

Human Rights and Labour Practices Compliance Under Nigerian Law: A Legal Examination of Corporate Social Obligations in the Era of Mandatory ESG Reporting.

Abstract

This series undertakes a legal analysis of the obligations imposed upon corporate entities operating within the Federal Republic of Nigeria to respect, protect, and promote human rights and fair labour practices. Drawing upon the Constitution of the Federal Republic of Nigeria 1999 (as amended), the Nigerian Labour Act (Cap L1, Laws of the Federation of Nigeria 2004), the United Nations Guiding Principles on Business and Human Rights (UNGPs), International Labour Organisation (ILO) Conventions, and the Securities and Exchange Commission's (SEC) newly announced mandatory ESG reporting framework, this exposition examines the legal framework governing corporate conduct in relation to human rights, labour standards, and workers' welfare. It further evaluates the mechanisms available for enforcement, redress, and the consequences of non-compliance, particularly in the light of the 2027–2030 phased implementation timeline for mandatory ESG disclosures.



Introduction

The recognition of human rights and fair labour practices as fundamental components of corporate sustainability has gained significant legal traction in Nigeria. It is now well-established under Nigerian and international law that corporate entities bear a direct responsibility to respect human rights within their operations and supply chains, and to ensure that their labour practices conform to statutory standards and international norms.¹ The SEC's announcement of mandatory ESG reporting, with Phase 1 implementation for large Public Interest Entities (PIEs) commencing in 2027, elevates human rights and labour practices from aspirational corporate values to legally enforceable disclosure requirements.² This series delineates the legal architecture governing these obligations and evaluates the consequences of non-compliance.

2. The Constitutional and Statutory Framework for Human Rights in Nigeria

2.1. Fundamental Rights Under the Constitution

Chapter IV of the Constitution of the Federal Republic of Nigeria 1999 (as amended) guarantees fundamental rights to all persons within the territory of Nigeria. The relevant provisions include:

- Section 34: The right to dignity of the human person, which prohibits torture, inhuman or degrading treatment, and slavery or servitude.³
- Section 42: The right to freedom from discrimination on grounds of ethnic group, place of origin, sex, religion, or political opinion.⁴
- Section 40: The right to peaceful assembly and association, which encompasses the right to form and join trade unions.⁵

These constitutional provisions impose a binding obligation on all persons and entities, including corporate organisations, to respect the fundamental rights of individuals. Whilst the Constitution is primarily directed at the State, the jurisprudence of Nigerian courts and the provisions of the UNGPs establish that corporate entities have an independent responsibility to respect human rights.

2.2. The United Nations Guiding Principles on Business and Human Rights (UNGPs)

The UNGPs provide a globally recognised framework for the responsibility of business enterprises to respect human rights. The three (3) pillars of the UNGPs are:

- i. **The State Duty to Protect:** The Nigerian State has a duty to protect against human rights abuses by third parties, including business enterprises, through appropriate policies, regulation, and adjudication.⁶
- ii. **The Corporate Responsibility to Respect:** Corporate entities have a responsibility to respect human rights, which means they should avoid infringing on the human rights of others and should address adverse human rights impacts with which they are involved.⁷
- iii. **Access to Remedy:** Victims of corporate-related human rights abuses must have access to effective judicial and non-judicial remedy mechanisms.⁸

Under the second pillar, corporate entities are expected to implement human rights due diligence processes to identify, prevent, mitigate, and account for how they address their impacts on human rights. This obligation extends to the entity's operations and its entire supply chain (Lecture Notes, Foundations of Sustainability and ESG, Säid Business School, University of Oxford 2024).

3. Principal Human Rights Issues and Legal Obligations

3.1. Child Labour

Child labour constitutes a grave violation of human rights and is prohibited under Nigerian law. The Child Rights Act 2003 prohibits the exploitative labour of children and establishes minimum age requirements for employment. Section 59 of the Labour Act prohibits the employment of children under the age of fifteen (15) in any industrial undertaking.⁹ Organisations that engage in or facilitate child labour expose themselves to criminal prosecution, civil liability, and reputational damage. Under the SEC's mandatory ESG reporting framework, disclosures regarding child labour policies and due diligence in supply chains will become a mandatory reporting requirement for all PIEs from 2027 onwards.¹⁰

3.2. Forced Labour and Modern Slavery

Forced labour and modern slavery are absolutely prohibited under Nigerian law and international conventions. The Trafficking in Persons (Prohibition) Enforcement and Administration Act 2015 imposes severe penalties for trafficking, forced labour, and related offences.¹¹ Corporate entities must exercise due diligence to ensure that no forced labour exists within their operations or supply chains, including through the audit of suppliers and subcontractors (Lecture Notes, Foundations of Sustainability and ESG, Säid Business School, University of Oxford 2024). The absence of robust anti-forced labour policies will constitute a material disclosure deficiency under the forthcoming ESG reporting regime

3.3. Discrimination

Discrimination in employment on grounds of ethnic origin, sex, religion, political opinion, or social status is prohibited under Section 42 of the Constitution and the Labour Act. Organisations are legally obliged to adopt and enforce policies that promote equal opportunity and prohibit discriminatory practices in recruitment, promotion, remuneration, and termination. The SEC's Corporate Governance Guidelines further mandate that listed companies disclose their diversity and inclusion policies, which must address discrimination comprehensively.¹²

3.4. Freedom of Association and Collective Bargaining

The right to freedom of association and collective bargaining is guaranteed under Section 40 of the Constitution and is reinforced by Nigeria's ratification of ILO Conventions Nos. 87 and 98.¹³ Organisations must respect the right of workers to form and join trade unions, engage in collective bargaining, and take industrial action in accordance with law. Any attempt to interfere with, restrict, or penalize workers for the exercise of these rights constitutes a violation of Nigerian law and international labour standards. There is an urgent need for organisations to conduct human rights due diligence to identify and assess potential risks, including freedom of association violations, and develop strategies to prevent or mitigate those risks.¹⁴

3.5. Rights of Indigenous Peoples and Host Communities

Corporate entities operating in proximity to indigenous and host communities are bound by legal obligations to respect the rights of these communities, including their land rights, cultural rights, and right to free, prior, and informed consent (FPIC) in relation to projects affecting their lands and resources. The Land Use Act (Cap L5, Laws of the Federation of Nigeria 2004) and the Petroleum Industry Act 2021 impose duties of consultation and compensation. Under the Petroleum Industry Act 2021, upstream petroleum companies are required to enter into Host Community Development Agreements (HCDAs), establishing legally binding obligations for community development.¹⁵

4. Fair Labour Practices: Ensuring Decent Work for All

4.1. Wages and Benefits

The National Minimum Wage Act 2019 establishes a statutory minimum wage for workers in Nigeria. Employers are legally bound to comply with this minimum and to ensure that wages are paid regularly and in accordance with the terms of employment. The Labour Act further mandates that contracts of employment must specify the remuneration and other benefits to which the worker is entitled.¹⁶ Failure to comply with wage obligations exposes employers to penalties and claims for breach of contract. Organisations have a responsibility to ensure that employment practices are fair, equitable, and compliant with legal requirements, while providing decent work opportunities that offer stability, security, and opportunities for advancement.¹⁷

4.2. Working Hours and Conditions

Section 13 of the Labour Act prescribes the maximum hours of work and periods of rest to which workers are entitled. Employers must ensure that working hours do not exceed statutory limits and that workers are provided with adequate rest periods, annual leave, and public holidays. Overtime work must be compensated at rates not less than those prescribed by law or collective agreement.¹⁸

4.3. Health and Safety

Employers owe a statutory and common law duty of care to ensure the health, safety, and welfare of their employees. The Factories Act (Cap F1, Laws of the Federation of Nigeria 2004) and the Labour Act impose specific obligations regarding the provision of safe working environments, protective equipment, and emergency procedures.¹⁹ The Employees' Compensation Act 2010 further establishes a compensation scheme for employees who suffer occupational injuries, disabilities, or death in the course of employment. Employers who fail to maintain safe working conditions may be prosecuted and held liable for damages. Organisations are however mandated to establish health and safety committees, implement programmes to support work-life balance and mental health, and provide training and development opportunities.²⁰

4.4. Right to Collective Bargaining

The right to collective bargaining is a cornerstone of industrial relations in Nigeria. The Trade Unions Act (Cap T14, Laws of the Federation of Nigeria 2004) and the Trade Disputes Act (Cap T18, Laws of the Federation of Nigeria 2004) provide the legal framework for the registration, operation, and collective bargaining activities of trade unions.²¹ Employers are required to engage in good faith bargaining with recognised unions and to respect the terms of collective agreements.

5. Organisational Responsibility and Compliance Strategies in the ESG Era

5.1. Adoption of Policies and Procedures

Organisations must adopt comprehensive human rights and labour policies that are consistent with Nigerian law, international standards, and the forthcoming SEC ESG reporting requirements. These policies should be communicated to all employees, suppliers, business partners and should be subject to regular review and audit. Organisations are encouraged to adopt policies and procedures on issues such as child labour, forced labour, discrimination, and freedom of association, and provide training and capacity-building for employees and suppliers.²²

5.2. Human Rights Due Diligence

Organisations should conduct human rights due diligence to identify, assess, and mitigate potential and actual human rights impacts. This process should include:

- Mapping of human rights risks across operations and supply chains;
- Engagement with affected stakeholders;
- Implementation of mitigation measures;
- Monitoring and evaluation of effectiveness;
- Public reporting on due diligence processes and outcomes.

Under SEC's mandatory ESG reporting framework (2027–2030), human rights due diligence disclosures will be a mandatory component of sustainability reports for all covered entities.²³

5.3. Grievance and Remedy Mechanisms

Organisations must establish accessible and effective grievance mechanisms that enable workers and affected communities raise concerns about human rights and labour practices without fear of retaliation. Where adverse impacts are identified, organisations must provide or cooperate in the provision of appropriate remedy. The UNGPs' third pillar (access to remedy) requires that effective judicial and non-judicial mechanisms be available to victims of corporate-related human rights abuses.²⁴

6. Enforcement and Consequences of Non-Compliance

Non-compliance with human rights and labour obligations exposes corporate entities to a range of legal, financial, and reputational consequences, including:

- Criminal prosecution under the Labour Act, the Trafficking in Persons Act, and other penal statutes;
- Civil liability for breach of contract, negligence, and tortious conduct;
- Regulatory sanctions, including fines, suspension of licenses, and operational shutdowns;

- Judicial orders for remediation, compensation, and reinstatement;
- Reputational damage and loss of investor confidence;
- Exclusion from public procurement and international markets;
- Regulatory enforcement actions by the SEC for failure to disclose material human rights and labour risks under the mandatory ESG reporting framework.²⁵

7. Conclusion

The legal obligations of corporate entities in Nigeria to respect human rights and uphold fair labour practices are comprehensive, enforceable, and non-negotiable. The constitutional, statutory, and international frameworks establish clear standards of conduct and provide mechanisms for enforcement and redress. The SEC's mandatory ESG reporting framework, to be implemented in phases from 2027 to 2030, further elevates these obligations by requiring transparent disclosure of human rights and labour practices performance. Organisations that fail to comply with these obligations do so at considerable legal and commercial risk. The imperative for compliance is not merely a matter of corporate ethics; it is a binding legal mandate that defines the parameters of lawful corporate conduct in Nigeria.

References

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- ² Securities and Exchange Commission of Nigeria, Mandatory ESG Reporting Phased Implementation Plan, FITC Sustainability and ESG Conference 3.0 (2026).
- ³ Constitution of the Federal Republic of Nigeria 1999 (as amended), Section 34.
- ⁴ Constitution of the Federal Republic of Nigeria 1999 (as amended), Section 42.
- ⁵ Constitution of the Federal Republic of Nigeria 1999 (as amended), Section 40.
- ⁶ United Nations Guiding Principles on Business and Human Rights (UNGPs), UN Human Rights Council, A/HRC/17/31 (2011), Pillar I: State Duty to Protect.
- ⁷ UNGPs, Pillar II: Corporate Responsibility to Respect.
- ⁸ UNGPs, Pillar III: Access to Remedy.
- ⁹ Section 59 Labour Act, Cap L1, Laws of the Federation of Nigeria 2004.
- ¹⁰ Securities and Exchange Commission of Nigeria, ESG Disclosure Requirements (2026); IFRS S1, General Sustainability-related Disclosures.
- ¹¹ Sections 13, 15, 16, 17 of the Trafficking in Persons (Prohibition) Enforcement and Administration Act 2015.
- ¹² Securities and Exchange Commission, Corporate Governance Guidelines for Public Companies (Nigeria), Section on Diversity and Inclusion.
- ¹³ ILO Convention No. 87 (Freedom of Association and Protection of the Right to Organise, 1948); ILO Convention No. 98 (Right to Organise and Collective Bargaining, 1949).

¹⁴ Lecture Notes, Foundations of Sustainability and ESG, Säid Business School, University of Oxford (2024), "Respecting Human Rights" module.

¹⁵ Sections 235–245 of the Petroleum Industry Act 2021 (As Amended)

¹⁶ National Minimum Wage Act 2019; Section 7 of the Labour Act, Cap L1, Laws of the Federation of Nigeria 2004.

¹⁷ Lecture Notes, Foundations of Sustainability and ESG, Säid Business School, University of Oxford (2024), "Fair Labour Practices" module.

¹⁸ Section 13 of the Labour Act, Cap L1, Laws of the Federation of Nigeria 2004.

¹⁹ Sections 1 – 12 of the Factories Act, Cap F1, Laws of the Federation of Nigeria 2004 and Sections 48 – 55 of the Labour Act.

²⁰ Lecture Notes, Foundations of Sustainability and ESG, Säid Business School, University of Oxford (2024), "Health and Safety" recommendations.

²¹ Trade Unions Act, Cap T14, Laws of the Federation of Nigeria 2004; Trade Disputes Act, Cap T18, Laws of the Federation of Nigeria 2004.

²² Lecture Notes, Foundations of Sustainability and ESG, Säid Business School, University of Oxford (2024), "Human Rights Policies and Procedures" module.

²³ Securities and Exchange Commission of Nigeria, ESG Reporting Framework; IFRS S1, General Sustainability-related Disclosures (ISSB, 2023).

²⁴ UNGPs, Pillar III: Access to Remedy; Guiding Principles 25–31.

²⁵ Securities and Exchange Commission of Nigeria, Enforcement Powers under the Investments and Securities Act 2007 (as amended).

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