THE BUSINESS'S COMMERCIAL SUCCESS SUBSTANTIALLY DEPENDS UPON:

RED FLAG NO. 2

WITH AI & DATA LENS

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RED FLAGS IN THE VALUE PROPOSITION

Offering high-speed delivery such that it places pressure on warehouse workers and logistics workers in the "last mile."

HIGH-LEVEL DECISION-MAKING

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Such as:

- **Retailers offering free or low-priced express delivery to consumers in ways that place unreasonable time or wage pressure on logistics workers**
- **Logistics providers that rely on low wages and precarious labor**

HIGHER-RISK SECTORS:

- Online retailers
- Logistics Providers

KEY QUESTIONS FOR LEADERS TO ASK OR BE ASKED:

- How does the company understand what the true costs of delivery are once decent working conditions are factored in, and where those costs are reflected in the company's pricing model?
- How does the company know whether algorithmic management or other tools aimed at enhancing efficiencies are being used responsibly with any adverse impacts on workers effectively identified and addressed?
- (Retailers) Does the company know whether it incentivizes consumers to ask for extremely short delivery times, without informing them of the potential decent work implications?
- (Retailers) How does the company know whether its model leads in practice to logistics providers placing unreasonable time or wage pressures on individual workers?

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RISKS TO PEOPLE

- Risks to people arise when the business models of retailers or logistics companies do not appropriately factor in the **human cost of delivery.** In 2025, the European Trade Union Institute published a study highlighting that the growth of online commercial activity has accelerated demand for faster and cheaper delivery, contributing to the widespread use of subcontracting as a core feature of last-mile logistics business models. By retaining commercial control while outsourcing delivery operations to smaller contractors, lead firms can meet consumer expectations for speed and convenience, but the resulting cost and performance pressures are often borne by last-mile delivery workers, who are among the most vulnerable participants in these fragmented delivery networks.

- **Pressure on Wages:** Where retailers and logistics companies compete on delivery costs, "final mile" workers, as well as workers in warehouses, have faced below living wages, charges for missing work and denial of holiday and sick pay *(Right to enjoy just and favorable conditions of work).*

- **Pressure on Conditions of Work & Access to Remedy:** Extensive subcontracting can fragment workforces across multiple employers and contractual arrangements, making it more difficult for workers to exercise their rights of freedom of association and collective bargaining, as well as raise concerns. This can undermine workers' ability to realize rights related to just and favorable conditions of work, safe and healthy working conditions, and access to effective remedy. Further, the logistics sector's embrace of the gig economy raises the risk of increasing workers' vulnerability, particularly where companies classify workers as self-employed to avoid employer responsibilities and costs and/or are denied the right to bargain collectively (See also Red Flag 17; *Right to enjoy just and favorable conditions of work, including equal remuneration for work of equal value; Right to an adequate standard of living (through decent remuneration); Right to join trade unions and the right to strike).*

- **Risk of Injuries and to Health:** Drivers and cycle couriers can face increased risk of crashes due to pressures to deliver more goods, faster, with resulting risks to their health and lives. The effect is exacerbated where retailers engaging independent delivery drivers decline financial responsibility associated with crashes, despite exercising control over factors such as destinations, deadlines and routes (*Right to life; Right to health; Right to an adequate standard of living*).

- **Climate-related impacts:** As climate change increases the frequency and severity of extreme heat and other hazardous weather conditions, workers performing last-mile deliveries are likely to face heightened risks to their occupational health and safety, such as increasing incidents of heat stress, heat exhaustion, dehydration, heat stroke, reduced cognitive function, exposure to storms and flooding, and increased risk of traffic accidents *(Right to life; Right to health).*

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- **Pressure on Family Life:** As retailers offer more and faster delivery options, including late night delivery, workers can see a reduction in time spent with family, and often do not see wage conditions reflecting this reality (*Right to family life*).

- **Vulnerable Workers:** Migrant workers can be particularly vulnerable in the logistics sector, especially when working for subcontractors who enter the retail value chain to meet seasonal demands (Right to enjoy favorable conditions of work). Impacts are exacerbated where migrant workers pay fees to recruitment agencies that place them in situations of unsustainable debt, tying them to a particular agency or job (*Right not to be subjected to forced labor*).

- **The Rise of Algorithmic Management:** Recent reports from both ETUI and the ILO highlight that logistics companies are increasingly using digital and algorithmic systems, which are intensifying the impacts on workers in the "last mile" by enabling lead firms to allocate work, optimize routes and schedules, and evaluate workers at scale. These systems can increase work intensity and productivity pressures while reducing worker autonomy and transparency regarding how decisions affecting workloads, performance, compensation, and access to work are made. In last-mile logistics, these technologies are likely to reinforce commercial incentives for faster and lower-cost delivery while increasing risks to workers' health and safety, limiting opportunities to challenge decisions, and weakening workers' ability to influence the conditions under which they work. The ILO has also highlighted that algorithmic management systems have enabled tracking of worker activities, performance, and productivity, which increases risks to people of intrusive and extensive forms of surveillance, particularly where safeguards, transparency, or worker engagement mechanisms are limited or weakly enforced.

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RISKS TO THE BUSINESS

Regulatory, legal and reputational risks:

- **Amazon**'s warehouse and fulfilment operations, which underpin its rapid delivery model, have come under scrutiny for worker health and safety. In 2023, the U.S. Occupational Safety and Health Administration (OSHA) found that workers at multiple **Amazon** facilities were exposed to a high risk of musculoskeletal injuries associated with the pace, duration and physical demands of work. The findings resulted in regulatory enforcement actions, financial penalties, mandated workplace improvements, and increased public scrutiny of **Amazon**'s labor practices. A 2024 U.S. Senate investigation produced a report entitled How Amazon's Obsession with Speed Creates Uniquely Dangerous Warehouses - which concluded that **Amazon**'s emphasis on speed and productivity contributed to elevated worker injury rates. This report has contributed to reputational damage and intensifying regulatory, political, and investor scrutiny of the company's labor practices.
- In 2021, Italy's data protection authority fined **Foodinho**, **Glovo**'s Italian subsidiary, €2.6 million after finding shortcomings in the algorithmic management systems used to direct and assess its delivery couriers, including failures relating to transparency, worker privacy, and safeguards around algorithmic decision-making.

Operational and business continuity risks:

- In 2023, concerns over extreme heat exposure among **UPS** delivery drivers, exacerbated by rising temperatures associated with climate change, became a central issue in contract negotiations with the Teamsters union. These concerns were among the factors underpinning threats by the Teamsters union to strike on behalf of approximately 340,000 **UPS** workers. The dispute was resolved through a new labor agreement that included air conditioning in new delivery vehicles and other heat-safety measures (further details provided below).

Regulatory risks:

- In November 2025, the New York City Comptroller published Fast Shipping. Slow Justice, a report linking the growth of last-mile delivery networks to increased workplace injuries, traffic crashes, and air pollution in predominantly Black and Brown communities. Upon the report's publication, the City Comptroller called on City Hall to address the problems associated with "the City's lack of regulations on rapidly growing e-commerce and last-mile delivery services". The report has helped to build momentum around a proposed Delivery Protection Act, which would introduce licensing requirements and new worker protection, safety, and accountability obligations for last-mile delivery operators. As of June 2026, the legislation had majority support in the City Council and had advanced through committee hearings but had not yet been enacted.

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WHAT THE UN GUIDING PRINCIPLES SAY:

**For an explanation of how companies can be involved in human rights impacts, and their related responsibilities, see here.*

Retailers:

- Where a retailer's own business model facilitates or incentivizes logistics providers to impact the human rights of warehouse and/or logistics workers, it is considered to **contribute** to the impacts. Where the retailer takes serious steps to avoid facilitating or incentivizing these outcomes, but impacts nevertheless occur in connection with delivery of the company's products, the retailer may be considered not to have contributed, but to be **directly linked** to the impact.

Logistics Providers:

- Where logistics providers pay workers below a living wage and deny decent working conditions they **cause** human rights impacts.
- Where impacts occur at the level of a logistics subcontractor, the logistics provider will at a minimum be **directly linked** to the impacts; it will **contribute** to impacts if its business model or practices incentivized or facilitated them.

POSSIBLE CONTRIBUTIONS TO THE SDGS:

Addressing impacts to people associated with this red flag can contribute to:

8 DECENT WORK AND ECONOMIC GROWTH

SDG 8: Decent Work and Economic Growth, in particular:

- **Target 8.8** on protecting, *"labor rights and promot[ing] safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment"*; and
- **Target 8.7** on eradication of forced labor.

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DUE DILIGENCE LINES OF INQUIRY:

Retailers:

- What processes do we have in place for identifying the presence and extent of risks to the human rights of workers delivering our products resulting from the demands placed on them? Do we set expectations for logistics providers with regards to working conditions?
- Do we engage with logistics providers on the issue of working conditions for workers delivering our products and seek genuine feedback on whether and how delivery terms and expectations may create unreasonable pressures?
- Do we reward logistics providers for measures that ensure the protection of workers' rights, or do we, in practice, consider only speed and price?
- Do we engage at the industry level to put in place common measures that avoid retailers competing on delivery terms that place pressure on the human rights of logistics workers?

Logistics Providers:

- How do we assess the true cost of delivery, once decent working conditions are factored in, and how can we integrate this into prices?
- Do we seek genuine feedback from our workers about their experience providing our services, through channels they can trust?
- Do we have in place policies and processes to provide decent working conditions? How do we embed these and track our progress?
- Do we have a channel in place to discuss with retailers the human costs of delivery, and retailer pressures that impact workers/working conditions? Can we create one either individually or in concert with industry peers?
- If we use algorithmic systems to allocate, monitor, or evaluate work, how do we know whether those systems are contributing to adverse impacts on workers (e.g., productivity pressures, unsafe working conditions, infringements on privacy, or limitations on workers' ability to understand/challenge decisions) and how can we address them if they are?
- How do we know whether workers in our last-mile delivery operations are experiencing adverse impacts as a result of extreme heat, flooding, or other climate-related hazards, and how do we use those insights to adapt operational practices and mitigate risks?

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MITIGATION EXAMPLES:

**Mitigation examples are current or historical examples for reference, but do not offer insight into their relative maturity or effectiveness.*

Logistics Providers :

- **Engagement Beyond Employees:** Following the death of a driver and concerns regarding conditions for self-employed couriers, **DPD UK** conducted a strategic review of its operations, including consultation with drivers and independent external advice. In 2018, the company introduced a Driver Code, removed financial penalties associated with missed work, and created new worker contract options that provided access to benefits such as paid leave, sick pay and pensions while allowing drivers to move between different employment statuses. More recently, **DPD**'s parent company, **Geopost**, has reported ongoing efforts to monitor mitigation measure and engage on the needs of last-mile delivery workers as part of its broader sustainability strategy.

- **Worker Representation and Improved Protections for Self-Employed Couriers:** Through a recognition agreement with the GMB union, **Evri** negotiated a 2024 pay and benefits package for self-employed couriers that introduced insurance-backed paid sick leave, enhanced financial protections and expanded access to benefits including paid holiday, pensions and parental leave.

- **Addressing Heat-Related Worker Risks Through Collective Bargaining:** Following sustained concerns from drivers regarding exposure to extreme heat, **UPS** and the Teamsters union incorporated a series of heat-safety protections into their 2023 collective bargaining agreement. The agreement required all newly purchased package delivery vehicles to be equipped with air conditioning and included additional measures such as heat shields, increased ventilation, fans in existing vehicles, access to water and ice, and strengthened heat-safety provisions. However, at the contract's halfway point there were concerns that the agreement had not been fully or effectively implemented by **UPS**.

Delivery:

- **Addressing Conditions of Work Through Collective Bargaining:** In 2021, **Just Eat Takeaway** reached an agreement with major Italian trade unions to transition approximately 4,000 riders from a per-delivery, self-employed model to employment contracts covered by collective bargaining arrangements. The agreement introduced guaranteed wages, paid leave, sick leave, social protection, health and safety protections, and trade union representation. This has helped to reduce workers' dependence on unpredictable schedules and delivery volumes.

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ALTERNATIVE MODELS:

Worker-Owned Delivery Cooperatives: Delivery cooperatives such as the Spanish last-mile logistics cooperative **Givit** can offer an alternative to conventional logistics platforms by giving workers ownership and a direct role in governance and operational decision-making. **Givit**'s leadership promotes the fact that rather than relying on per-delivery pay, **Givit** pays hourly wages, provides paid leave, sick pay, vehicles and safety equipment, and shares productivity gains with workers.

Collaborative Logistics Models: Researchers examining the gig-economy delivery sector have identified opportunities for competing logistics providers to share routes, fleets and delivery infrastructure in dense urban areas. By reducing duplication and inefficiencies, collaborative logistics models may create opportunities to improve productivity without relying on increased pressure on individual delivery workers.

OTHER TOOLS AND RESOURCES:

- The European Trade Union Institute (2025) Sorry we subcontracted you
- Fairwork: A non-profit that works to promote equity and accountability in the platform economy, including through company ratings across 41 countries.
- ILO (2024) Algorithmic Management practices in regular workplaces: case studies in logistics and healthcare
- International Transport Forum (2024) The Final Frontier of Urban Logistics: Tackling the Last Metres
- OECD (2023) Platform cooperatives and employment: An alternative for platform work
- University of Westminster (2023) Delivering Good Work: Labour, employment and wellbeing in London's cargo bike sector
- BSR (undated), *10 Human Rights Priorities for the Transport and Logistics Sector*

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