

Human Rights Horizons: Integrating ILO Standards into ESG Scoring for Supply-Chain Green Bonds

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Abstract: *In the intricate web of global supply chains, where green bonds promise to fund sustainable transitions, a critical oversight persists: the human rights dimension, particularly labor standards enshrined in International Labour Organization (ILO) conventions. This paper, drawing from a decade of fieldwork in Asian garment and electronics supply chains, proposes a novel integration framework for embedding ILO core standards into Environmental, Social, and Governance (ESG) scoring methodologies for supply-chain-linked green bonds. Through a mixed-methods approach—combining thematic analysis of 50 issuer reports and econometric modeling of ESG yield spreads—we reveal that ILO-aligned scoring could reduce default risks by 12-15% while enhancing investor appeal in emerging markets. Reviewing 12 seminal works, we highlight gaps in current ESG metrics, which often prioritize environmental metrics over social justice. As green bond issuance surges to \$1.2 trillion globally by 2025, this framework offers a pathway for "just green finance," ensuring that sustainability does not come at the expense of workers' dignity. Our findings urge regulators and rating agencies to recalibrate scores, fostering equitable supply chains amid climate imperatives.*

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