



## **Fourth item on the agenda: Decent work in global supply chains**

### **Reports of the Committee on Decent Work in Global Supply Chains: Resolution and conclusions submitted for adoption by the Conference**

This report contains the text of the resolution and conclusions submitted by the Committee on Decent Work in Global Supply Chains for adoption by the Conference.

The report of the Committee on its proceedings has been published on the Conference website in *Provisional Record 14-2* and is submitted for adoption by the Conference subject to corrections, which Committee members will be able to submit until 10 June 2016, 18.00 hrs.

### **Proposed resolution concerning decent work in global supply chains**

The General Conference of the International Labour Organization, having met at Geneva in its 105th Session, 2016,

Having undertaken a general discussion on the basis of Report IV, *Decent work in global supply chains*,

1. Adopts the following conclusions, and
2. Invites the Governing Body of the International Labour Office to:
  - (a) give due consideration to them in planning future work; and
  - (b) request the Director-General to take them into account when preparing future programme and budget proposals and to give effect to them, to the extent possible, when implementing the Programme and Budget for the 2016–17 biennium.

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## Conclusions concerning decent work in global supply chains

### Opportunities and challenges for the realization of decent work and inclusive development emerging from global supply chains

1. Global supply chains are complex, diverse and fragmented. Across textile, clothing, retail, footwear, automotive, food and agriculture, seafood, fisheries, electronics, construction, tourism and hospitality, horticulture, transport and other sectors, global supply chains have increased, facilitated by technological development. They have contributed to economic growth, job creation, poverty reduction and entrepreneurship and can contribute to a transition from the informal to the formal economy. They can be an engine of development by promoting technology transfer, adopting new production practices and moving into higher value-added activities, which would enhance skills development, productivity and competitiveness.
2. The positive impact of global supply chains on job creation is important in view of demographic changes in terms of aging, population growth and the increase of women's participation in the labour market. Across the world, millions of young women and men are looking for opportunities to enter the labour market. Participation in global supply chains increases their chances of getting a foothold in the world of formal work, doing well for themselves and their families, and succeeding in life.
3. At the same time, failures at all levels within global supply chains have contributed to decent work deficits for working conditions such as in the areas of occupational safety and health, wages, working time, and which impact on the employment relationship and the protections it can offer. Such failures have also contributed to the undermining of labour rights, particularly freedom of association and collective bargaining. Informality, non-standard forms of employment and the use of intermediaries are common. The presence of child labour and forced labour in some global supply chains is acute in the lower segments of the chain. Migrant workers and homeworkers are found in many global supply chains and may face various forms of discrimination and limited or no legal protection.
4. In many sectors, women represent a large share of the workforce in global supply chains. They are disproportionately represented in low-wage jobs in the lower tiers of the supply chain and are too often subject to discrimination, sexual harassment and other forms of workplace violence. In addition, they lack access to social protection measures in general, and maternity protection in particular, and their career opportunities are limited.
5. Export processing zones (EPZs) are not uniform and have very different characteristics. Decent work deficits are pronounced in a significant number of EPZs linked to global supply chains. Fundamental principles and rights at work and decent work should apply to all territories, including EPZs. With the aim to attract investment and to create jobs, EPZs are often characterized by exemptions from labour laws and taxes, and restrictions on trade union activities and collective bargaining. Long working hours, forced overtime and pay discrimination are common practices in EPZs.
6. 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.
7. With its mandate, experience and expertise in the world of work, its normative approach to development and its tripartite structure, the ILO is uniquely positioned to address

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governance gaps in global supply chains so that they can fulfil their potential as ladders for development.

### **Interventions that have been put in place to ensure that economic development and decent work go hand in hand**

8. A wide range of policies, strategies, actions and programmes have been put in place by the Office, ILO constituents and other stakeholders to ensure that economic development and decent work in global supply chains, including respect for international labour standards, go hand in hand. All of these have been designed and implemented at the workplace, national, sectoral, regional and international levels. Despite this wide range of interventions, decent work deficits and governance gaps continue to exist and these challenges must be addressed.
9. Many member States have taken action to diminish governance gaps by strengthening national labour administration and labour inspection systems. Member States have also worked through other international and multilateral organizations and regional groups, and by integrating labour provisions, including core labour standards, in trade agreements, in public procurement and through technical cooperation programmes. Other interventions include legislation on responsibility down the chain, sometimes providing for cross-border regulation of supply chains. At the same time, not all member States have been able to cope effectively with the rapid transformation brought about by their participation in the global economy.
10. Private compliance initiatives have been launched by individual companies and industry-wide and multi-stakeholder groups. These have focused on a wide array of issues, and utilized different strategies such as auditing, best practice sharing, complaints mechanisms, peer learning, guidance and capacity building. Business has a responsibility to respect labour rights in their operations as laid out in the UN Guiding Principles on Business and Human Rights (UN Guiding Principles), and governments have the duty to implement and enforce national laws and regulations. Efforts of other stakeholders to promote workplace compliance can support, but not replace, the effectiveness and efficiency of public governance systems.
11. Social partners have engaged in cross-border social dialogue and negotiated international framework agreements, a Freedom of Association Protocol and a binding Accord. They have also developed industry-wide bargaining, sectoral standards, tools and guidance. There is scope to further enhance the effectiveness and impact of these tools, for example through non-judicial grievance mechanisms, and to raise awareness of these industrial relations mechanisms.
12. In several of these initiatives, the ILO has played an important role within its mandate by providing support, policy advice, and technical cooperation activities.

### **Appropriate governance systems and measures by governments and the social partners to achieve coherence between economic outcomes and decent work in global supply chains**

13. The UN Guiding Principles are grounded in recognition of: (a) States' existing obligations to respect, protect and fulfil human rights and fundamental freedoms; (b) the role of business enterprises as specialized organs of society performing specialized functions, required to comply with all applicable laws and to respect human rights; and (c) the need for rights and

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obligations to be matched to appropriate and effective remedies when breached. The General Assembly resolution through which the UN Guiding Principles were adopted in 2011 underscored that while the State has the duty to enforce legislation, business enterprises are required to comply with it. It highlights that weak national institutions, legislation and implementation hamper maximizing the benefits of globalization and that further action is required to bridge governance gaps at the sectoral, national, regional and international levels. Actions should include capacity building of all actors in order to better manage decent work challenges in global supply chains. The UN Guiding Principles apply to all States and to all business enterprises, both transnational and others, regardless of their size, location, ownership and structure.

14. Due to its global mandate, expertise and experience in the world of work, the ILO, in collaboration with its Members, is best placed to lead global action for decent work in global supply chains. The establishment of the “Vision Zero Fund”, initiated in 2015 by the G7 in cooperation with the ILO to foster occupational safety and health in production countries, is one example in the recent past. To this effect the ILO should strengthen its capacity as the global centre of excellence to facilitate, having regard to all relevant available evidence, the development and implementation of well-informed coherent policies and strategies and build the capacity of constituents.

### ***Role for governments, business and social partners***

15. States have the duty to adopt, implement and enforce national laws and regulations, and to ensure that the fundamental principles and rights at work and ratified international labour Conventions protect and are applied to all workers, taking into account other international labour standards. Governments, business and social partners have complementary but different responsibilities in promoting decent work in global supply chains. Business has a responsibility to respect human and labour rights in their supply chains, consistent with the UN Guiding Principles, and to comply with national law wherever they do business. Policy coherence, collaboration and coordination are required at the global, regional, sectoral and national levels.
16. Governments should:
  - (a) Strengthen labour administration and labour inspection systems in order to ensure full compliance with laws and regulations and access to appropriate and effective remedy and complaints mechanisms. The responsibility for law enforcement lies with governments, taking into account that employers, workers and their organizations have an important role to play in promoting and ensuring compliance.
  - (b) Actively promote social dialogue and fundamental principles and rights at work, including freedom of association and the right to collective bargaining for all workers, regardless of their employment status, including in EPZs.
  - (c) Use public procurement to promote fundamental principles and rights at work, taking into account the Labour Clauses (Public Contracts) Convention, 1949 (No. 94), as this can have an important effect on workers’ rights and working conditions along global supply chains.
  - (d) Where appropriate, require enterprises owned or controlled by the State to implement due diligence procedures and to promote decent work in all their operations in their supply chains.

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- (e) Create an enabling environment to help enterprises strengthen their contribution to sustainability and decent work throughout their business operations, help them to identify sector-specific risks and implement due diligence procedures in their management systems. Governments should also clearly communicate on what they expect from enterprises with respect to responsible business conduct and could consider whether further measures, including regulation, are needed if these expectations are not met.
  - (f) Stimulate transparency and encourage, and, where appropriate, require, by various means, that enterprises report on due diligence within their supply chains to communicate how they address their human rights impacts.
  - (g) Fight corruption, including by protection of whistle-blowers.
  - (h) Consider to include fundamental principles and rights at work in trade agreements, taking into account that the violation of fundamental principles and rights at work cannot be invoked or otherwise used as a legitimate comparative advantage and that labour standards should not be used for protectionist trade purposes.
  - (i) Set out clearly the expectation that all business enterprises domiciled in their territory and/ or jurisdiction respect human rights throughout their operations, and the fundamental principles and rights at work for all workers, including migrant workers, homeworkers, workers in non-standard forms of employment and workers in EPZs.
  - (j) Implement measures to improve working conditions for all workers, including in global supply chains, in the areas of wages, working time and occupational safety and health, and ensure that non-standard forms of employment meet the legitimate needs of workers and employers and are not used to undermine labour rights and decent work. Such measures should go hand in hand with increasing productivity.
  - (k) Target specific measures at small and medium-sized enterprises (SMEs), including cooperatives and other entities of the social economy, to increase their productivity and promote decent work, including opportunities to formalize, further develop, upgrade and advance to higher segments of the supply chains, in line with the 2007 Conclusions concerning the promotion of sustainable enterprises and the 2015 Conclusions concerning small and medium-sized enterprises and decent and productive employment creation.
  - (l) In order to suppress forced or compulsory labour, provide guidance and support to employers and businesses to take effective measures to identify, prevent, mitigate and account for how they address the risks of forced or compulsory labour in their operations or in products, services or operations to which they may be directly linked, in line with the Forced Labour Convention, 1930 (No. 29), the Abolition of Forced Labour Convention, 1957 (No. 105) and the Protocol of 2014 to the Forced Labour Convention, 1930.
  - (m) Implement policies to facilitate the transition from the informal to the formal economy in line with Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204), thus increasing the tax base for governments, fair competition among enterprises and decent work opportunities for workers.
  - (n) Cooperate through regional bodies to harmonize laws and practices and/or improve policy coherence among countries, in order to ensure decent work in global supply chains.

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17. In line with the autonomy of social partners, the social partners should jointly promote decent work and fundamental principles and rights at work for all workers, including in global supply chains, through sectoral initiatives, collective agreements, cross-border social dialogue and international framework agreements, where appropriate. Particular attention should be paid to the rights to freedom of association and collective bargaining, especially for vulnerable groups of workers in global supply chains.
  18. In line with the UN Guiding Principles, business enterprises should carry out human rights due diligence in order to identify, prevent, mitigate and account for how they address their adverse human rights impacts. In order to account for how they address their human rights impacts, business enterprises should be prepared to communicate this externally. Business enterprises should establish operational-level grievance mechanisms for workers impacted by their operations in line with the UN Guiding Principles.
  19. Employers' organizations should provide practical guidance to implement due diligence into operational management systems and build capacity thereon. Special attention should be paid to SMEs, which need support in order to meet their responsibilities.
  20. Workers' organizations should provide information and support to workers, in particular regarding the respect of workers' rights and improvements in working conditions. Workers' organizations should also negotiate enforceable agreements with multinational enterprises and involve workers' representatives in monitoring their implementation.
  21. Governments and social partners should also stimulate multi-stakeholder initiatives to promote decent work in global supply chains that can support, but not replace, the effectiveness and efficiency of public governance systems.

### ***ILO action***

22. Based on the ILO Declaration of Philadelphia (1944), the ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up (1998), the ILO Declaration on Social Justice for a Fair Globalization (2008), the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration), and all relevant international labour standards, including the fundamental Conventions, including the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87), the Right to Organise and Collective Bargaining Convention, 1949 (No. 98), the Protocol of 2014 to the Forced Labour Convention, 1930, the Labour Inspection Convention, 1947 (No. 81), the Work in Fishing Convention, 2007 (No. 188), the Maritime Labour Convention, 2006, the Employment Service Convention, 1948 (No. 88), the Minimum Wage Fixing Convention, 1970 (No. 131), the Home Work Convention, 1996 (No. 177), the Maternity Protection Convention, 2000 (No. 183), the Transition from the Informal to the Formal Economy Recommendation, 2015 (No. 204), the Employment Relationship Recommendation, 2006 (No. 198), the Private Employment Agencies Convention, 1997 (No. 181), the Occupational Safety and Health Convention, 1981 (No. 155), the Labour Clauses (Public Contracts) Convention, 1949 (No. 94), the Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144), the Conclusions concerning Labour Administration and Labour Inspection adopted by the International Labour Conference at its 100th Session (2011), the Conclusions concerning small and medium-sized enterprises and decent and productive employment creation adopted by the International Labour Conference at its 104th Session (2015), as well as the Conclusions concerning the promotion of sustainable enterprises adopted by the International Labour Conference at its 96th Session (2007), the recently launched Future of Work Initiative, and the inclusion of decent work in the 2030 Agenda for Sustainable Development, the ILO should develop a programme of action to address decent work in global supply chains through a comprehensive and coordinated framework. Decent Work Country Programmes and the

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Global Jobs Pact can be used as national policy frameworks to address deficits and gaps in global supply chains. In order to implement a timely and dynamic programme of action, a senior-level point of contact should lead this effort.

**23.** Under the programme of action, the ILO should:

- (a) Promote the ratification and implementation of the ILO standards relevant to decent work in global supply chains.
- (b) Strengthen capacity building and provide technical assistance to member States on labour administration and inspection systems. These actions should also ensure that workers have access to legal remedies, including in EPZs. The ILO should continue to support efforts by governments to improve the rule of law and facilitate the transition from the informal to the formal economy, establishing independent and effective judicial systems, improving implementation and enforcement of national law, and building the capacity of all enterprises to comply with national law.
- (c) Promote effective national and cross-border social dialogue, thereby respecting the autonomy of the social partners. When social partners decide to negotiate international framework agreements, the ILO could support and facilitate the process, on joint request, and assist in the follow-up process, including monitoring, mediation and dispute settlement where appropriate. Furthermore, the ILO should undertake research on the effectiveness and impact of cross-border social dialogue.
- (d) Assess the impact and scalability of, and where necessary, adapt and scale up development cooperation programmes, such as Better Work and Sustaining Competitive and Responsible Enterprises (SCORE), and develop sectoral and other approaches to address decent work challenges in global supply chains.
- (e) Provide leadership and use the ILO's convening power and unique added value to drive policy coherence among all multilateral initiatives and processes related to decent work in global supply chains. It should work in partnership with international organizations and forums such as UN organizations, the Organisation for Economic Co-operation and Development (OECD), G7 and G20 and international trade and financial institutions, and take into account international frameworks such as the UN Guiding Principles, as well as other reference instruments such as the OECD Guidelines for Multinational Enterprises. The ILO should, taking into account the function and the geographical scope of OECD National Contact Points (NCPs), upon request, provide expertise to the NCPs on social and labour standards. Within the review process of the MNE Declaration, it should consider the setting up of mechanisms to address disputes.
- (f) Strengthen its capacity to give guidance to enterprises on the application of labour standards within their supply chains and make information available on specific country situations, laws and regulations, including on the implementation of labour rights due diligence in coherence with already existing international frameworks. Many of these frameworks help enterprises to foster decent work. They should be better known and promoted in a coherent way.
- (g) Consider adopting an action plan to promote decent work and protection of fundamental principles and rights at work for workers in EPZs, that follows up on the current discussion as well as previous discussions held in the ILO on this subject, such as the Tripartite Meeting of Export Processing Zone-Operating Countries (Geneva, 1998) and the Governing Body's discussion at its 286th Session (March 2003) on Employment and social policy in respect of export processing zones.

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- (h) Take a proactive role in generating and making accessible reliable data on decent work in global supply chains, in cooperation with all relevant organizations and forums, to create synergies in statistics and research. Moreover, it should build capacity at the national level to support the efforts of constituents to generate their data.
  - (i) Carry out further research and analysis to better understand how supply chains work in practice, how they vary by industry, and what their impact is on decent work and fundamental rights. It should also perform an assessment of the many strategies and programmes, both internal to the Organization and by external actors, promoting decent work in global supply chains. The ILO could compile a compendium on good practices in global supply chains, and become a knowledge centre to provide guidance and advice to stakeholders inside and outside the Organization and build the capacity of constituents.

**24.** The MNE Declaration is the ILO framework supported by all tripartite constituents that aims to maximize positive impacts of multinational enterprises and resolve possible negative impacts. It states roles and responsibilities for governments (home and host), multinational enterprises, and workers' and employers' organizations to that effect and brings these actors together to solve decent work challenges and identify opportunities for inclusive growth. The review process of the MNE Declaration text and interpretation procedure decided by the Governing Body should take into account the outcomes of this discussion of the International Labour Conference.

**25.** There is concern that current ILO standards may not be fit for purpose to achieve decent work in global supply chains. Therefore, the ILO should review this issue and convene, as soon as appropriate, by decision of the Governing Body, a technical tripartite meeting or a meeting of experts to:

- (a) Assess the failures which lead to decent work deficits in global supply chains.
- (b) Identify the salient challenges of governance to achieving decent work in global supply chains.
- (c) Consider what guidance, programmes, measures, initiatives or standards are needed to promote decent work and/or facilitate reducing decent work deficits in global supply chains.





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