

Annex 1: G20 Policy Priorities to Reduce Inequalities in the World of Work

1. Persistent income and other inequalities pose major barriers to strong, sustainable, balanced, and inclusive growth. For this reason, addressing the root causes of inequality through coordinated and coherent macroeconomic, labour market, and social policies is at the center of the Brazilian presidency's framework for building a just, inclusive, and sustainable world. Global trends have evolved since we last examined income inequality in 2015, under the presidency of Türkiye.

2. Recent analysis by the ILO and OECD shows that many countries have undergone a long-term decline in the labour income. In 2022 and 2023, wages lagged behind inflation in many G20 countries, leading to hardships for workers and their families. Although growth in real wages has resumed in 2024 among G20 countries on average, real wages remain below pre-Covid-19 levels in many countries. Moreover, the gap between productivity growth and wage growth continues to widen, with negative implications for trends in labour income share.

3. We recognize that some workers in our societies, including women, workers from certain racial and ethnic groups, migrants, older and young workers, persons with disabilities, and others, face discrimination and other barriers to equality and inclusion. Despite increases in women's labor force participation and education levels, gender pay and employment gaps remain substantial across many G20 economies, translating into pension gaps. Occupational segregation, gender inequality in responsibilities, including leadership responsibilities, within firms, as well as women's concentration in low-wage industries, part-time and informal employment, and unpaid work hamper progress in closing the wage gap. Pay gaps between workers in the formal and informal economy persist, as informality and lack of quality employment continue to be major sources of income inequality in many economies.

4. Addressing inequalities is made more difficult, in many cases, by weak and non-adaptive labour market institutions and policies. These include with regard to fair and equitable wage-setting processes, the respect, promotion, and realization of fundamental principles and rights at work, and effective labour law enforcement. Declining trade union density and a corresponding reduction in collective bargaining coverage have also significantly weakened workers' bargaining power and contributed to rising inequality in most G20 countries. The growth of platform work and the gig economy, as well as the misclassification of workers in many countries, has impacted earnings and denied many workers access to labour rights and protections.

5. Creating decent work lies at the heart of effective policies to reduce income inequalities, support strong, sustainable, and inclusive growth, and ensure just societies. We are committed to coherent policies and measures to address inequalities in the world of work, coordinating as needed with other ministries and key partners. Our priorities include:

- a. Policies to strengthen social dialogue and respect, promotion, and realization of the fundamental principles and rights at work, including freedom of association and collective bargaining.
- b. Fair and equitable wage policies to lift real wages, reduce poverty, including in-work poverty, close wage gaps, and make progress toward living wages. In this regard, we welcome the recent conclusions adopted by the ILO's Meeting of Experts on Wage Policies, Including Living Wages.
- c. Strengthening labour market institutions, such as social dialogue, including collective bargaining, wage-setting mechanisms, and labour enforcement, in line with international labour rights and policy frameworks. We will develop as necessary and discuss national actions to strengthen these institutions, with input from the international organizations (IOs) regarding measures to address declining labor income share and related trends.
- d. Measures to close gender pay and employment gaps, including through pay transparency, promoting investment in care services and early childhood education, and steps to reduce occupational segregation and differences in responsibilities within firms. As we consider measures to build on the progress made toward the Brisbane Goal, we ask the ILO and the OECD to develop proposals regarding G20 commitments to close the gender pay gap for consideration during the G20 presidency of South Africa.
- e. Targeted policies and programs to strengthen access to decent work and address labour market inequalities for vulnerable groups and persons in situations of vulnerability.
- f. Investments and initiatives to expand opportunity and broaden access to quality education and lifelong learning, including reskilling and upskilling programs, particularly for unemployed, inactive, and low-wage and low-skilled workers. Such measures contribute to broad-based productivity growth, close skills gaps, and support increases in incomes.
- g. Programs and policies to foster digital and energy transitions that benefit workers broadly and help address existing inequalities. This includes involving workers and trade unions in the development and implementation of priorities, advancing inclusive active labour market policies, and promoting coherence among initiatives to address inequality, just transitions, and related goals.
- h. Policies to promote the transition to employment in the formal economy, ensure proper worker classification, and advance towards decent work in the informal economy, including by improving working conditions for workers in informal jobs

and supporting broad access to skills training, labour rights, and adequate social protection.

- i. Measures to promote the social and solidarity economy as a source of decent work, broad-based income growth, and access to adequate social protection, rights at work, and inclusive social and economic development.
- j. Universal social protection, including floors, that strengthens resilience, reduces inequalities, hunger, and poverty, and facilitates just transitions across the life cycle, particularly for workers in situations of vulnerability.

6. Recognizing that macroeconomic policies play a fundamental role in addressing both global and domestic inequalities, we welcome the focus on inequalities by the Framework Working Group and Development Working Group under the Brazilian presidency. We will work to increase coordination across relevant G20 tracks to encourage a coherent policy agenda. Such coordination could include joint meetings among relevant ministries during future G20 presidencies to strengthen policy coherence, review and improve national data sources, and better enable our governments to identify and address inequalities across multiple dimensions.

7. We take note of the launch this year of the ILO's Global Coalition for Social Justice as a platform for galvanizing engagement with governments, social partners, and others to accelerate progress toward the Sustainable Development Goals and reduce inequalities on a global scale. Moving forward, we will be guided by the conclusions concerning inequalities and the world of work adopted at the 109th session of the International Labour Conference and take note of the Global Accelerator on Jobs and Social Protection for Just Transitions.