



POWER, PROFITS AND THE PANDEMIC

From corporate extraction for the few to an economy that works for all

The worsening inequality crisis triggered by COVID-19 is fuelled by an economic model that has allowed some of the world's largest corporations to funnel billions of dollars in profits to shareholders giving yet another windfall to the world's top billionaires, a small group of mostly white men. At the same time, it has left low wage workers and women to pay the price of the pandemic without social or financial protection. Since the onset of the pandemic, large corporations have put profits before workers' safety, pushed costs down the supply chain and used their political influence to shape policy responses. COVID-19 should be the catalyst for radically reining in corporate power, restructuring business models with purpose and rewarding all those that work with profits, creating an economy for all.

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For further information on the issues raised in this paper please email advocacy@oxfaminternational.org

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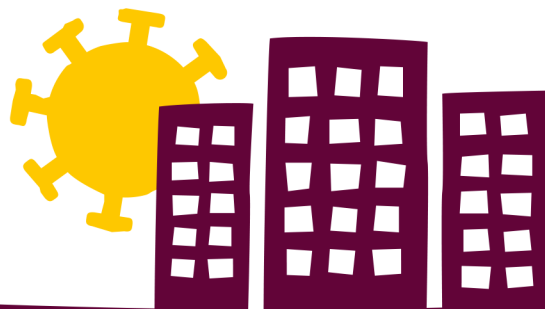
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Oxfam GB, Oxfam House, John Smith Drive, Cowley, Oxford, OX4 2JY, UK.

Cover photo: Workers producing personal protective equipment (PPE) for health professionals at a garment factory of Urmi Group in Dhaka on March 31, 2020. © Sk Hasan Ali

Back cover photo: Jodhpur, Rajashtbn, India. 30 March 2020. Old woman wearing protective mask selling food on road due to lock down, Coronavirus, COVID-19 outbreak in India. © stockpexel

BUSINESS AND COVID



 **400 MILLION JOBS** HAVE BEEN LOST DURING THE PANDEMIC

 Yet 32 of the world's most profitable companies are expected to make **\$109 BILLION MORE** IN 2020 than in previous years.

JEFF BEZOS COULD PAY EACH OF AMAZON'S 876,000 EMPLOYEES...

A \$105,000 BONUS

AND STILL BE AS WEALTHY AS HE WAS AT THE ONSET OF THE PANDEMIC



Invested over time, this bonus could result in **\$450,000 RETIREMENT SAVINGS** for each employee.

ON AVERAGE, COMPANIES' COVID-19 DONATIONS AMOUNTED TO...



0.5%

OF THEIR PROFITS FOR 2019

These same 32 super-profitable corporations distributed \$1.3 trillion to their mostly wealthy shareholders in the 4 years leading up to the COVID-19 pandemic.

SINCE JANUARY, THEY'VE ALREADY PAID SHAREHOLDERS \$195 BILLION, **OR 94% OF THEIR PROFITS SO FAR THIS YEAR.**

A PANDEMIC PROFITS TAX COULD PAY FOR...



CORONAVIRUS TESTING NEEDS GLOBALLY



A COVID-19 VACCINE FOR EVERYONE ON THE PLANET



SUPPORT A 21ST CENTURY FRONTLINE PUBLIC HEALTH WORKFORCE

SUMMARY

These are heart-breaking times. Six months since the World Health Organization declared COVID-19 a global pandemic, more than 800,000 people have died from the disease. An estimated 400 million people, and disproportionately women, have lost their jobs. Up to half a billion people could be pushed into poverty by the time the pandemic is over.

The pandemic has further exposed the vast gap between the few and the many. While workers, their families, and businesses – particularly small and medium enterprises – are struggling to survive, some large corporations have either managed to shield themselves from the economic fallout of the pandemic, or even cashed in on the disaster.

The skewed economic impacts from COVID-19 are not a natural phenomenon nor a historical accident. They could have been dampened, and the economic fallout more equally shouldered. Governments could have been more prepared, workers could have been better protected and struggling companies could have been more resilient to the economic shock.

There are three main ways in which companies have exacerbated the economic impacts of COVID-19:

1. Excessive shareholder payouts before the crisis have left companies, workers and governments vulnerable to the pandemic shock.

The world's largest corporations could have had a lot of cash on-hand when COVID-19 hit to shield workers, adjust business models and prevent costly public bail-outs. The past decade has been the most profitable time in history for the world's largest corporations. The Global Fortune 500 firms increased their profits by 156% from \$820bn in 2009 to \$2.1tn in 2019. Their profit growth far outpaced global GDP growth, allowing them to capture an ever-greater portion of the global economic pie.

Yet, the profits they made prior to the current crisis almost went exclusively to a small group of predominantly wealthy shareholders rather than being reinvested in better jobs or climate-friendly technologies. Between 2010 and 2019, the companies listed in the S&P 500 Index spent \$9.1tn on payouts to their wealthy shareholders – equalling over 90% of their profits over that same period.

New Oxfam analysis finds that the world's top companies used the four years before COVID-19 to intensify their distribution of profits to shareholders. From FY2016 to 2019, the top 59 most profitable companies globally distributed almost \$2tn to their shareholders. These shareholder payouts equalled on average 83% of these companies' net earnings. Several companies not only paid out all of their profits to shareholders, they sometimes went into debt or used reserves to pay

their rich investors. Some of the biggest shareholder payouts in FY2019 as a percentage of earnings were from Chevron, Procter & Gamble, and BP. In dollar amounts, Apple towers above the rest – the Big Tech maverick distributed \$81bn to shareholders in 2019 alone.

Many companies now in financial trouble spent most of their profits on paying shareholders just last year. Ten of the largest apparel brands alone paid a total of \$21bn (an average of 74% of their profits in FY2019) to their shareholders in dividends and stock buybacks. Now, millions of apparel workers, from Bangladesh to Mexico, have lost their jobs because companies cancelled orders and refused to pay their suppliers.

The shareholder bonanza did not end with the onset of COVID-19. Since January, according to company reports, Microsoft and Google have paid shareholders over \$21bn and \$15bn respectively. Even as demand for its products drops during the pandemic, carmaker Toyota distributed over 200% of what it has made in profits to investors since January. BASF, the German chemical giant, paid out over 400% over the last six months. The US pharmaceutical behemoth AbbVie has already distributed 184% of its net profits to shareholders in the first two quarters of 2020. And three of the most prominent US companies developing COVID-19 vaccines with billions in public money – Johnson & Johnson, Merck and Pfizer – have already distributed \$16bn to shareholders since January.

It is not only profitable companies that have continued to pay their shareholders. The world's six largest oil companies – Exxon Mobil, Total, Shell, Petrobras, Chevron and BP – had a combined net loss of \$61.7bn from January to July 2020 but managed to pay out \$31bn to shareholders during the same time period. Seplat Petroleum, Nigeria's largest oil company, paid out 132% of profits to shareholders in the first six months of 2020, even while the country risks economic collapse.

Excessive shareholder payouts are bad news for inequality as they go predominantly to the already wealthy, cannot be spent on better wages for ordinary workers, and shift incentives for CEOs towards the short-term. They also exacerbate gender inequality since men hold the majority of corporate shares and by inflating the compensation packages of CEOs, the majority of whom are men (only 14 CEOs (2.8%) of Global Fortune 500 companies and none of the CEOs of the companies listed in the major stock market indices in Brazil, South Africa, France or Germany are women).

2. Corporations make money but do little to support government resources to respond to the pandemic

COVID-19 has reinforced the indispensable role of effective and accountable governments in managing problems affecting all of society. While some companies have earned massive profits during the pandemic, these profits have done little to support the fights of governments against COVID-19.

Oxfam analysis demonstrates the extent to which some companies are making excessive profits during the pandemic. Studying the financial

statements of the most profitable firms across the USA, Europe, Japan, South Korea, Australia, Brazil, India, Nigeria and South Africa, Oxfam found 32 companies are expected to make considerably more in 2020 than in previous, very profitable years. In fact, 32 of the world's most profitable companies are together expected to rake \$109bn more during the pandemic than the average of the four previous years, which were already quite profitable. As many of the world's billionaires are also some of the largest shareholders in these companies, the 25 wealthiest billionaires increased their wealth by a staggering \$255bn between mid-March and late-May alone.

Some would argue that corporates have made up for this with their tax payments and the generosity of their philanthropy, but the evidence does not support this. To the contrary, the US government is estimated to have lost around \$135bn in revenue due to corporate tax avoidance in 2017. In contrast, corporate philanthropy has amounted to less than \$20bn a year. Similarly, in India, companies' \$6bn corporate social responsibility contributions pale in comparison to the estimated loss of \$47bn in government revenue due to corporate tax avoidance annually.

At a global level, Oxfam analysis has found that the world's largest companies' donations during COVID19 on average amounted to 0.32% of operating income for 2019 and thus do not constitute an adequate contribution considering the financial costs of this crisis and the extent of corporate profits.

Instead of relying on voluntary contributions, governments should resort to more effective ways of mobilizing major companies' resources to fight COVID-19. Given the surging profits of some companies while many others sink into the economic abyss, true shared sacrifice would argue for an effective way to tax the large companies' super profits. Indeed, a World War II-style COVID-19 Pandemic Profits Tax would raise billions of dollars in fresh revenue needed to address the growing economic, racial, and gender disparities brought out by the pandemic. Looking at just the 32 global companies profiting most under COVID-19, an estimated \$104bn could be raised in 2020 to address COVID-19. For perspective, this could pay for COVID-19 testing and vaccines for everyone on the planet, plus \$33bn more to invest in building a 21st century frontline healthcare workforce.

3. Companies putting profits before people has worsened the COVID-19 crisis

'They need workers to work to make money, but they don't care about people's life. The chicken plant still works, still makes money... If my husband – if they care about his health, if they let him know about the fever – he'd still be living now.'

Widow of deceased poultry worker in Maryland¹

Despite the growing rhetoric of redefining a new corporate purpose and 'building back better' after COVID-19, few meaningful changes are being implemented from executive offices. Instead, with some notable

exceptions, corporate responses to COVID-19 have exposed the gap between commitments and practice.

Oxfam has identified more than 100 cases from around the world (involving more than 400 companies) where companies are:

- Continuing shareholder payouts and executive compensation programs despite receiving government bailouts and laying off workers;
- Failing to ensure employee safety and prevent labor violations;
- Shifting costs and risks down supply chains;
- Profiting from government relief programs despite lacking merit or eligibility; and
- Lobbying governments for deregulation of environmental, tax, and social protections.

The discrepancy in the economic impacts of COVID-19 is no accident. It is the result of an economic model that delivers profits for the wealthy, while extracting value from the many. The pandemic did not create economic, racial and gender injustices; it has exposed and amplified them.

The choice to maximize shareholder value over all else has been upheld by the money and political influence of powerful corporations and rich individuals. It has also been perpetuated by a veil of corporate doublespeak consisting of lofty corporate commitments, voluntary standards and charitable contributions, which have prevented more fundamental changes to our economic system from being achieved.

Unless we change course, economic inequality will increase with an even smaller number of large corporations exerting greater economic and political power to the detriment of small businesses, workers and democratic institutions.

This is the time for governments to create incentives and limitations to radically rein in corporate power, restructure business models with purpose, and reward all those who create value. This could create a post-COVID economy for everyone that will be better placed to withstand future shocks – including the impact of climate change – while protecting the poorest people.

This paper proposes such a blueprint. It all starts and ends with an economic model that puts people at the center, protects the most vulnerable, shares profits equitably, and is grounded in democracy. It starts with taxing excess profits made during the pandemic by a few for the public good.

This paper proposes that policy makers and business leaders focus on the 4 Ps of purpose, people, profits and power to move into that direction:

- Purpose: redefining the 'why' of business
- People: putting people at the center of business

- Profits: ensuring a fair share for all stakeholders
- Power: transforming how corporations are governed

The paper closes with recommendations for reining in corporate power, restructuring business models with purpose and rewarding all those that work with profits, creating an economy for all.

1 INTRODUCTION

COVID-19 is one of the most severe global health crises of our time – and has brought on one of its most severe economic shocks. Across the globe, companies – large and small – are buckling under the financial pressure caused by the pandemic and governments' policy responses. Millions of workers and their families around the world have lost their incomes as markets contracted, companies shut down and supplier contracts were cancelled. Up to half a billion people could be pushed into poverty before the pandemic is over.² By the end of the year more people could die from hunger linked to COVID-19 than from the disease itself.³

The global crisis is hitting the most vulnerable the hardest – from workers in meat processing plants in the United States, Brazil and Europe, to small-scale farmers in West Africa, garment workers in South East Asia, and informal urban workers in Lagos, New Delhi and Sao Paulo. Many of the most vulnerable workers are women, racial and ethnic minorities and migrants.⁴ What they all share is a lack of protection and power in an economic system that has failed to manage the fallout from COVID-19.

The crisis has highlighted the stark global inequalities in the ability to weather disruption and risks. On the one side are the world's workers who bear the brunt of the pandemic's health and economic impacts. The equivalent of 400 million full-time jobs have been lost globally in the first two quarters of 2020.⁵ The most vulnerable workers (low-wage, informal, women) are most likely to lose their jobs. In the United States, low wage employment has dropped 35% since February.⁶

Informal workers have been seriously affected, since many do not fall under labor or social protection systems and are not covered by government relief funds.⁷ Migrant workers have similarly been disproportionately hit. In India, with its estimated 100 million migrant workers, COVID-19 triggered vast movements of people trying to return to their home villages. Many have been stranded, detained, abused and left without income or protection.⁸

Job losses have affected women more than men, putting at risk progress in women's economic empowerment around the world. Women are overrepresented in many sectors hardest hit by the pandemic.⁹ As a result, women are estimated to account for 54% of job losses while constituting less than 40% of the global workforce.¹⁰ Furthermore, women's unpaid work caring for family members has increased dramatically, thus reinforcing barriers to economic equality.¹¹

Yet, on the other side of the pandemic divide, not everyone is suffering. While workers and small businesses are struggling to survive, some of the largest companies are using their economic and political power to shield themselves from the fallout of the pandemic. Some are even reaping massive profits, at best because they were in a sector that

benefited from the pandemic, at worst, they profited on the backs of the people carrying the costs of the pandemic. These corporations are cashing in on COVID-19 – amassing significant wealth to their shareholders, senior executives and owners, a small group of largely rich white male billionaires in wealthy nations.

BUSINESS BEHAVING BADLY IN THE COVID-19 ERA

Six months into the pandemic, Oxfam is shining a spotlight on the role and responses of business around COVID-19. Many companies, especially small ones without the backstop of governments, have been hit hard by the crisis. They have been forced to shut down operations to protect workers and customers. Some have experienced severe economic pressure due to declining revenues.

Oxfam recognizes the unprecedented difficulties COVID-19 is creating for many companies. But that is only half of the story. This paper highlights the failure of business to adequately prepare for and cope with the economic fallout of COVID-19.

Companies' lack of preparedness and coping mechanisms is not an accident but the result of an economic model that has pushed companies to focus on short-term profits, maximize efficiencies, limit worker and stakeholder power and prioritize gains for wealthy shareholders and executives over workers.

This shareholder-first business model has left companies and their employees with little capacity to cope with disruption. By the time COVID-19 hit, many companies had failed to invest in a resilient workforce, build sufficient cash reserves to weather a temporary slump in revenue or help to equip governments with the resources to build strong universal social protection systems.

This paper covers:

- **The lack of preparedness of companies.** Too many companies chose to reward shareholders and CEOs over reinvesting their profits in decent jobs, paying their taxes and preparing their business models for disruption. This left many governments and many workers vulnerable to the impacts of COVID-19. **Chapter 2** looks at this in detail.
- **The problem of reaping profits during the pandemic.** The responses of many companies have exacerbated the skewed impacts of the pandemic. Some companies are reaping profits in excess of previous years ('super profits') - to the benefit of their shareholders, CEOs and senior executives, as opposed to the broader society coping with the pandemic. **Chapter 3** analyzes this.
- **The practice of companies putting profits before people.** Some companies laid off workers while continuing to pay out vast sums to

executives and shareholders, put workers' health at risk for short-term profits, and used their political power to obtain government support or exemptions from regulations. **Chapter 4** covers this.

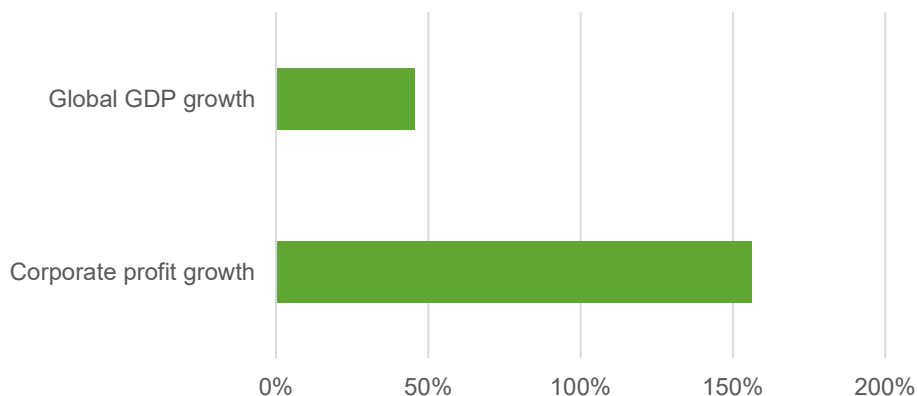
- **Chapter 5** considers the risks of a future economy that will see an even smaller group of large global corporations exerting greater economic and political power to the detriment of small businesses, workers and democratic institutions.
- **Chapter 6** proposes a COVID-19 Pandemic Profits Tax to instill a sense of shared sacrifice and resource governments' fight against COVID-19, and concludes with a blueprint for an economic model grounded in democratic principles that puts people at its center, protects the most vulnerable, and shares profits equitably.

2 EXCESSIVE SHAREHOLDER PAYOUTS LEFT COMPANIES VULNERABLE TO COVID-19

PROFITABLE BUT BROKE

The world's largest corporations should have had a lot of cash on hand when COVID-19 hit. The past decade has been the most profitable time in history for the world's largest corporations. The Global Fortune 500 firms had increased their profits by 156% from \$820bn in 2009 to \$2.1tn in 2019.¹² Outside of Europe and the United States, companies such as Dangote in Nigeria or Reliance in India, have generated an increasing portion of global corporate profits over the past decade, and wield immense power in their countries of origin.¹³

Figure 1: Global Fortune 500 profit growth vs. global GDP growth 2009–19



Source: Calculations based on Global Fortune 500 data, <https://fortune.com/global500/>, and World Bank data, <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?end=2018&start=2009>

However, most of these profits were not invested in the companies' own productive capabilities, such as in higher wages for employees or the quality of their jobs. In fact, the profitability of many large companies over the past decade stands in sharp contrast to the experience of most working people around the world. Stagnant wages and poor working conditions have remained a widespread global challenge.¹⁴

Corporate profits also did not go to governments (e.g. in the form of tax payments) where they could have been invested in social protection

programs, stronger public health infrastructure and a cadre of highly trained and well-paid frontline healthcare workers. While estimates vary, total annual tax losses worldwide resulting from corporate tax avoidance could be as high as \$500bn per year, including \$200 billion for lower-income countries who particularly rely on corporate tax for funding public services.¹⁵

If corporate profits had been invested in strengthening workers and governments, both businesses and society as a whole would have been better prepared to weather the impacts of COVID-19.¹⁶

Instead, the vast majority of corporate profits over the past decade have gone to wealthy shareholders. Actively encouraged by policy makers' choices, this shareholder-first philosophy, in which maximum profits are squeezed out of companies to placate shareholders and executives, has become mainstream for many of the world's largest companies. They have thereby risked relinquishing their capacity to invest in their employees, their ability to innovate and their capacity to adjust to the next destabilizing threat that is around the corner, that of climate change.

Far from a natural state of affairs, many corporate executives have been central to the decisions to divert corporate profits away from a public purpose and toward shareholders (including themselves). In many parts of the world, executive pay no longer reflects the success of a company in value creation but, constitutes a reward for making decisions that augment stock prices. For example, stock price-related compensation for US executives rose on average from 60% to 85% since the global financial crisis in 2008.¹⁷

THE RISE OF EXCESSIVE SHAREHOLDER PAYOUTS

The extent and manner by which companies are distributing earnings to shareholders through dividends and share repurchases (i.e. buybacks) is unprecedented. Between 2010 and 2019, the companies listed in the S&P 500 Index spent \$9.1tn on payouts to their shareholders – equalling over 90% of their profits over that same period. In three of the four most recent years of available data (2015, 2016, and 2018), companies on average spent more than 100% of their profits on shareholder payouts.¹⁸ In other words, many companies not only paid out all of their profits to shareholders, they sometimes went into debt (since borrowing money is currently cheap due to low interest rates) or used reserves to pay out to wealthy investors and boost their stock prices. Unsurprisingly, S&P companies' net debt has almost doubled since 2015, despite high profitability.¹⁹

Expanding the analysis to the global level, Oxfam analyzed the financial records of 59 of the world's most profitable firms across the USA, Europe, Japan, South Korea, Australia, Brazil, India, Nigeria and South Africa over the past five years to understand how much of the net profits

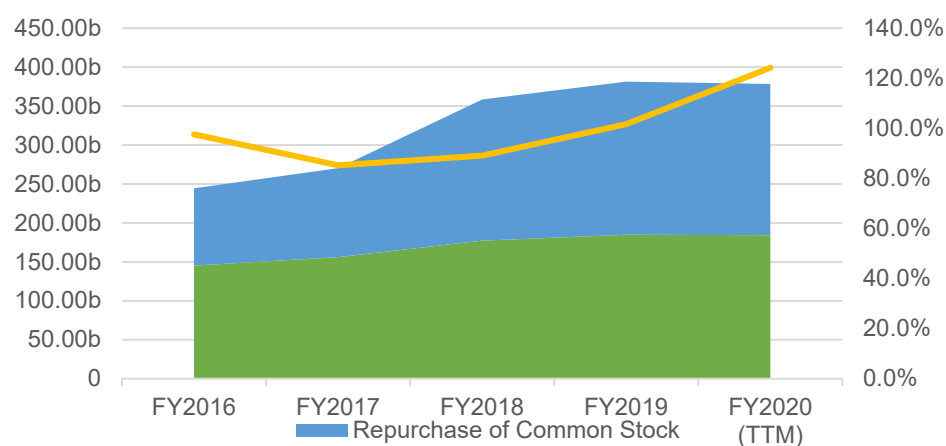
of these companies was handed out to their shareholders.²⁰ Some startling trends emerged.

The world's top companies spent the four years before COVID-19 intensifying their distribution of profits to shareholders. From FYs2016 to 2019, these 59 companies distributed \$1.8 trillion to (mostly wealthy) shareholders, on average paying out 84% of profits to shareholders.²¹ Some of the biggest shareholder payouts in FY2019 as a percentage of earnings were from Chevron,²² Procter & Gamble, and BP. In dollar amounts, Apple towers above the rest – they distributed \$81bn to shareholders in 2019 alone.²³

While on average US companies spend more on buybacks and dividends, this is not just an American phenomenon. New Oxfam analysis found that many European companies are also investor payout champions, including BP, Shell, and Nestlé.²⁴ In fact, European companies have been ramping up their shareholder distributions to the detriment of investing in productive capabilities and employment opportunities.²⁵ A recent Oxfam analysis in France highlighted how the 40 largest French companies (the CAC 40) increased their shareholder payouts by 70% and their CEOs' compensation by 60%, while average pay only rose by 20% between 2009 and 2018.²⁶ The analysis found that these companies could have funded 98% of their climate-related investment needs if they had capped their shareholder payouts at 30%.²⁷

Honing in on a smaller group of the top 25 companies globally, 2019 marks the pinnacle year so far for the shareholder-first business mentality.

Figure 2: Shareholder payout ratios of the 25 most profitable S&P Global 100 companies FY2016–20 (USD)



Source: Oxfam analysis based on company earnings statements; Capital IQ

That being said, not all the companies paid their shareholders to the same degree, which demonstrates how this is a strategic choice, not a business necessity. Among the global top 25, while 12 averaged a shareholder payout ratio over 100% of net profits in 2019, six paid less than 70% to shareholders.

Companies' shareholder payout practices had a tangible effect on the response to COVID-19. Recent research found that shareholder-maximizing strategies by companies are deepening the recession and increasing government costs.²⁸ Take the US airline industry, which had to be bailed out with \$50bn of taxpayer money after companies had spent almost the same amount on shareholder payouts since 2015.²⁹ Already the global airline industry has seen 400,000 job losses.³⁰ Similarly, shortages in personal protective equipment (PPE) and COVID-19 testing have been linked to healthcare companies that paid most of their earnings to shareholders.³¹

MORE THAN JUST A RICH COUNTRY PROBLEM

While US and some European companies far outpace others in prioritizing wealthy stockholders, dividend payments by large corporations in low and middle-income countries increased by 58% between 2016 and 2019 (from \$88.7bn to \$140bn).³² A growing trend toward shareholder-friendly policies have helped make dividends more attractive. In Brazil, for instance, shareholders do not have to pay any taxes on dividends since 1995.³³

While stock buybacks are less common outside wealthy countries, their value has increased significantly, from \$6bn in 2000 to \$34bn in 2018.³⁴ In some countries, such as India, buybacks saw significant growth (\$8bn in 2018) until the government started to tax the practice in 2019.³⁵

South African companies are increasingly choosing stock buybacks over dividends as the primary way to pay shareholders.³⁶ In India, buybacks saw significant growth (\$8bn in 2018) until the government started to tax the practice in 2019.³⁷ The South African healthcare sector is a case in point. Oxfam South Africa found that in 2016–19, the three largest healthcare companies – Netcare, Mediclinic and Life Healthcare Group – made less money (\$670 million in net income) than they paid to shareholders in dividends and share buybacks (\$1.1bn). This is a shareholder pay-out ratio of 163%.³⁸ It is no coincidence that the huge gains made by these shareholders have overlapped with deteriorating working conditions for healthcare workers in South Africa. Salaries for nurses and community healthcare workers have stagnated, and jobs have gradually been stripped of security, predictability and benefits such as healthcare and minimum guaranteed hours.³⁹ The poor treatment of healthcare workers in South Africa has compromised the quality of the healthcare system, in part leaving it ill-prepared for shocks such as COVID-19.⁴⁰

New Oxfam analysis finds that other large companies from low and middle-income countries had high payout ratios in recent years. Examples include the South African telecom giant MTN and one of the largest Nigerian companies, Nigerian Breweries.⁴¹

Box 1 Why excessive shareholder payouts exacerbate inequality

The decision to distribute a portion of a company's profits to shareholders is not by any means a new phenomenon. The use of dividends for this purpose is straightforward and well-known. The decision by companies to repurchase their own shares on the open market – executing 'share buybacks' – is a newer, less familiar and more controversial mechanism. While dividends reward those holding stock, stock buybacks reward opportunistic sellers, such as hedge fund managers, investment bankers and corporate executives.⁴² They are a key tool for speculative and manipulative investment practices that not only harm companies' potential for productive investments, but also impairs the sustainable functioning of financial markets. In the US, in fact, they were banned from the market until 1982.⁴³

Both tools can have legitimate uses. Dividends can enable households to secure a yield on the savings they devote to the purchase of stock. In some limited cases, a company may buy back its own shares for subsequent distribution to employees as part of their compensation. But far more often, buybacks are used to give a manipulative boost to the company's stock price, which enables well-placed stock traders to realize financial gains by selling the company's shares. Several corporations, in responding to Oxfam for this paper, expressed pride in being able to distribute dividends, even in a crisis. This serves as an indication of the powerful but mistaken worldview that paying out cash to people would have broad-based social impacts. But this is simply not possible when the grand majority of company stock is owned by the already- -wealthy (see below).

There are three main ways in which excessive shareholder payouts – both dividends and buybacks-- exacerbate inequality:

They go disproportionately to the already wealthy

- Share ownership is skewed towards higher-income groups. The majority of hard-working people do not benefit in this manner from corporate profits, and certainly not those living in poverty. Furthermore, ownership of corporate shares is skewed along racial and gender lines.
- In the US, the wealthiest 10% of Americans now own 89% of all stocks, while the bottom 50% of Americans don't own even 1% of company equities.⁴⁴
- White Americans, at 60% of the country's population,⁴⁵ own 92% of corporate shares,⁴⁶ while Black and Latinx families – 13 and 18% of the population, respectively⁴⁷ – own only 1.6% of corporate shares each.
- In the UK, the wealthiest 10% own 46% of all pension wealth, while the poorest 10% own less than 1%.⁴⁸
- In France, shareholdings have become more concentrated since the global financial crisis with the number of wealthy shareholders (portfolios above 450,000 Euros) increasing by 54%.⁴⁹
- Black South Africans own only 23% of the shares of the country's top 100 companies but make up 80% of its population.⁵⁰
- Only 11.6% of global billionaires are women. US billionaires alone make up 36% of global billionaires' wealth.⁵¹

- Women are less likely to hold corporate shares than men. In Germany, almost 60% more men own shares than women.⁵² In the US, women's retirement savings (the primary way to participate in stock markets) are significantly lower than men's.⁵³

They hinder investment in workers

Defenders of the shareholder-first model have argued that CEOs pay shareholders only after their companies have run out of investment opportunities.⁵⁴ This claim is not grounded in reality. In maximizing gains to shareholders, CEOs are caving in to a market expectation of recent decades rather than fulfilling a legal requirement or exercising wise stewardship of the corporations they control. Research has shown that executives' prioritizing the maximization of shareholder gains can generate a race to the bottom dynamic of cutting operating (e.g. labor) costs and raise product prices to augment profits.⁵⁵

They warp CEO incentives and exacerbate CEO-worker pay gaps

Shareholder payouts are closely linked to the incentive structures of CEOs, whose compensation is increasingly tied to stock yield. In the US, the stock-based component of executives' total pay has risen from 60% to 85% over the past decade. This increase has been key to shaping corporate resource-allocation decisions and explains exploding CEO-to-worker pay ratios. The top US CEOs' inflation-adjusted compensation, being so heavily based on realized stock options and stock awards, has increased 940.3% since 1978. In comparison, a typical worker's annual compensation over the same period has grown 11.9%.⁵⁶ All this creates a very strong personal incentive for senior executives to increase buybacks while simultaneously selling their stock. Indeed, recent SEC analysis has shown that insider selling of stock spiked during buyback periods.⁵⁷ This phenomenon was also a subject of a recent shareholder proposal by Oxfam.⁵⁸

THE SHAREHOLDER BONANZA CONTINUES

Excessive shareholder payouts continued throughout 2019, making companies more vulnerable to collapse when the pandemic hit.⁵⁹ Even as the pandemic spread, payouts initially did not buckle. Global dividend payments increased by 3.6% to a record of \$275bn in the first quarter of 2020.⁶⁰ Maintaining dividends payments trumped preparing for a looming crisis.

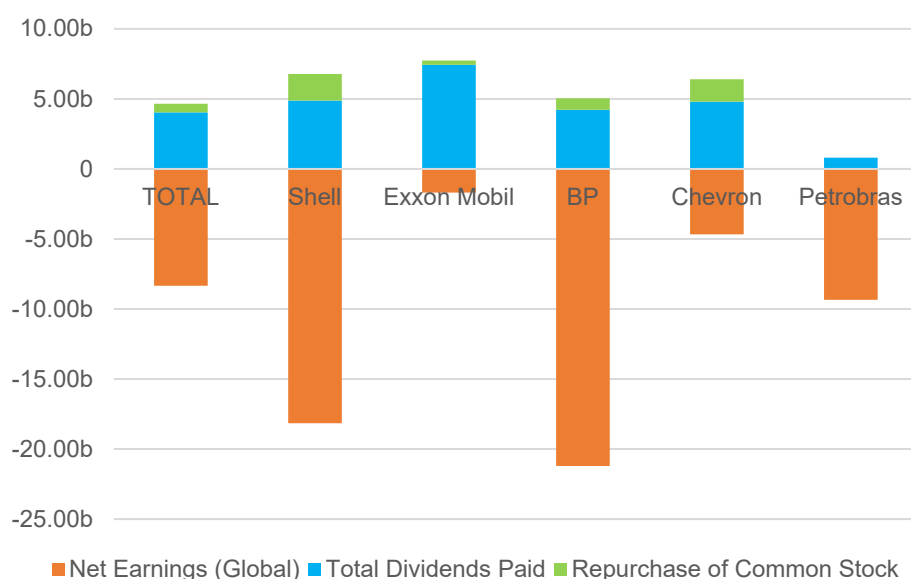
Stock buybacks also remained robust in parts of the global economy. While millions of people in the United States had to file for unemployment, the largest US companies spent almost \$200bn on stock buybacks in the first quarter of 2020.⁶¹ Some companies increased year-on-year spending on buy backs during the second quarter, including Google parent Alphabet (\$6.9 billion, +92%), Microsoft (\$5.8 billion, +25%) and Biogen (\$2.8 billion, +17%).⁶²

Oxfam analyzed the most recent earnings statements for the 25 most profitable global corporations in the S&P Global 100 Index to understand how COVID may be affecting the shareholder-first mentality of these corporate titans, finding that: these global companies are expected to pay shareholders over \$378bn in FY2020. While these companies paid out 103% of net profits to shareholders before the crisis, they are expected to distribute a shocking 124% of their net profits to shareholders this year.

For many of the world's largest companies, COVID-19 has meant a continuation of their shareholder-first business model. Since January in fact, according to company reports, Microsoft and Google have already paid shareholders over \$21bn and \$15bn respectively. Even as demand for its products drops during the pandemic, carmaker Toyota distributed over 200% of what it has made in profits to investors since January. BASF, the German chemical giant, paid out over 400% over the last six months. The US pharmaceutical behemoth AbbVie has already distributed 183% of its net profits to shareholders in the first two quarters of 2020. And three of the most prominent US companies developing COVID-19 vaccines with billions in public money⁶³ – Johnson & Johnson, Merck and Pfizer – have already distributed 16bn to shareholders since January.

It is not only the most profitable companies that have continued with their shareholder bonanza. Despite being in apparent financial trouble, others have also continued. The world's six largest oil companies – Exxon Mobil, Total, Shell, Petrobras, Chevron and BP – had a combined net loss of \$61.7bn from January to July 2020 but, managed to pay out \$31bn to shareholders during the same time period. Seplat Petroleum, Nigeria's largest homegrown oil company, paid out 132% of profits to shareholders in the first six months of 2020, even while the country risks economic collapse.

Figure 3: Shareholder payouts vs. losses by major oil companies, USD, 2020 Q1 and Q2



Source: Oxfam analysis of company earnings statements; Capital IQ.

Yet there is also progress amidst the pandemic. Public scrutiny and financial pressure have led to more companies than in the past ten years combined caving to public and financial pressure and halting dividend payments and buybacks.⁶⁴ Governments, including the US and France, have enacted a temporary ban on stock buybacks, particularly for companies receiving government relief loans.

This is promising. It highlights the incompatibility of putting shareholder first in the midst of the economy in crisis. Yet, voluntary pauses and temporary bans are not sufficient. Many companies have continued to prioritize shareholder gains over workers' well-being. And it is plausible that shareholder payouts will return to or even exceed pre-pandemic levels once the pandemic is under control despite the millions of people still out of work.

3 THE PROBLEM WITH AMASSING PROFITS IN A TIME OF DESPAIR

THE RICH ARE GETTING RICHER, THE PROFITABLE MORE PROFITABLE

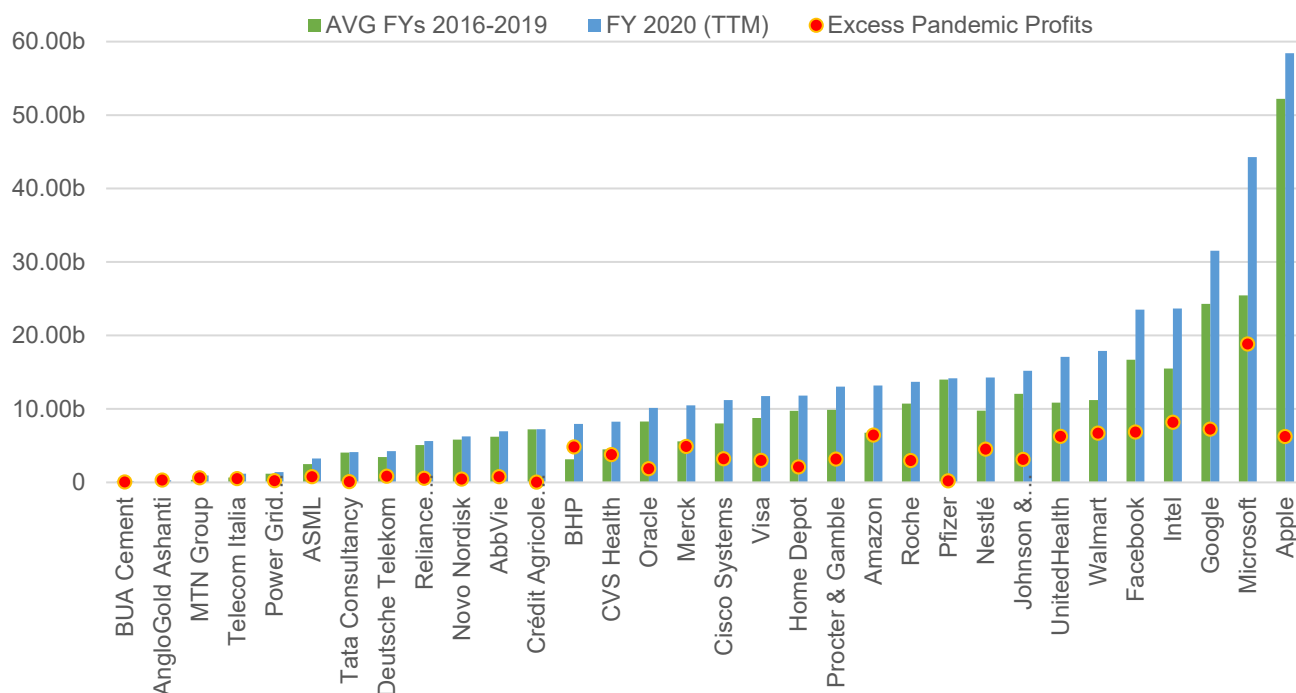
If COVID-19 has been tragic for many people, it sure has been good for some. While many small businesses and workers are facing existential struggles, some large companies have been able to prosper during the pandemic. The winners include those working in technology, pharmaceuticals and consumer goods – companies with business models that benefitted from certain elements of the pandemic (e.g. the demand for healthcare, the shift towards remote work or the rise in online shopping).

Earlier this year, Oxfam published new findings that 17 of the top 25 most profitable US corporations, including Microsoft, Johnson & Johnson, Facebook, Pfizer and Visa, were expected to make almost \$85bn more profit in 2020 compared to previous years – with the lion's share going to the most privileged, including many of the world's billionaires.⁶⁵

Now we have updated and broadened that analysis to some of the world's most profitable companies in the US, Europe, Australia, India, Nigeria and South Africa.⁶⁶ Oxfam found that 32 corporations are expected to make \$109bn *more* in FY2020 than the average of the four previous years.⁶⁷

The four big tech 'GAFA' firms – Google, Apple, Facebook, and Amazon – are expected to make together almost \$27bn *more* in pandemic profits over and above already historic profits in previous years. And while these four companies garner more of the headlines, Microsoft is by far the leader in excess 'super' profits during the pandemic, expected to make-by itself – almost \$19bn more this year than previous years. Together, these five 'GAFAM' tech firms alone account for \$46 billion in excess pandemic profits.

Figure 4: The Pantheon of Profit-Makers: Pre-pandemic vs. pandemic profits of most profitable corporations globally (Average FY2016–19, FY2020 - Trailing Twelve Months)



Source: Oxfam analysis based on company earnings statements; Capital IQ

Pharmaceutical giants have also been expanding their profits. The seven pharmaceutical companies in this sample are on average earning a very healthy 21% profit margin in 2020. Six are expected to make \$12bn in total more during the pandemic than previous years, led by Merck (\$4.9bn in super profits), Johnson & Johnson and Roche (around \$3bn each).

Pandemic profiting (i.e. making an excess, super profit during the pandemic) is a global phenomenon. In Europe, Nestlé, Deutsche Telekom, ASML and Telecom Italia stand out. Several large Chinese companies have also prospered during the pandemic.⁶⁸ In other middle-income countries, Reliance Industries in India, BUA Cement in Nigeria and the South African telecom giant MTN emerge as significant winners during the pandemic. The latter's profits are expected to jump an astounding 169% as the company benefits from lockdowns across Africa.

The excessive profits of these companies would not be a problem if they were widely shared and benefited the rest of society. However, Oxfam found that these 32 pandemic profit makers are expected to distribute 88% of their excess profits to shareholders who predominantly belong to higher-income groups (see Box 1).

The most prominent shareholders of these corporate giants are the world's mostly male billionaires. The explosion in pandemic profits is a significant factor in the sudden increase in wealth of the world's richest people, most of whom are men – (around 88% of the world's billionaires are male).⁶⁹ The wealth of the 25 richest billionaires has increased by a

staggering \$255bn between mid-March and late-May 2020.⁷⁰ In the USA alone, billionaires (many of them wealthy investors in large corporations) have seen their net worth increase by \$792bn.⁷¹

Box 2: The two sides to Amazon's success

Amazon has arguably become one of the ultimate winners in the COVID-19 pandemic – reporting a 95% boost in net profits in FY2020 compared to previous years. That corresponds to \$6.4bn more in super-profits compared to previous years.⁷² As consumers scrambled to order necessities in the first months of the pandemic, Amazon sales rose by 26% in the first quarter.⁷³

Amazon's commercial success has amplified the company's power over workers, the retail industry and governments. With a labor force of 876,000 full- and part-time employees as of July 2020, it is one of the world's largest private-sector employers.⁷⁴ The company has been accused of fighting attempts by warehouse workers' to organize,⁷⁵ and it has been forced to close some of its warehouses over COVID-19 health concerns after a dispute with workers.⁷⁶ In the United States, several state Attorney Generals have expressed concerns over labor conditions and reported retaliation against workers for speaking out.⁷⁷ Even some investors have urged Amazon to be more transparent about health and safety protocols for its employees during the pandemic.⁷⁸

An Oxfam America shareholder resolution captured 39% independent vote (non-controlling shareholders, unlike CEO Jeff Bezos who owns approximately 12% of Amazon stock) in support for conducting human rights impact assessments on high-risk commodities, like seafood, at Amazon.

Amazon paid no US federal taxes in 2017 or 2018. In 2019, the company finally paid \$162m, representing 1.2% of the pre-tax income it reported for the year, despite the federal corporate tax rate being 21%.⁷⁹

Amazon like no other company illustrates the burgeoning inequality of wealth and income that plagues our economies. Amazon has drastically increased the wealth of its founder and CEO, Jeff Bezos since the onset of the pandemic (he is now worth around \$200bn and is the richest man on earth),⁸⁰ and the company's wealthy shareholders, thanks to its market capitalization of over \$1.5tn.⁸¹ However, Amazon's business model remains dependent on hundreds of thousands of low-wage warehouse workers and delivery drivers. To put these numbers in context, Jeff Bezos could pay each of his 876,000 employees a \$105,000 bonus and still be as wealthy as he was at the onset of the pandemic.

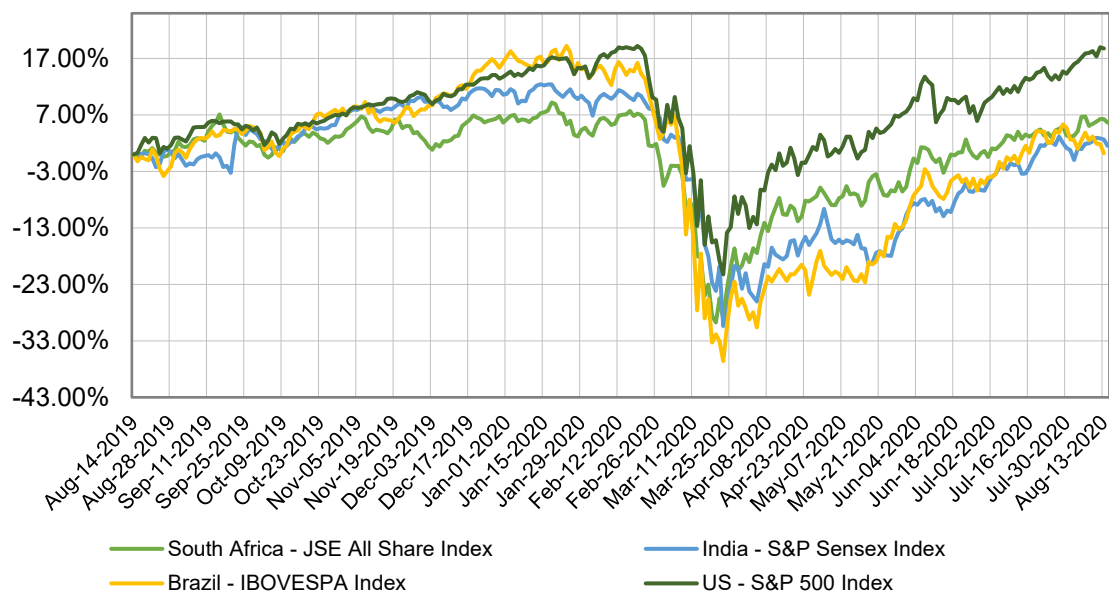
In addition, the company's success has not been grounded in innovation alone, but been boosted by an aggressive competitive strategy, a set of corporate privileges and one-sided bargains with governments (the company spent a record \$4.38m on lobbying in Q2 of 2020)⁸² that have bestowed the company with near-monopolistic (and unaccountable) market power.⁸³ To top it off, the company received a US federal loan for nearly \$4m in July, which is peanuts in the Amazon scheme of things, yet an affront to millions of struggling Americans.⁸⁴

SHAREHOLDERS RECOVER WHILE WORKERS STILL SUFFER

Taking a broader perspective validates the view that many of the world's wealthy have escaped the pandemic largely unscathed, and in many cases, wealthier and more powerful than ever. Stock market trends illustrate the widening gap between the economic realities experienced by the vast majority of people, and the type of protection money and power buys the world's wealthiest individuals and companies.

Despite record unemployment and small business closures around the world, stock markets have been seemingly quick to recover. The world's top 100 stock market winners since the start of 2020 added more than \$3tn to their market value.⁸⁵

Figure 5: Twelve month stock market performance in the United States, India, Brazil and South Africa⁸⁶

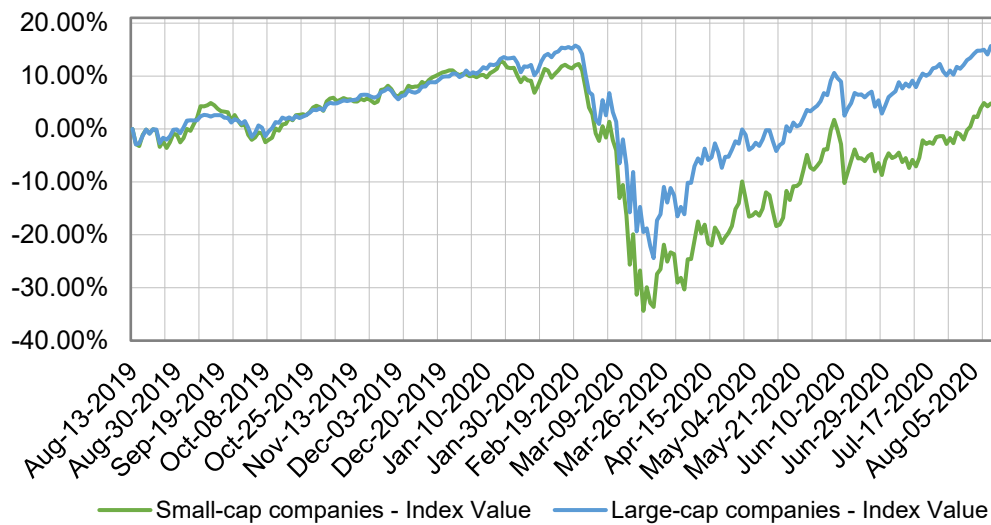


Source: Capital IQ

This recovery reflects the continued dominance of the shareholder-first paradigm and the selective confidence of investors in the protection of large companies. Importantly, this recovery does not take into account the situation of small businesses which have been hit hardest by the crisis. Even between companies listed by stock markets, a few top companies are accumulating the grand majority of gains. For example, the top six tech companies in US, all run by men, have been the biggest beneficiaries of the economic turmoil caused by COVID-19. They now account for a quarter of the S&P 500's total value (up from 8% in 2013).⁸⁷

Indeed, COVID-19 has led to a dizzying divergence between large and small companies, with the large firms recovering at a faster pace than smaller ones.

Figure 6: Stock performance by small companies and large companies



Source: Capital IQ

DONATIONS A DROP IN THE BUCKET

Companies around the globe have not been passive in response to COVID-19. The primary response by large corporations and billionaires to help address the economic impacts of COVID-19 has been philanthropic giving. This does not come as a surprise given the preference of many companies for voluntary contributions to social causes (rather than obligatory tax payments or pre-distributive mechanisms, such as higher wages or price premiums for suppliers).

However, philanthropic contributions pale in comparison to corporate profits and billionaires' wealth – and the potential good a fairer tax system or more inclusive economy would garner. Take the US as an example. While the US is estimated to have lost around \$135 billion in revenue due to corporate tax dodging in 2017⁸⁸, corporate philanthropy amounted to less than \$20 billion.⁸⁹ A similar disproportion can be observed in India where corporate social responsibility (CSR) contributions (\$6.8 billion annually) pale in comparison to the estimated loss in government revenue due to corporate tax dodging (\$47 billion annually).⁹⁰

Oxfam analyzed the COVID-19 donations of the companies listed on the S&P Global 100. While more than half disclosed their donations around COVID-19, the average amount a corporation donated was only 0.32% of its operating income for 2019.⁹¹ Philanthropic giving by corporations does not constitute an adequate contribution to the fight against COVID-19 considering the financial needs and the size of corporate profits. In addition, there is little traceability and accountability for how such money is used and what it has achieved.

4 PUTTING PROFITS BEFORE PEOPLE

COVID-19 is a test of business commitment to a corporate purpose beyond short-term shareholder payouts.⁹² Optimists have argued that the pandemic is shifting the pendulum toward the multi-stakeholder model, one in which a company's purpose is to benefit a variety of stakeholders, not just shareholders.⁹³ However, the reality looks less bright. Significant gaps remain between the need for companies to be accountable to all stakeholders (especially in a time of crisis) and their core business practices.

Oxfam has identified five areas of corporate practice that illustrate how some businesses have been exacerbating inequality during the pandemic:

- Continuing shareholder payouts and executive compensation programs despite receiving government bailouts;
- Failing to ensure employee safety and prevent labor violations;
- Shifting costs and risks down supply chains;
- Profiting from government relief programs despite lacking merit or eligibility;
- Lobbying the government for the deregulation around the environment, tax and social protection.

This analysis is based on more than 120 reported examples involving more than 400 companies from across the world.⁹⁴

PAYING SHAREHOLDERS WHILE RECEIVING GOVERNMENT BAILOUTS OR LAYING OFF WORKERS

Shareholder payout practices have come under scrutiny as companies are under financial pressure and governments are making relief funds available to companies. In some countries, including France and the United States, a temporary ban on stock buybacks has been passed for companies receiving government relief funds.⁹⁵ However, needing government support has not prevented some companies from continuing to prioritize rewards to shareholders, for example:

- Chemicals giants BASF and Bayer were given £1bn (\$1.3bn) and £600m, respectively, as emergency loans from the UK government.⁹⁶ Bayer shareholders voted to pay €2.75bn in dividends just weeks

before receiving the money, while BASF in June approved a plan to pay out €3.03bn in dividends, an increase from the previous year, despite a drop in profits.⁹⁷ Since January, the company's dividends amount to four times its profits in these first two quarters.⁹⁸

- In France, seven companies (Vivendi, Capgemini, Michelin, Publicis, Solvay, Veolia and Vinci) paid dividends, while using public money to pay staff. Despite calls from the government to restrain dividend payments, companies on the CAC 40 paid out total of €35–40bn.⁹⁹
- Several major US companies stuck to shareholder payout plans despite requesting government bailouts or laying off employees. For instance, Royal Caribbean, Halliburton, General Motors and McDonald's all laid off staff or cut hours and salaries while maintaining payouts.¹⁰⁰ Caterpillar, Levi Strauss, Stanley Black & Decker, Steelcase and World Wrestling Entertainment did the same, while paying more than \$700m combined in cash dividends.¹⁰¹
- Nigeria's largest cement company, Dangote Cement, allegedly fired more than 3,000 staff without prior notice or due process¹⁰² while the company is still expected to pay 136% of its profits to shareholders in FY2020.¹⁰³
- US clothing retailer Kohl's paid out \$109m in dividends after having cancelled \$150m in orders, leaving garment workers in Bangladesh and South Korea facing the consequences.¹⁰⁴
- German automotive company BMW paid more than €1.6bn in dividends despite requesting subsidies from the German government and relying on state-sponsored furlough schemes.¹⁰⁵

The fact that some companies are maintaining shareholder payouts despite being in precarious financial conditions highlights the restrictiveness of shareholder capitalism for companies' ability to make decisions that will benefit their own longer-term success – let alone society.

Box 3: Propping up the oil industry with taxpayers' money

The oil sector is a striking example of how companies have used their access to policy makers to qualify for COVID-19 relief funds to help prop up their unsustainable business models.¹⁰⁶ More than 6,000 firms directly involved in the fossil fuel business have received bailout loans. Some 19 oil and gas companies are expected to receive \$1.9bn in tax breaks as part of the US government bailout package.¹⁰⁷

The industry has been in crisis mode since before the pandemic, with its increasingly unsustainable business models relying heavily on government subsidies and tax benefits.¹⁰⁸ COVID-19 responses risks propping up the oil industry once again.

Like other climate-critical sectors, such as the aviation and automotive industries, oil companies have spent much of their profits over the past decade on shareholder payouts.

These profits could have been used to make their businesses fit for a low-carbon future, through more extensive environmental remediation, increased investments in R&D, worker retraining and increase reserves to account for increased climate risk and liability exposure on major projects. Instead, the oil and gas sector has accumulated massive amounts of debt, while still focusing on stock buybacks and paying out dividends without the financial cushion to weather oil price declines.¹⁰⁹ BP had also previously announced it would slash 10,000 jobs, while handing lavish payouts to shareholders.¹¹⁰

The actions of many oil companies during the pandemic suggest the sector's modus operandi has not changed in a time of crisis, even as fossil fuel emissions propel the world closer to climate catastrophe. For instance, Chevron announced that it will cut 10–15% of its 45,000-person global workforce, despite spending more cash on dividends and share buybacks during the first quarter of the year than they generated from its core business operations.¹¹¹

Nonetheless, it is not impossible for an oil company to begin to acknowledge its role and responsibility in light of the twin crises of climate and COVID-19, and to adjust its operations accordingly. BP recently announced plans to achieve net zero emissions by 2050,¹¹² and the company's newly announced strategy for the next decade envisions a 40% reduction in oil and gas production and a tenfold increase in investment in low carbon energy sources while also implementing a new distribution policy.¹¹³

PUTTING EMPLOYEES' HEALTH AT RISK

COVID-19 has exposed, once again, the prevalence of irresponsible labor practices of companies. Cases from around the world highlight how companies have put short-term profits over employees' safety during the pandemic. Those working in low-wage industries have been particularly vulnerable to exploitation:

- Labor abuses and health risks have been exposed in the mining sector. Mines in Peru have seen hundreds of COVID-19 cases, as operators kept mines open despite the high risks of infection.¹¹⁴ Mining sites in Congo¹¹⁵, Mexico¹¹⁶ and Guatemala¹¹⁷ have also faced criticism for their handling of labor rights and public health regulations during COVID-19.
- Teleperformance, one of the world's largest call center operators, has been accused of violating workers' rights to a safe workplace during the COVID-19 pandemic. The complaint also alleges that the company took retaliatory measures against employees in more than ten countries.¹¹⁸
- Food retailers have faced a backlash from employees for insufficient health and safety protection. McDonald's has faced a class action lawsuit accusing it of failing to adopt US government safety guidance on COVID-19 and endangering employees and their families.¹¹⁹

- Migrant workers in Qatar hired to build stadiums and infrastructure for the FIFA World Cup 2022 have suffered from salary delays and layoffs, in addition to overcrowded living conditions, limited health precautions and no sick pay.¹²⁰
- Food delivery companies have been accused of not providing adequate protection for their drivers, who have been left vulnerable to the pandemic as most have limited access to unemployment benefits, health insurance or sick leave. For instance, in the UK, Deliveroo has drawn criticism for inadequate PPE provision and income support for riders.¹²¹ Instacart has faced nationwide strikes in the US due to inadequate protection for its workers.¹²² In India, delivery services like Zomato and Swiggy have faced similar challenges to ensure the health and safety of their drivers during the pandemic.¹²³

These cases are no accident; they are the result of industries that have built their businesses on the backs of vulnerable workers. Governments have been complicit in these abuses, as many have failed to ensure workers are protected during the pandemic.

In the USA, the government has failed to protect at-risk workers on farms and meat processing plants.¹²⁴ In Peru, the government gave permission to continue mining operations despite the high risk of infection.¹²⁵ In India, labor regulations have been diluted in an effort to ease flexibility for companies.¹²⁶

There are still signs of hope, however. For example, a group of 335 investors representing \$9.5tn recently issued a call for businesses to protect workers amid the crisis.¹²⁷

Box 4: The inhumane practices of the meat processing industry

'They need workers to work to make money, but they don't care about people's life. The chicken plant still works, still makes money... If my husband – if they care about his health, if they let him know about the fever – he'd still be living now.'

Widow of deceased poultry worker in Maryland¹²⁸

Meat processing plants around the world have become hotspots for COVID-19 infections. In the United States, an estimated 27,000 meatpacking workers have tested positive – over 90 have died.¹²⁹ This means that a staggering 9% of employees at meat processing plants in the country have been diagnosed with COVID-19.¹³⁰ In Brazil, 5,000 meat plant workers have tested positive in a single state.¹³¹ In Germany, more than 1,500 workers tested positive at a single plant.¹³²

As Oxfam has previously reported,¹³³ meat processing companies commonly rely on immigrant workers who receive low wages and scant benefits, and often work under undignified and hazardous conditions.

The global meat processing industry is controlled by very few, large companies with significant power over workers and governments. COVID-19 has put a spotlight on how companies are using their political clout to influence governments. For example, in Brazil, JBS, which had its top executives involved with bribing politicians,¹³⁴ has asked the government to reconsider new safety rules to space out food plant workers.¹³⁵ The company later admitted that 2.2% of workers at its Goiania beef plant had been placed on mandatory leave after testing positive for COVID-19.¹³⁶

In the USA, the country's largest meat processing company, Tyson Foods, lobbied the government on food safety issues,¹³⁷ and published a letter advocating against closure of its factories,¹³⁸ despite having about 8,500 employees testing positive.¹³⁹

In Germany, the owner of the aforementioned meat processing plant, Tönnies, has appealed for government support to cover quarantined workers' pay after it had to shut down its factory due to mass infection of workers.¹⁴⁰

Shifting costs and risks down the supply chain

Another concerning corporate practice that has exacerbated inequality during COVID-19 is companies' propensity to push costs and risks down towards vulnerable participants in their supply chains. Thanks to flexible sourcing systems in the global consumer economy, companies have been able to hedge supply risks without taking responsibility for suppliers' ability to weather an economic crisis like COVID-19:

- In India, hundreds of tea plantation workers, many of them women, have gone unpaid as a result of the COVID-19 lockdown.¹⁴¹ At the same time, some of the largest Indian tea companies have boosted their profits (e.g. Tata Tea),¹⁴² or have been able to maintain profit margins by cutting costs (e.g. Unilever Hindustan).¹⁴³
- In West Africa, cocoa farmers are feeling the impacts of COVID-19 as the decline in global demand for cocoa is channeled to farmers through buyers' global supply chains in the form of lower prices.¹⁴⁴ Child labor on cocoa farms is also on the rise due the economic downturn impacting cocoa farmers and the lower availability of adult labor due to lockdowns.¹⁴⁵
- In Thailand, workers in global seafood supply chains have been left alone to deal with the impacts of COVID-19, including obtaining protective gear and declining wages.¹⁴⁶

Box 5: How apparel brands have pushed the costs of COVID-19 down their supply chains

'If factories and brands do not take responsibility, these workers, if they do not die from this virus, they will die from hunger... We are not asking for [brands] to give charity, we are asking them to pay our workers their wages so the workers can buy food and feed themselves.'

Bangladeshi labor rights activist Kalopona Akter¹⁴⁷

The global apparel industry is marked by stark power imbalances between huge brands and vulnerable supply chain workers. The impacts on supply chain workers in countries like Bangladesh, Mexico and India have been drastic, as brands cancelled existing orders and suppliers stopped paying and started laying off workers.¹⁴⁸ In Bangladesh, as many as 2.2 million workers were affected when orders were cancelled. Factory shutdowns have resulted in estimated \$3bn in lost revenues for the country.¹⁴⁹

COVID-19 has also been used as a pretext by garment factories for laying off workers that engaged in union activity.¹⁵⁰ Unions in Myanmar have accused factories producing for companies like Bestseller, Primark and Mango, to have used COVID-19 as a pretext to dismiss hundreds of union members.¹⁵¹

In India, 1,200 workers were laid off by a major H&M supplier, Gokaldas Exports, amid further allegations of intimidation and union-busting.¹⁵²

The stark impacts of COVID-19 disrupting apparel supply chains fits within the long history of exploitation and labor rights abuses in the sector. By designing fragmented supply chains and highly flexible sourcing systems, brands have for decades taken advantage of cheap labor while shielding themselves from taking responsibility for work place conditions.

Brands' push for ever greater efficiency and flexibility has led to unsustainable price and time pressures that are borne by workers. Yet, the money that companies have made as a result has been stripped from companies' reserves and channelled to shareholders. Last year, ten of the largest apparel brands alone paid a total of \$21bn (an average of 74% of their profits for FY 2019) to their shareholders in dividends and stock buybacks.¹⁵³ Even as the pandemic hit, some companies continued to pay dividends, while thousands of supply chain workers were losing their jobs.¹⁵⁴

Not all brands behave the same way, and civil society advocates have been tracking brands' responses.¹⁵⁵ Some major buyers have committed to paying for all orders already in production or completed. In Bangladesh, for example, H&M, Inditex, Kiabi, PVH (with deferred payments), Target and VF have committed to continue payment. Many other major buyers, however, have still not done so.¹⁵⁶

BAILING OUT CORPORATE GREED WITH TAXPAYER MONEY

Companies have proven adept in accessing government COVID-19 relief funds regardless of their merit to do so. Unfortunately, due to limited

transparency, there is limited ability to track who is receiving corporate bailouts and how much tax they have paid in previous years.

However, the following examples indicate significant shortcomings:

- Several companies with a history of tax avoidance are being bailed out with taxpayer money.¹⁵⁷ An analysis by Reuters of a subset of companies bailed out under the Paycheck Protection Program found that more than 40% of recipients receiving \$4m or more from the program did not pay any corporate income taxes for the last year.¹⁵⁸
- Large companies with thousands of employees took advantage of lax controls to get more than \$350m from a US government relief fund aimed to help small businesses through the crisis.¹⁵⁹
- Companies receiving 29% of the total loans from the UK government's Covid Corporate Financing Facility (including Baker Hughes, Chanel, CNH Industrial and Easyjet) are linked to well-known tax havens.¹⁶⁰

Minimizing tax burdens is not inevitable business practice. Take Patagonia, a US-based apparel company, which donated \$10m in additional funds to non-profits fighting to protect the planet. This donation was funded with savings to the company realized from the irresponsible tax cuts that were signed into law in 2017 (which reduced the tax rate for US corporations from 35% to 21% and authorized oil drilling in the Arctic National Wildlife Refuge).¹⁶¹

TILTING POLICY RESPONSES IN THEIR FAVOR

COVID-19 led to urgent economic relief actions by governments around the world. Evidence shows that companies were quick to flex their lobbying muscles to tilt government responses in their favor:

- In the US, COVID-19 spurred a near-record first-quarter lobbying spend by industry of \$903m. More than 3,000 lobbying clients (the vast majority representing the interests of companies) attempted to shape the contents of the stimulus package in their favor.¹⁶²
- Companies successfully lobbied against the closure of their operations despite significant health risks to their workers. Examples include food manufacturers in the US,¹⁶³ apparel factories in Mexico¹⁶⁴ and mining operators in several countries.¹⁶⁵ Even more audaciously, companies have lobbied for immunity from COVID-19 lawsuits.¹⁶⁶
- Companies successfully lobbied for tax benefits. For instance, oil and gas companies have lobbied on tax issues in the US Coronavirus Aid, Relief, and Economic Security (CARES) Act. Thanks to aggressive lobbying tactics the industry disproportionately benefited from over \$100bn in tax cuts.¹⁶⁷ In India, companies have lobbied to pause taxes on stock buybacks.¹⁶⁸ Mining companies have lobbied for tax holidays in several countries,¹⁶⁹ while airlines have lobbied to roll back environmental taxes.¹⁷⁰

- Companies lobbied to weaken environmental regulation. In the EU, companies from a variety of industries (including agribusiness, chemicals and automotive) have used COVID-19 to push for a delay in EU environmental laws.¹⁷¹ The US oil industry has asked to lower regulatory requirements amid COVID-19 including a delay for greenhouse gas reporting and pollution monitoring.¹⁷² Mining companies have lobbied for weaker environmental regulatory requirements at sites of operations.¹⁷³ The airline industry has successfully lobbied the International Civil Aviation Organization to temporarily reduce their fees for carbon dioxide output.¹⁷⁴

As Oxfam has previously found, many of these activities by companies stand in conflict to their sustainability commitments. They are made possible by political systems vulnerable to corporate influence and capture, the culmination of years of lobbying, campaign contributions and weakening democratic institutions that limit governments' regulatory capacity.¹⁷⁵

5 TOWARDS A HYPER-UNEQUAL FUTURE?

The economic outlook for the world is deeply troubling. Despite the often-repeated proclamations of ‘building back better’, current trends point towards less equitable, less stable and less sustainable economies in which many industries will be dominated by even fewer larger companies,¹⁷⁶ while many workers will have even greater difficulty finding decent jobs.¹⁷⁷ Governments’ high debt levels and reduced tax income are a threat to the type of smart large-scale public investments needed to build inclusive and sustainable economies.

COVID-19 is not a glitch. If the world continues on its current track, the pandemic is likely to result in long-term and structural changes. Existing socioeconomic and political divisions will likely deepen. The main winners of the post-COVID-19 economy are expected to be large corporations and wealthy shareholders who will have even more power and resources to shape public policy, and provide needed services at their discretion through philanthropy. Government capacity and accountability would be weakened, leading to further erosion of popular trust in democratic governance and increased social unrest.¹⁷⁸

FURTHER CONCENTRATION AT THE TOP

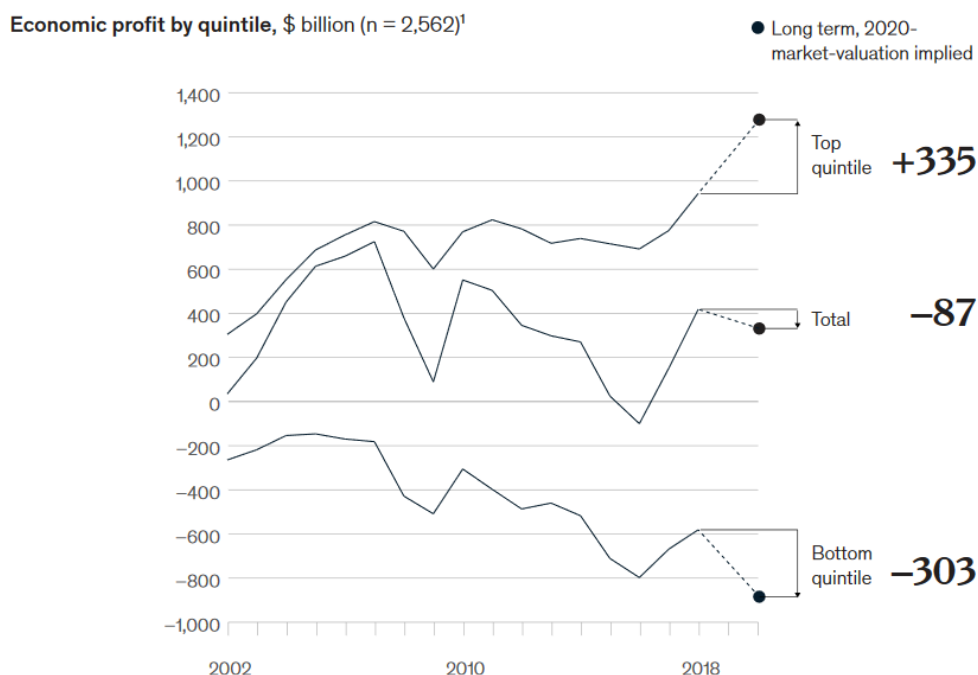
Contrary to the global financial crisis of 2008, which saw many successful companies fall behind, COVID-19 is accelerating a worrying economic trend – the concentration of economic power in the hands of a few, ever-larger corporations.¹⁷⁹ This trend applies both within and across industry sectors.¹⁸⁰

Take the expanding size and reach of tech companies, including those in communication, online retail and gig platforms. The influence of the sector’s most powerful companies and their owners over our work, politics and societies will be even more dominant in the post-COVID-19 business landscape. This will not only pose a range of challenges related to these companies’ business models – such as those on data privacy, free speech, labor rights and tax avoidance – but will also likely exacerbate inequality and challenge democratic institutions.¹⁸¹

On the other hand, we are likely to see consolidation and decline in other sectors as competitive pressures force companies unable to increase efficiencies (i.e. cut costs) to go out of business or become acquisition targets for industry frontrunners. For instance, 80% of publicly listed fashion companies in Europe and North America are in financial distress, with a large number at risk of going bankrupt.¹⁸² Similarly, the US and

European retail sectors are in turmoil due to COVID-19 and face a wave of potential bankruptcies or takeovers.¹⁸³

Figure 7: Gap in corporate profits between industry leaders and low performers



¹Largest companies by revenue in 2018 with data for 2003–18 available.
Source: Corporate Performance Analytics by McKinsey

A DISAPPEARING SMALL BUSINESS SECTOR

A significant proportion of the job losses associated with COVID-19 are in small businesses, which account for more than 70% of employment in low- and middle-income countries.¹⁸⁴ Evidence from around the world highlights how SMEs have been particularly impacted by the pandemic.

In Brazil, the COVID-19 lockdown shuttered more than half a million small businesses within two weeks.¹⁸⁵ The International Labour Organization (ILO) estimates that around 436 million enterprises (including own-account workers) are currently under threat.¹⁸⁶ A recent ILO survey in eight countries found that 70% of SMEs had to shut down operations (half because of instructions from the authorities, half due to a reduction in orders or COVID-19 cases among staff).¹⁸⁷ In high-income countries, small businesses also account for a disproportionate share of at-risk jobs.¹⁸⁸

‘COVID-19 is causing us a lot of harm. Giving my children something to eat in the morning has become difficult. We are totally dependent on the sale of milk, and with the closure of market[s] we can’t sell the milk anymore. If we don’t sell milk, we don’t eat.’

Kadidia Diallo, a female milk producer in Burkina Faso¹⁸⁹

SMEs are particularly vulnerable because they often have smaller cash reserves to withstand a decline in market demand, and predominantly operate in sectors vulnerable to the disruption caused by COVID-19 (e.g. food retail). A survey of SMEs in the Asia Pacific region highlighted that nearly half have less than a month of cash reserves, and nearly 30% expect to have to lay off more than half of their workers.¹⁹⁰ SMEs' limited access to credit (particularly in emerging markets) is having an even more pronounced impact in times of crisis.¹⁹¹ In Rwanda, Oxfam has recorded massive impacts on SMEs due to closed market access, including export markets.¹⁹²

Despite their significance and needs, there is a risk that COVID-19 response and recovery policies by governments are prioritizing saving 'big business'.¹⁹³ This is why, after the pandemic, our economies risk being left with a less vibrant SME sector, with potentially dire consequences for workers worldwide.

MANY JOBS MIGHT NOT COME BACK – ESPECIALLY FOR WOMEN

The impact of COVID-19 on global employment might not be temporary. ILO projections suggest that no quick recovery is in sight, and that the decline in jobs could persist beyond 2020.¹⁹⁴ Researchers from the University of Chicago have estimated that 42% of recent layoffs in the United States could result in permanent job losses.¹⁹⁵

Women are struggling more than men economically. While women make up 39% of global employment, they have accounted for 54% of overall job losses.¹⁹⁶ In the United States, more women than men lost their jobs from February to May with Hispanic and Asian women suffering most.¹⁹⁷ In India, women made up 20% of the workforce before the pandemic, but unemployment surveys suggest they account for 23% of overall job losses.¹⁹⁸

The gendered nature of work explains the disproportionate impacts on women. On the one hand, women are over-represented in many of the most affected sectors (e.g. low-wage service jobs). Second, women are on the frontlines of unpaid care work, including childcare, caring for the elderly, cooking and cleaning. COVID-19 has increased the time women spend on these responsibilities – causing them to drop out of the workforce at a higher rate than men.¹⁹⁹ Without a concerted effort, prospects are grim; analyses from the 2014 Ebola crisis in West Africa found that incomes for women bounced back more slowly than for men.²⁰⁰

PRIVATIZATION PRESSURES AS PUBLIC DEBT RISES

COVID-19 hit many governments in an already vulnerable state. The global financial crisis had left many governments in bad financial shape, resulting in a stark decrease in expenditures in areas like social protection and healthcare, which would prove critical in a pandemic response.²⁰¹

Many low and middle income countries' debt burden has risen to unsustainable levels (\$11tn in accumulated debt, and \$3.9tn in debt payments for 2020).²⁰² Several countries are now spending more on debt servicing than they are on health and education combined during the pandemic.²⁰³ While deficits are most painful in lower-income countries, high-income countries are facing record sovereign debt levels in the wake of COVID-19²⁰⁴, providing a pretext for those seeking to drum up support for a new wave of austerity.

The global economic outlook beyond 2020 is bleak.²⁰⁵ Low- and middle-income countries are likely to struggle the hardest, as they are less equipped to implement policy measures to mitigate the health and economic impacts of COVID-19. Overburdened health systems, falling commodity prices, declining tax revenues, and difficulties to issue new debt are all likely to create long-term challenges for this group of countries.²⁰⁶

Governments will have to deal with the costly dual issues of reining in the impacts of COVID-19 and stimulating the economy, and a drastic decline in tax revenues. Government deficits are expected to climb from \$9tn to \$11tn in 2020 worldwide, to as high as \$30tn by 2023.²⁰⁷

These record deficits risk altering further the relationship between governments and the private sector, which will be even more in demand to contribute to sustainable development investments and take on functions previously occupied by governments. Already some countries, for example India, have started to push through a privatization agenda in the midst of the pandemic.²⁰⁸ Privatization and cuts to public services come with significant risks to vulnerable populations, and hurt women and girls more than men.²⁰⁹

6 BEGIN AGAIN

'This is an opportunity to confront the broken norms and incentives at the heart of our current model of capitalism and make substantive reforms. If we don't, systemic risks and vulnerabilities will continue to accumulate, making future shocks both more likely and more dangerous.'

World Business Council on Sustainable Development, May 2020²¹⁰

'[R]adical reforms – reversing the policy direction of the last four decades – will need to be put on the table. Governments will have to accept a more active role in the economy.'

Financial Times editorial, April 2020²¹¹

We are at a critical juncture. We have a choice between returning to 'business as usual' or learning from this moment to begin again and build a fairer and more sustainable economy.

The current crisis has shattered many central assumptions. It has illustrated our shared fate; demonstrated how deeply interconnected our economic, mental and physical health truly are; exposed who are the real essential workers; reinforced the need for effective governments; and highlighted the fragile basis of our economy.

COVID-19 has opened the eyes of many to the need for change. A recent survey in countries around the globe found overwhelming global support for policies and programs supporting the most vulnerable people, providing universal health care, empowering workers and making systemic efforts to tackle climate change and inequality.²¹²

The private sector is jumping on the rhetorical bandwagon of moving away from shareholder capitalism – it is no longer only civil society activists pointing out the lack of sustainability of mainstream business. Even before the pandemic, investors, CEOs and business associations had started urging transformative changes to the way business does business.²¹³

But talk is cheap, and the private sector left alone is unlikely to effectively drive meaningful change towards a more sustainable future. Recent studies have demonstrated the lack of impact of voluntary initiatives – from CSR initiatives²¹⁴ to multi-stakeholder approaches²¹⁵ and business contributions to the Sustainable Development Goals.²¹⁶

Every company operating during the pandemic is at a decision point. Will they continue to focus on placating their shareholders in the short run, or work to create value for their stakeholders in the long run? Will they move beyond lofty promises and make actual changes to their core business that will benefit their most vulnerable stakeholders? Will they cut sustainability programs or make sustainability the central part of their business? Will they start paying their fair share of taxes instead of finding loopholes to minimize them? Will they stay silent or speak out about the

need for fairer taxes, strong social protections and universal health coverage?

COVID-19 has made clear that an economic model focused on extracting value will not solve the complex and urgent challenges of the time. Fortunately, the idea of shareholder primacy is waning,²¹⁷ and debates around the purpose of business is reaching the echelons of corporate power.²¹⁸ New frameworks, such as Doughnut Economics, are challenging economic orthodoxy and sparking creative thinking.²¹⁹

Oxfam's recommendations are divided into three areas: 1) responding to the pandemic and its resource demands with a tax on excess corporate profits, 2) reforming the corporate sector across four key dimensions: purpose, people, profits and power and 3) rebuilding our economies with more sustainable business models.

RESPOND: TAX COVID-19 SUPER PROFITS FOR THE GREATER GOOD

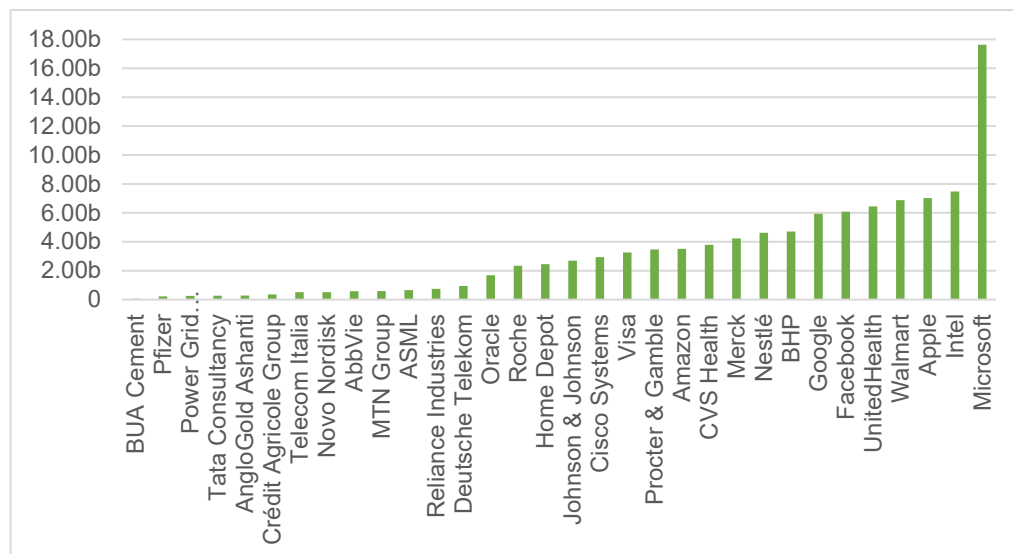
With millions out of work and governments' struggling to effectively respond to the pandemic, companies earning exorbitant profits for the already wealthy and well-connected will no longer suffice. These outsized gains should be taxed to level the playing field between companies and raise much needed funding for COVID relief and recovery.

Companies that have benefitted most can give back in meaningful and democratic ways. During this crisis, thousands of companies have received direct economic relief from taxpayers. The largest and most profitable companies have received significant indirect public assistance as well, through stimulus measures enabling people to still spend.

To level the playing field and prevent super-profitable companies from manipulating their position of strength, it is time to consider properly taxing the excess profits of the world's largest companies during the pandemic. A popular and effective tool for many allied countries during World War II, an excess or pandemic profits tax²²⁰ is designed to tax the portion of super profits that large companies derive not from hard work, but from an external event the company had no hand in making.

This COVID-19 Pandemic Profits Tax would raise billions of dollars in fresh revenue needed to begin again after the pandemic. Looking at just the 32 most profitable global companies analyzed in **Chapter 3**, \$104bn could be raised this year to address COVID-19 (See **Figure 8**). Implemented across all large corporations, a Pandemic Profits Tax would raise much, much more – benefitting people and small and medium enterprises by providing essential services, community infrastructure and more localized demand.

Figure 8: Public money available from a COVID-19 Pandemic Profits Tax from just 32 super-profitable corporations (FY2020 in USD)



Source: Oxfam estimate using company earnings statements; Capital IQ²²¹

Redeploying the excess pandemic profits of just these 32 massive corporations using this tax could be instrumental in the public health battle against COVID-19 in the United States and elsewhere. \$104bn could save lives and speed up the recovery by funding immediate and ongoing global coronavirus testing needs, estimated at \$6bn,²²² the delivery of a COVID-19 vaccine to everyone on the planet, including necessary R&D, manufacturing, procurement, distribution and delivery, which are estimated at \$71bn.²²³ This would leave another \$33bn more to invest in building a 21st century frontline healthcare workforce.

In addition to an excess profits tax, financial support to businesses should be conditional on building a fairer economy for all:

- Priority should be given to small businesses and the self-employed, as they are least able to cope.
- Financial support to companies should be used to maintain payrolls.
- Companies should honour ongoing contracts with suppliers to protect workers in the supply chain.
- A moratorium should be imposed on executive bonuses and all payments to shareholders and for at least three years following government financial support.
- For those corporations receiving company-specific assistance, financial support should take the form either of interest-bearing loans or of the government taking a stake in the company.
- Companies involved in fossil fuel extraction should not be bailed out at all.

REFORM: PURPOSE, PEOPLE, PROFITS AND POWER

This is the time for governments to create incentives and limitations to radically rein in corporate power and create an economy for everyone that will withstand a transition into a world permanently altered by climate change. We need an economic model that puts people at the center, protects the most vulnerable, shares profits equitably, and is grounded in democracy. Both governments and the private sector have a role to play in this reform.

Purpose: redefining the ‘why’ of business

Corporate purpose is a policy choice. It articulates the reason why a corporation is created and what it seeks to achieve.²²⁴ Redefining a company’s purpose can be a critical lever to identify core organizational values that can in turn shape business strategies, shape performance criteria, allocate resources and structure stakeholder relations.²²⁵

Statement of purpose

- Re-define corporate purpose (at the board level) to include a company’s stakeholders, including workers, consumers, affected communities as well as shareholders.

Corporate objectives

- Require non-financial objectives for companies’ strategy based on environmental, social and governance (ESG) criteria (i.e. the well-being of people, communities and the environment).

Fiduciary duties

- Governments should re-write the fiduciary duties of executives and Board beyond shareholder returns to include a general public interest.

Corporate compensation

- Ensure corporate compensation is not tied to short-term financial objectives.

Cooperative economy

- Promote equitable business structures that share value with employees or workers in the supply chain, such as worker cooperatives, benefit companies and social enterprises.

People: putting people at the center of business

Companies should redesign their business models to center on the wellbeing of people in their operations, supply chains and broader society – and be incentivized to do so. This will require investing in decent jobs,

addressing human rights risks and supporting efforts for universal social protection.

Decent work

- Governments must require, and companies should pay living wages,²²⁶ provide safe and healthy working conditions, and work with trade unions to increase the negotiating power of workers.
- Governments must require and companies should provide paid leave and ensure women have equal opportunities for advancement.
- Companies should eliminate commercial and trading practices that place undue levels of risk and pressure to cut costs on suppliers.
- Companies should exercise preferential sourcing from suppliers that guarantee a living wage and are unionized.

Human rights

- Governments must require and companies should adopt a human rights due diligence approach²²⁷ and identify, prevent, mitigate and account for human rights risks associated with business models in operations and supply chains.
- Governments must support the adoption of the United Nations Treaty on Business and Human Rights, in addition to ensuring the United Nations Guiding Principles on Business and Human Rights are being implemented nationally. This UN treaty should set binding standards on states, including a recognition that corporations have legal responsibilities in respect to human and labour rights and ensure that these are observed in practice; with provisions for sanctions and access to grievance and remedy for affected parties.

Social protection

- Governments must provide and companies should support universal social protection, including recognition of unpaid care work and strong labor protections.

Profits: ensuring a fair share for stakeholders

Corporate contributions to a sustainable future should include, but go beyond, philanthropic and redistributive mechanisms (i.e. tax). It must take into account how a company distributes its profits and the ability of stakeholders to directly benefit from a company's earnings (e.g. through wages and/or ownership stakes).

Shareholder payouts

- Governments must require and companies should cap dividends paid out to shareholders. Dividends should not be paid until a corporation is paying a living wage to all workers and is investing enough in the low-carbon transition.

Tax

- Governments should prohibit open-market share buybacks as a condition for receiving governmental assistance as a start to addressing unnecessary open market buybacks.
- Governments must create a more progressive and equitable tax system.
- Governments should ensure large multinational companies pay their fair share of taxes where economic activity takes place, including through a corporate global minimum tax, applied at a country-by-country level.²²⁸
- Governments should enact a COVID-19 Pandemic Profits Tax for large companies, as discussed above.

CEO compensation

- Governments must require and companies should set a maximum worker-to-CEO median compensation ratio of 20-to-1.²²⁹

Supply chains

- Companies should work with stakeholders to ensure living wages/incomes for people living in poverty in supply chains.

Green recovery

- Governments must design economic relief and recovery packages to accelerate a low-carbon transition.
- Governments must require and companies should commit to transformational action to cut their greenhouse gas emission in line with the Paris Agreement and the 1.5°C temperature goal.
- Government should not bail out any company involved in fossil fuel extraction.

Ownership

- Governments should incentivize companies to democratize their ownership through mechanisms like profit sharing and employee-ownership plans.
- Governments must build and companies should support the solidarity economy by incentivizing the creation and expansion of cooperatives and other types of stakeholder-oriented enterprises.

Power: radical transparency and reforming corporate governance

Instilling authenticity into corporate purpose requires its validation in organizational structure and practice. A corporation's purpose follows from the interests of the people in charge. Radical transparency is a necessary (but not sufficient) condition to rebalance power relations between companies and their stakeholders. Reforming corporate governance in line with public purpose can overcome this shortcoming and rebalance power relations among a corporation's stakeholders.

Transparency

- Governments must require and companies should publish and limit CEO-to-worker wage gaps per quartile, gender and country.
- Governments must require and companies should disclose human rights risks and support mandatory human rights due diligence.
- Governments must require large companies to publish their country-by-country tax and financial reports.
- Governments must require and companies should publish the company's carbon footprint, including direct and indirect emissions, the trajectory needed to align with a 1.5°C scenario,²³⁰ and their annual investment plans to reach this target.

Collective bargaining

- Governments must support and companies should respect collective bargaining rights and engage with independent trade unions.
- Governments must support and companies should enable women workers to raise their voices safely and effectively in company operations and supply chains.
- Companies should create robust grievance mechanism for employees and workers across their supply chains.

Corporate governance

- Governments must require and companies should set a gender-parity requirement at board, executive and management levels.
- Companies should prioritize suppliers that give greater voice, power and value to workers and farmers, through the ownership and governance structure of their business.

Relationship with governments

- Governments must play an effective role in creating a thriving society by limiting companies' political influence and protecting the rights of communities in a balanced approach.

Anti-trust

- Governments must prevent and reverse high degrees of market concentration, anti-competitive behavior and misuse of market power.

REBUILD: PROMOTING VIABLE ALTERNATIVES

A fundamental change in business models is not utopian. Viable alternatives exist and continue to gain traction. Social enterprises, cooperatives, mission-led businesses and fair trade enterprises are just a few examples of the diverse range of organizations that prioritize the interests of workers, farmers, communities and the environment over returns to investors.

These models are not only desirable, they are also viable. Social enterprises and cooperatives around the world have survived through crises and upheavals. For instance, fair trade enterprises are four times less likely than regular SMEs to become insolvent – not because they make more profits, but because they remain committed to their workers, partners and communities, who in turn remain committed to them.²³¹

Companies with strong stakeholder participation are more likely to adhere to responsible business practices. A recent study in Germany shows that public companies with strong worker representation on their board paid on average 4% more tax and were less likely to use avoidance schemes.²³² Similarly, employee-owned and mission-led employee-owned businesses consistently outperform conventional businesses on social and environmental issues.²³³

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ANNEX: COVID-19 PANDEMIC PROFITS AND PAYOUTS BY COMPANY

Company	Industry	HQ country	Net profits : AVG FYs 2016-2019	Net profits : FY 2020 (TTM)	Pre-pandemic profit margin	Pandemic profit margin	Excess pandemic profits	Pandemic profits tax liability	Shareholder payout ratio: median FYs 2016-2019	Shareholder payout ratio: FY2020 (TTM)
Microsoft	Tech	US	25.46b	44.28b	25%	31%	18.82b	17.63b	112%	86%
Intel	Tech	US	15.50b	23.66b	23%	30%	8.16b	7.48b	84%	75%
Apple	Tech	US	52.21b	58.42b	22%	21%	6.22b	7.03b	120%	154%
Walmart	Retail	US	11.22b	17.90b	2%	3%	6.68b	6.88b	126%	49%
UnitedHealth	Healthcare	US	10.85b	17.10b	5%	7%	6.25b	6.45b	58%	41%
Facebook	Tech	US	16.69b	23.52b	34%	31%	6.83b	6.08b	34%	33%
Google	Tech	US	24.30b	31.53b	19%	19%	7.23b	5.93b	34%	86%
BHP	Mining	AUS	3.16b	7.96b	8%	18%	4.80b	4.71b	138%	88%
Nestlé	Consumer goods	CH	9.77b	14.28b	11%	15%	4.51b	4.62b	136%	130%
Merck	Pharmaceutical	US	5.59b	10.48b	13%	22%	4.88b	4.23b	224%	92%
CVS Health	Healthcare	US	4.49b	8.26b	2%	3%	3.76b	3.79b	109%	33%
Amazon	Retail	US	6.77b	13.18b	3%	4%	6.41b	3.52b	0%	0%
Procter & Gamble	Consumer goods	US	9.87b	13.03b	15%	18%	3.16b	3.47b	128%	117%
Visa	Finance	US	8.77b	11.75b	46%	51%	2.99b	3.25b	108%	97%
Cisco Systems	Tech	US	8.02b	11.21b	16%	23%	3.19b	2.93b	170%	84%
Johnson & Johnson	Pharmaceutical	US	12.06b	15.19b	15%	19%	3.12b	2.69b	108%	96%
Home Depot	Retail	US	9.74b	11.83b	10%	10%	2.09b	2.45b	123%	96%

Roche	Pharmaceutica I	CH	10.72b	13.68b	18%	21%	2.96b	2.34b	75%	75%
Oracle	Tech	US	8.29b	10.14b	21%	26%	1.85b	1.69b	252%	227%
Deutsche Telekom	Telecom	DE	3.45b	4.27b	4%	5%	.82b	.94b	76%	92%
Reliance Industries	Energy	IN	5.09b	5.62b	8%	8%	.53b	.75b	9%	12%
ASML	Tech	NL	2.50b	3.25b	23%	23%	.75b	.65b	61%	64%
MTN Group	Telecom	ZA	.35b	.95b	3%	10%	.60b	.59b	207%	60%
AbbVie	Pharmaceutica I	US	6.21b	6.96b	21%	19%	.75b	.58b	134%	106%
Novo Nordisk	Pharmaceutica I	DK	5.83b	6.25b	34%	33%	.43b	.51b	92%	86%
Telecom Italia	Telecom	IT	.67b	1.17b	3%	6%	.51b	.51b	26%	37%
Crédit Agricole Group	Finance	FR	7.21b	7.23b	21%	21%	.02b	.36b	28%	0%
AngloGold Ashanti	Gold	ZA	-.00b	.30b	0%	8%	.30b	.28b	72%	24%
Tata Consultancy	Tech	IN	4.06b	4.13b	22%	20%	.08b	.26b	69%	84%
Power Grid Corporation of India	Energy	IN	1.19b	1.40b	28%	28%	.21b	.26b	28%	42%
Pfizer	Pharmaceutica I	US	13.99b	14.17b	27%	29%	.18b	.23b	137%	58%
BUA Cement	Industrial	NG	.12b	.17b	41%	35%	.05b	.05b	6%	8%



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