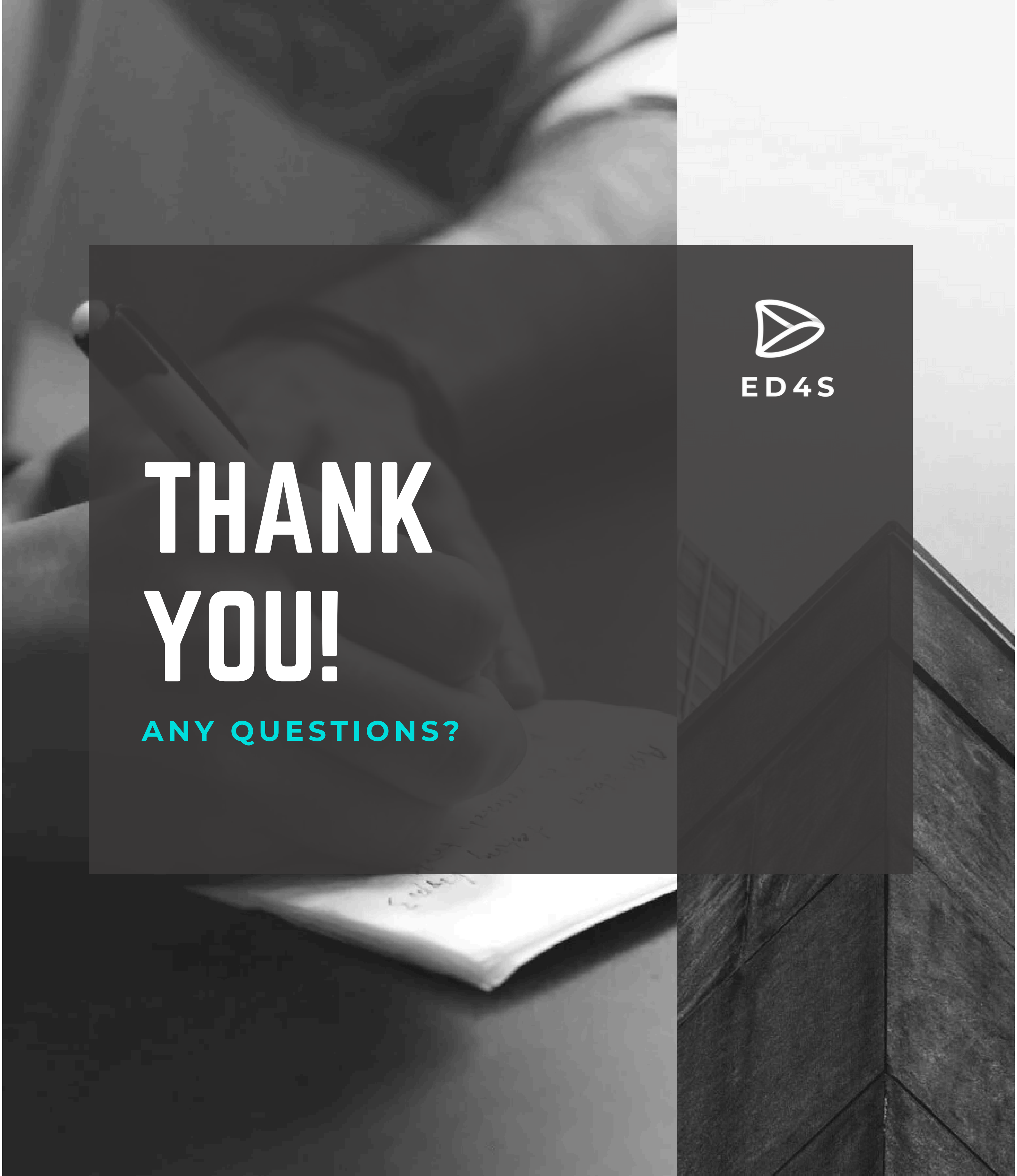
Matt has worked for more than a decade in the field of global corporate governance and sustainability. In 2008, he was named one of the "Rising Stars of Corporate Governance" by the Millstein Center for Corporate Governance and Performance at the Yale School of Management.

His expertise is in the area of corporate governance and disclosure best practices, ESG, shareowner rights, and financial regulation.

Throughout his career working for the CFA Institute and Governance Metrics International, Matt has written and spoken about pressing issues in global market integrity, and ESG issues and has led projects aiming at fostering greater transparency and accountability in global financial markets, corporate disclosure, policies, and standards. He trained analysts about the importance of corporate governance, and the intricacies of corporate governance ratings, and spoke on behalf of the firm to small groups and conference audiences.



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