

Linking LCA and SDG 10

Goal 10. Reduce inequality within and among countries

Date: 21 April 2023

Version: 2

Commissioned by: UNEP Life Cycle initiative and contributing companies

Prepared by: PRé Sustainability
Shaniq Pillay
Rosan Harmens

About PRé

For thirty years PRé has been at the forefront of life cycle thinking and has built on its knowledge and experience in sustainability metrics and impact assessments to provide state of the art methods, consulting services and software tools. Internationally, leading organizations work with PRé to integrate sustainability into their product development procedures in order to create business growth and business value. PRé has an office in the Netherlands and a global partner network to support large international or multi-client projects.

Get in touch with us

Do you have a sustainability challenge for us? We would be happy to discuss it together.

PRé Sustainability B.V.

Stationsplein 121

3818 LE Amersfoort

The Netherlands

T +31 33 455 50 22

E consultancy@pre-sustainability.com

W pre-sustainability.com

PRé Sustainability is a trade mark, held by © PRé Sustainability B.V., Amersfoort, The Netherlands. All rights reserved. All trademarks acknowledged. PRé Sustainability B.V. is fully and privately owned by the management and registered with the Dutch Chamber of Commerce (Amersfoort) under number 32099599.

Table of contents

10	Goal 10, Reduce inequality within and among countries.....	4
10.1	Introduction	4
10.2	Main elements in SDG 6	4
10.3	Targets and indicators of SDG 10	5
10.4	Classifying the links between SDG targets and LCA impact categories	6
10.5	Overview of links	8
10.6	Characterizing the relation between LCA and SDG 10	8
10.7	Scoring matrix for SDG 10	10

10 Goal 10, Reduce inequality within and among countries

10.1 Introduction

This SDG refers to inequality within and between countries and the targets seem especially relevant for governmental organisations. A key question is to which extent, such targets can be significantly influenced by companies and non-governmental organisations, and whether such links allow companies to claim to positively contribute to SDG 10.

According to the UN SDG website¹ the following facts and figures are a relevant reason for developing this SDG:

- In 2016, over 64.4% of products exported by the least developed countries to world markets faced zero tariffs, an increase of 20% since 2010.
- Evidence from developing countries shows that children in the poorest 20 per cent of the populations are still up to three times more likely to die before their fifth birthday than children in the richest quintiles.
- Social protection has been significantly extended globally, yet persons with disabilities are up to five times more likely than average to incur catastrophic health expenditures.
- Despite overall declines in maternal mortality in most developing countries, women in rural areas are still up to three times more likely to die while giving birth than women living in urban centres.
- Up to 30 per cent of income inequality is due to inequality within households, including between women and men. Women are also more likely than men to live below 50 per cent of the median income

This list of facts and figures does not overlap very well with the targets, but illustrate some of the issues.

10.2 Main elements in SDG 6

SDG 10 is designed to address the issue of reducing inequalities between and within countries. This topic is in the first place the responsibility of governments and international organizations. The bottom line for this SDG is to create economic growth in developing countries at a rate that allows them to catch up. At the same time some targets explicitly address other issues than national growth, such as the income distribution within the country, poverty reduction and

¹ <https://sustainabledevelopment.un.org/sdg10>

discrimination, which re-occur in many other targets. Specific targets in SDG 10 are related to the stability of financial markets. Also the issue of migration and migrant workers is addressed.

10.3 Targets and indicators of SDG 10

Table 1. The targets and indicators defined for SDG 10

Goals and Targets	Indicators
10.1 By 2030, progressively achieve and sustain income growth of the bottom 40 percent of the population at a rate higher than the national average	10.1.1 Growth rates of household expenditure or income per capita among the bottom 40percent of the population and the total population
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	10.2.1 Proportion of people living below 50 percent of median income, by sex, age and persons with disabilities
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	10.3.1 Proportion of population reporting having personally felt discriminated against or harassed in the previous 12 months on the basis of a ground of discrimination prohibited under international human rights law
10.4 Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality	10.4.1 Labour share of GDP, comprising wages and social protection transfers
10.5 Improve the regulation and monitoring of global financial markets and institutions and strengthen the implementation of such regulations	10.5.1 Financial Soundness Indicators
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	10.6.1 Proportion of members and voting rights of developing countries in international organizations

10.7 Facilitate orderly, safe, regular and responsible migration and mobility of people, including through the implementation of planned and well-managed migration policies	<p>10.7.1 Recruitment cost borne by employee as a proportion of monthly income earned in country of destination</p> <p>10.7.2 Number of countries with migration policies that facilitate orderly, safe, regular and responsible migration and mobility of people</p>
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.a.1 Proportion of tariff lines applied to imports from least developed countries and developing countries with zero-tariff
10.b Encourage official 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.b.1 Total resource flows for development, by recipient and donor countries and type of flow (e.g. official development assistance, foreign direct investment and other flows)
10.c By 2030, reduce to less than 3 percent the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5percent	10.c.1 Remittance costs as a proportion of the amount remitted

10.4 Classifying the links between SDG targets and LCA impact categories

Target 10.1: Reduce Income Inequalities

By 2030, progressively achieve and sustain income growth of the bottom 40 percent of the population at a rate higher than the national average.

This target links (again) to the remuneration for workers and the meeting basic needs topics for Small-scale entrepreneurs, and also to the Employment topic for Local communities. This is interpreted the following way:

- **1.2 Remuneration for workers:** companies who pay below the living wage level would not contribute, and companies that very deliberately create jobs that pay at or above the living wage levels do contribute to this target.
- **3.4 Employment and skill development:** if there is evidence that a product creates jobs, which are paid at or above living wage in underprivileged communities, this would count as a contribution.
-

Target 10.2: Promote Universal Social, Economic and Political Inclusion

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

This especially relates to discrimination. The Social LCA targets only address discrimination on the workplace, so this indicator represents part of the problem.

- **1.5 Discrimination:** if companies allow discrimination on the workplace they certainly do not contribute to this target. Due to the limited scope of the indicator, avoiding discrimination is only a limited contributor.

Target 10.3: Ensure Equal Opportunities and End Discrimination

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

Also here the emphasis seem to be on policies that are not really within scope what companies can influence, but as in target 10.3, allowing discrimination on the workplace would count as a negative contribution.

- **1.5 Discrimination:** if companies allow discrimination on the workplace they certainly do not contribute to this target. Due to the limited scope of the indicator, we hesitate to consider that avoiding discrimination would count as a contributor.

Target 10.4: Adopt Fiscal and Social Policies that Promotes Equality

Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality.

This target is only about policies from governments, and unless companies lobby they cannot influence this; lobbying is not within scope of LCA.

Target 10.5 Improved Regulation of Global Financial Markets and Institutions

Improve the regulation and monitoring of global financial markets and institutions and strengthen the implementation of such regulations.

This target is only about policies from governments, and unless companies lobby, they cannot influence this; lobbying is not within scope of LCA.

Target 10.6: Enhanced Representation for Developing Countries in Financial Institutions

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

This is especially relevant for national and international policy development and less relevant for companies unless they are engaged in lobbying, but this cannot be related to and LCA outcome.

Target 10.7: Responsible and Well-Managed Migration Policies

Facilitate orderly, safe, regular and responsible migration and mobility of people, including through the implementation of planned and well-managed migration policies.

Also here, this is a main responsibility of governments, but companies could develop at least some contributions, for instance, by providing internships or jobs to migrants. At the same time there can also be a negative site if companies promote a brain drain by hiring only well educated people from developing countries and ignoring the migrants that are less educated. Overall it is hard to link this to any of the LCA indicators.

10.5 Overview of links

In Figure 1 the overview of the links between LCA impact categories and SDG 10 is shown.

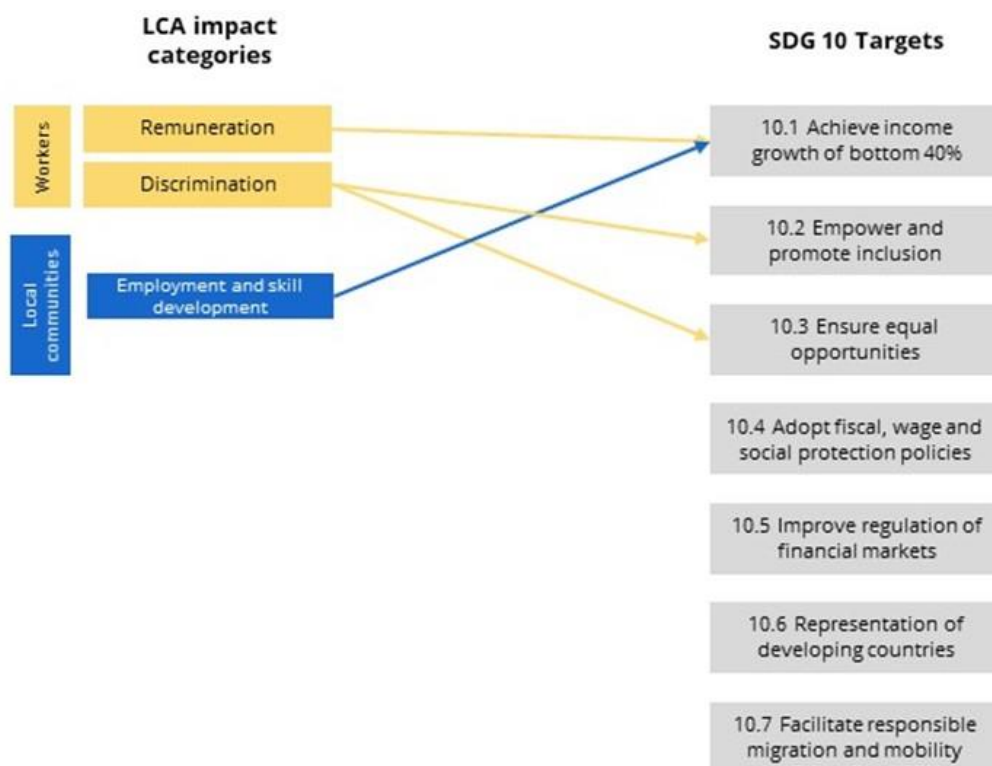


Figure 1 Overview of links between LCA impact categories and SDG targets for SDG 10

10.6 Characterizing the relation between LCA and SDG 10

Overall, the discussion above shows that companies should be very careful claiming a contribution to SDG, as this is mainly a goal to be used by governments. It is well-known that companies do lobby in favour or against such policies, but there is limited information about

what companies do². Even sustainability departments may not be fully aware how their own company is using its influence, either direct or via industry associations. So before a claim about contribution in this SDG can be made, sufficient knowledge should be collected about a company's own lobby activities.

Environmental LCA

No relevant links are identified.

Social LCA

Table 2: Social topic linking to SDG 10

	Social topics	Rationale	Requirements to be counted as a contribution to SDG 6	
Workers	1.2 Remuneration	Target 10.1: companies who pay below the living wage level would not contribute, and companies that very deliberately create jobs that pay at or above the living wage levels do contribute to this target	+2	All workers are paid a living wage and receive additional social benefits.
			-2	Not all workers are paid the legal or industry minimum wage.
	1.5, discrimination	Target 10.1, 10.2 and 10.3: if companies allow discrimination on the workplace they certainly do not contribute to these targets. A positive score is not considered a contributor	-1	Incidents of discrimination have been discovered within the company or facility, and a corrective action plan with a clear timeline for completion has been developed OR the company or facility has a non-discrimination policy but does not have a system in place to enforce the policy.

² There are a number of organisations trying to bring clarity, for instance https://www.transparency.org/topic/detail/poverty_and_development

			-2	Incidents of discrimination have been discovered within the company or facility, but a corrective action plan with a clear timeline for completion has not been developed.
Local communities	3.4 Employment and skill development	Target 10.1 if there is evidence that a product creates jobs, which are paid at or above living wage in underprivileged communities, this would count as a contribution	+2	The policies and commitments are published, and a grievance mechanism is in place to handle complaints about how staff is selected and how the commitments are handled
			+1	The company or facility has committed to a long-term program to grow local employment or at least keep the workforce stable. The company actively contributes to skill development in connection to its future need for staffing and the staffing of its subcontractors and smallholders.

10.7 Scoring matrix for SDG 10

Based on the tables above, the following summary can be made as a checklist for determining if the LCA results can support a contribution to SDG 10.

Table 10.3: Scoring matrix for determining whether the LCA results can indeed support SDG 10

SDG 10	Blocking	Contributing	
Target 10.1			
1.2 Remuneration	-2		+2
3.4 Employment and skill development		+1	+2
Target 10.2			
1.5 Discrimination	-2	-1	
Target 10.3			
1.5 Discrimination	-2	-1	