



► ILO Brief

March 2025

Advancing social justice in a changing world of work

Addressing megatrends, evolving policy developments and other drivers of change through sectoral social dialogue

► 1. Introduction

The International Labour Organization (ILO) is the United Nations (UN) specialized agency devoted to advancing opportunities to obtain decent and productive work in conditions of freedom, equity, safety and human dignity. It sets international labour standards on a broad range of subjects related to the world of work and supervises their effective implementation. Within the ILO, the Sectoral Policies Department (SECTOR) advances social justice by supporting the Organization's tripartite constituents – namely representatives of employers, workers and governments – in promoting decent work in 26 different economic and social sectors at global, regional and national level.

The European Commission (EC) presented its [Communication on decent work worldwide](#) on 23 February 2022. The Communication reaffirms the European Union's (EU) commitment to advance decent work both at home and around the world. It acknowledges that global megatrends are rapidly transforming the world of work, and that technological advances, the environmental and climate crisis, demographic shifts and a new era of globalization are drivers of this development.

With the Communication, the EU underlines that it will promote decent work across all sectors and policy areas and that it will take a comprehensive approach that addresses all workers, including in domestic markets, in other countries, and in supply chains. The many internal and external policies and tools that the EU will use to implement decent work worldwide include the integration of international labour standards into trade and investment agreements as well as the new [Directive on corporate sustainability due diligence](#).

While these megatrends, drivers of change and policy changes have the potential to generate economic growth and create new job opportunities, they are making it increasingly complex for governments, employers, and workers to navigate the future of work, and they can in some instances have negative impacts on the world of work.

Strong and independent institutions of work and influential and inclusive mechanisms of social dialogue are critical to harnessing opportunities and addressing the increasingly complex challenges in a rapidly changing world of work. The ILO works with its constituents in its 187 member States to advance decent work through social dialogue at the global, regional, national sectoral and workplace level. It aims to promote a human-centred approach to the future of work by addressing transformative changes in the world of work, such as the topics addressed in this brief.

In this context, the Communication on decent work worldwide includes in section 3.4 an offer of support to social partners in the 44 Sectoral Social Dialogue Committees of the EU to navigate this complex context and to launch – at their request – “activities to promote responsible supply chains, including respect for labour rights” (Box 1).

► **Box 1: The Sectoral Social Dialogue Committees of the European Union**

The Sectoral Social Dialogue Committees (SSDCs) bring together the social partners from EU Member States in specific sectors to engage in social dialogue to jointly identify solutions that address the most important issues and opportunities of our time.

The SSDCs have evolved over time and today comprise 44 committees that cover such key sectors as agriculture, construction, education, energy, fisheries, metal, public services, shipyards and transport.

Together, the 44 SSDCs consist of 65 European employers' organizations and 15 European trade union federations and represent approximately 185 million workers and over 6 million firms across the EU.

Source: EU, 2024. [Cross-industry and sectoral social dialogue](#). Accessed 10 November 2024.

The joint EU-ILO project entitled “*Advancing decent work in supply chains through sectoral social dialogue*” is implemented in direct follow-up to section 3.4 of the Communication. With funding from the EC, and in close collaboration with the Directorate-General for Employment, social affairs and inclusion (DG-Employment), the ILO is offering “technical support to the social partners in SSDCs to launch activities to realize decent work, advance responsible business conduct, promote ratification and effective implementation of international labour standards, and respect, promote, and realize the [fundamental principles and rights at work](#).”

This brief has been developed under the above-mentioned project with a view to enhancing the European sectoral social partners’ knowledge and capacity to promote more resilient, inclusive and sustainable sectors and supply chains in a changing world. It is hoped that this brief will help strengthen the knowledge base, inform discussions in future meetings of the SSDCs, and inspire the social partners to take concrete steps to advance decent work in their sectors and related supply chains in the EU and beyond.

► 2. Megatrends and drivers of change

The world of work is currently undergoing rapid and profound changes as a result of the following megatrends:

1. demographic shifts
2. climate change
3. technological advances
4. a new era of globalization

These intersecting, overlapping and high-level drivers of change, which are discussed below, will continue to shape global, regional and domestic production networks in the years to come as well as the future of work in specific sectors and supply chains.

2.1 Demographic shifts

Demographic shifts are changing labour markets around the globe, with rapid population growth in some regions and aging populations in others. The United Nations forecasts that the world population will reach 8.5 billion in 2030 and will exceed 9.7 billion by 2050. Over half of that population growth will be in just nine countries, eight of them developing or

emerging economies.¹ Sub-Saharan Africa is projected to experience the highest population growth rate, doubling to 2 billion by 2050, with a rapid increase in the working-age population (ages 25-64).²

As the world's population increases, the size of the global middle class is expected to expand from 3.5 billion in mid-2017 to 5.6 billion by 2030. While this means that aggregate global demand for goods and services will grow, it will increasingly shift from Europe and North America to Asia, Africa and other regions with growing populations, economies and middle classes.³

The labour market challenges associated with these demographic shifts are unprecedented. Sixty-four million young people aged 15 to 24 were unemployed in 2023. While global youth unemployment is expected to continue to decrease over the next two years from 13 per cent in 2023 to 12.8 per cent in 2025, it remains high in the Arab States, North Africa, East Asia, and South-East Asia and the Pacific. In other ageing countries with shrinking populations, the challenge is the opposite: older workers having to stay in the labour market, changing enterprise culture, and reforming healthcare and social protection systems.⁴ In this context, labour migration is projected to continue to grow due to limited job opportunities in rural areas as well as increasing inequalities within countries.

These shifts call for industrial policies to promote decent work and inclusive labour markets which create opportunities for all workers, including the investment in social protection reforms and skills development tailored to growing sectors. Developing targeted support for vulnerable groups, such as migrants, women and young workers as well as the strategies to formalize informal work is crucial. Social dialogue and tripartite consultations remain critical to ensure economies and supply chains are resilient, inclusive and sustainable.

2.2 Climate change

The Intergovernmental Panel on Climate Change indicates that global warming is becoming increasingly complex and difficult to manage.⁵ In this regard, the United Nations Environment Programme 2021 Emissions Gap Report indicates that, despite all efforts, there is a 66 per cent chance of a global temperature rise of 2.7°C by the end of the century.⁶ This is almost double the 1.5°C limit that signatories to the [Paris Agreement](#) are committed to pursuing.

Climate change already has and will continue to have profound and prolonged effects, negatively affecting water availability, crop production, animal and livestock health and productivity, fisheries yields and aquaculture production. More extreme weather events lead to increased inland flooding, storm-induced damage to coastal areas and damage to infrastructure and key economic sectors. Climate change-related disruption to global supply chains could lead up to US\$25 trillion in net losses by the middle of the century⁷.

Climate change affects human health and well-being negatively, especially in terms of infectious diseases, heat stress, malnutrition, food and water security and mental health. Working conditions are also affected, including as a result of the increased exposure of workers to heat stress and air pollution.⁸ An [ILO study](#) has estimated that the projected increase in global temperatures will make 2 per cent of all work hours too hot for work by 2030.⁹

¹ In descending order of expected population increase, those nine countries are: India, Nigeria, Pakistan, the Democratic Republic of the Congo, Ethiopia, the United Republic of Tanzania, Indonesia, Egypt and the United States.

² UN, [World Population Prospects 2019: Highlights](#), 2019.

³ Wolfgang Fengler and Homi Kharas, "[A Golden Age for Business? Every Second Five People are Entering the Global Middle Class](#)", 2017.

⁴ ILO, "[Global Employment Trends for Youth 2024: Decent work, brighter futures](#)", 2024.

⁵ IPCC, "[Climate Change 2023: Synthesis Report. Contribution of Working Groups I, II and III to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change](#)", 2023.

⁶ UN Environment Programme (UNEP), "[Emissions Gap Report 2021](#)", 2021.

⁷ UNDP, "[We are all connected. What we know about transboundary climate risks](#)", 2024.

⁸ ILO, [Safety and Health at the Heart of the Future of Work: Building on 100 Years of Experience](#), 2019.

⁹ ILO, "Working on a warmer planet: [The impact of heat stress on labour productivity and decent work](#)", 2019.

Climate change is thus changing how humankind consumes, produces, lives and works. In July 2022, the United Nations General Assembly furthermore declared that access to a clean, healthy and sustainable environment is a universal human right, and that climate change is a direct threat to that right¹⁰. The change might become irreversible, unless action is taken now.

As part of their commitment to meet the goals of the Paris Agreement, ILO Member States are developing policies to mitigate climate change and adapt to global warming. These include sectoral and industrial policies and nationally determined contributions (NDCs), which have become the most important policy response to climate change. To date, 168 countries have developed NDCs¹¹, an increasing number of which include considerations of ensuring a just transition, as per the ILO Guidelines for a just transition towards environmentally sustainable economies and societies for all (Box 2).

► Box 2: ILO Guidelines for a just transition

The Paris Agreement affirms “the imperatives of a just transition of the workforce and the creation of decent work and quality jobs in accordance with nationally defined development priorities”.

A just transition promotes environmentally sustainable economies in a way that is inclusive, by creating decent work opportunities, reducing inequality and by leaving no one behind.

Just transition involves maximizing the social and economic opportunities of climate and environmental action, including an enabling environment for sustainable enterprises, while minimizing and carefully managing challenges. It should be based on effective social dialogue, respect for fundamental principles and rights at work, and be in accordance with international labour standards. Stakeholder engagement is also important.

The ILO Guidelines for a just transition towards environmentally sustainable societies and economies for all (2015) represent a comprehensive framework for action. They set out the policies that countries can draw on to implement their climate change commitments, while underlining the importance of policy coherence and effective social dialogue and tripartism. They include macroeconomic and growth policies, labour market policies, industrial and sectoral policies, enterprise policies and policies on skills development, rights, social protection and OSH.

Sources: ILO, 2015. [ILO Guidelines for a just transition towards environmentally sustainable economies and societies for all](#). ILO, 2023. [Resolution concerning a just transition towards environmentally sustainable economies and societies for all](#).

However, the integration of the Decent Work Agenda and the key policy areas of the ILO Guidelines is uneven, and employers' and workers' organizations report that they are frequently not included in the formulation and implementation of NDCs.¹²

In response to these evolving policies and to changing consumer preferences, enterprises are increasingly investing in new technologies and business models to reduce greenhouse gas emissions and improve resource efficiency. This includes the increasing re-use of materials and recycling, which are key components of the circular economy.

While such policies and action are critical to mitigating climate change, they might have a negative impact on employers and workers in many countries. This highlights the importance of ensuring that the transition to environmentally sustainable economies is well managed, job-rich and just. Governments, employers' and workers' organizations should come together to shape policies that address the nexus between climate change, decent work and sustainable development. By addressing the above-mentioned workplace risks and supporting green job creation, social dialogue

¹⁰ UN, “UN General Assembly Declares Access to Clean and Healthy Environment a Universal Human Right”, *UN News*, 28 July 2022.

¹¹ https://unfccc.int/sites/default/files/resource/cma2024_10_adv.pdf

¹² Source: ILO, 2023. [Report VI. Achieving a just transition towards environmentally sustainable economies and societies for all](#).

remains critical in adapting and mitigating the disproportionate impact of climate change on vulnerable workers in all regions and across all sectors and supply chains.

2.3 Technological advances

Technological advances, whether digitalization, automation, new materials or new products, are rapidly transforming the world of work.

They have led to new and more efficient ways of producing goods and services and are powering productivity and economic growth. They have also facilitated the emergence of increasingly complex supply chains, which have lowered trade and market barriers by allowing producers to focus on specific parts or components, without having to develop the capacity to produce an entire finished product. For instance, digitalization is a critical element in the development of the 'just-in-time' approach to supply chain management which directly aligns raw material orders from suppliers with production schedules. It is also driving the rapid expansion of the supply of services within and across borders.

ILO studies have highlighted the potential of digitalization, robotics and automation to create major disruption and shifts in supply chains in terms of employment and production, including in automotive, electronics and textiles, clothing and footwear supply chains in the ASEAN region.¹³ The ILO has also acknowledged that new technologies offer numerous potential benefits, including streamlined just-in-time production, reduced inventories and waste, reduced transport costs and delivery times, improved product quality, reduced reputational risks and improved brand image. On the question of large scale replacement of humans by machines, as well as the possibility of large-scale reshoring, country studies demonstrate that they are unlikely in the near future unless the technologies can overcome the competitive advantage of developing countries with lower labour and production costs.¹⁴

In general, the introduction of digitalization, automation and new materials and products differs significantly between countries, sectors including in supply chains, depending on the national labour market and the structure of the sector, as well as demographics, wages, regulations, tax regimes, consumer preferences and a range of other factors. To ensure they continue to drive economic growth for all, there is a need for policies to bridge the digital divide and to reduce inequalities within and between countries.

In this regard, the ILO Centenary Declaration for the Future of Work calls on all Member States to ensure that all people benefit from the changing world of work (Box 3).

► Box 3: The ILO Centenary Declaration for the Future of Work

The ILO Centenary Declaration for the Future of Work was adopted by the International Labour Conference in 2019, the ILO's centenary year. The Declaration calls on governments, employers' and workers' organizations in all countries to ensure that "diverse forms of work arrangements, production and business models, including in domestic and global supply chains, leverage opportunities for social and economic progress, provide for decent work and are conducive to full, productive and freely chosen employment".

Its "human-centred approach" focuses on three areas of action:

- Increasing investment in people's capacities
- Increasing investment in the institutions of work
- Increasing investment in decent and sustainable work

Sources: Source: ILO, 2019. [ILO Centenary Declaration for the Future of Work](#); ILO, 2019. [Work for a Brighter Future: Report of the Global Commission on the Future of Work](#).

¹³ ILO: [ASEAN in transformation: the future of jobs at risk of automation](#), ILO Bureau for Employers' Activities (Geneva, 2016).

¹⁴ ILO: [Robotics and Reshoring: Employment implications for developing countries](#) (Geneva, 2020).

2.4 A new era of globalization

The new era of globalization has many names. Some observers talk about “deglobalization,” “reshoring,” and “friendshoring,” de-globalization, others about re-globalizations, and others again predict an end to globalization. What remains certain is that globalization in the 21st Century continues to be shaped by increasing protectionism, devastating wars, geopolitical conflict, trade turbulence and external shocks, and that it continues to evolve as a result of regional integration, technological advances, and economic, trade and industrial policies. This affects employers and workers in all of the 187 Member States of the ILO and the 44 SSDCs of the EU.

Slowing globalization is limiting decent work opportunities in low- and middle-income countries. The emergence of a global middle class and the notable reduction in working poverty over the last two decades were supported by a continued integration of international markets and the integration of frontier markets in GSCs. This dynamic was already slowing down, however, after the global financial crisis of 2009. As geopolitical tensions rise, there is a risk of retrenchment of supply chains and the possibility of a reversal in the progress of decent work creation.

In addition to re- or near-shoring certain high-end activities in or closer to advanced economies, the quest for multiple suppliers to strengthen supply chain resilience is likely to increase costs and undo part of the benefits gained from globalization over previous decades. Although this may have only limited effects on employment, it will add to cost pressures, keeping inflation rates above levels observed previously. However, “friend-shoring” will provide opportunities for countries that manage to present themselves as a reliable partner.

At the time of writing, the world of work has suffered from high prices of energy, food and commodities and high inflation in the aftermath of the COVID-19 pandemic and the Russian Federation’s war of aggression against Ukraine.¹⁵ This has affected business outlooks, livelihoods and food security, and undermined gains in the eradication of poverty and hunger.¹⁶

Well-functioning sectors and global and domestic supply chains rely on the availability of labour, resources and logistics, which vary on a spatiotemporal scale and are affected by geopolitical and macroeconomic trends and developments. Many observers expect supply chain disruptions caused by conflict and trade disputes to become more frequent and unpredictable in future. The twin challenge of higher input prices and access to critical raw materials has risen to the top of the agenda of many governments and all types of enterprises.

In recent decades, there has been a trend towards more regional and shorter supply chains, which have proven more sustainable in situations of trade turbulence and conflict. Many governments are encouraging and incentivizing re-, near- or so-called “friend”-shoring. At the same time, leading multinational enterprises are moving from a “just-in-time” to a “just-in-case” approach to managing supply chains risks and securing the continuity of supplies¹⁷.

¹⁵ ILO, 2022. [Resolution concerning the Russian Federation’s aggression against Ukraine from the perspective of the mandate of the International Labour Organization](#)

¹⁶ World Bank, 2022. [Global Economic Prospects](#)

¹⁷ UNCTAD, [Digital Economy Report 2024: Shaping an environmentally sustainable and inclusive digital future](#), 2024.

► **Box 4: The ILO Declaration on Social Justice for a Fair Globalization**

To meet the universal aspiration for social justice, with full employment, sustainability of open societies and the global economy, and to combat poverty and rising inequalities, the ILO in its [Declaration on Social Justice for a Fair Globalization](#) has called for an improved and fair outcome for all through the international community's recognition of decent work as an effective response to the challenges of globalization.

The ILO continues to support countries across regions and sectors in the context of a globalized economy by.

- 1) better understanding its Members' needs
- 2) strengthening and streamlining its technical cooperation and expert advice
- 3) promoting shared knowledge and understanding
- 4) upon request, providing assistance to Members who wish to promote strategic objectives jointly within the framework of bilateral or multilateral agreements, subject to their compatibility with ILO obligations
- 5) developing new partnerships with non-state entities and economic actors, such as multinational enterprises and trade unions operating at the global sectoral level

Source: ILO, 2008. [Declaration on Social Justice for a Fair Globalization](#).

► 3. Evolving policy developments: the role of international labour standards in advancing decent work

Governance starts at home. National laws and regulatory frameworks are key to advancing decent work across economies and in specific sectors including in supply chains.

Governments in all countries have the duty to protect workers by adopting, implementing and enforcing relevant laws and regulations and promote policies that ensure that the fundamental principles and rights at work and ratified international labour Conventions. Governments and employers' and workers' organizations should engage, as appropriate, in all forms of effective social dialogue at all levels to advance decent work.

However, governments may have limited capacity and resources to effectively monitor and enforce compliance with laws and regulations. The expansion of global supply chains across borders has exacerbated these governance gaps.¹⁸

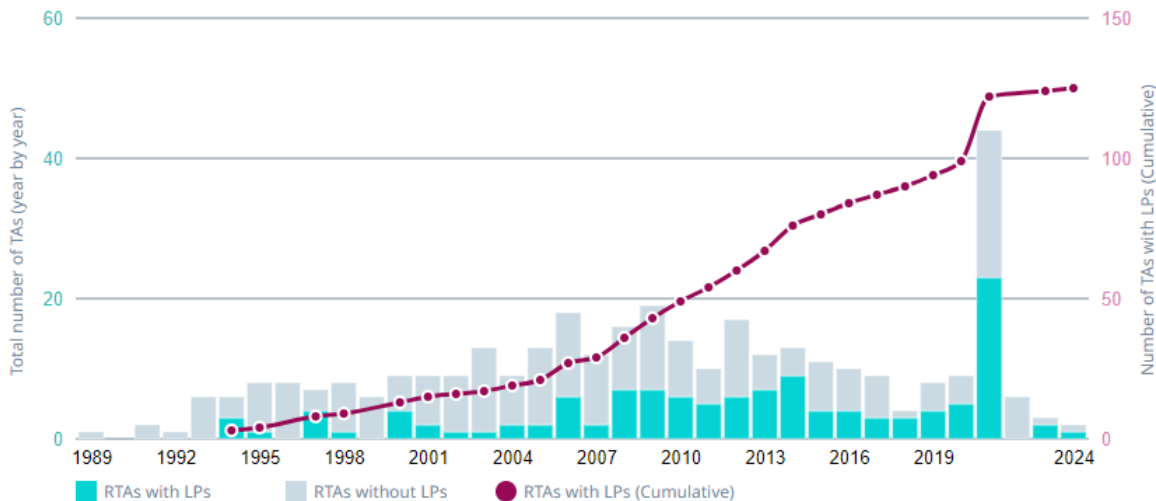
In this context, government policies to attract foreign direct investment and promote trade provide important entry points for advancing decent work. Trade and investment agreements increasingly make reference to international labour standards, especially where such agreements also aim to promote responsible business conduct.

¹⁸ ILO, 2016. [Resolution concerning decent work in global supply chains](#).

3.1 Free trade agreements

Since the 1990s, regional integration processes and free trade agreements (FTAs) have increasingly included labour provisions.

► **Figure 1. Labour provisions in trade agreements**



Source: [ILO Labour Provisions in Trade Agreements Hub](#)

Today, one out of three trade agreements notified to the WTO include labour provisions (125 out of 371 trade agreements), and nearly half of trade agreements with labour provisions (47 per cent) came into existence in the last decade (2014-2024). There is a wide geographic dispersion of trade agreements with labour provisions. While such provisions have now become standard in FTAs signed by the EU, the United Kingdom of Great Britain and Northern Ireland, Canada, and the United States, about 20 per cent of them are South-South agreements.

These provisions generally list minimum commitments for the protection of human rights at work and refer to specific international labour standards or instruments adopted by the ILO. They also provide for conflict resolution systems, funds and parallel labour cooperation or consultation.

EU FTAs have included dedicated chapters on trade and sustainable development since 2011. These were enhanced in 2022 by the EC plan to increase the effectiveness of EU trade agreements in protecting the climate, environment and labour rights. This includes a results-oriented and priority-based engagement with partner countries, increased support for and participation of civil society, and a stronger focus on implementation and enforcement. One example is the Trade and Cooperation Agreement between the EU and the United Kingdom, which requires its parties to commit to respecting, promoting, and effectively implementing the core labour standards, as defined in the fundamental ILO Conventions¹⁹, as well as to seek to achieve economy-wide climate neutrality by 2050 and other environmental measures. The agreement contains an article titled “Trade and responsible supply chain management” where parties commit to supporting the implementation of the [United Nations Guiding Principles on Business and Human Rights](#) (UNGPs), the [OECD Guidelines for Multinational Enterprises](#) (OECD MNE Guidelines), and the [ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy](#) (ILO MNE Declaration).

¹⁹ [Trade and Cooperation Agreement between the European Union and the European Atomic Energy Community, of the one part, and the United Kingdom of Great Britain and Northern Ireland, of the other part](#)

The United States-Mexico-Canada Agreement (USMCA), known as the Canada–United States–Mexico Agreement (CUSMA) in Canada, entered into force on 1 July 2020. It supersedes and is in many respects similar to the North America Free Trade Agreement (NAFTA). However, the labour provisions of the USMCA are no longer side agreements, as was the case with NAFTA, but integral chapters of the agreement, with additional provisions subject to enforcement and to full dispute settlement procedures.

3.2 International instruments

Three key instruments have become the reference points for responsible business conduct:

1. [UN Guiding Principles on Business and Human Rights](#) (UNGPs)
2. [ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy](#) (ILO MNE Declaration)
3. [OECD Guidelines for Multinational Enterprises](#) (OECD MNE Guidelines)

These instruments are aligned in their approach²⁰ and provide a comprehensive framework on the important roles played by governments, enterprises, social partners and other stakeholders to advance decent work through responsible business conduct. The UNGPs consist of three pillars presented in the United Nations “Protect, Respect and Remedy” Framework (2008):

1. The duty of the State to protect against human rights abuses by third parties, including business enterprises, through appropriate policies, regulation and adjudication
2. The corporate responsibility to respect human rights, which means that business enterprises should act with due diligence to avoid infringing on the rights of others and address adverse rights impacts with which they are involved
3. The need for greater access by victims to effective remedy, both judicial and non-judicial.

The United Nations Human Rights Council unanimously endorsed the UNGPs in June 2011. They apply to all States and to all business enterprises, irrespective of their size, sector, location, ownership or structure. In 2014, the Council called on all Member States to develop a National Action Plan on Business and Human Rights (NAP) to support the implementation of the UNGPs. As at March 2025, thirty-eight countries have either developed a NAP or included a business and human rights chapter in existing human rights NAPs,²¹ and 12 countries are in the process of developing a NAP but not yet implementing one.²²

International labour standards, the UNGPs, and NAPs are interconnected. Many of the existing NAPs identify the ratification and effective application of international labour standards in national law as a key means of ensuring that the national legal framework provides sufficient protections for labour rights, as part of the State’s duty to protect against human rights abuses by businesses. A number of NAPs specifically highlight the role of the ILO MNE Declaration (Box 5) in the achievement of their objectives and promote its operational tools. This includes the ILO Helpdesk for Business, which provides guidance to company managers and workers on how to better align business operations with international labour standards and build good industrial relations.²³

²⁰ [Responsible Business: Key messages from International Instruments](#)

²¹ The UN Working Group on Business and Human Rights monitors the status of the development of NAPs by States, which can be accessed at: <https://www.ohchr.org/en/special-procedures/wg-business/national-action-plans-business-and-human-rights>

²² [National Action Plans on Business and Human Rights](#)

²³ ILO, 2021. [Briefing note. The linkages between international labour standards, the United Nations Guiding Principles on Business and Human Rights, and National Action Plans on Business and Human Rights](#)

► **Box 5: The ILO MNE Declaration**

The MNE Declaration is the only ILO instrument that provides direct guidance to enterprises on how they can contribute through their operations to the realization of decent work. Its principles, based on the provisions of international labour standards, are addressed to all enterprises, both multinational and national, governments, and employers' and workers' organizations and cover areas such as employment, training, conditions of work and life, industrial relations as well as general policies.

Initially adopted in 1977, it has been regularly updated to reflect new economic realities, such as the increased international investment and trade, the growth of global supply chains as well as developments within and outside the ILO, including newly adopted international labour standards, the UNGPs and the 2030 Agenda for Sustainable Development.

The guidance contained in the MNE Declaration on due diligence is fully aligned with the UNGPs (paragraph 10). In this regard, paragraph 10(e) of the MNE Declaration states: "In order to gauge human rights risks, enterprises – including multinational enterprises – should identify and assess any actual or potential adverse human rights impacts with which they may be involved either through their own activities or as a result of their business relationships. This process should involve meaningful consultation with potentially affected groups and other relevant stakeholders including workers' organizations, as appropriate to the size of the enterprise and the nature and context of the operation. For the purpose of achieving the aim of the MNE Declaration, this process should take account of the central role of freedom of association and collective bargaining as well as industrial relations and social dialogue as an ongoing process."

Source: ILO, 2022. [Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy \(sixth edition\)](#).

While the UNGPs and the ILO MNE Declaration are non-binding instruments, policymakers in a growing number of countries are enacting laws and proposing regulation that requires large enterprises to conduct due diligence on human and labour rights as well as the environment. On 23 February 2022, on the same day that the EC published its Communication on Decent Work Worldwide, it released a proposal for a Directive on corporate sustainability due diligence (Box 5).

► **Box 6: Corporate sustainability due diligence in the European Union**

The new EU Directive entered into force in July 2024. To foster sustainable and responsible corporate behaviour in companies' operations and across their global value chains, the Directive requires large enterprises to identify, address and regularly report on adverse human rights and environmental impacts of their actions inside and outside Europe.

Together with human rights due diligence requirements in other key markets, this is prompting large enterprises to align their business models and operations with the UNGPs, ILO MNE Declaration and OECD MNE Guidelines. It has increased expectations for enterprises in supply chains across the globe to further align their practices with international labour and environmental standards.

On 26 February 2025, the European Commission published the first 'Omnibus' package intended to simplify EU sustainability reporting requirements. The package includes proposals related to the Corporate Sustainability Reporting Directive (CSRD) as well as proposed changes to the Corporate Sustainability Due Diligence Directive (CSDDD), EU Taxonomy, the Carbon Border Adjustment Mechanism (CBAM), and regulations related to investment programmes.

According to the European Commission, the Omnibus package should enable a cost-effective implementation of sustainability rules, reducing the administrative burden for enterprises.

Source: European Commission, Press release, 26 February 2025, [Commission simplifies rules on sustainability and EU investments, delivering over €6 billion in administrative relief](#).

While large enterprises in Australia, Europe, Japan, Norway and the United States are preparing for these new legislative initiatives and regulations, or have already adapted to them, there are limited and varying levels of understanding of the rapidly evolving due diligence requirements among representatives of governments, employers' and workers' organizations in many other parts of the world²⁴. This may place governments, employers and workers in these and other developing countries at a disadvantage in terms of preparing for the new rules of the game in key export markets.

There is a risk that the expansion of due diligence requirements could disincentivize some public and private enterprises from sourcing in countries that are not prepared for the new rules of the game and have weak systems of governance, which could lead to a decline in trade, export earnings and employment, as well as other unintended consequences. To ensure that human rights due diligence policies and processes effectively support the advancement of decent work, the EC and the ILO have established a partnership to drive the uptake of responsible business conduct and decent work in key countries that trade with the EU.

3.3 Multistakeholder initiatives

Over the past three decades, thousands of enterprises, sector associations, commodity-related bodies and multi-stakeholder initiatives have produced voluntary codes of conduct to improve compliance with the national law of the country where they operate, promote respect for human and labour rights, environment, ethics, anti-corruption. By requiring suppliers to also abide by such standards as part of legally enforceable purchasing contracts, enterprises promote compliance in supply chains, increase their own operational efficiency and reduce reputational risks²⁵.

Acknowledging that all business enterprises including in supply chains are required to comply with national law and have a responsibility to respect human and labour rights in their operations, as laid out in the UNGPs and the MNE Declaration, private compliance initiatives led by individual enterprises or industry-wide and multi-stakeholder groups use a series of strategies such as ethical procurement, environmental, social and governance (ESG) due diligence,

²⁴ ILO, "Challenges and opportunities to advance decent work in five countries and supply chains. A synthesis report", 2023.

²⁵ UN Global Compact, [Responsible Contracting in Sustainable Procurement | Regulatory Compliance](#)

auditing and reporting, complaints mechanisms, peer learning, best practice sharing, guidance and capacity building to promote compliance and respect for human rights among suppliers.

Voluntary company-driven initiatives can provide important accountability. Nonetheless, they are not a substitute for sound public governance systems, as governments retain the duty to implement and enforce national laws and regulations in line with ratified international labour standards. The ILO MNE Declaration highlights that governments, employers and workers organizations must work in partnership to protect human and labour rights.

Over 30 MNEs and global unions refer to the ILO MNE Declaration in global framework agreements, and enterprises are increasingly making use of the operational tools of the ILO MNE Declaration. Enterprises – primarily MNEs – are the main users of the ILO Helpdesk, which has become an important source of information for companies conducting due diligence and wanting to closely align their policies and practices with principles of international labour standards and the ILO MNE Declaration. Individual queries by company managers are increasingly seeking first-hand information to inform their own due diligence processes, such as requests for clarification regarding specific provisions found in international labour standards or comments made by the ILO supervisory bodies. The [Company-Union Dialogue](#) procedure has been used six times following a joint request by a company and a union for ILO technical assistance or facilitation of dialogue to support the implementation of the principles of the ILO MNE Declaration in a specific situation.²⁶

► 4. Conclusions

Achieving social justice and decent work in a rapidly changing world of work and across widely different sectors and supply chains depends on the design and promotion of sustainable and inclusive policies, laws and regulation based on social dialogue and tripartite consultations. Each of the above-mentioned challenges and opportunities are too complex for any one of the ILO's tripartite constituents to address on their own.

The SSDCs of the European Union are increasingly addressing the megatrends that are changing the sectors and industries they represent. They are also increasingly engaging in cross-border social dialogue with employers and workers in inter-linked supply chains in other regions and countries.

Based on more than 100 years of promoting social dialogue at all levels and across many different sectors, and guided by all the above-mentioned ILO instruments, the ILO stands ready to support all of its constituents in Europe and beyond to use social dialogue to find lasting solutions to the issues they face now and in the years to come.

²⁶ ILO, 2022. [GB.346/POL/5](#).



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