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ASSESSING THE LEGAL FRAMEWORK OF BUSINESS AND HUMAN RIGHTS IN ETHIOPIA: STRENGTHENING CORPORATE RESPONSIBILITY

BY: GETASEW ADAMTE GELAW

School of Law,

Bahir Dar University

June 2026
Bahir Dar, Ethiopia

Title Page

ASSESSING THE LEGAL FRAMEWORK OF BUSINESS AND HUMAN RIGHTS IN ETHIOPIA: STRENGTHENING CORPORATE RESPONSIBILITY

Thesis

Submitted in Partial Fulfillment of the Requirements for the Degree of Masters of Laws (LLM) at the School of Law, Bahir Dar University

By

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Advisor

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June 2026



Thesis Approval Page

The thesis titled "*Assessing the Legal Framework of Business and Human Rights in Ethiopia: Strengthening Corporate Responsibility*" by Mr. Getasew Adamte Gelaw is approved for the degree of Master of Laws (LLM)

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Date: June 2026

Declaration Page

Declaration

I, the undersigned, declare that the thesis comprises my own work. In compliance with widely accepted practices, I have duly acknowledged and referenced all materials used in this work. I understand that non-adherence to the principles of academic honesty and integrity, misrepresentation/fabrication of any idea/data/fact/source will constitute sufficient ground for disciplinary action by the University and can also evoke criminal sanction from the State and civil action from the sources which have not been properly cited or acknowledged.



_____

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Acknowledgement

Sometimes giving acknowledgments or such kind of words becomes difficult when one's life is filled with miracles through the grace of God. I give glory and heartfelt thanks to Almighty God and His Blessed Mother, for granting me the strength, perseverance, and clarity of mind to complete this work. There were moments when I lost hope in everything after losing everything, yet God remained within me and sustained me throughout the journey. Glory be to Almighty God.

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There are people who wanted to see me in the position I am in now. They did everything they could to help me. They lived just to see me smile, happy, and successful. Now, I am happy and successful because of them. I will continue to smile, be happy, and remain successful, because that is the ultimate purpose of their lives. I love you, እናቴ and አባቴ! I am also lucky that God gave me the most loving and caring brother and sister. Without them, let alone this paper, my life would have been very difficult. Thank you, ቻልየ and ሞቲየ, and thank you to all my family. Your continuous prayers, steadfast belief in me, and lifelong support are the foundation of all my achievements. I sincerely wish you long life, good health, and boundless joy.

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Table of Contents

Title Page I
Thesis Approval Page II
Declaration Page III
Acknowledgement IV
Table of Contents V
List of Acronyms and Abbreviations VII
Abstract IX
CHAPTER ONE 1
INTRODUCTION 1
1.1. Background of the Study 1
1.2. Statements of the Problem 6
1.3. Research Objectives 8
1.3.1. Main Objective 8
1.3.2. Specific Objectives 8
1.4. Research Questions 8
1.4.1. Central Research Question 9
1.4.2. Specific Research Questions 9
1.5. Scope of the study 9
1.6. Significance of the study 9
1.7. Research methodology 10
1.7.1. Research Approach 10
1.7.2. Sources of Data 10
1.7.3. Data Analysis Technique 11
1.8. Literature Review 11
1.9. Organization of the Research 14
CHAPTER TWO 16
CONCEPTUAL AND INTERNATIONAL NORMATIVE FRAMEWORK OF BUSINESS AND HUMAN RIGHTS 16
2.1. Introduction 16
2.2. Conceptual Foundations of Business and Human Rights 17
2.2.1. Meaning and Definition of “Business and Human Rights” 17
2.2.2. Business and Human Rights V. Corporate Social Responsibility 19
2.2.3. Corporate Human Rights Responsibility vs. Accountability: Conceptual Foundations 21
2.2.4. Human Rights Due Diligence (HRDD) 23
2.3. Historical Evolution of the Business and Human Rights Agenda 25
2.4. Examining International Legal and Normative Frameworks on Business and Human Rights 30
2.4.1. The 2003 UN Norms on Transnational and Other Business Enterprises 30

2.4.2. The United Nations Guiding Principles on Business and Human Rights (UNGPs) 34
2.4.3. The OECD Guidelines for Multinational Enterprises on Responsible Business Conduct (2023 Edition) 39
2.4.4. The ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy 42
2.4.5. The Proposed Legally Binding Instrument (LBI) on Business and Human Rights and Its Status 44
2.5. Regional Frameworks on Business and Human Rights in Africa 49
2.5.1. The African Charter on Human and Peoples' Rights (Banjul Charter) 49
2.5.2. The AU Policy Framework and Related Initiatives on Business and Human Rights 51
2.6. Other Initiatives and Country Experiences 54
Conclusion 57
CHAPTER THREE 58
THE LEGAL FRAMEWORK ON BUSINESS AND HUMAN RIGHTS IN ETHIOPIA 58
3.1. Introduction 58
3.2. The Business and Human Rights Landscape in Ethiopia 59
3.3. The Relevance of International and Regional Normative Standards for Ethiopian Legal System 61
3.4. Constitutional Foundations for Business and Human Rights in Ethiopia 63
3.4.1. The Structural Framework: Horizontal Application, and the Identification of Duty Bearers 64
3.4.2. The Substantive and Procedural Dimensions: Rights-Based Development and Access to Remedy 66
3.5. Assessing Relevant Sectorial Laws and Corporate Human Rights Responsibility in Ethiopia . 69
3.5.1. Investment Laws and Corporate Human Rights Regulation 70
3.5.2. Labour Law and the Corporate Responsibility to Respect Rights 74
3.5.3. Environmental Protection Laws and Corporate Accountability 79
3.5.4. Criminal Law and the Regime of Corporate Criminal Liability 82
3.5.4.1. The General Regime of Legal Basis and the Mechanism of Attribution 82
3.5.4.2. The Scope of Liability and the '*Expressly Provided by Law'* Requirement 85
3.5.5. The 2021 Commercial Code and Corporate Human Rights Responsibility 88
3.5.6. Extra-Contractual Liability Law and Corporate Accountability 92
3.6. The Ethiopian National Action Plan on Business and Human Rights 94
3.7. Overall Assessment of Ethiopia's Legal Framework in Light of International BHR Standards 97
3.8. Identified Legal Gaps and Challenges in Corporate Human Rights Responsibility in Ethiopia 98
3.9. Opportunities for Strengthening Corporate Human Rights Responsibility in Ethiopia 101
3.9.1. The Constitutional Potential for a Coherent BHR Framework 101
3.9.2. The NAP as a Coordination Mechanism for BHR 101
3.9.3. Learning from African and Comparative Experiences 103
Conclusion 105

CHAPTER FOUR 106
CONCLUSION AND RECOMMENDATION 106
4.1. Conclusion 106
4.2. Recommendation 108
Bibliography 112

List of Acronyms and Abbreviations

Acronym	Full form
ACHPR	African Commission on Human and Peoples' Rights
AMV	Africa Mining Vision
ATS	Alien Tort Statute
AU	African Union
BHR	Business and Human Rights
BIT	Bilateral Investment Treaty
CSDDD	European Union Corporate Sustainability Due Diligence Directive
CSR	Corporate Social Responsibility
DRC	Democratic Republic of the Congo
EIB	Ethiopian Investment Board
EHRC	Ethiopian Human Rights Commission
EIC	Ethiopian Investment Commission
EPA	Environmental Protection Authority
EITI	Extractive Industries Transparency Initiative
EU	European Union
FDI	Foreign Direct Investment
FDRE	Federal Democratic Republic of Ethiopia
FSCCD	Federal Supreme Court Cassation Division
GDP	Gross Domestic Product

HGER	Homegrown Economic Reform Agenda
HRDD	Human Rights Due Diligence
IACHR	Inter-American Commission on Human Rights
ICC	International Chamber of Commerce
ICESCR	International Covenant on Economic, Social and Cultural Rights
ILO	International Labour Organization
IOE	International Organisation of Employers
IHRB	Institute for Human Rights and Business
ISHR	International Society for Human Rights
LBI	Legally Binding Instrument
LLM	Master of Laws
MNEs	Multinational Enterprises
NAP	National Action Plan
NCPs	National Contact Points
NBA	National Baseline Assessment
OECD	Organisation for Economic Co-operation and Development
OHCHR	Office of the High Commissioner for Human Rights
OEIGWG	Open-ended Intergovernmental Working Group
SERAC	Social and Economic Rights Action Centre
UK	United Kingdom
UN	United Nations
UNGPs	United Nations Guiding Principles on Business and Human Rights
UNHRC	United Nations Human Rights Council
UPR	Universal Periodic Review
WGEI	Working Group on Extractive Industries, Environment and Human Rights in Africa

Abstract

Business and human rights has emerged as an increasingly important area of concern in contemporary legal discourse, as business activities can cause, contribute to, or be linked with serious human rights abuses. Although significant developments have occurred globally through soft-law instruments, regional initiatives, and national reforms, the regulation of corporate conduct remains uneven, and Ethiopia's domestic legal framework continues to lag behind these developments. Despite the persistent reports of corporate human rights abuses, the domestic legal framework remains underdeveloped and lacks a self-standing, comprehensive regime. This study examined the legal framework governing BHR in Ethiopia, with a view to strengthening corporate human rights responsibility. The central research question guiding this study is how the existing relevant legal framework on BHR addresses corporate human rights responsibility in Ethiopia, and what the key legal gaps and opportunities are for its improvement? To address this question, the study employed a doctrinal research methodology to analyze relevant legal texts, instruments, and scholarly materials. Accordingly, the study analyzed the extent to which Ethiopian laws have incorporated the core pillars of the BHR framework, particularly the corporate responsibility to respect human rights which operationalized through HRDD, and access to remedy, alongside the State's duty to protect. It also analyzed how well the legal framework aligns with international and regional standards and identified the reforms needed to improve corporate responsibility. The findings show that jurisprudence from tribunals and international frameworks, including the UNGPs, the ongoing LBI, the OECD Guidelines, and the African human rights system, provides important normative foundations for regulating corporate conduct, while Ethiopian domestic laws remains fragmented and insufficient. Existing constitutional, criminal, tort, labor, investment, commercial, and environmental laws provide only partial and indirect responses, and concerns remain regarding their clarity and alignment with increasingly evolving international standards. Legal gaps include the lack of explicit corporate human rights obligations, the absence of mandatory HRDD, and weak access to effective remedies. Nevertheless, Ethiopia's strong constitutional human rights foundation, the ongoing development of a NAP on BHR, and evolving international and African initiatives including the African Commission resolution on BHR, as well as the growing experience of other jurisdictions with mandatory HRDD, can be effectively leveraged. The researcher recommends that the Ethiopian government demonstrate the necessary political will by amending and/or adopting a standalone legal framework in line with international standards, and by finalizing the NAP process.

Key words: Business and Human Rights, Corporate Human Rights Responsibility, Human Rights Due Diligence, UNGPs, Ethiopian Legal Framework

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

Currently, the world has gained momentum towards Business and Human Rights (BHR) which is a relatively new field[1]. At the core of this emerging field's discussion is the question of how businesses, particularly multinational corporations, can be held accountable for the impact of their operations on human rights. Traditionally, the focus of human rights discourse has been on the role of the state.[2] It is the state that bears the responsibility to respect, protect (from violations by third parties such as businesses), fulfill, and promote human rights.[3] According to this traditional perspective, when businesses violate human rights, the responsibility lies with the state for failing to shield victims from those violations perpetrated by such third parties.[4]

However, the BHR agenda is evolving to challenge this conventional understanding by posing the question: Can businesses especially multinational corporations that may wield more power than some states be directly held accountable for human rights abuses?[5] This inquiry does not dismiss the primary duty of the state to protect human rights; rather, it advocates for concurrently holding companies accountable for their violations,[6] and one might consider this as a framework for the '*allocation of tasks'* between states and companies, as articulated by Oyeniyi Abe and Damilola S. Olawuyi.[7]

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[1] Bantayehu Demlie Gezahegn, 'Business and Human Rights in Ethiopia: The Status of the Law and the Practice', *Mizan Law Review*, 2023, Vol 17, Issue 1, PP. 1-42, P. 4. [Here in after, Bantayehu Demlie, 'Business and Human Rights in Ethiopia: The Status of the Law and the Practice'] See also Surya Deva, 'Treaty tantrums: Past, present and future of a business and human rights treat,' *Netherlands Quarterly of Human Rights*, 2022, Vol. 40, No. 3, p. 211.

[2] United Nation (UN), Who is Responsible: Attributing Individual Responsibility For Violations Of International Human Rights And Humanitarian Law In United Nations Commissions Of Inquiry, Fact-Finding Missions And Other Investigations, United Nations HR/PUB/18/3, 2018, p. 16 Available at AttributingIndividualResponsibility.pdf (Last accessed on 12 November, 2025)

[3] Human rights were viewed as claims directed against the State. States have the responsibility to respect, protect and fulfill human rights for anyone within their territory or who may be subject to their jurisdiction, control or influence. See United Nation Human Rights Office of the High Commissioner (UNHROHC), Guiding Principles on Business and Human Rights, New York and Geneva, 2011, HR/PUB/11/04, P. 1. [Here in after, UNGPs] See also International Services for Human Rights, States – Governments and public authorities, available at State Protection of International Human Rights Law | ISHR (Last accessed on 12 November, 2025).

[4] Bantayehu Demlie, Business and Human Rights in Ethiopia: The Status of the Law and the Practice, p. 4. See also UNGPs, General principles and Commentary to Principle 1, p. 1 and 3

[5] *Ibid*

[6] *Ibid*

[7] Oyeniyi Abe and Damilola S. Olawuyi, 'Introduction – Business, human rights, and the United Nations Guiding Principles: The search for good-fit approaches in Africa, 'Business and Human Rights Law and Practice in Africa (pp.2)', *Publisher: Edward Elgar*, 2022, P. 11 [Here in after, Oyeniyi Abe and Damilola S. Olawuyi, Introduction – Business, human rights, and the United Nations Guiding Principles: The search for good-fit approaches in Africa] available at (PDF) Business, human rights, and the United Nations Guiding Principles. The search for good-fit approaches in Africa (last accessed on 13 November 2025)

After all despite the businesses (economic actors) play a pivotal role in national and international development by creating wealth, reducing unemployment, and accelerating economic advancement[8], they need careful regulation, as their operations can lead to adverse impacts ranging from environmental disasters and labor abuses to grave human rights abuses, such as crimes against humanity, torture, and war crimes.[9]

In terms of regulation, in-spite of the longstanding international agenda around human rights protection from the adverse effects of business operations especially after the Second World War (WWII), binding human rights treaties have primarily focused on states' obligations rather than those of business entities.[10] Consequently, the international regulation of BHR has predominantly relied on non-binding soft law standards including UN Global Compact (2000), United Nation Guiding Principles on Business and Human Rights (UNGPs, 2011), and the updated 2023 Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises (MNEs).[11] The UN Global Compact[12] is the largest global private sustainability initiative where businesses voluntarily commit to ten non-binding principles.[13] It encompasses principles related to human rights (first and second principles), labor (third, fourth, fifth, and sixth principles), environment (seventh, eighth, and ninth principles), and anti-corruption (tenth principle).[14] As articulated by Maria Alejandra Gonzalez-Perez and Liam Leonard, the first principle requires businesses to support and respect the protection of internationally proclaimed human rights,[15] thereby establishing a benchmark above mere compliance with local laws by

[8] Specifically they have a vital role in poverty eradication by investing in local and global communities on a long-term basis. See Connie De La Vega, Amol Mehra and Alexandra Wong, Holding Businesses Accountable for Human Rights Violations Recent Developments and Next Steps, Dialogue on Globalization, 2011, p.2 [Here in after, Connie De La Vega, and *et al'*, *Holding Businesses Accountable for Human Rights Violations Recent Developments and Next Steps*] available at Holding businesses accountable for human rights violations : recent developments and next steps (last accessed on 14 November 2025). See also John Browne, '*The Role of Multinational Corporations in Economic and Social Development of Poor Countries: Leading Toward a Better World?*', Corporate Environmental Strategy, 2002 Vol. 9, Issue 3, pp 217-225, available at The Role of Multinational Corporations in Economic & Social Development of Poor Countries: Leading Toward a Better World? - ScienceDirect (last accessed 14 November 2025)

[9] Anita Ramasastry and Robert C. Thompson, '*Commerce, Crime and Conflict: Legal Remedies for Private Sector Liability for Grave Breaches of International Law*', A Survey of Sixteen Countries, Executive summary, 2006, Fafo-report 536, p. 48 [Here in after, Anita Ramasastry and Robert C. Thompson, Commerce, Crime and Conflict: Legal Remedies for Private Sector Liability for Grave Breaches of International Law]

[10] Alemayehu Begna, Corporate Human Rights Abuse and the Accountability Gap in Ethiopia, LLM Thesis, Addis Ababa University, School of Law, 2020, P. 2 [Here in after, Alemayehu Begna, Corporate Human Rights Abuse and the Accountability Gap in Ethiopia]

[11] Bantayehu Demlie, Business and Human Rights in Ethiopia: The Status of the Law and the Practice, pp. 6-11

[12] The UN Global Compact, Launched in 1999 by the then-UN Secretary-General Kofi Annan, is a voluntary membership scheme encouraging businesses to follow a set of 10 principles in the areas of human rights, labor, environment, and anti-corruption. See Alemayehu Begna, Corporate Human Rights Abuse and the Accountability Gap in Ethiopia, p. 2

[13] The principles are compiled from norms already set out in relevant human rights instruments and International Labour Organization (ILO) standards. See Bantayehu Demlie, Business and Human Rights in Ethiopia: The Status of the Law and the Practice, p. 8

[14] The Ten Principles of the UN Global Compact, available at The Ten Principles | UN Global Compact (last accessed on 15 November 2025)

[15] Maria Alejandra Gonzalez-Perez and Liam Leonard, *The UN Global Compact, ResearchGate*, 2017, PP.126-127. [Here in after, Maria Alejandra Gonzalez-Perez and Liam Leonard, The UN Global Compact] available at (PDF) The UN Global Compact (last accessed on 15 November 2025).

mandating adherence to internationally recognized rights, including the nine core international human rights instruments.[16] The second principle prohibits corporate complicity in human rights violations, preventing corporations from assisting, facilitating, or contributing to abuses perpetrated by other actors.[17] Nonetheless, it is not an effective tool for holding corporations accountable for human rights violations, receiving a plenty of criticisms as it primarily functions as a public relations tool that helps disguise the actual objective of private businesses, which is to generate profit, and the UN acts as a means of *'bluewashing*.'[18]

Coming to the UNGPs, unanimously endorsed by the UN Human Rights Council on June 2011,[19] is the current well-known international framework for non-binding guidance on the agenda of BHR. The UNGPs apply to all UN member states and all business organizations operating within these states, irrespective of their size, ownership structure, country of origin, or sector of operation.[20] It consists of 31 principles grounded in three pillars: they require states to protect human rights from violations by economic actors, compel corporations to respect internationally recognized rights, and enhance access to remedy for victims of corporate human rights abuses.[21] However, this framework lacks effective implementation mechanisms.[22] There is no for example, designated institution within the UNGP framework empowered to adjudicate cases related to BHR, so that victims of corporate abuses find themselves without recourse, particularly when domestic judicial or non-judicial mechanisms are inadequate or non-existent.[23] Nonetheless, the UNGPs, while non-binding, have significantly influenced norm development in the area of business and human rights, providing evidence for state practice that

[16] The nine core international human rights instrument comprises: International Convention on the Elimination of All Forms of Racial Discrimination (ICERD), International Covenant on Civil and Political Rights (ICCPR), International Covenant on Economic, Social and Cultural Rights (ICESCR), Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment (CAT), Convention on the Rights of the Child (CRC), International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families (ICMW), International Convention for the Protection of All Persons from Enforced Disappearance (CPED), Convention on the Rights of Persons with Disabilities (CRPD). See The Office of the High Commissioner for Human Rights of the UN available at The Core International Human Rights Instruments and their monitoring bodies | OHCHR (last accessed on 15 November 2025)

[17] The Ten Principles | UN Global Compact (last accessed on 15 November 2025), See also Maria Alejandra Gonzalez-Perez and Liam Leonard, the UN Global Compact, p. 127

[18] A main criticism concerning the nonbinding character of membership, there is neither serious monitoring nor any kind of sanctions. In 2004 less than 60% surveyed reported taking any action in compliance with the ten principles so that criticized for not moving corporations beyond their comfort zones. Human rights organizations also criticize the UN Global Compact for failing to institute binding obligations and for its principles being overly generic. See Maria Alejandra Gonzalez-Perez and Liam Leonard, the UN Global Compact, p. 137. See also Alemayehu Begna, Corporate Human Rights Abuse and the Accountability Gap in Ethiopia, p. 2

[19] UNGPs, Introduction, p. iv. See also Bantayehu Demlie, Business and Human Rights in Ethiopia: The Status of the Law and the Practice, p. 6

[20] UNGPs, General principles, p. 1

[21] UNGPs, Pillar-1 Principles 1-10, Pillar-2 Principles 11-21, Pillar-3 Principles 22-31.

[22] Non-observance of the UNGPs is not subject to sanctions. Furthermore, critics point to its inadequacies in creating institutional access and mandating effective remedies. See Alemayehu Begna, Corporate Human Rights Abuse and the Accountability Gap in Ethiopia, p. 4

[23] Alemayehu Begna, Corporate Human Rights Abuse and the Accountability Gap in Ethiopia, p. 2. See also M.K Addo, 'Human Rights and Transnational Corporations: An Introduction' in M.K Addo, *Human Rights and Transnational Corporations*, School of Law University of Exeter, The Hague: Kluwer Law International, 2001, p.11

may evolve into customary international law.[24] Additionally, countries are encouraged by the UN to give full effect to the UNGPs through the adoption of National Action Plans (NAP) at the national level, thus providing guidance for domestic judicial bodies in adjudicating BHR cases.[25] Generally, since no agreement has been reached in the current negotiations for a binding instrument, the UN system is still based on voluntary commitment by businesses.[26]

The other soft law mechanism regulating the issues of BHR performance in a transnational context is OECD Guidelines for MNEs.[27] This framework obligates MNEs to comply with various standards pertaining to human rights, environmental protection, labor relations, and financial accountability.[28] One key advantage of the OECD Guidelines is that it articulates the human rights obligations of corporations and provides mechanisms for their enforcement as it includes a dispute resolution mechanism and establishes forums for addressing human rights disputes linked to MNEs' operations.[29] Let alone the criticisms,[30] the National Contact Points (NCPs) have been established in each adhering country to serve as forums for the resolution of human rights disputes related to business activities.[31]

Beyond the UN system, the BHR norms are evolving in regional and national contexts. In the Global North including EU[32] and several European countries specifically the United Kingdom, France, the

[24] Alex Batesmith, *'Corporate Criminal Responsibility for War Crimes and Other Violations of International Humanitarian Law: The Impact of Business and Human Rights Movement'*, in C. Harvey, J. Summers, and N. White (Eds.), *Contemporary Challenges to the Laws of War: Essays in Honour of Professor Peter Rowe*, Cambridge University Press, 2014, p. 304 available at (1) Corporate criminal responsibility for war crimes and other violations of international humanitarian law: the impact of the business and human rights movement (last accessed on 16 November 2025). [Here in after, Alex Batesmith, Corporate Criminal Responsibility for War Crimes and Other Violations of International Humanitarian Law: The Impact of Business and Human Rights Movement]

[25] Alemayehu Begna, Corporate Human Rights Abuse and the Accountability Gap in Ethiopia, p. 2

[26] Currently there is an ongoing negotiation to come up with binding instrument on BHR and for this purpose the UN Human Rights Council established an open-ended intergovernmental working group (OEIGWG) to work on an international legally binding instrument. See UN Human Rights Council Resolution 26/9 (2014) [A/HRC/RES/26/9]. See also Bantayehu Demlie, Business and Human Rights in Ethiopia: The Status of the Law and the Practice, p. 6

[27] These guidelines apply to all MNEs from adhering states to the OECD, regardless of their size, sector, or country of operation. It consists of recommendations addressed by governments to multinational enterprises. See Organization for Economic Cooperation and Development (OECD), Guidelines for Multinational Enterprises (MNE) on Responsible Business Conduct, Updated on 30 May 2023, pp. 2-4 available at pdf (last accessed on 16 November 2025) [Here in after, OECD Guidelines for MNE)

[28] OECD Guidelines for MNE, pp. 2 & 4

[29] Alemayehu Begna, Corporate Human Rights Abuse and the Accountability Gap in Ethiopia, p. 4

[30] *Id*, p. 5 NCPs has faced criticism for inconsistency in application and development across different countries. Furthermore, they can only address cases where the implicated businesses are MNEs excluding other business entities. Importantly, the decisions made by NCPs are declaratory and lack judicial enforceability.

[31] *Id*, p. 4

[32] At the EU level there is a corporate sustainability due diligence Directive of the European Parliament of the Council, Directive 2024/1760, which entered into force on 25 July 2024. The aim of this Directive is to foster sustainable and responsible corporate behavior in companies' operations and across their global value chains. The Directive is binding upon all EU Member States and they are legally required to transpose it into their own national laws, and it is designed to turn *'Soft Law'* international standards, like the UNGPs and OECD Guidelines, into '*Hard Law'* requirements. See Directive (EU) 2024/1760 of the European Parliament and of the Council of 13 June 2024 on corporate sustainability due diligence and amending Directive (EU) 2019/1937 and Regulation (EU) 2023/2859 (Text with EEA relevance), 2024, available at https://eur-lex.europa.eu/eli/dir/2024/1760/oj (last accessed on 04 May 2026).

Netherlands, Switzerland, Norway, and Germany have implemented their own mandatory due diligence laws at the national level, each with different names and scopes.[33]

In Africa, the African Union (AU) is working on Policy Framework on BHR.[34] And African Commission on Human and Peoples' Rights (AComHPR/African Commission) adopted a resolution concerning BHR in Africa which mandates its relevant working groups to create a legally binding regional BHR instrument for Africa.[35] As Bantayehu Demlie try to indicate, the African system has a unique potential to establish a strong foundation for a comprehensive BHR regime for several reasons.[36] Notably, the African system provides a legal framework that extends "*direct obligations*" for businesses. This stems from the fact that the African Charter on Human and Peoples' Rights (Banjul Charter) is the only binding human rights instrument that incorporates "*duties*" alongside rights, as outlined in article 27(1).[37] The African Commission has interpreted the significance of this article in relation to BHR as follows:

> *"Under the African Charter, obligations of business enterprises towards rights holders have a clear legislative basis. Article 27 of the African Charter provides for the duties of individuals and its sub provision 2 lays down the obligation to exercise rights 'with due regard to the rights of others.' Clearly, if this obligation can be imposed on individuals, there is an even stronger moral and legal basis for attributing these obligations to corporations and companies."*[38]

Despite the promises and favorable conditions at the continental level for the agenda of BHR, these have yet to be effectively translated into regulatory frameworks and practices within individual African states

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[33] Surya Deva, '*Mandatory human rights due diligence laws in Europe: A mirage for rights holders*?,' Leiden Journal of International Law, 2023, Vol. 36, Issue 2, pp. 389- 414. [Here in after, Surya Deva, 'Mandatory human rights due diligence laws in Europe: A mirage for rights holders?] Available at Mandatory human rights due diligence laws in Europe: A mirage for rightsholders? | Leiden Journal of International Law | Cambridge Core (last accessed on 16 November 2025).

[34] Bantayehu Demlie, Business and Human Rights in Ethiopia: The Status of the Law and the Practice, p.11

[35] African Commission, Resolution on Business and Human Rights in Africa- ACHPR/Res.550 (LXXIV) 2023, Para. 2(c). available at Resolution on Business and Human Rights in Africa - ACHPR/Res.550 (LXXIV) 2023 | African Commission on Human and Peoples' Rights (last accessed on 19 November 2025) [Here in after, Resolution on Business and Human Rights in Africa]

[36] African charter requires State Parties to eliminate foreign exploitation, to ensure their peoples benefit from national resources. Additionally, the African human rights system uniquely recognizes the right to development as a binding norm and affirms the justiciability of economic, social, and cultural rights. It also supports a binding global instrument. See Bantayehu Demlie, Business and Human Rights in Ethiopia: The Status of the Law and the Practice, p.12. see also ACHPR, Advisory note to the African group in Geneva on the legally binding instrument to regulate in international human rights law, the activities of transnational corporations, 2019, Background p. 4 - 5. [Here in after, ACHPR, Advisory note to the African group in Geneva on the legally binding instrument to regulate in international human rights law, the activities of transnational corporations] available at Advisory note to the African group in Geneva on the legally binding instrument to regulate in international human rights law, the activities of transnational corporations | African Commission on Human and Peoples' Rights (last accessed on 19 November 2025)

[37] African (Banjul) charter on human and peoples' rights, OAU Doc. CAB/LEG/67/3 rev. 5, 21 I.L.M. 58, 1981, Article 27(1). [Here in after, Banjul Charter]

[38] ACHPR, Advisory note to the African group in Geneva on the legally binding instrument to regulate in international human rights law, the activities of transnational corporations, Section Direct obligations on business enterprises, p. 4

including Ethiopia.[39] One significant challenge relates to the regulatory and policy framework, specifically the lack of policy coherence and the absence of "*good-fit*" approaches to effectively contextualize global standards, such as the UNGPs, within local and national realities.[40]

Ethiopia is now liberalizing its market and gradually opening various sectors of its economy to foreign investors.[41] As we know increasing private sector involvement in development is now a key priority for the current government of Ethiopia. However, it is crucial to establish effective legal and policy frameworks for the protection of human rights from corporate abuses before pursuing this agenda. Additionally, Ethiopia is not a party to the OECD guidelines.[42] Hence, Ethiopia can utilize NCP forums only when MNEs from adhering countries commit human rights abuses within its borders. Mean that NCP forums may not effectively assist victims in Ethiopia in instances where local businesses perpetrate human rights abuses or when MNEs that are not from OECD adhering countries are involved. Therefore, Ethiopia, need to have effective legal and institutional frameworks on BHR, considering the increment of private sector and the global trend in the field.

1.2. Statements of the Problem

Ethiopia has implemented various policy, legislative, and institutional reforms to create a favorable environment for foreign direct investment (FDI), in recent years.[43] This has resulted in an influx of multinational enterprises investing in different sectors including petroleum refining, mining, real estate, large-scale commercial farming, apparel, manufacturing, and renewable energy.[44] Following the

[39] Many African countries, including Ethiopia, are expressing a commitment to attracting foreign direct investment and achieving developmental goals, thereby make it difficult to ensure the observance of environmental, social, and human rights standards by corporations. See Bantayehu Demlie, Business and Human Rights in Ethiopia: The Status of the Law and the Practice, p. 11

[40] Oyeniyi Abe and Damilola S. Olawuyi, Introduction – Business, human rights, and the United Nations Guiding Principles: The search for good-fit approaches in Africa, p. 4

[41] In a sweeping policy reform aimed at attracting foreign capital and invigorating the country's trade sector, the Ethiopian Investment Board has issued a landmark directive, Directive No. 1082/2025, lifting long-standing restrictions on foreign participation in export, import, wholesale, and retail trade. The move marks a significant departure from Ethiopia's traditionally protectionist stance, signaling a bold shift toward liberalizing its domestic markets. See Ethiopian Investment Board Directive to Regulate Foreign Investors' Participation in Restricted Export, Import, Wholesale and Retail Trade Investments, 2025, No. 1082, preamble, Para 1, 2 & 5, and articles 5 – 8. [Here in after, Ethiopian Investment Board Directive to Regulate Foreign Investors' Participation in Restricted Export, Import, Wholesale and Retail Trade Investments Directive No. 1082/2025**]**

[42] Alemayehu Begna, Corporate Human Rights Abuse and the Accountability Gap in Ethiopia, p. 5

[43] For example, the country has recently adopted a new investment proclamation with the stated objective of increasing and diversifying foreign investment inflow. See Investment Proclamation, 2020, *Federal Negarit Gazzeta*, Proc. No. 1180, 26th year, No. 28, Preamble para 3 & 6. [Here in after, Investment Proclamation No. 1180/2020]

[44] Ethiopian Human Rights Commission (EHRC), the Danish Institute for Human Rights (DIHR) with the support of the Office of the High Commissioner for Human Rights (OHCHR) – East Africa and the UN Development Program (UNDP), Business and Human Rights in Ethiopia Multi-Stakeholder Dialogue Workshop Summary Report, 2023, Addis Ababa, Ethiopia, p. 2 [Here in after, EHRC and DIHR, Business And Human Rights In Ethiopia Multi-Stakeholder Dialogue Workshop Summary Report] available at Multi-stakeholder-Dialogue-on-Business-and-Human-Rights-in-Ethiopia_March-2023.pdf (last accessed on 20 November 2025)

political reforms in 2018, the Government of Ethiopia announced plans to fully or partially privatize major State-Owned Enterprises.[45] Additionally, local businesses have experienced significant growth.[46]

On the other hand and importantly, human rights scandals caused by adverse impacts of business organizations' operation in Ethiopia cannot be underestimated. Over the past few years, credible reports have emerged indicating that business organizations operating in various sectors of the economy have caused, contributed to, or been linked to human rights abuses in Ethiopia.[47] Local population living in areas where business organizations conduct their business activities, women's and workers of business organizations and their customers have been victimized by business organizations' injustices.[48]

Despite this reality, the regulation of businesses activities impacting on human rights abuses is overlooked in Ethiopia. There is no a single self-standing legal framework on BHR,[49] unless we interpret different provisions from various laws, including the Constitution of the FDRE, the FDRE criminal code, the Commercial Code of 2021, the Investment Law, and the Labor Law. For instance, article 9(2) of the FDRE Constitution provides that "… *other associations as well as their officials have the duty to ensure observance of the Constitution and to obey it.*" Some argue that the term *"other associations"* includes business organizations, and therefore the Constitution requires business entities to respect all relevant human rights provisions. In addition, there are various provisions in other laws, including those mentioned above, that may be interpreted as relevant to BHR. However, the absence of an explicit reference to the human rights duties of businesses indicates that Ethiopia lacks a comprehensive legal and policy framework on BHR, which has become a critical issue in need of regulation.

Additionally, existing legal scholarship suggests that the existing scattered laws in one and another way govern corporate social responsibility (CSR),[50] which focuses on voluntary commitment.[51] Hence, it

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[45] Ethiopia's Reform: Achievements, Challenges & Opportunities, available at Ethiopia's Reform: Achievements, Challenges & Opportunities - ENA English (last accessed on 20 November 2025)

[46] Business And Human Rights In Ethiopia Multi-Stakeholder Dialogue Workshop Summary Report, p. 2

[47] Business & Human Rights Resource Center Note, 2020, available at Ethiopia: Mursi tribesmen recall imprisonment, torture & land-grabbing by state agents who allegedly protect Chinese-run sugar plantations & refineries - Business & Human Rights Resource Centre ((last accessed on 22 November 2025). See also Ethiopia: Extrajudicial Killings, Torture, Mass Detentions - U.S. 2024 Report Paints Grim Picture On Ethiopia's Record available at Ethiopia: Extrajudicial Killings, Torture, Mass Detentions - U.S. 2024 Report Paints Grim Picture On Ethiopia's Record - allAfrica.com (last accessed on 22 November 2025). According to this US reports labor inspections are sporadic and under-resourced, leaving workers vulnerable to exploitation.

[48] Action Aid Ethiopia, People before Profit: Why Urgent Action is needed to hold Businesses Accountable for Respecting Human Rights, A policy brief, 2023, p.2 [Here in after, Action Aid Ethiopia, People before Profit: Why Urgent Action is needed to hold Businesses Accountable for Respecting Human Rights]

[49] Bantayehu Demlie, Business and Human Rights in Ethiopia: The Status of the Law and the Practice, pp. 14 -25

[50] *Id*, p. 39

[51] BHR was born as an outgrowth of CSR in particular as a reaction to the '*perceived failure'* of CSR in regulating the behavior of multinational corporations. CSR encourages businesses to '*do well'* while BHR requires them to do "*no harm*." See Anita Ramasastry, 'Corporate Social Responsibility Versus Business and Human Rights: Bridging the Gap between Responsibility and Accountability,' 2015, *Journal of Human Rights*, Vol. 14, PP 237-259, p. 240 & 250 [Here in after, Anita

raises doubt as to whether they are capable of effectively regulating the evolving BHR agenda, which requires binding obligations. This means that the existing relevant laws should be identified and assessed to evaluate their adequacy, to effectively understand what they lack, and to learn from global standards and trends, which should be adapted to local realities. The ongoing consultations to develop the NAP since 2023, currently coordinated by the Ministry of Justice, have also not yet been finalized, and this process needs to be examined to ensure it considers our national context on one hand and the new global trends and standards on the other.

Therefore, in light of the volatile shifts in global corporate governance and the persistent gravity of corporate human rights abuses, a critical necessity has emerged to evaluate regulatory frameworks. Given the ongoing ambiguity surrounding the efficacy and structural design of existing measures, identifying robust regulatory mechanisms is essential to ensure corporate alignment with international standards and to establish enforceable accountability for human rights impacts. This study aims to provide a comprehensive legal analysis with a view to recommend effective solutions to establish a comprehensive legislative and policy framework for BHR in Ethiopia by considering the national context and the global trends in the field.

1.3. Research Objectives

1.3.1. Main Objective

The main objective of this study is to examine the existing relevant legal framework on BHR in Ethiopia, with a view to identifying legal gaps and opportunities for strengthening corporate human rights responsibility.

1.3.2. Specific Objectives

- To examine how international legal frameworks conceptualize and address the agenda of BHR.
- To examine the existing relevant legal framework on BHR in Ethiopia by identifying legal gaps and challenges.
- To assess the alignment of Ethiopia's legal framework for addressing BHR with international standards.
- To explore the possible opportunities related to addressing corporate human rights responsibility within Ethiopia's legal system.

1.4. Research Questions

1.4.1. Central Research Question

To what extent does the existing relevant legal framework on BHR in Ethiopia adequately address corporate human rights responsibility, and what legal gaps and opportunities can be identified?

1.4.2. Specific Research Questions

- How do international legal frameworks conceptualize and address the agenda of BHR?
- What are the legal gaps and challenges in Ethiopia's current legal framework on BHR?
- How does Ethiopia's legal framework for addressing BHR align with international standards?
- What opportunities are exist for enhancing the regulation of corporate human rights responsibility within Ethiopia's legal framework?

1.5. Scope of the study

This study focuses on Ethiopia's legal framework addressing businesses responsibility for human rights abuses. It identify and critically examines relevant domestic legal provisions in light of the evolving international standards, particularly the UNGPs, and identified both legal gaps and potential opportunities for reform. The analysis placed on the responsibility of any business entity operating in Ethiopia for any human rights abuses, drawing on established international jurisprudence. However, it is important to note that the scope of this study is primarily limited to legal analysis and does not extend to practical or operational aspects of law enforcement or implementation by considering specific types of human rights and business entities.

The study also made selective references to relevant national, regional and international legal standards, in order to inform proposals for aligning Ethiopia's legal framework on BHRs with international norms in a manner that is context-appropriate to the national legal system. Its objective is to contribute to the development of a coherent and effective legal approach to strengthening corporate human rights responsibility and the accountability of business entities for human rights abuses in Ethiopia.

1.6. Significance of the study

This study critically assesed Ethiopia's legal framework regarding the recognition of businesses' responsibility and accountability for their human rights abuse, identifying challenges and potential areas for improvement. The findings will primarily inform legal reforms and policy debates, contributing to the alignment of Ethiopia's legal system with international standards and adapting it in to national context. Additionally, the study will assist justice institutions in advocating for stronger protections and legal structures. Due to the lack of clear and sufficient prior research on this specific topic, this study will serve as a foundational resource for future scholars, students, and legal practitioners, contributing to

the development of a more accountable legal system that ensures justice for victims of corporate abuse in a largely unexplored area. .

1.7. Research methodology

1.7.1. Research Approach

This thesis employed a doctrinal legal methodology to assess the Ethiopian legal framework in light of the BHR agenda. It involved a systematic and critical examination of international legal instruments, national legislation, judicial interpretations, and scholarly articles to evaluate the extent to which Ethiopian laws have incorporated the concept of BHR and aligns with established international legal standards considering the national context. The doctrinal approach is particularly appropriate, given the research‘s focus on interpreting and evaluating legal norms governing the responsibility of corporate human rights abuses. This methodology facilitated the identification of normative inconsistencies, legislative gaps, and interpretive challenges. Furthermore, it is especially relevant in the absence of well-established domestic case law on the prosecution of corporate human rights abuse, further justifying doctrinal analysis as the most suitable method. References to secondary sources, such as human rights reports and public testimonies, are used solely to support legal interpretation and do not constitute empirical research, ensuring the study remains normative and legal.

1.7.2. Sources of Data

This thesis utilized a combination of primary and secondary sources to comprehensively asses Ethiopia's legal framework addressing BHR. Primary sources include key international, regional and national normative instruments such as the UNGPs on BHR, the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, African Charter on Human and Peoples’ Rights, the African Commission Resolution on Business and Human Rights in Africa, the FDRE Constitution, the Ehtiopian Investment Laws, Ethiopian Criminal Code, the new Commercial Code of Ethiopia (2021) and other relevant national legislation. International treaties including the UN draft treaty on BHR (known as legally binding instrument to regulate, in international human rights law, the activities of transnational corporations and other business enterprises), and other initiatives in the field, are also analyzed. Furthermore, jurisprudence from international case laws provided essential insights into the international legal standards for prosecuting corporate human rights abuse, are considered. Secondary sources comprised scholarly books, peer-reviewed journal articles, authoritative legal commentaries, law reports, academic theses and dissertations, and institutional reports and documents from organizations including the Ethiopian Human Rights Commission (EHRC), ActionAid Ethiopia, United Nations Office of the High Commissioner for Human Rights (OHCHR), Amnesty International, and International Labour Organization (ILO) are considered.

1.7.3. Data Analysis Technique

This research employed a qualitative doctrinal legal analysis method to evaluate Ethiopia‘s legal framework on BHR. This analysis method is particularly appropriate to undertake a critical examination of relevant national laws, case law, international legal instruments, and scholarly commentary. It is also important to identify legal gaps, inconsistencies, and areas where Ethiopian laws should take lesson from international standards, seeking for a contextually relevant framework. By systematically assessing and analyzing Ethiopia‘s legal provisions and their alignment with international norms and trends, it helped the study to offer insights into the strengths and weaknesses of the legal system, providing recommendations for reform and improved responsibility as well as accountability of corporate human rights abuses.

1.8. Literature Review

In pursuit of addressing the research problem, objectives, and questions, the researcher has reviewed existing literatures related to the BHR. The researcher tried to consult both international and national researches and articles. There are plenty of researches and articles on BHR and corporate social responsibility in general, and this review is made only on the most relevant works to my proposal. Internationally, one important work titled **‘***Business and Human Rights: Towards a Binding Treaty on the Activities of Transnational Corporations***’**[52] by *Tali Israel Tali*, examines the need for a legally binding treaty to hold transnational corporations accountable for human rights violations. Tali argue that existing international frameworks, such as the UNGPs and the Global Compact, are insufficient due to their non-binding nature, which allows corporations to evade responsibility. He recommends that, the ongoing a legally binding treaty should include comprehensive content, incorporate rules from jus cogens, customary law, and relevant human rights treaties, to ensure legally enforceable corporate accountabilities and access to remedies.

While Tali’s work provides valuable insights into prosecuting corporates at the international level, it does not directly address my focus on Ethiopia’s domestic legal framework for prosecuting businesses for their human rights violations. While his study examines the effective approach towards internationally binding treaty on BHR, my research analyzes Ethiopia’s legal system and its treatment of BHR. Mean that unlike his study, my research will assess Ethiopia’s laws on BHR, identifying gaps and inconsistencies, and examining their alignment with the trends of international standards by considering the national context.

[52]Tali Israel Tali, ‘Business and Human Rights: Towards a Binding Treaty on the Activities of Transnational Corporations’, LL.B Thesis, Moi University, 2020. [Here in after, Tali Israel Tali, Business and Human Rights: Towards a Binding Treaty on the Activities of Transnational Corporations]

Another related paper at the international level is by *Brigitte Hamm*. Hamm's article '*The Struggle for Legitimacy in Business and Human Rights Regulation – A Consideration of the Processes Leading to the UN Guiding Principles and an International Treaty'*[53], discusses the political and institutional processes behind two major developments in BHR regulation: UNGPs and the ongoing negotiations for a legally binding international treaty. The core contribution of the article lies in its focus on *legitimacy*; how different actors and processes claim authority to define corporate accountability for human rights. Obviously, like that of Tali's paper, this article does not also address my focus on Ethiopia's legal framework on BHR. Additionally, while Hamm's analysis is procedural, connects theories of global governance, legitimacy, and power to real-world political processes as well as shows that business and human rights is not simply a legal issue but a political struggle over who gets to define norms in the global economy, my study takes only a substantive legal approach on BHR in Ethiopian context.

In Africa, *the introductory chapter of the book "Business and Human Rights Law and Practice in Africa", titled "Introduction–Business, Human Rights, and the United Nations Guiding Principles: The Search for Good-Fit Approaches in Africa," by Oyeniyi Abe and Damilola S. Olawuyi,*[54] interestingly argues for the need for "*good-fit*" and "*home-grown*" approaches rather than simply transplanting global frameworks without adaptation to Africa's social, legal, economic, and institutional realities. They discuss that African countries face structural, institutional, regulatory and contextual challenges that complicate straightforward implementation including weak governance institutions, underdeveloped legal systems, lack of enforcement capacity, weak remedy mechanisms, and socio-economic conditions that differ markedly from western settings, showing there is a pressing need to rethink how business and human rights norms are operationalized on the continent, to balance international standards with local specificities. Despite this work provides an important insights and wise approach in operationalizing the global standards basically UNGPs at the continent level, my thesis wants to rely on analyzing Ethiopia's legal framework on BHR and search for its improvement considering the specific context of Ethiopia, which is vital for meaningful human rights protection on the ground.

Domestically, one important contribution is *Bantayehu Demlie Gezahegn's* article on *'Business and Human Rights in Ethiopia: The Status of the Law and the Practice'*[55], which brings the BHR discourse into Ethiopian scholarly space. Bantayehu notes that most prior analysis of corporate conduct in Ethiopia has been under the lens of corporate social responsibility (CSR), rather than through the BHR

[53] Brigitte Hamm, 'The Struggle for Legitimacy in Business and Human Rights Regulation – A Consideration of the Processes Leading to the UN Guiding Principles and an International Treaty' *Human Rights Review*, 2021, Vol. 23, pp. 103 – 125. [Herein after, Brigitte Hamm, 'The Struggle for Legitimacy in Business and Human Rights Regulation – A Consideration of the Processes Leading to the UN Guiding Principles and an International Treaty]

[54] Oyeniyi Abe and Damilola S. Olawuyi, 'Business and Human Rights Law and Practice in Africa' *Business and Human Rights Journal*, Edward Elgar Publishing Ltd, 2022, Chapter one.

[55] Bantayehu Demlie Gezahegn, 'Business and Human Rights in Ethiopia: The Status of the Law and the Practice', *Mizan Law Review*, 2023, Vol 17, Issue 1, pp. 1-42.

framework. The article try to review Ethiopian constitutional provisions and statutory laws, arguing that there is no comprehensive, coherent legal framework that embeds corporate human-rights obligations. His article suggests that Ethiopia has an opportunity to align with the BHR paradigm by implementing legal reforms, strengthening regulation and enforcement. But Bantayehu's analysis is very short and lacks a comprehensive legal analysis in respect of examining the relevant laws from the perspective of contextualizing international standards and best practices on BHR into national context. The article try to simply touch up on some provisions of the FDRE constitution and statutory laws and proceed with on actual business practices in garment and textile factories, mining, and *the case of Meta*, which shows the lack of focus on comprehensive legal analysis to identify gaps and inconsistencies to provide a robust analysis and to propose a good fit approach in legal reforms considering the current trends of global standards on BHR. And also, despite Bantayehu's article briefly touches on the need to balance economic objectives with human rights protections, it does not provide a thorough examination of how this balance can be achieved. My thesis will explore concrete legislative and policy measures that facilitate this balance. Additionally, since there is an ongoing process to develop NAP in Ethiopia at the moment, we need to examine it as it should be a clear national roadmap for improving business conduct and protecting human rights in Ethiopia. Generally, Bantayehu's work is an article-length overview, not a full doctrinal thesis, and it primarily describes the status of the law by briefly examining constitutional and statutory provisions related to business conduct without undertaking a systematic, structured alignment analysis with international BHR standards like the UNGPs, or the ongoing UN binding treaty process. In addition, Bantayehu does not engage with recent legal and policy developments including Ethiopia's evolving NAP on BHR or the implications of the new Commercial Code of 2021, nor does he develop a detailed comparative or reform-oriented framework for Ethiopia. My proposal is broader, deeper, and more forward-looking, as it explicitly aims to undertake a comprehensive doctrinal and comparative analysis of Ethiopia's legal framework in light of international BHR standards, identify both challenges and opportunities, assess alignment and gaps, and propose concrete legal and policy reforms tailored to Ethiopia's context.

Another domestic relevant work is *Alemayehu Begna's* thesis titled '*Corporate Human Rights Abuse and the Accountability Gap in Ethiopia'*[56]. Alemayehu Begna's 2020 LL.M thesis provides an important starting point for understanding corporate human rights abuse and accountability gaps in Ethiopia, but it leaves several critical issues unresolved that my proposal deliberately seeks to address. Alemayehu's work is temporally limited and does not capture more recent legal, institutional, and policy developments, such as the drafting of Ethiopia's NAP on BHR, the adoption of the new Commercial Code of 2021, and the evolving global momentum towards binding BHR obligations. Although he

[56] Alemayehu Begna, Corporate Human Rights Abuse and the Accountability Gap in Ethiopia, LLM Thesis, Addis Ababa University, School of Law, 2020,

successfully identifies key problems including the absence of a comprehensive BHR framework, weak institutional mechanisms, and inadequate remedies for victims, his analysis remains largely descriptive and diagnostic, offering only broad recommendations rather than comprehensive legal analysis, and reform-oriented model. He also relies primarily on soft-law instruments, without engaging deeply with the ongoing negotiations of a legally binding international treaty or systematically measuring Ethiopia's laws against international standards. In contrast, my thesis proposal is designed to move beyond problem identification by conducting a detailed doctrinal and comparative analysis of Ethiopia's legal framework in light of international and regional BHR standards, examining current reforms and emerging norms, and developing concrete legislative and policy recommendations.

In conclusion, although existing international and national scholarship has made valuable contributions to the understanding of business and human rights, especially in highlighting the weaknesses of voluntary frameworks and the fragmented nature of Ethiopia's legal response, none of the reviewed works provides a comprehensive, updated, and systematically aligned doctrinal analysis of Ethiopia's current legal framework in light of evolving international BHR standards. Both international and domestic studies either remain too general, limited in scope, or largely descriptive, without developing a comprehensive, reform-oriented legal model for Ethiopia. Accordingly, this study fills a clear knowledge and policy gap by undertaking a detailed, comparative, and forward-looking examination of Ethiopia's legal framework on BHR, with the aim of proposing concrete, local context-sensitive legal and policy reforms.

1.9. Organization of the Research

This research organized into four chapters. The first chapter, Chapter One, is about the introduction part that provides an overview of the study, including the background, statement of the problem, objectives, scope, research questions, and methodology, establishing the foundation for analyzing the legal framework of corporate human rights abuses. The second chapter discusses the concept and international legal framework of BHR; clarified the concept of BHR, explore the international and regional legal instruments and frameworks in the field, including international guidelines, conventions, statutes, and the jurisprudence of international case laws. This chapter generally provides a global perspective on addressing BHR. The third chapter is on the Ethiopian legal framework on BHR. This chapter critically assesed and examined Ethiopia's legal system in addressing corporate human rights abuse by assessing its incorporations in relevant legislations including the FDRE constitution. It also assesses the alignment of Ethiopia's legal framework with international BHR standards, therbay identifies legal gaps and opportunities for strengthening corporate human rights responsibility including learning from international and comparative experiences towards mandatory corporate human rights obligation and human rights due diligence. The fourth chapter, Conclusion and Recommendations,

summarized the findings and proposes potential recommendations for contextually grounded comprehensive national legal framework in light of the trends in international standards.

CHAPTER TWO

CONCEPTUAL AND INTERNATIONAL NORMATIVE FRAMEWORK OF BUSINESS AND HUMAN RIGHTS

2.1. Introduction

The regulation of business conduct in relation to human rights has been emerged as a significant concern in contemporary international human rights discourse. While economic actors play an indispensable role in development, employment creation, and technological advancement, their activities have increasingly been associated with adverse human rights impacts across jurisdictions.[57] Traditionally, international human rights law has focused on the obligations of states, leaving the role and responsibility of business entities largely under regulated.[58] However, the growing influence of corporations, particularly multinational enterprises, has necessitated a reexamination of this state centric approach.

Against this backdrop, the BHR framework has been evolved to clarify normative expectations regarding corporate conduct and state duties in preventing, addressing, and remedying business-related human rights abuses. This chapter provides the international conceptual and normative foundation necessary for analyzing Ethiopia's legal framework on BHR. It first clarifies the meaning, scope, and theoretical underpinnings of the BHR agenda, including the concepts of corporate social responsibility, corporate responsibility and accountability, and corporate human rights due diligence. It then traces the historical evolution of BHR agenda.

Furthermore, the chapter examines the principal international and regional normative instruments relevant to business and human rights, with particular emphasis on the UNGPs, OECD Guidelines for Multinational Enterprises, and emerging initiative toward a legally binding international instrument. Regional developments within the African human rights system are also discussed to highlight context-sensitive approaches. By establishing the applicable international and regional normative framework, this chapter lays the analytical groundwork for assessing Ethiopia's domestic legal framework in subsequent chapters.

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[57] Julia Bialek, Evaluating the Zero Draft on a UN Treaty on Business and Human Rights: What does it regulate and how likely is its Adoption by States?, *Goettingen Journal of International Law*, 2019, Vol. 9 Issue 3, P. 501-536, p. 504 [Here in after, J. Bialek, Evaluating the Zero Draft on a UN Treaty on Business and Human Rights: What does it regulate and how likely is its Adoption by States?]

[58] John Gerard Ruggie, Just Business: Multinational Corporations and Human Rights, W.W. Norton & Company, New York, 2014, P. 361-362 [Here in after, J. Ruggie, Just Business: Multinational Corporations and Human Rights]

2.2. Conceptual Foundations of Business and Human Rights

Various concepts are used within the BHR discourse to explain the extent of business entities' responsibility for their impacts on human rights. Key concepts in this field include the phrase "Business and Human Rights" itself, corporate social responsibility, corporate responsibility and accountability, and human rights due diligence. These concepts have been widely employed to assess corporate conduct and state regulation, and they form the foundation of the international standards and guidelines that have developed over the past decades. Accordingly, the following section examines these concepts to clarify their relevance to the BHR framework.

2.2.1. Meaning and Definition of "Business and Human Rights"

The concept of BHR has evolved as a distinct normative framework that defines the human rights responsibilities of businesses.[59] These responsibilities include respecting and protecting human rights throughout corporate value chains, avoiding causing or contributing to human rights abuses through their activities and conduct, and ensuring access to remedies for individuals whose rights have been adversely affected by business operations.[60] It is described as the '*new rules of the game*' developed by states, international organizations, multi-stakeholder initiatives, corporations, industry associations, civil society organizations, legal professionals, and academics to shape and guide responsible businesses conduct and make accountable them for human rights abuses they committed.[61] More directly, the organization International Society for Human Rights (ISHR) based on the UNGPs, has defined the phrase "*Business and Human Rights*" as the responsibility of companies to respect, protect, and remedy the human rights impacts associated with their operations and supply chains.[62] Hence, BHR fundamentally refers to the obligation of businesses to respect human rights throughout their operations and across their value chains, as articulated in the UNGPs. This is because businesses, through their operations, supply chains, and policies, can directly or indirectly contribute to human rights violations.

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[59] Judith Schrempf-Stirling *et al,* 'Human Rights: A Promising Perspective for Business & Society,' *Sage Journal*, 2022, Vol. 61, Issue. 5, pp. 1282–1321, p. 1283, available at https://journals.sagepub.com/doi/pdf/10.1177/00076503211068425 (Last accessed on 20 March 2026) [Here in after, Judith Schrempf-Stirling *et al*, Human Rights: A Promising Perspective for Business & Society]

[60] Judith Schrempf-Stirling *et al*, Human Rights: A Promising Perspective for Business & Society, p. 1283

[61] Surya Deva, From 'business or human rights' to 'business and human rights': what next?, 2020, p. 3, [Here in after, Surya Deva, From 'business or human rights' to 'business and human rights': what next?'] available at HRB_Handbook_-_Ch_1.pdf (last accessed 06 February 2026)

[62] International Society for Human Rights, Business and human Rights, available at 2025-07-02-Business-and-Human-Rights.pdf (Last accessed on 18 February 2026)

Some others also conceptualize BHR through the lens of due diligence, viewing it as the practical implementation of the UNGPs within intricate corporate hierarchies and global supply chains.[63] This mean that it involves a step-by-step process to identify, prevent, mitigate, and account for how a business addresses its adverse human rights impacts. This illustrates that BHR is not something a company does just once, instead, it is a constant, repeating process built into daily business activities to make sure the company does not harm human beings.

From a scholarly perspective, BHR is viewed as an evolving and contested framework aimed at regulating the relationship between corporate power and human rights norms within the context of a globalized capitalist economy.[64] This perspective seems goes beyond a narrow understanding of corporate responsibility and frames BHR as a broader governance project that seeks to manage the inherent tension between profit driven business activities and the protection of human dignity.

After all for our purpose, grasping the doctrine of BHR requires a detailed analysis of its constituent elements which are the so called three pillars of the UNGPs. These elements constitute the standard by which corporate human rights responsibility is interpreted and enforced within a certain legal system. The first pillar is the state duty to protect, which reaffirms the sovereign obligation of governments to shield individuals from human rights infractions by third parties, including business entities.[65] Form this pillar and its commentary we can simply understand that since states grant businesses the legal license to operate, they must also shape the regulatory framework to prioritize human rights protections. The second one is the corporate responsibility to respect,[66] which is the central tenet of the BHR movement. As it is clearly provided under principle 11 and its commentary of UNGPs, businesses have a fundamental duty to respect all internationally recognized human rights. This obligation exists independently of the state's own performance; even if a government fails to protect rights, the business remains a moral agent with duties that transcend mere legal compliance.[67] This suggests that the corporate responsibility to respect is a social expectation that is gradually hardening into soft law (UNGPs). Thirdly, when corporate activities lead to or contribute to rights violations, victims must have a viable path to justice

[63] Business and Human Rights, available at https://esg.sustainability-directory.com/term/business-and-human-rights/ (Last accessed on 21 February 2026)
[64] *Ibid*
[65] UNGPs, Principle 1 and 3, p. 3
[66] *Id*, Principle 11- 24, p. 13-26
[67] *Id*, Commentary to Principle 11, p. 13

(access to remedy).[68] As explained in the commentary of principle 25, this pillar (access to remedy) mandates that when business related abuses occur, effective judicial and non-judicial channels must be available to ensure accountability is not just a concept, but a reality for those seeking compensation or restoration.

Therefore, identifying these components offers a systematic framework for understanding the scope of BHR. The concept extends beyond the mere avoidance of direct violations by businesses and encompasses proactive efforts to prevent adverse impacts and to ensure remedies when harm occurs. In this context, it is particularly important to distinguish BHR from CSR; accordingly, the following section is dedicated to examining this distinction.

2.2.2. Business and Human Rights V. Corporate Social Responsibility

The relationship between BHR and CSR is complex and evolving. In the past decade, the discourse on BHR has developed both from and alongside the CSR framework. CSR scholars have long debated the scope of obligations that fall within CSR specifically, whether it is sufficient for companies to meet basic legal and economic requirements, such as compliance with the law, or whether CSR instead requires businesses to go beyond legal obligations and exceed minimum compliance standards. Nevertheless, as Anita Ramasastry observes, CSR continues to emphasize corporate voluntary initiative and responsiveness rather than state-driven regulation or enforceable accountability.[69] This shows that, regarding their relationship, both BHR and CSR at least require businesses to consider the impact of their activities on human rights, meaning both of them share the common starting point of corporations having responsibilities beyond their shareholders. They are interrelated concepts that center on the expectation that companies conduct their activities in a responsible and socially constructive way.[70]

However, while CSR and BHR are close cousins, they are increasingly diverging into two distinct strands of discourse. Starting from the beginning of their origin CSR grew out of scholarship from the business academy, whereas BHR emerged from legal academics and human rights advocates focused on formalistic rights and legal remedies.[71] In historical terms,

[68] *Id*, Principle 25, p. 27
[69] Anita Ramasastry, 'Corporate Social Responsibility Versus Business and Human Rights: Bridging the Gap between Responsibility and Accountability,' p. 239
[70] Judith Schrempf-Stirling, Harry J. Van Buren, and Florian Wettstein, 'Human Rights: A Promising Perspective for Business & Society,' *Business and Society*, 2022, Vol. 61 No. 5, P. 14. [Here in after, Judith Schrempf-Stirling and others, 'Human Rights: A Promising Perspective for Business & Society]
[71] Anita Ramasastry, 'Corporate Social Responsibility Versus Business and Human Rights: Bridging the Gap between Responsibility and Accountability,' p. 237

the modern BHR movement is characterized by a quest for corporate accountability to mitigate adverse impacts on individuals, marking a shift away from a purely company driven vision of stakeholder engagement, which is typical of CSR.[72]

Furthermore, CSR has emphasized on corporate voluntarism, self-guided decision-making, and voluntary measures rather than legally binding requirements.[73] In contrast, the BHR narrative moves the debate into the realm of binding law and state sponsored oversight, focusing on the use of state commitments and binding laws as necessary tools for accountability.[74] Hence, unlike CSR, which may rely on voluntary codes or local law, BHR benchmarks corporate conduct against universally recognized human rights principles found in international treaties. In connection to this their difference can be also seen in view of scope of responsibility as philanthropy vs. human rights due diligence. CSR is often seen as *"á la carte,"* where companies choose which social issues to address based on what is "*good for business or do good*", whereas BHR establishes a core obligation to respect human rights and "*do no harm*" wherever a company operates.[75] To explain it, CSR focuses on the positive role businesses play in society, like fulfilling rights (e.g., job creation), while BHR is primarily concerned with the negative obligation to respect rights by avoiding harm. In line with this, a key innovation of BHR is the requirement for human rights due diligence, an ongoing, iterative process to identify, prevent, and account for adverse human rights impacts.[76] This takes companies out of a piecemeal approach and into a continuous risk assessment process against a common set of rights.

Last but not least, the difference between BHR and CSR can also be viewed in terms of accountability and remedy. The BHR framework is focused on victims or affected communities, by articulating their concerns in terms of remedies and justice once a violation has occurred, as articulated in the third pillar of UNGPs. By contrast, CSR, let alone providing remedies for victims of abuse, lacks a consistent framework defining the role of businesses with respect to the protection or promotion of human rights.[77] Unlike to this, the primary measure of BHR is the importance of "*access to remedy*," requiring states to provide

[72] Nojeem Amodu, 'Business and human rights versus corporate social responsibility: Integration for victim remedies,' *African Human Rights Law Journal*, 2021, Vol. 21, No. 2, pp. 853-876, p. 858 [Here in after, Nojeem Amodu, 'Business and human rights versus corporate social responsibility: Integration for victim remedies']
[73] Bantayehu Demlie, 'Business and Human Rights in Ethiopia: The Status of the Law and the Practice', p. 5
[74] Judith Schrempf-Stirling and others, 'Human Rights: A Promising Perspective for Business & Society, p.16
[75] Anita Ramasastry, 'Corporate Social Responsibility Versus Business and Human Rights: Bridging the Gap between Responsibility and Accountability,' p. 239
[76] UNGPs, Principle 17, p. 17-18
[77] Anita Ramasastry, 'Corporate Social Responsibility Versus Business and Human Rights: Bridging the Gap between Responsibility and Accountability,' p. 239

judicial and non-judicial mechanisms as part of their duty to protect against business related human rights abuse,[78] and require businesses to provide non-judicial grievance processes.[79] Hence, BHR further aims to bridge the governance gaps where states are unwilling or unable to provide access to remedies for violations caused by business.

In conclusion, BHR emerged as a response to the perceived failure of voluntary CSR to effectively address corporate human rights impacts.[80] As a result, the contemporary BHR movement is increasingly distancing itself from CSR and from the notion of companies as merely voluntary and positive contributors to the realization of human rights.[81] It evaluates corporate conduct against universally recognized human rights standards rather than relying solely on voluntary codes or principles. In the lens emerging BHR, a company cannot offset a human rights violation (like poor labor conditions) by doing a good deed (like building a school), meaning the duty to respect is non-negotiable and cannot be traded for CSR activities.

2.2.3. Corporate Human Rights Responsibility vs. Accountability: Conceptual Foundations

The term corporate human rights responsibility and corporate human rights accountability are usually used interchangeably in various literatures, leading to confusions about their true meanings and implications. They are closely related but conceptually distinct. Taking this reality, it needs to clarify these concepts and their relevancy to the movement of BHR, which especially the UNGPs, marks an important development in the evolving normative landscape governing corporate responsibility and accountability for human rights impacts.

Some scholars view the corporate responsibility and corporate accountability in the lens of CSR and BHR respectively. According to the writer known as T Walsh, corporate responsibility generally refers to a company's obligation to conduct its business in an ethical manner, taking into account its impact on society, the environment, and various stakeholders, including employees, customers, and local communities.[82] Human rights accountability,

[78] UNGPs, Principle 26-27, p. 28 and 30
[79] *Id*, Principle 28, p. 31
[80] Anita Ramasastry, 'Corporate Social Responsibility Versus Business and Human Rights: Bridging the Gap between Responsibility and Accountability,' P. 238
[81] *Id*, pp. 249-250
[82] T Walsh, 'What is the difference between corporate responsibility and human rights accountability?,' *bromundlaw.com*, online, 2024, available at https://bromundlaw.com/human-rights/corporate-responsibility-vs-human-rights-accountability (Last accessed on 26 February 2026) [Here in after, T Walsh, 'What is the difference between corporate responsibility and human rights accountability?,']

however, carries a more specific and structured meaning. It relates to a company's duty to respect internationally recognized human rights throughout its operations and supply chains, including the responsibility to prevent abuses, address adverse impacts, and provide remedies to affected individuals or communities.[83] Hence, he argues that while responsibility is primarily about ethical and expected conduct (essence of CSR), accountability is a more focused and normatively grounded obligation centered on the protection and realization of human rights, including remedy (a component of BHR).

Others, however, have recently attempted to conceptualize these ideas within the BHR framework. They defined corporate accountability in the human rights context as the legal liability of businesses to bear responsibility and answer for adverse human rights impacts resulting from their activities.[84] At this core, corporate responsibility denotes the roles and duties entrusted to entities, while accountability highlights its obligation to justify its conduct and bear the consequences of the results arising from its activities.[85] Hence, responsibility relates to the duties corporations are expected to assume to respect human rights in their operations, while accountability requires them to provide remedies when their actions result in abuse. From this perspective, corporate responsibility aligns with the second pillar of the UNGPs (the responsibility to respect), whereas accountability is linked to the third pillar (access to remedy), by emphasizing on the mechanisms through which corporations must answer for their conduct when violations arise.

Together, these concepts can create a coherent framework as responsibility establishes the normative expectations placed on corporate actors, and accountability ensures that those expectations are not merely aspirational but enforceable in practice. In the BHR context, this distinction is essential because it shifts the discussion from voluntary corporate commitments or simple duty to respect, to a more structured system in which companies are not only expected to respect human rights but are also required to justify their conduct and, where necessary, provide redress.

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[83] *Ibid*

[84] Nojeem Amodu, 'Business and human rights versus corporate social responsibility: Integration for victim remedies,' p. 858

[85] Disha Nirav, 'Accountability vs Responsibility: Top 20 Differences in 2026,' Blog, *Edstellar*, 2026, Available at https://www.edstellar.com/blog/accountability-vs-responsibility (Last accessed on 26 February 2026) [Here in after, Disha Nirav, 'Accountability Vs Responsibility: Top 20 Differences in 2026,']

2.2.4. Human Rights Due Diligence (HRDD)

Corporate HRDD, which may be understood as a form of risk management system, is another key concept that must be defined in the context of BHR. As reflected in the second pillar of the UNGPs, particularly Principles 17–21, HRDD is presented as the primary mechanism through which businesses are expected to operationalize their responsibility to respect human rights. Accordingly, this section clarifies the concept of HRDD primarily in light of the UNGPs framework.

HRDD is a cyclical principal process through which business enterprises identify, prevent, mitigate, and account for how they address their adverse human rights impacts, and assess the nature of the actual and potential adverse human rights impacts with which a business enterprise may be involved.[86] The purpose is to identify and understand specific impacts on particular individuals or groups within a defined operational context, as clarified in the commentary to Principle 18 of the UNGPs. The foundational step of this process is the adoption of a formal human rights policy[87] as a prerequisite for effective due diligence.[88] Hence, HRDD is a standard of conduct rather than a standard of result as it requires companies to take reasonable steps to identify and assess their actual and potential human rights impacts.

As understand from the UNGPs, after adopting a human rights policy, due diligence is envisaged as comprising four further steps, in form resembling an archetypal continuous improvement cycle. The first step is about identifying human rights risk and impact assessment (articulated under principle 18). Enterprises must identify any actual or potential adverse human rights impacts they may cause, contribute to, or be directly linked to via business activities or relationships.[89] It requires, where possible, an assessment of the prevailing human rights context prior to undertaking a proposed business activity, the identification of potentially affected stakeholders, the identification of applicable human

[86] UNGPs, Principle 17, P. 17

[87] *Id*, Principle 15 and 16 with their commentary, pp. 15-16, The UNGPs emphasize that board-level commitment is central to ensuring that human rights considerations are effectively implemented in practice, especially when they intersect with competing commercial interests. In addition, they require that these policies be publicly disclosed to enhance transparency and enable affected stakeholders to engage with and scrutinize corporate conduct.

[88] *Id*, Principle 15, p. 15

[89] Claire Methven O'Brien and Giulia Botta, 'The Corporate Responsibility to Respect Human Rights: An Updated Status Review' 2022, P. 5 [Here in after, Claire Methven O'Brien and Giulia Botta, 'The Corporate Responsibility to Respect Human Rights: An Updated Status Review']

rights standards and issues, and an analysis of how the contemplated activity and associated business relationships may give rise to adverse impacts.[90]

The second step requires companies to act upon the findings of the assessment by incorporating appropriate response measures into their policies and operational practices, in accordance with Principle 19. Without effective integration across relevant internal departments and operations, the assessment risks remaining a formal exercise rather than producing substantive behavioral change.[91] Thirdly, businesses must verify whether their intervention actually worked–tracking performance (Principle 20).[92] It suggests that evaluating the extent to which the measures implemented by the company effectively prevent or mitigate adverse human rights impacts.[93] This tracking should be based on qualitative and quantitative indicators and must draw on feedback from both internal and external sources, including affected stakeholders to provide the feedback loop necessary for the continuous improvement cycle.[94] Finally, businesses are required to provide public communication regarding the company's due diligence procedures and the results achieved through their implementation, communicating and reporting (Principle 21).[95] Companies must be prepared to communicate how they address their human rights impacts externally, providing enough information for stakeholders to evaluate the adequacy of the response.[96] This is moving toward formal, accessible reporting, moving away from glossy good news CSR stories.[97]

As a conclusion to this section, it is important to note that this process of HRDD is incomplete without a link to remedy. Considering the right of victims of business related human rights abuses to effective remedies enshrined in the third pillar of the UNGPs framework, companies should take necessary measures to address and remedy the adverse impacts of their activities on affected rights holders.[98] Additionally, it is important to note that since 2011, numerous governance actors have explicitly endorsed the UNGPs and urged companies to adopt them and implement human rights due diligence. In 2011, the EU

[90] UNGPs, Commentary to principle 18, p. 19
[91] *Id*, Commentary to principle 19, p. 21
[92] *Id*, Principle 20, p. 22
[93] Claire Methven O'Brien and Giulia Botta, 'The Corporate Responsibility to Respect Human Rights: An Updated Status Review' P. 5
[94] UNGPs, Principle 20 and its commentary, PP. 22–23
[95] Claire Methven O'Brien and Giulia Botta, 'The Corporate Responsibility to Respect Human Rights: An Updated Status Review' P. 5. See also UNGPs, Principle 21, P. 23
[96] UNGPs, Principle 21, P. 23
[97] Claire Methven O'Brien and Giulia Botta, 'The Corporate Responsibility to Respect Human Rights: An Updated Status Review' P. 5
[98] UNGPs, Commentary to principle 22, P. 24

reaffirmed this position in its communication on CSR, and in 2014 the UN Human Rights Council (UNHRC) followed with a similar endorsement.[99] Likewise, 42 countries have adopted national action plans on BHR while several others (including Ethiopia) are in progress generally urging companies to respect human rights and carry out due diligence in line with the guiding principles.[100] Moreover, building on the UNGPs as a starting point, governments have developed their own mandatory national standards and regulations that require companies to adopt human rights due diligence processes aligned with the guiding principles, or at least incorporate key elements of them. Such obligations are reflected, for example, in France's 2014 *Loi de Vigilance (République Française, 2017),* as well as in legislation enacted in Germany (*Bundestag, 2021*) and Norway (*Stortinget, 2021*) in 2021.[101] The following section briefly traces the historical foundations before examining the international normative standards of the BHR framework, which designate HRDD as the principal mechanism for operationalizing corporate responsibility to respect human rights.

2.3. Historical Evolution of the Business and Human Rights Agenda

Before directly discussing how international legal frameworks conceptualize and address the agenda of BHR, a brief but a comprehensive exploration of the historical development of the BHR framework is essential to contextualize its normative foundations, institutional evolution, and underlying principles. This brief historical survey is not merely a chronological exercise rather; it serves to map the normative trajectory of the BHR framework, illustrating the paradigm shift from voluntary, CSR led corporate goodwill to the contemporary requirement for enforceable legal accountability and mandatory human rights due diligence, as well as indicating the implication in the future.

Initially, the relationship was often framed as an antagonistic dichotomy, a zero-sum game where the pursuit of profit by businesses was viewed as inherently contradictory to the protection of human rights called the *"business or human rights"* era.[102] The well-known Berle–Dodd debate of the early 1930s reflected the spirit of that period, with Berle contending that corporations ought to use their power exclusively in the interests of their

[99] Claire Methven O'Brien and Giulia Botta, 'The Corporate Responsibility to Respect Human Rights: An Updated Status Review' p. 6
[100] *Id*, p. 6
[101] *Id*, p. 8
[102] Surya Deva, From 'business or human rights' to 'business and human rights': what next?', p. 2

shareholders.[103] His position was later strongly advanced by other scholars, most notably Milton Friedman, who famously maintained that in a free market economy the sole social responsibility of business is to maximize profits for its shareholders.[104] And recently, Elaine Sternberg has defended a similar view, arguing that the core purpose of business is to maximize long term owner value through the sale of goods and services, and that allocating corporate resources to non-business objectives, such as social responsibility, is comparable to misappropriation.[105] It suggests that in this era, business entities were largely perceived as outside the scope of international human rights obligations, which were viewed as the exclusive domain of the state.

In subsequent years, the positions advanced by Berle, Friedman, and Sternberg were increasingly challenged on legal, normative, and practical grounds. Today, most corporations would not at least openly assert that their sole objective is profit maximization regardless of the social harm it may cause.[106] As a result, the "*business or human rights*" era has largely diminished, even though elements of it persist. For instance, the ongoing emphasis on the business case for human rights indicates that companies are still often expected to frame their commitment to human rights in terms of profitability.[107] Here one may rise that, if human rights are treated merely as instruments for increasing profits of businesses, then the claim that corporations are becoming more socially responsible appears questionable. In this regard, Friedman himself criticized the use of CSR as a façade for actions that could just as easily be defended on the grounds of corporate self-interest.[108]

Turning to the BHR era the central focus of this paper, although the term 'business and human rights' gained prominence only more recently, its foundations can be traced back to the early 1970s. It is widely acknowledged that the developments of the mid-1990s, particularly the execution of Nigerian playwright and activist Ken Saro-Wiwa, marked a

[103] Adolph A Berle, 'Corporate Powers as Powers in Trust' *Harvard Law Review*, 2013, Vol. 44, p. 1049 [Here in after, Adolph A Berle, 'Corporate Powers as Powers in Trust'] available at Adolf Berle - corporate powers as powers in trust.pdf - +(,121/,1(Citation: 44 Harv. L. Rev. 1049 1930-1931 Content downloaded/printed from HeinOnline (http:/heinonline.org) Wed - College Sidekick (Last accessed on 02 March 2026)
[104] Surya Deva, From 'business or human rights' to 'business and human rights': what next?', p. 2
[105] *Ibid.* See also https://philpapers.org/rec/STEJBB (Last accessed on 02 March 2026)
[106] Surya Deva, From 'business or human rights' to 'business and human rights': what next?', p. 2
[107] *Ibid*, pp. 2–3. As Surya Deva notes, on 28 April 2011, John Morrison was invited to speak on the 'business case' for human rights, addressing the intersection of values, expectations, and risk, at an event organized by The Coca-Cola Company and its stakeholders in Atlanta. Morrison emphasized that human rights should not be viewed as an external burden, but rather as an essential element of modern business strategy.
[108] Milton Friedman, 'The Social Responsibility of Business Is to Increase Its Profits,' *New York Times Magazine*, 1970, p. 213. [Here in after, Milton Friedman, 'The Social Responsibility of Business Is to Increase Its Profits,']

turning point in the emergence of the BHR movement in a more defined sense.[109] Ken Saro Wiwa led large scale protests against the severe environmental degradation in Nigeria's Niger Delta and the destruction of the livelihoods of tens of thousands of Ogoni people caused by Western oil companies (basically the company known as Royal Dutch Shell[110] oil corporation) since the 1970s.[111] However, this common account situates the origins of the BHR movement at the moment it gained international attention in the 1990s, rather than recognizing its earlier roots in the local struggles of the Ogoni community during the 1970s.[112] In this respect, Saro-Wiwa's execution and the global protest that followed may be better understood as marking the beginning of a more coordinated international movement and discourse on BHR, as well as the growing recognition particularly in the Global North of the human rights implications of corporate conduct.[113]

Similarly as a starting point to BHR, in 1973, the UN Economic and Social Council appointed a Group of Eminent Persons to examine the impact of transnational corporations on economic development and international relations.[114] This was followed by the adoption of soft law instruments by the OECD in 1976 and the ILO in 1977, outlining responsibilities for multinational enterprises.[115] Additionally, in 1977, the Sullivan Principles were introduced to define the role of corporations in opposing apartheid in South Africa, and the 1984 Bhopal gas disaster in India, which resulted in thousands of deaths, further underscored the human rights implications of corporate activity.[116] Together, these developments gradually but firmly laid the groundwork for what later became known as the BHR era. By the early 1990s, the BHR discourse had gained increasing prominence driven in part by high-profile litigation under the Alien Tort Statute (ATS), as well as sustained civil society

[109] Florian Wettstein, 'The history of 'business and human rights' and its relationship with corporate social responsibility,' Research Handbook on Human Rights, *Edward Elgar*, 2020, p. 25 [Here in after, Florian Wettstein, 'The history of 'business and human rights' and its relationship with corporate social responsibility,']
[110] Shell plc is a British multinational oil and gas company, headquartered in London, England, available at https://en.wikipedia.org/wiki/Shell_plc (Last accessed on 05 March 2026)
[111] Florian Wettstein, 'The history of 'business and human rights' and its relationship with corporate social responsibility,' p. 25
[112] *Ibid*
[113] *Ibid*
[114] UN Department of Economic and Social Affairs, The Impact of Multinational Corporations on Development and on International Relations United Nations , New York, 1974, p. 3. [Here in after, UN Department of Economic and Social Affairs, The Impact of Multinational Corporations on Development and on International Relations United Nations) Available at The impact of multinational corporations on development and on international relations (Last accessed on 02 March 2026)
[115] *Id*, p. 55
[116] Surya Deva, 'From 'business or human rights' to 'business and human rights': what next?', p. 3

advocacy and reporting while the earlier "*business or human rights*" paradigm began to decline significantly.[117]

A distinctive component of the BHR era, the current dominating era, has been development of standards as the new rules of the game by states, international organizations, multi-stakeholder groups, corporations, industry associations, civil society organizations (CSOs), lawyer associations and academics to guide business behavior.[118] In this regard, the UN's historical engagement in setting standards on BHR can be broadly divided into four phases. The first phase, spanning roughly from 1974 to 1992, was marked by debates framed around rights versus responsibilities.[119] Developing countries sought to impose binding obligations on transnational corporations (TNCs), whereas developed countries focused on securing fair treatment and protection for those corporations in host states.[120] This period concluded in 1992 when the UN suspended negotiations on the proposed code of conduct on transnational corporations.[121]

The second phase (1998–2004) centered on the debate between voluntary and binding regulation.[122] One track led to the adoption of the 2003 Draft Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights, which was sought to articulate direct human rights obligations for corporations. [123] In contrast, the voluntary approach resulted in the formal launch of the UN Global Compact in 2000, built on around ten principles covering human rights, labour standards, and environmental protection,[124] as discussed in the background of the study section of this thesis.

The third phase was marked by the six-year mandate (2005–2011) of John Ruggie, whose work was guided by what he termed "*principled pragmatism*," an approach that sought practical consensus while remaining grounded in normative principles for both states and

[117] *Ibid*
[118] *Ibid*
[119] *Ibid*
[120] Florian Wettstein, 'The history of 'business and human rights' and its relationship with corporate social responsibility,' p. 26 In response to developing nations' increasing concern regarding the rising power of multinational companies, the UN created a new Center on Transnational Corporations in 1974, whose main task was to devise a comprehensive code of conduct for multinational corporations.
[121] *Ibid*. Facing opposition from Western governments and from multinational corporations themselves, the draft code project was abandoned and the Center dissolved some around 1990s.
[122] Surya Deva, 'From 'business or human rights' to 'business and human rights': what next?,' p. 4
[123] *Ibid*
[124] Bantayehu Demlie, Business and Human Rights in Ethiopia: The Status of the Law and the Practice, p. 6

businesses.[125] This process culminated in the unanimous endorsement of the UNGPs by the UNHRC in June 2011.[126]

The fourth and ongoing phase began in June 2014, when the UNHRC adopted a resolution establishing an open-ended intergovernmental working group mandated to elaborate a legally binding international instrument to regulate, under international human rights law, the activities of transnational corporations and other business enterprises.[127] This development reintroduced a familiar tension this time framed as a 'soft versus hard' law divide between continued reliance on the UNGPs and efforts to negotiate a binding treaty.[128] At the same time, debate has also centered on whether the proposed treaty should be seen as conflicting with, or complementary to, the UNGPs, reflecting differing visions about the future direction of the BHR regime.[129]

Ultimately, in the process of standard-setting during the BHR era, the UNGPs stand out as a defining milestone. Its role in advancing the BHR agenda has been widely acknowledged, including by their author, John Ruggie.[130] Beyond establishing a broadly accepted framework that aligns standards and practices, the UNGPs have also contributed to the internalization of human rights norms within corporate governance structures,[131] an essential step toward securing both corporate respect for human rights and meaningful accountability.

Finally, it is important to note that, the writer Surya Deva, who served as a member of the UN working group on BHR (2016-2022),[132] posits that while currently in its infancy, the 'Business of Human Rights' era will likely become the next dominant phase.[133] This stage shifts from merely managing risks or preventing harm toward a proactive model where the realization of human rights is integrated into the very purpose and core business model of the enterprise.[134] It is no longer just about avoiding negative impacts (as in the BHR era) but

[125] Florian Wettstein, 'The history of 'business and human rights' and its relationship with corporate social responsibility,' P. 29
[126] *Ibid*
[127] UNHRC, https://www.ohchr.org/en/hr-bodies/hrc/wg-trans-corp/igwg-on-tnc (Last accessed on 03 March 2026). See also UN Human Rights Council Resolution, Elaboration of an international legally binding instrument on transnational corporations and other business enterprises with respect to human rights, 26/9 (2014) [A/HRC/RES/26/9]
[128] Surya Deva, 'From 'business or human rights' to 'business and human rights': what next?,' p. 4
[129] Bantayehu Demlie, Business and Human Rights in Ethiopia: The Status of the Law and the Practice, p. 9
[130] Surya Deva, 'From 'business or human rights' to 'business and human rights': what next?,' p. 4. See also John Gerard Ruggie, 'Just Business: Multinational Corporations and Human Rights' *W.W. Norton & Company, New York*, 2013, pp. 361–362
[131] Surya Deva, 'From 'business or human rights' to 'business and human rights': what next?,' p. 4
[132] Bantayehu Demlie, 'Business and Human Rights in Ethiopia: The Status of the Law and the Practice,' p. 9
[133] Surya Deva, 'From 'business or human rights' to 'business and human rights': what next?,' p. 5
[134] *Ibid*

about making human rights the business of the company. The following section explores the relevant international legal and normative frameworks on BHR, which will be used as a benchmark for evaluating Ethiopian laws.

2.4. Examining International Legal and Normative Frameworks on Business and Human Rights

Having discussed the conceptual, and the historical shift from voluntary corporate social responsibility to a more structured human rights based approach, it is now time to examine the key normative instruments shaping the contemporary global framework of BHR. As noted in the introduction of this chapter, although human rights obligations were traditionally regarded as state centered, the expansion of global commerce has revealed regulatory gaps that require broader responses. Accordingly, a range of international normative frameworks has emerged to address corporate human rights impacts. These instruments operate within a broader global regulatory architecture composed of binding rules, soft-law standards, and sector specific guidelines, collectively setting expectations for corporate responsibility and accountability.

For a developing legal system such as Ethiopia's, these frameworks provide both guidance and a benchmark for assessing domestic laws. Accordingly, this section reviews the principal international normative instruments in the BHR field, tracing their development and examining the standards they establish for business enterprises.

2.4.1. The 2003 UN Norms on Transnational and Other Business Enterprises

The Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights approved by the UN-Sub commission in Resolution 2003/16 of 14 August 2003 represent the first major attempt to move away from purely voluntary corporate responsibility to impose direct human rights obligation on businesses.[135] They are as a result of a working group that was established in 1998 following

[135] David Weissbrodt and Muria Kruger, 'Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights,' *The American journal of International Law*, 2003, Vol. 97, pp. 901–922, p. 901 and 907, available at https://scholarship.law.umn.edu/faculty_articles/243 (last accessed on 05 March 2026) [Here in after, David Weissbrodt and Muria Kruger, 'Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights,']. See also Surya Deva, 'UN's Human Rights Norms For Transnational Corporations And Other Business Enterprises: An Imperfect Step In The Right Direction?,' *ILSA Journal of International & Comparative Law*,

the failure of development of a code of conduct in the previous two decades.[136] In accordance with its preamble paragraph 10, the development of these norms was rooted in the observation of global trends that increased the influence of transnational corporations over national economies, often resulting in economic activities that exceeded the capacities of any single national system.[137] While reaffirming that States maintain the primary responsibility to promote and protect human rights, the framework recognizes that business enterprises, as *"organs of society*," also bear responsibility for securing the rights set forth in the Universal Declaration of Human Rights (UDHR) and other international instruments.[138] Consequently, the norms establish that within their respective spheres of activity and influence, businesses have an obligation to promote, respect, and protect human rights recognized in both international and national law. To meet these obligations, enterprises are expected to exercise due diligence to ensure their activities do not contribute to, or benefit from, human rights abuses of which they were aware or should have been aware.[139]

The norms establish substantive human rights standards across 23 paragraphs covering several key areas[140]like the following. First, they require equal opportunity and non-discriminatory treatment, obliging businesses to eliminate discrimination based on race, sex, religion, or other irrelevant status. Second, regarding the security of persons, companies must not engage in or benefit from international crimes such as war crimes, torture, or forced labour, and must ensure that any security arrangements comply with international human rights standards. Third, the Norms provide strong protections for workers' rights by prohibiting forced or compulsory labour and protecting children from economic exploitation, while also requiring safe and healthy working conditions, fair remuneration ensuring an adequate standard of living, and recognition of the right to collective bargaining.

2004, Vol. 10: 493, p. 497 [Here in after, Surya Deva, 'UN's Human Rights Norms For Transnational Corporations And Other Business Enterprises: An Imperfect Step In The Right Direction?,]

[136] Tali Israel Tali, 'Business and Human Rights: Towards a Binding Treaty on the Activities of Transnational Corporations,' p. 35

[137] UN Sub-Commission on the Promotion and Protection of Human Rights, Norms on the responsibilities of transnational corporations and other business enterprises with regard to human rights, Fifty-fifth session, Agenda item 4, E/CN.4/Sub.2/2003/12/Rev.2, 2003, Preamble, Para. 10. [Here in after, UN Sub-Commission on the Promotion and Protection of Human Rights, UN Norms on the responsibilities of transnational corporations and other business enterprises with regard to human rights]

[138] *Id*, Para. 3–4

[139] UN Sub-Commission on the Promotion and Protection of Human Rights, Commentary Norms on the responsibilities of transnational corporations and other business enterprises with regard to human rights, Fifty-fifth session, 2003, Commentary on Para 1. [Here in after, Commentary on UN Norms on the responsibilities of transnational corporations and other business enterprises with regard to human rights]

[140] See the overall structure of UN Norms on the responsibilities of transnational corporations and other business enterprises with regard to human rights.

Beyond the workplace, the framework also establishes obligations related to consumer and environmental protection.[141] Businesses are required to ensure the safety and quality of their products and services while observing the precautionary principle. They are also responsible for the environmental and health impacts of their entire operational cycle and are expected to conduct regular impact assessments. For implementation, the norms propose that companies adopt internal operational rules and be subject to periodic, independent monitoring and verification by UN bodies or other national and international mechanisms.[142] Finally, the framework requires business enterprises to provide prompt and effective remedies including rehabilitation, reparation, compensation and restitution to individuals or communities harmed by their failure to comply with these standards.[143]

While the norms were not formally adopted as a binding international treaty, they appear in "*Amicus Curiae*"[144] briefs and legal arguments as evidence of a growing international consensus on corporate liability. For instance, during the *en banc* rehearing of the case *Doe v. Unocal Corporation*[145] in June 2003 (when the final draft of the UN norms are released), human rights organizations (like Earth Rights International) submitted briefs citing the international law norms and UN norms to define the standard of corporate complicity, by arguing Unocal had a duty to know about the Myanmar military's forced labor.[146] Similarly, although the 2003 UN Norms are not explicitly referenced, UN documents and broader principles of international law that form the foundation of the BHR framework were invoked

[141] *Id*, Para 13 and 14
[142] *Id*, Para 15 and 16
[143] *Id*, Para. 18
[144] *Amicus Curiae* is a Latin term meaning '*Friend of the Court.'* It refers to an individual or organization that is not a direct party to a lawsuit (the person suing or being sued) but is permitted by the court to provide specialized information or legal arguments. For example example, the Wiwa plaintiffs acted as an Amicus Curiae in the related *Kiobel v. Royal Dutch Petroleum* Co. case (2013) to provide a brief or legal analysis on whether certain international human rights violations (like extrajudicial killing) are legally defined enough to be heard in a U.S. court. See, United States District Court Southern District of New York, *Ken Wiwa, et al. v. Royal Dutch Petroleum Company and Shell Transport and Trading Company, p.l.c*, 96 Civ.8386, 2008, p. 4 available at https://ccrjustice.org/sites/default/files/assets/11.21.08%20Plaintiffs'%20Brief%20on%20International%20Law%20Norms%20FINAL.pdf (Last accessed on 21 March 2026) See also, U.S. Court of Appeals for the Second Circuit, *Kiobel v. Royal Dutch Petroleum*, 2013 available at https://www.oyez.org/cases/2011/10-1491 (Last accessed on 21 March 2026)
[145] 15 Burmese villagers (symbolized as *Doe* for their safety) brought a lawsuit against Unocal Corporation in U.S. courts under the Alien Tort Statute (ATS). They alleged that during the construction of the Yadana gas pipeline in Myanmar, Unocal's partner, the Myanmar military, committed serious human rights abuses, including forced labor, torture, and killings, to secure the project area. The plaintiffs argued that Unocal was complicit in these violations because it provided financial support and logistical assistance to the military while being aware that such abuses were occurring. On this basis, the company was accused of *"aiding and abetting"* the Myanmar military in committing human rights violations. The case did not reach a final judicial ruling in 2003; rather it ended in a settlement in 2005, with Unocal agreeing to compensate the affected villagers. available at https://earthrights.org/case/doe-v-unocal/ (Last accessed on 05 March 2026)
[146] Ninth Circuit Court of Appeals, *Doe v. Unocal Corporation*, Rehearing, 17 June 2003, Para 15–16.

in the *Wiwa v. Shell* litigation,[147] particularly in relation to corporate complicity arising from companies' support for human rights abuses committed by government authorities.[148]

Although it make a departure from the past, and could be characterized, in view of such departure, as an improvement over their predecessor as well as other regulatory regimes of corporate human rights responsibility at that time, the 2003 UN Norms faced significant criticism from both the international business community and legal scholars. The international business community, represented by the International Chamber of Commerce (ICC) and the International Organization of Employers (IOE), argued that the norms fundamentally misunderstood the nature of international law, by raising the duty-bearers of human rights obligations are States, not private persons in that making businesses responsible in a legal sense for the right to development or social progress was a privatization of governmental functions.[149] ICC and IOE further asserted that the Sub-Commission lacked the authority to create UN Norms and that the draft held no legal significance without adoption by higher UN law-making organs so that they claimed the marketing of these drafts as authoritative created global confusion.[150] Additionally, the business community found the norms to be extraordinarily vague, arguing they would turn human rights into highly subjective, politicized claims rather than clear legal rules.[151]

Coming to scholarly critiques, Surya Deva critiqued the Norms for their over reference to international instruments. He argued that merely deducing corporate obligations from treaties designed for States was circular and failed to provide a unique methodology for business conduct.[152] A major flaw identified was the failure to distinguish between broad aspirational goals like promoting social progress and operational standards that can be measured and

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[147] Relatives of the '*Ogoni Nine'* (a group of nine activists from the Ogoni region of Nigeria including activist Ken Saro-Wiwa) sued the Royal Dutch Shell oil corporation for complicity in the Nigerian government's torture and execution of environmental activists. The case alleged that Shell provided the Nigerian military with vehicles, helicopters, and ammunition to suppress protests against oil pollution. Available at https://en.wikipedia.org/wiki/Ogoni_Nine#HeroSection (Last accessed on 05 March 2026)

[148] United States District Court Southern District of New York, *Ken Saro-Wiwa, et al. v. Royal Dutch Petroleum Company and Shell Transport and Trading Company, p.l.c.*, Plaitif Brief on International Law Norms Persunt to October o7, 2008, pp. 9–10, available at 11.21.08 Plaintiffs' Brief on International Law Norms FINAL.pdf. (Last accessed on 05 March 2026)

[149] Joint views of the IOE and ICC on the draft Norms on the responsibilities of transnational corporations and other business enterprises with regard to human rights, March 2004, p. 4, available at Joint views of the IOE and ICC on the draft Norms on the responsibilities of transnational corporations and other business enterprises with regard to human rig (Last accessed on 05 March 2026) [Here in after, Joint views of the IOE and ICC on the draft Norms on the responsibilities of transnational corporations and other business enterprises with regard to human rights]

[150] *Id*, p. 2

[151] *Ibid*

[152] Surya Deva, 'UN's Human Rights Norms For Transnational Corporations and other Business Enterprises: An Imperfect Step In The Right Direction?, p. 510

audited.[153] Deva also pointed out that the Norms lacked a vigorous enforcement mechanism and failed to provide specific sanctions for non-compliance, relying instead on the very States that are often complicit in corporate abuses to provide the legal framework.[154] These very failures led to the appointment of John Ruggie and the creation of the UNGPs.

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

Endorsed unanimously by the UNHRC through resolution 17/4 in June 2011, the UNGPs on BHR represent the current authoritative global standard for preventing and addressing human rights abuses associated with business activities.[155] Drafted by the special representative John Ruggie, the UNGPs sought to overcome the political deadlock and absence of consensus that had characterized debates over the 2003 UN Norms.[156] Prior to the development of Ruggie's 'Protect, Respect, and Remedy' framework in 2008,[157] the UN had attempted to advance the 2003 UN Norms, which sought to impose direct legal obligations on corporations. As discussed previously, this initiative failed because it was deemed too idealistic for the prevailing political climate, resulting in widespread rejection by the business community and many industrialized governments.[158] To overcome this deadlock, Ruggie adopted a strategy of "*Principled Pragmatism.''*[159] This approach served as a middle path, building consensus by balancing the pure idealism of human rights advocates who sought binding international law with the pure pragmatism of corporate actors who prioritized voluntary codes and market-based solutions.[160]

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[153] *Id,* p. 513
[154] *Id,* pp. 496 and 521
[155] Tali Israel Tali, 'Business and Human Rights: Towards a Binding Treaty on the Activities of Transnational Corporations,' pp. 37 and 138. See also UNHRC, Human rights and transnational corporations and other business enterprises, Seventeenth session, Agenda item 3, resolution 17/4, June 2011, pp. 1–2
[156] UNHRC, Protect, Respect and Remedy: a Framework for Business and Human Rights, A/HRC/8/5, pp. 3–4. See also, Tali Israel Tali, 'Business and Human Rights: Towards a Binding Treaty on the Activities of Transnational Corporations,' pp. 37 and 138.
[157] J. Ruggie, Just Business: Multinational Corporations and Human Rights, p. 361. See also UNHRC, Protect, Respect and Remedy: a Framework for Business and Human Rights, A/HRC/8/5.
[158] Joint views of the IOE and ICC on the draft Norms on the responsibilities of transnational corporations and other business enterprises with regard to human rights, pp. 6 and 41
[159] Ruggie defines 'Principled Pragmatism' as an unflinching commitment to human rights principles coupled with a pragmatic focus on what works best to create change in the daily lives of people. See J. Ruggie, Just Business: Multinational Corporations and Human Rights, pp. 361–362. See also UNHRC, Report of the Special Representative of the Secretary General on the issue of human rights and transnational corporations and other business enterprises, John Ruggie, Fourteenth session, Agenda item 3, 2010, P. 3 available at 0917783 (Last accessed on 8 March 2026)
[160] Larry Catá Backer, A commentary to the United Nations Guiding Principles for Business and Human Rights, Oxford University Press, 2024, available at https://www.thecpe.org/wp-

The UNGPs consist of 31 principles structured around three pillars that clarify the distinct yet complementary roles of states and businesses. The framework begins by outlining general principles as an introductory section and subsequently presents foundational and operational principles to guide the conduct of states and businesses under each of the three pillars. Pillar I is "*the state duty to protect human rights*" (Principles 1–10). The UNGPs affirm that states have the primary duty under international human rights law to protect individuals from human rights abuses by third parties, including business enterprises. This requires states to take appropriate steps through legislation, regulation, policies, and adjudication to prevent, investigate, punish, and redress such abuses, as provided under principle 1. The commentary to the principle 2 further clarifies that states should clearly communicate expectations that all businesses operating within their jurisdiction respect human rights. The operational principles (Principles 3–10) of Pillar I further outlines on how states should implement their duty to protect against business-related human rights abuses. They call on states to enforce laws requiring businesses to respect human rights, ensure policy coherence across government institutions,[161] provide guidance to businesses,[162] and take additional steps when businesses are state-owned, state-supported,[163] or operating in conflict-affected areas.[164] These principles also emphasize that states should encourage corporate human rights due diligence[165] and ensure that existing regulatory frameworks such as corporate law, securities regulation, and procurement policies do not undermine respect for human rights.[166]

Pillar II concerns *"the corporate responsibility to respect human rights"* (Principles 11–24), where Principles 11–15 establish the foundational principles, and the remaining principles set out the operational guidance for this pillar. Principle 11 requires business enterprises to avoid infringing on the rights of others and to address adverse human rights impacts with which they are involved. This responsibility applies to all internationally recognized human rights, particularly those contained in the International Bill of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work (Principle 12). It further requires businesses to avoid causing or contributing to human rights abuses and to prevent or mitigate impacts directly linked to their operations, products, or services through business

content/uploads/2024/05/Backer_UNGP_Frantmatter_DRAFT.pdf (Last accessed on 02 May 2026) See also J. Ruggie, Just Business: Multinational Corporations and Human Rights, pp. 361

[161] UNGPs, Principle 8, p. 10

[162] *Id*, Principle 3 and its commentary, pp. 4–5

[163] *Id*, Principle 4, p. 6

[164] *Id*, Principle 7, p. 8

[165] *Id*, Commentary to Principle 4, p. 7

[166] *Id*, commentary to Principle 8, pp. 10–11

relationships (Principle 13). The responsibility applies to all enterprises regardless of their size, sector, ownership, or structure, although the scale of measures taken may vary depending on these factors and the severity of impacts (Principle 14). To fulfill this responsibility, businesses are expected to establish appropriate policies and processes, including a policy commitment to respect human rights, human rights due diligence, and mechanisms for remediation where harm occurs (Principle 15). The operational principles (Principles 16–24) further elaborate how businesses should implement these responsibilities in practice through policy commitments, HRDD processes (as detailed above in the section of HRDD), communication, remediation, and prioritization of the most severe human rights impacts.

Pillar III is about *"access to remedy",* emphasizing that victims of business-related human rights abuses should have access to effective remedies. The foundational principle (Principle 25) requires states to take appropriate steps to ensure such remedies through judicial, administrative, legislative, or other appropriate mechanisms when abuses occur within their territory or jurisdiction. The operational principles further stress the importance of effective state-based judicial mechanisms and call on states to remove legal and practical barriers that may prevent victims from accessing justice.[167] In addition, states are encouraged to establish or strengthen state-based non-judicial grievance mechanisms as complementary avenues for resolving disputes related to business and human rights (Principle 27). The framework also recognizes the role of non-state-based grievance mechanisms, including those operated by businesses, industry initiatives, or multi-stakeholder bodies, to facilitate early resolution of complaints and remediation.[168] Finally, the Guiding Principles set out effectiveness criteria such as legitimacy, accessibility, predictability, equitability transparency, and rights compatibility to ensure that non-judicial grievance mechanisms function effectively in addressing corporate human rights abuses.[169]

Regarding scope, as discussed earlier in relation to Pillar II, the UNGPs apply to all states, all human rights and all business enterprises, including both transnational corporations and other companies, regardless of their size, sector, location, ownership, or structure.[170] Separately, because business activities can potentially affect almost all human rights, the UNGPs expect

[167] *Id,* Principle 26 and its commentary, p. 28
[168] *Id,* Principle 28–30, pp. 31–32
[169] *Id,* Principle 31, pp. 33–34
[170] *Id,* General Principles Para–2, p. 1

companies to respect all internationally recognized human rights.[171] At the same time, the framework under the commentary to principle 11 makes clear that the corporate responsibility to respect human rights should not be confused with the state's duty to protect. It cannot be used to shift responsibilities from states to businesses or to suggest that state obligations are reduced. Rather, the responsibility of businesses to respect human rights exists independently of states' ability or willingness to fulfill their own human rights obligations and does not diminish those obligations.

UNGPs act as the standard of conduct used to interpret domestic laws like the duty of care in negligence or as the primary framework for non-judicial grievance mechanisms. This means that different judicial and non-judicial grievance mechanisms are explicitly referring to UNGPs in interpreting different concepts in relation to corporate human rights abuses, and requiring businesses to meet their responsibilities to respect human rights, as formulated in the UNGPs. In '*Milieudefensie v. Royal Dutch Shell'*[172] case for example, the Netherland's Hague District Court in its judgment of 26 May 2021, explicitly stated that "*the UNGPs are suitable as a guideline for the interpretation of the unwritten standard of care... Since 2011 the UNGPs have been the authoritative and globally accepted standard for the responsibility of business enterprises to respect human rights.'*[173] Similarly, as demonstrated in *'Nevsun Resources Ltd. v. Araya*,'[174] the Supreme Court of Canada utilized the normative weight of the UNGPs to conclude that the state centric era of international law is over, effectively allowing victims to seek domestic remedies for corporate violations of international

[171] *Id*, Commentary to Principle 12, pp. 13–14

[172] The case is originated when the Milieudefensie (Friends of the Earth Netherlands), together with six other NGOs and more than 17,000 Dutch citizens, filed a lawsuit in 2019 before the District Court of The Hague, arguing that Shell's fossil-fuel activities contributed significantly to climate change and violated its duty of care under Dutch law. The court agreed and issued a groundbreaking ruling ordering Shell to significantly reduce its emissions by explicitly refering to UNGPs in interpreting the domestic law, making the case a landmark in corporate climate accountability, and BHR rights litigation. See *Milieudefensie et al. v Royal Dutch Shell*, The Hague District Court, case number/cause list number: C/09/571932 / HA ZA 19-379, Netherlands, 26 May 2021, Para. 2.1, 2.2, and 5.3 available at ECLI:NL:RBDHA:2021:5339, Rechtbank Den Haag, C/09/571932 / HA ZA 19-379 (engelse versie) (Last accessed on 10 March 2026) [Here in after, Milieudefensie et al. v Royal Dutch Shell, The Hague District Court,]

[173] *Id*, Para. 4.4.11–4.4.16

[174] The case originated in 2014 when three Eritrean refugees (Gize Yebeyo Araya, Kesete Tekle Fshazion and Mihretab Yemane Tekle) filed a class-action lawsuit in British Columbia against the Canadian mining company Nevsun Resources Ltd. The plaintiff alleging that they were subjected to forced labor and torture at a mine in Eritrea controlled by the Canadian company Nevsun Resources. In a landmark final ruling, the Supreme Court of Canada rejected the company's claim of immunity, definitively establishing that corporations can be held directly liable for breaches of customary international law within domestic courts. By allowing the case to proceed, the Court affirmed that domestic legal systems are vital venues for victims to seek remedies for extraterritorial corporate abuses, a decision that aligns with the 'Access to Remedy' pillar of the UN Guiding Principles. See *Nevsun Resources Ltd. v. Araya*, Supreme Court of Canada, Docket: 37919, 2020 SCC 5, Para. 4, 11, 12, 122–132, available at Nevsun Resources Ltd. v. Araya - SCC Cases (Last accessed on 10 March 2026) [Here in after, *Nevsun Resources Ltd. v. Araya*, Supreme Court of Canada]

customary law.[175] Under paragraph 113, the court explicitly states that "*it is therefore not plain and obvious that corporations today enjoy blanket exclusion under customary international law from direct liability...*" which indicates the court points to the UNGPs as evidence that the international community now expects private actors to comply with universal human rights norms.[176] Additionally, the UNHRC based on the annual reports of UNHCHR, frequently recommended that states and courts should consider a company's adherence to the human rights due diligence processes set out in the UNGPs when determining whether a company has exercised "*appropriate standard of care*" or breached its duty of care.[177] This suggests that the UNHRC telling national courts that if you are judging a company for negligence, look at whether they followed the UNGPs' due diligence process. If they did not, they are likely negligent. In sum, few courts have increasingly entertained claims against corporations for overseas human rights abuses in line with the framework of UNGPs,[178] as demonstrated in *Milieudefensie v Royal Dutch Shell* and others.

Despite their comprehensiveness and broader acceptance compared to earlier attempts to regulate business activities, the UNGP also have its own limitations. Firstly, it should be noted that the UNGPs use the term 'duty' when referring to states and 'responsibility' when referring to businesses. Legally speaking, this distinction is intended to clarify that the UNGPs do not create new binding obligations for companies instead corporate responsibility may arise from ethical, social, and other expectations that fall short of legal requirements.[179] Accordingly, within the language of the UNGPs, it is appropriate to speak of state obligations, but only of corporate responsibilities. The non-binding character of the UNGPs is further emphasized at the very beginning of the document in the introductory section, which states that "*nothing in these Guiding Principles should be read as creating new international law obligations...*"[180] Additionally, because the UNGPs do not establish legally binding obligations for businesses and lack a formal enforcement mechanism, they have been criticized for being overly accommodating to corporate interests while insufficiently

[175] *Id*, Para. 108–113
[176] *Id*, Para. 113
[177] UNHRC, Improving accountability and access to remedy for victims of business-related human rights abuse: The relevance of human rights due diligence to determinations of corporate liability, report of the United Nations High Commissioner for Human Rights, Thirty-eighth session, Agenda items 2 and 3, 18 June–6 July 2018, Para. 19–24, available at Improving accountability and access to remedy for victims of business-related human rights abuse : (Last accessed on 10 March 2026) [Here in after, UNHRC, Improving accountability and access to remedy for victims of business-related human rights abuse: The relevance of human rights due diligence to determinations of corporate liability]
[178] *Id*, Para. 22
[179] Bantayehu Demlie, 'Business and Human Rights in Ethiopia: The Status of the Law and the Practice,' p. 7
[180] UNGPs, General Principles Para–4, p. 1

addressing the concerns of communities affected by corporate human rights abuses.[181] Similarly, some scholars argue that the UNGPs and the broader BHR framework have not adequately prioritized human rights over business interests, particularly in areas such as trade and investment agreements, and have so far failed to generate consensus on a legally binding international regime governing business and human rights.[182]

Despite these criticisms, the UNGPs, by engaging both states and corporations and receiving broad endorsement from them, elevated the standards of corporate responsibility and currently serving as the global authoritative framework on BHR.[183] This development empowered civil society organizations to pursue more focused and demanding advocacy efforts to strengthen global and domestic frameworks for corporate accountability in relation to human rights.[184]

2.4.3. The OECD Guidelines for Multinational Enterprises on Responsible Business Conduct (2023 Edition)

From a historical perspective, the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct (the OECD Guidelines) represent an important shift from a framework primarily concerned with protecting foreign investors to one focused on regulating corporate conduct. When first adopted in 1976, the OECD Guidelines were mainly intended to ensure national treatment for foreign controlled enterprises.[185] At the time, OECD member states were obligated to promote the Guidelines, while the recommendations to multinationals were often criticized for their soft-law character and the absence of strong enforcement mechanisms.[186] A significant development occurred with the 2011 revision of the Guidelines, which John Ruggie and Tamaryn Nelson describe it as a "*normative innovation*" because it aligned the Guidelines with the UNGPs.[187] More recently, the 2023 update further modernized the Guidelines by expanding their recommendations to include

[181] Florian Wettstein, 'The history of 'business and human rights' and its relationship with corporate social responsibility,' p. 29
[182] Bantayehu Demlie, 'Business and Human Rights in Ethiopia: The Status of the Law and the Practice,' p. 10
[183] Florian Wettstein, 'The history of 'business and human rights' and its relationship with corporate social responsibility,' p. 29
[184] *Ibid*
[185] John Ruggie and Tamaryn Nelson, 'Human Rights and the OECD Guidelines for Multinational Enterprises: Normative Innovations and Implementation Challenges,' *Harvard Kennedy School*, 2015, Working Paper No. 66, pp. 1–2 available at ruggie_tamarynnelson.pdf (Last accessed on 11 March 2026) [Here in after, John Ruggie and Tamaryn Nelson, 'Human Rights and the OECD Guidelines for Multinational Enterprises: Normative Innovations and Implementation Challenges]
[186] *Id*, p. 2
[187] *Id*, p. 1 and 21

risk based due diligence in areas such as technology governance, climate change, and the protection of vulnerable or at-risk groups.[188]

Substantively, the 2023 edition of the OECD Guidelines protects a wide range of rights that reflect contemporary global challenges. While it continues to reinforce traditional labor standards such as the elimination of all forms of forced or compulsory labour and other coercive practices,[189] it also introduces more advanced expectations concerning human rights in line with UNGPs' "*Protect, Respect and Remedy*" framework and its implementation, as well as in line with the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy.[190] For instance, Chapter VI now encourages enterprises to align their business activities with internationally agreed global temperature goals.[191] In addition, the 2023 revision places new emphasis on digital rights, calling on companies to conduct due diligence in relation to the development, financing, sale, licensing, trade, and use of technology, in order to prevent adverse impacts on human rights and privacy.[192]

The effectiveness of the OECD Guidelines can be observed in complaints handled by NCPs, including several cases involving parent-subsidiary operations. In "*Sherpa and Others v Bolloré SA,"* case, for example, several NGOs (Sherpa, CED, FOCARFE, and MISEREOR) filed a complaint under the OECD Guidelines against *SOCAPALM's*[193] holding companies; *Bolloré* (France), *Socfin* (Belgium), *SOCFINAL* (Luxembourg), and *Intercultures* (Luxembourg) before their respective National Contact Points (NCPs).[194] The NGOs alleged that the companies failed to prevent *SOCAPALM's* harmful impacts on local communities, workers, and the environment, including land expansion into community areas, pollution, poor working conditions, inadequate housing, and abuses by security forces.[195] In its final statement, the France NCP found that *SOCAPALM* had violated the OECD Guidelines and, in September 2013, endorsed an action plan agreed upon by the parties to address these violations including commitments by *Bolloré* to encourage *SOCAPALM* to reduce

[188] OECD Guidelines for MNE, Preface, pp. 10 and 11
[189] *Id*, Capter V Para. 1, p. 28
[190] OECD Guidelines for MNE, Commentary on Chapter IV Para. 41, p. 25
[191] *Id*, Commentary on Chapter IV Para. 76, P. 37. Enterprises are required to ensure that their greenhouse gas emissions and impacts on carbon sinks are consistent with internationally agreed global temperature goals, based on the best available scientific evidence, including assessments by the Intergovernmental Panel on Climate Change.
[192] *Id*, Commentary on Chapter IX Para. 108–109, pp. 46–47
[193] SOCAPALM is a palm oil and rubber plantation company operating in Cameroon. Available at https://www.bhr-law.org/court-cases/sherpa-and-others-v-bollore-sa (Last accessed on 11 March 2026)
[194] *Sherpa and Others v Bolloré SA*, Versailles Court of Appeal, France, from 2021 and pending, available at https://www.bhr-law.org/court-cases/sherpa-and-others-v-bollore-sa (Last accessed on 21 March 2026)
[195] *Ibid*

environmental harm, compensate local communities for the loss of land and resources, and improve the working conditions of employees.[196] Similarly, in "*RAID v. Banro Corporation*,"[197] the Canadian NCP investigated the liquidation of a mining company in the Democratic Republic Congo (DRC) as per OCED Guidelines, ultimately recommending *Banro* proactively engage with DRC government officials to ensure the payment of outstanding wages to former employees.[198] In another case, "*Survival International v. Vedanta Resources plc*," a case involved Survival International filing a complaint before the UK NCP against Vedanta Resources PLC concerning mining operations affecting indigenous communities,[199] the UK NCP found that the parent company had failed to carry out an adequate indigenous or human rights impact assessment for its operations, establishing an important precedent on the responsibility of parent companies in multinational corporate groups.[200]

Critics, however, point to the inherent limitations of the NCP system. Despite the 2023 enhancements, scholars like Ruggie and Nelson note that the non-binding nature of the recommendations often leads to implementation challenges where companies may refuse to participate in mediation without consequence.[201] Companies are not obliged to participate in the NCP process, and even if an NCP finds a complaint valid, the sole consequence is often just the issuance of a public report.[202] Additionally, there is no single, comprehensive database of all complaints, and the official OECD database often lacks detail or up-to-date information because it relies on inconsistent reporting from individual NCPs.[203] Moreover,

[196] France National Contact Point, Report of the French National Contact Point 3 June 2013, P. 14. Available at https://www.tresor.economie.gouv.fr/Institutionnel/Niveau3/Pages/bd7a00fc-6949-450b-bc40-aa09ac044ab0/files/08d3f300-c97d-4b7b-9621-308e6d1cde5b (Last accessed on 11 March 2026) See also Sherpa and Others v Bolloré SA | BHR (Last accessed on 11 March 2026)

[197] Rights and Accountability in Development representing a group of five former employees, submitted a complaint to the Canadian NCP against Banro Corporation. The complaint concerned the liquidation of a mining company in the Democratic Republic of the Congo and the resulting non-payment of workers' wages. available at https://www.international.gc.ca/trade-agreements-accords-commerciaux/ncp-pcn/statement-banro.aspx?lang=eng (Last accessed on 11 March 2026)

[198] Final Statement of the Canada's National Contact Point - *Banro Corporation and a Group of Former Employees*, 25 May 2017 available at https://www.international.gc.ca/trade-agreements-accords-commerciaux/ncp-pcn/statement-banro.aspx?lang=eng (Last accessed on 11 March 2026)

[199] For further see, *Survival International v. Vedanta Resources plc*, Final Statement by the UK National Contact Point for the OECD Guidelines for Multinational Enterprises, 2009, summary of the conclusions, p. 1, available at https://assets.survivalinternational.org/documents/391/UKNCP_finalstatement.pdf (Last accessed on 11 March 2026)

[200] *Survival International v. Vedanta Resources plc*, Final Statement by the UK National Contact Point for the OECD Guidelines for Multinational Enterprises, p.1

[201] John Ruggie and Tamaryn Nelson, 'Human Rights and the OECD Guidelines for Multinational Enterprises: Normative Innovations and Implementation Challenges,' p. 2

[202] *Ibid*

[203] *Id*, p. 7

some argue that locating NCPs within government ministries responsible for trade may compromise their impartiality, thereby limiting their effectiveness as independent grievance mechanisms and creating a need for stronger institutional safeguards.[204]

2.4.4. The ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy

The ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (MNE Declaration) is the ILO instrument that provides direct guidance to enterprises on social policy and inclusive, responsible and sustainable workplace practices.[205] Adopted in 1977, the MNE Declaration emerged from extensive negotiations among governments, employers, and workers, making it the only global instrument on corporate social policy founded on a genuine tripartite consensus, and the only ILO instrument that provides direct guidance on how companies can contribute to the realization of decent work for all.[206] Over time, the Declaration has undergone several revisions notably in 2006, 2017 and recently in 2022 to reflect evolving economic conditions such as the expansion of global supply chains, the adoption of UNGPs in 2011, and goals and targets of the 2030 Agenda for Sustainable Development in 2015.[207] These updates have reflects and helped maintain its relevance as a living instrument within the international labor governance framework.

The 2022 edition of the MNE Declaration is structured into five key substantive sections that translate international labor standards into practical guidance for enterprises. Following the 'General Policies' section, which requires parties to respect sovereign rights and national laws,[208] the declaration provides detailed principles for 'Employment,' aimed on stimulating sustainable economic growth by promoting full, productive, and freely chosen employment, and forced and child labour, while ensuring security of employment.[209] The section on 'Training' encourages multinational enterprises to provide relevant training for all workers

[204] Otgontuya Davaanyam and Markus Krajewski, 'Exploring Corporate Human Rights Responsibilities in OECD Case Law,' *Interdisciplinary Studies in Human Rights*, 2025, Vol. 14, pp. 91–92 [Here in after, Otgontuya Davaanyam and Markus Krajewski, 'Exploring Corporate Human Rights Responsibilities in OECD Case Law,']
[205] ILO, What is the ILO MNE Declaration?, 2024, p. 2 available at https://www.ilo.org/resource/other/what-ilo-mne-declarationm (Last accessed 12 March 2026) [Here in after, ILO, What is the ILO MNE Declaration?]
[206] ILO, The ILO MNE Declaration: What's in it for Workers?, 2017, P. 4 available at https://www.ilo.org/sites/default/files/wcmsp5/groups/public/@ed_dialogue/@actrav/documents/publication/wcms_627351.pdf (Last accessed 12 March 2026)
[207] ILO, Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy, Geneva, Sixth edition – 2022, Introduction, p. 7 [Here in after, ILO, MNE Declaration] See also, ILO, What is the ILO MNE Declaration?, p. 2
[208] *Id*, Para. 8–12
[209] *Id*, Para. 13–36

and support national vocational development programs to promote lifelong learning.[210] Under the section of 'Conditions of Work and Life,' the principles cover standards for wages, benefits, and the maintenance of the highest standards of safety and health.[211] The final substantive section, 'Industrial Relations,' safeguards the right to freedom of association, collective bargaining, regular consultation between employers and workers, and settlement of industrial disputes.[212] A significant development in this sixth edition is the formal recognition of a safe and healthy working environment as a fundamental principle, a change that reflects the 2022 amendment to the ILO Declaration on Fundamental Principles and Rights at Work.[213]

While the MNE Declaration serves a guidance oriented function, it includes a distinctive interpretation procedure[214] designed to resolve disagreements regarding the meaning of its provisions arising from actual situations. A notable application of this procedure involves the principle of Security of Employment, where the ILO Governing Body[215] on the question of "*What are valid reasons for dismissal of a worker?*" clarified that enterprises must provide reasonable notice of changes in operations especially entity closures involving collective lay-offs to government authorities and worker representatives to mitigate adverse effects.[216] In the absence of judicial rulings, these interpretations by the Governing Body can serve as essential benchmarks for responsible social and labor practices.

Despite its strong tripartite legitimacy, the MNE Declaration has similarly faced criticism regarding its voluntary nature. It is often regarded as a political or moral instrument rather than a legally binding treaty, which makes its effectiveness largely dependent on the voluntary commitment of multinational enterprises to adhere to its principles, much like the

[210] *Id*, Para. 37–40
[211] *Id*, Para. 41–46
[212] *Id*, Para. 47–68
[213] *Id*, Para. 9, 43 and 66
[214] It is a procedure for the examination of disputes concerning the application of the Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy. It is adopted by the Governing Body of the International Labour Office at its 232nd Session (March 1986) to replace Part IV of the Procedures adopted by the Governing Body at its 214th Session (November 1980), and revised at its 329th Session (March 2017). See ILO, MNE Declaration, Annex II on operational tools. p. 24–26. See also https://www.ilo.org/resource/other/interpretation-procedure (Last accessed 12 March 2026)
[215] The Governing Body is composed of 56 titular members (28 Governments, 14 Employers and 14 Workers) and 66 deputy members (28 Governments, 19 Employers and 19 Workers) with the overall responsibility for the promotion of the MNE Declaration and reviews on a regular basis the overall strategy and underlying activities to promote the instrument together with governments, employers' and workers' organizations in all ILO member States. See https://www.ilo.org/resource/other/ilo-governing-body-and-mne-declaration (Last accessed 12 March 2026)
[216] ILO, Labour issues in CSR: Examples from the ILO Helpdesk for business Q&A, International Labour Office, 2020, pp. 86–87, available at https://www.ilo.org/ilo-helpdesk-questions-and-answers-business-and-employment-security (Last accessed 12 March 2026). See also ILO, MNE Declaration, Para. 34

OECD Guidelines and the UNGPs discussed above. Moreover, despite revisions in 2017 and 2022, the MNE Declaration still faces challenges related to transparency and continues to lack clear procedural mechanisms, particularly with regard to the handling of labour disputes.[217] Consequently, an implementation gap persists, as the MNE Declaration lacks the authority to impose sanctions, and its vague and conditional language indicates the need to improve its implementation mechanisms.[218]

2.4.5. The Proposed Legally Binding Instrument (LBI) on Business and Human Rights and Its Status

The Legally Binding Instrument to Regulate, in International Human Rights Law, the Activities of Transnational Corporations and Other Business Enterprises (LBI) represents a strategic shift from the voluntary "*protect, respect, and remedy*" framework of the UNGPs to a mandatory regime under international human rights law. This initiative was formally launched by UNHRC Resolution 26/9 in 2014, which established the open-ended intergovernmental working group on transnational corporations and other business enterprises with respect to human rights (OEIGWG);[219] following decades of advocacy by Global South nations and civil society organizations for a treaty that could effectively hold transnational corporations accountable.[220] The drafting process of the LBI has been defined by a serious of normative evolution through several distinct stages. The 2017 Elements Paper first defined the conceptual boundaries of the treaty including reaffirmation of the UNGPs and other such principles and frameworks,[221] and then the Zero Draft in 2018 introduced the initial legal text that cover all international human rights but primarily focused on

[217] Raymond Saner and Lichia Yiu, 'Strengthening the Governance System of the ILO Multinational Enterprise Declaration', *Journal of International Business*, 2024, Vol. 11, PP 1 , PP. 1–16, p. 1 available at https://doi.org/10.17492/jpi.focus.v11i2.1122401 (Last accessed 12 March 2026)

[218] Jernej Letnar Černič, The ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy Revisited: Is There a Need for Its Reform?, *European Yearbook of International Economic Law*, 2019, Vol. 10 available at https://link.springer.com/chapter/10.1007/8165_2019_30 (Last accessed 12 March 2026)

[219] UNHRC, available at https://www.ohchr.org/en/hr-bodies/hrc/wg-trans-corp/session11 (Last accessed 16 March 2026)

[220] Surya Deva and David Bilchitz, 'Building a treaty on Business and Human Rights', Cambridge University Press, 2017, p. 5 available at https://api.pageplace.de/preview/DT0400.9781108196161_A30911231/preview-9781108196161_A30911231.pdf (Last accessed 16 March 2026) [Here in after, Surya Deva and David Bilchitz, 'Building a treaty on Business and Human Rights]

[221] UNHRC, Elements for the Draft Legally Binding Instrument on Transnational Corporations and Other Business Enterprises with Respect to Human Rights, Chairmanship of the OEIGWG Established By HRC Res. A/Hrc/Res/26/9, 2017, Introduction and Preamble, available at https://www.ohchr.org/sites/default/files/Documents/HRBodies/HRCouncil/WGTransCorp/Session3/LegallyBindingInstrumentTNCs_OBEs.pdf (Last accessed 16 March 2026) [Here in after, UNHRC, Elements for the Draft of Legally Binding Instrument]

transnational corporations.[222] The Revised Draft in 2019 expanded the scope to include all business enterprises including purely domestic and State-owned business entities as it can be simply understood from article 3,[223] as well as shifting the concept of strict liability provided under article 10(6) of the zero draft to fault based and vicarious liability.[224] As the 2019 revised draft used relatively broad language regarding prevention under article 9, the second revised draft in 2020 and the third revised draft in 2021 detailed these obligations, specifying that businesses must not only identify and prevent risks but also account for how they address impacts.[225] The most recently, the Updated Draft in 2023 has further adopts HRDD terminology that more closely mirrors principle 17 of the UNGPs, such as the specific steps of identifying, preventing, mitigating, and accounting for human rights impacts,[226] which is a more precise technical threshold than the broader language used in the 2021 version (the third revised draft) under article 6(3) (4). A unique feature of the current status of the updated 2023 draft is its accompaniment by the 2024 compilation of States proposals, which includes specific textual proposals, amendments, and expressions of support made by States including African states on different issues.[227] This compilation was made by States during ninth session of the OEIGWG (when the updated draft is adopted) and serves as the current

[222] Legally Binding Instrument to Regulate, in International Human Rights Law, the Activities of Transnational Corporations and Other Business Enterprises, Zero Draft, 2018, art. 2 and 3, available at https://www.ohchr.org/sites/default/files/Documents/HRBodies/HRCouncil/WGTransCorp/Session3/DraftLBI.pdf (Last accessed 16 March 2026) [Here in after, LBI, Zero Draft]

[223] Legally Binding Instrument to Regulate, in International Human Rights Law, the Activities of Transnational Corporations and Other Business Enterprises, OEIGWG Chairmanship Revised Draft, 2019, art. 1(3) and 3, available at https://www.ohchr.org/sites/default/files/Documents/HRBodies/HRCouncil/WGTransCorp/OEIGWG_RevisedDraft_LBI.pdf (Last accessed 16 March 2026) [Here in after, LBI, OEIGWG Chairmanship Revised Draft]

[224] *Id*, art. 6(6)

[225] Legally Binding Instrument to Regulate, in International Human Rights Law, the Activities of Transnational Corporations and Other Business Enterprises, OEIGWG Chairmanship Second Revised Draft, 2020, Art. 6(2), available at https://www.ohchr.org/sites/default/files/Documents/HRBodies/HRCouncil/WGTransCorp/Session6/igwg-key-issues-2nd-revised-draft.pdf (Last accessed 16 March 2026) [Here in after, LBI, OEIGWG Chairmanship Second Revised Draft]. See also Legally Binding Instrument to Regulate, in International Human Rights Law, the Activities of Transnational Corporations and Other Business Enterprises, OEIGWG Chairmanship Third Revised Draft, 2021, Art. 6(3), available at https://www.ohchr.org/sites/default/files/Documents/HRBodies/HRCouncil/WGTransCorp/Session6/LBI3rdDRAFT.pdf (Last accessed 16 March 2026) [Here in after, LBI, OEIGWG Chairmanship Third Revised Draft].

[226] The fourth updated draft legally binding instrument (clean version) to regulate, in international human rights law, the activities of transnational corporations and other business enterprises, 2023, art. 1(8) and 6(4), available at https://www.ohchr.org/sites/default/files/documents/hrbodies/hrcouncil/igwg-transcorp/session9/igwg-9th-updated-draft-lbi-clean.pdf (Last accessed 16 March 2026) [Here in after, LBI, Updated Draft].

[227] UNHRC, Text of the updated draft legally binding instrument with the textual proposals submitted by States during the ninth session of the open-ended intergovernmental working group on transnational corporations and other business enterprises with respect to human rights, 2024, Summary and Preamble, pp. 1–2, available at https://digitallibrary.un.org/record/4037588?v=pdf (Last accessed 16 March 2026) [Here in after, LBI, Updated Draft with the textual proposals submitted by States].

negotiation text, aiming to harmonize the diverse legal traditions and political interests of participating member states while addressing the views of the business enterprises.[228]

The necessity of such a LBI instrument is particularly pronounced for developing countries where the existing regulatory landscape often fails to protect citizens from corporate related abuses. This is because in developing countries, governments often strive to attract foreign investment and may therefore hesitate to regulate or take action against powerful multinational corporations.[229] In some instances, weak or ineffective institutional frameworks further limit their ability to protect human rights and provide remedies, so that developing states may be either unwilling or unable to fulfill their duty to protect, a situation commonly described as the problem of 'weak state governance.'[230] In Ethiopia, for example, scholarly analysis by Bantayehu Gezahegn highlights that the accountability of the private sector is currently framed through a fragmented and predominantly CSR oriented lens, which relies on the goodwill of companies rather than enforceable rights.[231] Therefore, for developing nations, the LBI is not merely a legal preference but a necessity to provide a standardized, mandatory framework that can override weak domestic regulations and ensure that both national and multinational companies operate under a uniform set of human rights obligations, as the normative importance and universality of human rights render it appropriate for their content to be legally binding for companies.[232]

The substantive content of the current 2023 updated draft of the LBI is detailed across several key pillars designed to ensure prevention, liability, and remedy. Article 6 which is about prevention of abuses by business enterprises, is the cornerstone of the treaty, requiring States to mandate that all business enterprises conduct "*comprehensive human rights due diligence*" to identify, prevent, and mitigate actual or potential human rights abuses throughout their entire operations and business relationships.[233] Furthermore, the current updated draft establishes a comprehensive system of legal liability including civil, criminal, and administrative liability for different degree of human rights abuses including conspiring,[234] and ensuring that parent companies can be held responsible for the actions of their

[228] During the ninth session, 76 states took part in the negotiations, and the revised draft was developed on the basis of earlier discussions, incorporating textual proposals submitted by states and compiled for consideration at the session, available at UNHRC, https://www.ohchr.org/en/hr-bodies/hrc/wg-trans-corp/igwg-on-tnc (Last accessed 17 March 2026)
[229] Surya Deva and David Bilchitz, 'Building a treaty on Business and Human Rights', p. 3
[230] *Ibid*
[231] Bantayehu Demlie, 'Business and Human Rights in Ethiopia: The Status of the Law and the Practice,' p. 1
[232] Surya Deva and David Bilchitz, 'Building a treaty on Business and Human Rights', p. 13
[233] LBI, Updated Draft, art. 6(2)–6(5)
[234] *Id*, art. 8(2)–8(3)

subsidiaries or affiliates where they exercise control or fail to prevent harm.[235] To address the chronic issue of judicial access, the undated draft under article 7 talks about access to remedy that requires States to remove procedural and financial barriers as well as enable victims' access to adequate, timely and effective remedy and access to justice, and to overcome the specific obstacles of specific victims (like women, children and disability) taking in to consideration their situation and vulnerability.[236] Furthermore, article 4, which addresses the rights of victims, goes beyond general human rights protections by recognizing additional entitlements such as environmental remediation, witness protection, and the ability to submit claims individually, through representatives, or via class actions.[237] It also guarantees access to adequate reparation, including restitution, compensation, and assurances of non-repetition.[238]

Coming to the challenges, Surya Deva, who served as a member of the UN OEIGWG from 2016 to 2022 as discussed above in the section of historical evolution of the BHRs agenda, identifies several persistent points of contention that continue to shape the ongoing negotiations for a binding business and human rights treaty. First, a major area of disagreement concerns the scope of the treaty, particularly whether it should apply exclusively to multinational corporations or extend to all business enterprises, as well as whether it should address only serious human rights violations or encompass the full range of abuses.[239] Second, there is an ongoing debate regarding the relationship between the treaty and the UNGPs, with some actors viewing the treaty as a complementary instrument, while others question whether it might replace or undermine the existing framework.[240] Third, Deva highlights the controversy surrounding direct corporate obligations, specifically whether the treaty should impose binding human rights duties directly on corporations under international law.[241] Fourth, the negotiations are complicated by disagreements over the interaction between the treaty and international trade and investment regimes, particularly whether the proposed instrument should take precedence over bilateral investment treaties (BIT) and other economic agreements.[242] Finally, there is debate over the form and structure of the

[235] *Id*, art. 8(2) and 6(5)
[236] *Id*, art. 7(1)–7(4)
[237] *Id*,, art. 4 and 5(1)
[238] *Id*, art. 4(2)
[239] Surya Deva, 'Treaty tantrums: Past, present and future of a business and human rights treaty,' *Netherlands Quarterly of Human Rights*, 2022, Vol. 40, pp. 197-198 [Here in after, Surya Deva, Treaty tantrums: Past, present and future of a business and human rights treaty]
[240] *Id*, pp. 198–199
[241] *Id*, p. 200
[242] *Id*, pp. 200–201

treaty for a more flexible framework convention that would combine both binding and non-binding elements.[243] There is also a concern that if a treaty becomes too comprehensive or abstract, it may lose its practical utility for real people in real places facing corporate abuse.[244] Furthermore, CSOs are viewed as a counter-hegemonic force necessary to prevent the treaty process from being captured by corporate interests.[245] However, experts note that while the process remains contentious, the LBI is already serving as a normative catalyst, and will provide a clear recognition and articulation of the important that human rights under international law impose legally binding obligations upon businesses to address the problem of corporate human rights abuses.[246]

As of the eleventh session in October 2025, the LBI has moved into a critical phase of State-led direct substantive negotiations aimed at finalizing a consensus text and at shaping a global economy that protects people and the planet and ensures corporate responsibility and accountability.[247] In this session the Chairperson of the OEIGWG stressed that the instrument should align with and build upon the UNGPs and be integrated into the broader system of human rights to ensure coherence, consistency and credibility.[248] The Chairperson further observed that courts worldwide, including the International Court of Justice and the Inter-American Court of Human Rights, are increasingly acknowledging the role of businesses in contributing to human rights and environmental harm.[249] This trend reflects a growing consensus that corporate responsibility and human rights are closely interconnected. The current status of the LBI involves ongoing consultations and discussions among states, and the twelfth annual session of the OEIGWG is scheduled to take place from 19 to 23 October 2026.[250] Ultimately, once adopted, the treaty would transform the currently non-binding standards of the UNGPs and related general comments into a legally binding international convention.

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[243] *Id*, pp. 201
[244] Surya Deva and David Bilchitz, Building a treaty on Business and Human Rights, p. 17
[245] *Id*, pp. 21–22
[246] *Id*, p. 8
[247] UNHRC, Report on the eleventh session of the open-ended intergovernmental working group on transnational corporations and other business enterprises with respect to human rights, Chair-Rapporteur: Marcelo Vázquez Bermúdez, A/HRC/61/XX , 24 October 2025, Introduction, p. 2, available at https://www.ohchr.org/sites/default/files/documents/hrbodies/hrcouncil/igwg-transcorp/session11/igwg-11th-report.pdf (Last accessed 17 March 2026) [Here in after, UNHRC, Report on the eleventh session of the open-ended intergovernmental working group on transnational corporations and other business enterprises with respect to human rights]
[248] *Ibid*
[249] *Ibid*
[250] UNHRC, available at https://www.ohchr.org/en/hr-bodies/hrc/wg-trans-corp/session12 (Last accessed 17 March 2026)

2.5. Regional Frameworks on Business and Human Rights in Africa

The BHR landscape in Africa is increasingly shifting from a reliance on international soft law toward a regionally good fit driven push for binding accountability mechanisms, with the aim of reconciling economic development with the protection of human rights.[251] In recent years, greater attention has been given by African governments, national human rights institutions (NHRIs), civil society organizations, and businesses to advancing business and human rights and responsible business conduct, including the development of accountability frameworks.[252] By moving beyond generic global standards, African regional frameworks need to address the continent's unique socio-economic challenges through good-fit and home-grown implementation approaches.[253] The following section examines the most relevant African regional instruments on BHRs.

2.5.1. The African Charter on Human and Peoples' Rights (Banjul Charter)

The African Charter on Human and Peoples' Rights adopted in 1981, also known as the Banjul Charter,[254] is the foundational human rights instrument for the continent, and is overseen by the African Commission on Human and Peoples' Rights (ACHPR/the African commission), which is established under article 30 of the charter itself.

Substantively, from a BHRs perspective, the Charter is notable at the international level for its inclusion of peoples' rights, which directly address harms associated with corporate activities. Article 21 is particularly significant, as it guarantees the right of peoples to freely dispose of their wealth and natural resources, providing a firm regional legal basis for claims against exploitative practices by transnational corporations.[255] While the primary duty to realize this right lies with the State under article 1, and individual duties are set out in articles

[251] Oyeniyi Abe and Damilola S. Olawuyi, Introduction – Business, human rights, and the United Nations Guiding Principles: The search for good-fit approaches in Africa, pp. 5 and 20

[252] Liliane Chantal Mouan and Ononuju Okwaraogoma, Mainstreaming the Business and Human Rights Agenda in Africa: Three key lessons for consideration', United Nations Development Programme (UNDP), 2025, available at https://www.undp.org/africa/blog/mainstreaming-business-and-human-rights-agenda-africa-three-key-lessons-consideration (Last accessed 18 March 2026)

[253] Oyeniyi Abe and Damilola S. Olawuyi, Introduction – Business, human rights, and the United Nations Guiding Principles: The search for good-fit approaches in Africa, pp. 14–15

[254] Banjul Charter, cover page

[255] Oyeniyi Abe, The State of Business and Human Rights in Africa, The Friedrich-Ebert-Stiftung *African Union Cooperation Office*, 2022, p. 13 [Here in after, Oyeniyi Abe, The State of Business and Human Rights in Africa]

27–29, legal jurisprudence most notably the African Commission has interpreted these provisions collectively particularly through article 27 to imply that business entities also have a negative responsibility to respect these rights and refrain from exploitative practices (as reflected in the 'background of the study' of this paper). Additionally, article 24 establishes a right to a general satisfactory environment favorable to development, a provision that is instrumental in litigations to hold states accountable for failing to regulate corporate environmental degradation, thereby require businesses to ensure that their activities do not contribute to environmental degradation which affects the right to the environment guaranteed in this article.[256] Furthermore, the Banjul Charter is the only binding human rights instrument that incorporates "*duties*" alongside rights, as outlined in article 27(1)(2).[257] The African Commission has interpreted the significance of this article in relation to BHR as*, "if this obligation can be imposed on individuals, there is an even stronger moral and legal basis for attributing these obligations to corporations and companies."*[258]

The African Commission has addressed other cases involving the right to development in contexts linked to business activities. A notable example is the complaint brought by the Social and Economic Rights Action Centre (SERAC) concerning environmental degradation and public health impacts in the Niger Delta region of Nigeria.[259] The communication alleged that the environmental and health problems resulted from oil operations carried out by a consortium involving the Nigerian National Petroleum Company and Shell Petroleum Development Corporation, a subsidiary of Royal Dutch Shell.[260] The case raised multiple violations of the African Charter including article 21 on the right of peoples to freely dispose of their natural resources, read together with articles 22 and 24.[261] In its decision against Nigeria, the Commission emphasized that the state has an obligation to protect individuals from abuses by third parties, including business entities.[262] This decision significantly bridges the gap toward corporate responsibility by establishing that business activities are not rights-free zones, by holding that the State must prevent private actors from infringing upon Charter

[256] *Id*, pp. 46–47
[257] Banjul Charter, Art. 27(1)
[258] ACHPR, Advisory note to the African group in Geneva on the legally binding instrument to regulate in international human rights law, the activities of transnational corporations, Section Direct obligations on business enterprises Para 2
[259] African Commission on Human and Peoples' Rights, *SERAC v. Nigeria*, Decision, Comm. 155/96 ACmHPR, 27 October 2001, available at https://www.worldcourts.com/achpr/eng/decisions/2001.10.27_SERAC_v_Nigeria.htm (Last accessed on 18 March 2026) [Here in after, African commission, *SERAC v.Nigeria*]
[260] *Id*, Para. 1
[261] *Id*, Para. 52–55
[262] *Id*, Para. 58 and 46, and the final decision attached at the end of the document.

rights, the ruling provides a necessary legal premise for developing domestic frameworks that impose direct human rights responsibilities on business entities.

Despite its rich normative foundation, the African Charter remains the primary regional yardstick for BHR, but its effectiveness is often constrained by limited resources, political pressures, and non-binding enforcement mechanisms (as the decision of the African Commission is not binding).[263]

2.5.2. The AU Policy Framework and Related Initiatives on Business and Human Rights

The AU is in the process of developing a Draft Policy Framework on BHRs, which has not yet been formally adopted or officially released as a final policy instrument.[264] This framework is intended to promote responsible business conduct across Africa and align with the UNGPs as well as seeks to align the global BHR agenda with African regional priorities.[265] Initiated in 2016, the process is expected to culminate in the framework's adoption in the near future, with the aim of providing a comprehensive roadmap for regulating the human rights impacts of business activities on the continent.[266] Since 2016, the AU has hosted several high level conferences and validation workshops across the continent in cities like Addis Ababa (Stakeholders Validation Workshop on the Draft AU Policy Framework in 2017 and the 2nd Africa Business and Human Rights Forum in 2023),[267] Accra

[263] Amare T. Chekol and İlyas Doğan, Championing Human Rights: Normative Insights into the African Charter on Human and Peoples' Rights, Beijing Law Review, 2024, Vol. 15, pp. 1598-1634, p. 1598

[264] Available at https://www.bing.com/search?q=The%20AU%20is%20currently%20working%20on%20Draft%20Policy%20Framework%20on%20BHR%2C%20which%20is%20not%20officially%20available&qs=n&form=QBRE&sp=-1&lq=0&pq=the%20au%20is%20currently%20working%20on%20draft%20policy%20framework%20on%20bhr%2C%20which%20is%20not%20officially%20available&sc=695&sk=&cvid=4361183709754883B93D65B528A8AB00 (last accessed on 19 March 2026) See also Bantayehu Demlie, Business and Human Rights in Ethiopia: The Status of the Law and the Practice, p.11

[265] Oyeniyi Abe, The State of Business and Human Rights in Africa, pp. 7 and 45

[266] Darshini Waibel, Responsible Business Conduct Africa: How the Corporate Sustainability Due Diligence Directive may foster responsible business practices in Sub-Saharan Africa, EU Africa RISE, p. 8, available at https://media.business-humanrights.org/media/documents/1736153255728.pdf (last accessed on 19 March 2026) [Here in after, Darshini Waibel, Responsible Business Conduct Africa: How the Corporate Sustainability Due Diligence Directive may foster responsible business practices in Sub-Saharan Africa]

[267] Validation Workshop of the African Union Policy on Business and Human Rights, Addis Ababa, Ethiopia, 2017, Available at https://au.int/en/pressreleases/20170321/validation-workshop-african-union-policy-business-and-human-rights (last accessed on 19 March 2026). See also The 2nd Africa Business and Human Rights Forum called for Inclusive Growth that respects Human Rights, Addis Ababa, Ethiopia, 2023 at https://au.int/en/pressreleases/20230908/2nd-africa-business-and-human-rights-forum-called-inclusive-growth-respects (last accessed on 19 March 2026)

(the 1st Africa BHR Forum in 2022),[268] Nairobi (the 3rd Africa BHR Forum),[269] and Lusaka (Continental Consultations & The 4th Africa BHR Forum in 2025),[270] provided a vital space for Member States and civil society to Africanize international standards and ensure they fit local realities. A key focus of these meetings has been aligning corporate accountability with the African Continental Free Trade Area (AfCFTA) and encourages countries to adapt the UNGPs to their specific socio-economic conditions.[271] Hence the Draft African Union Policy Framework on BHRs represents a sophisticated regional initiative designed to contextualize the UNGPs within Africa's specific developmental realities, and this multi-year consultation process has been essential in building the continental consensus needed for the AU Draft Framework's final adoption.

The Framework is substantively structured to align corporate conduct with the broader objectives of AU Agenda 2063,[272] ensuring that private sector activities contribute to the long-term vision of "*The Africa We Want*".[273] It encourages that member States move beyond policy rhetoric by integrating BHR standards into their domestic legal architectures, specifically targeting constitutional, corporate, banking, and security laws.[274] Under this framework, states to have national laws and develop NAPs to identify and bridge governance gaps, while businesses are expected to undertake comprehensive HRDD before, during, and after the conclusion of development projects.[275] The framework further urges AU Member States to implement decisions and recommendations related to BHRs, while also establishing

[268] African Business and Human Rights Forum, Accra, Ghana, 2022, Available at https://www.ohchr.org/en/events/forums/2022/african-business-and-human-rights-forum-12-13-october-2022-accra-ghana (last accessed on 19 March 2026)

[269] Advancing Business and Human Rights in Africa: Trade Union Perspectives on Labour Rights and National Action Plans at the 2024 Nairobi Forum, Nairobi, Kenya, 2024, Available at https://african-union.fes.de/e/advancing-business-and-human-rights-in-africa-trade-union-perspectives-on-labour-rights-and-national-action-plans-at-the-2024-nairobi-forum.html (last accessed on 19 March 2025)

[270] The 4th African Business and Human Rights Forum, Lusaka, Zambia, 2025, Available at https://www.ohchr.org/en/events/events/2025/4th-african-business-and-human-rights-forum (last accessed on 19 March 2026)

[271] See for example the 3rd Africa BHR Forum held at Nairobi, Kenya, 2024 available at https://african-union.fes.de/e/advancing-business-and-human-rights-in-africa-trade-union-perspectives-on-labour-rights-and-national-action-plans-at-the-2024-nairobi-forum.html (last accessed on 19 March 2025). See also Statement by Mr. Issaka Garba Abdou, Head of Governance and Human Rights on Behalf of H.E. Amb. Bankole Adeoye, the Commissioner for Political Affairs, Peace, and Security, at Fourth Africa Business and Human Rights Forum, Lusaka, Zambia, 7-9 October 2025, available at https://www.peaceau.org/uploads/opening-statement-by-mr.-issakaclean-1-.pdf (last accessed on 19 March 2026)

[272] This Agenda is oriented towards the objective of a prosperous Africa based on inclusive growth and sustainable development, and a global strategy to optimize the use of Africa's resources for the benefit of all Africans. See Agenda 2063: The AFRICA We Want, Framework Document, 2015, available at https://africanunion2063.org/wp-content/uploads/2024/04/AGENDA-2063-PDF.pdf (last accessed on 19 March 2026) [Here in after, Framework Document of Agenda 2063]

[273] Oyeniyi Abe, The State of Business and Human Rights in Africa, p. 45

[274] *Id*, p. 8

[275] *Id*, pp. 45–47

mechanisms for monitoring and reporting on business activities and their impacts on human and peoples' rights.[276] These processes are intended to operate across all levels of governance in Africa from local communities to national, regional, and continental institutions engaging actors such as the media, civil society organizations, governments, regional economic communities, and the AU.[277]

The Framework is widely regarded as the essential precursor to a future regional legally binding regional instrument on BHRs. In this regard the African Commission has also adopted a resolution concerning BHR in Africa which mandates the Working Group on Extractive Industries, Environment and Human Rights in Africa (WGEI) and Working Group on Economic, Social and Cultural Rights (WG-ECOSOC) to draft a legally binding regional BHR instrument for Africa.[278] Under this resolution the African Commission has called on the AU to ensure that, in updating and finalizing its Draft Policy Framework on BHRs, it adequately incorporates the Commission's existing soft law instruments as well as the emerging context created by the implementation of the AfCFTA.[279] In this regard, the Commission has also offered its expertise to support the process.[280]

Last but not least, there is a global standard for corporate transparency in the mining sector known as the Extractive Industries Transparency Initiative (EITI, updated in 2023) for the Good Governance of Oil, Gas and Mineral Resources.[281] Substantively, the initiative is built upon the principle of "*open and accountable management*" of natural resources, requiring extractive companies to publish their payments to governments and requiring those governments to disclose the revenues they receive.[282] This initiative is closely aligned with the Africa Mining Vision (AMV) that aims to ensure the mineral-led development is transparent, equitable, and protective of local community rights.[283] More importantly, to promote the realization of article 24 of the African Charter which provides "*all peoples shall*

[276] *Id*, p. 45
[277] *Ibid*
[278] African Commission, Resolution on Business and Human Rights in Africa, Para. 2(c).
[279] *Id*, Para. 1(a)
[280] *Ibid*
[281] The EITI Standard is a global standard that provides a specialized, albeit narrower, framework for corporate transparency and good governance specifically within the oil, gas, and mineral sectors. EITI, The global standard for the good governance of oil, gas and mineral resources, EITI International Secretariat, *Rådhusgata* 26 0151, Oslo, Norway, 2023 pp. 6 and 9 available at https://eiti.org/sites/default/files/2024-04/2023%20EITI%20Standard_Parts1-2-3.pdf?hash=1774004400 (last accessed on 20 March 2026) [Here in after, EITI, The global standard for the good governance of oil, gas and mineral resources]
[282] *Id*, pp. 6 and 25
[283] AU, Africa Mining Vision, 2009, p. v, avaialable at https://au.int/sites/default/files/documents/30995-doc-africa_mining_vision_english_1.pdf (last accessed on 20 March 2026) [Here in after, Africa Mining Vision]

have the right to a general satisfactory environment favorable to their development,"[284] and other rights enshrined in the Charter, the African Commission established a Working Group known as WGEI (mentioned above) which is mandated to examine the role of transnational corporations in human rights abuses and to explore the potential liability of non-state actors for violations of human and peoples' rights within the framework of the African Charter.[285] Accordingly, this Working Group is expected to take into account the particular risks associated with extractive industries when contributing to the drafting of the regional legally binding instrument on business and human rights, in line with the mandate assigned to it by the resolution of the African Commission.

2.6. Other Initiatives and Country Experiences

The advancement of corporate responsibility and accountability extends beyond international and African regional frameworks, finding further support in normative developments within the European and Inter-American regional systems. In Europe, for instance, the Council of Europe Recommendation CM/Rec(2016)3[286] has been instrumental in urging member states to adopt a smart mix of regulatory and voluntary measures to implement the UNGPs, particularly emphasizing access to judicial remedies for corporate human rights abuses.[287] In addition, the EU Corporate Sustainability Due Diligence Directive (Directive (EU) 2024/1760), which entered into force on 25 July 2024, represents a significant development in this field.[288] The directive seeks to promote sustainable and responsible corporate conduct, both within companies' operations and throughout their global value chains.[289] Similarly, the Inter-American Commission on Human Rights (IACHR) has developed a specialized report on BHRs Inter-American Standards, which reinforces the principle that the American

[284] Banjul Charter, art. 24
[285] ACHPR, Resolution on the Establishment of a Working Group on Extractive Industries, Environment and Human Rights Violations in Africa - ACHPR/Res.148(XLVI)09, Banjul, Gambia, 2009, available at https://achpr.au.int/en/node/756 (last accessed on 20 March 2026) [Here in after, ACHPR, Resolution on the Establishment of a Working Group on Extractive Industries, Environment and Human Rights Violations in Africa]
[286] Council of Europe Committee of Ministers to member States on human rights and business, Recommendation CM/Rec(2016)3 - Recommendation of the Committee of Ministers to member States on human rights and business (Adopted by the Committee of Ministers on 2 March 2016, at the 1249th meeting of the Ministers' Deputies), available at https://search.coe.int/cm#{%22CoEIdentifier%22:[%2209000016805c1ad4%22],%22sort%22:[%22CoEValidationDate%20Descending%22]} (Last accessed on March 2026) [Here in after, Council of Europe Committee of Ministers to member States on human rights and business, Recommendation CM/Rec(2016)3]
[287] *Id*, Para. 1–9 and the Preamble Para. 9
[288] European Commission, Corporate sustainability due diligence, 2024, available at https://commission.europa.eu/topics/business-and-industry/doing-business-eu/sustainability-due-diligence-responsible-business/corporate-sustainability-due-diligence_en (Last accessed on March 2026) [Here in after, European Commission, Corporate sustainability due diligence]
[289] *Ibid*

Convention on Human Rights requires states to ensure that private enterprises do not infringe upon socio-economic and environmental rights, as well as recommend States to review and adapt the domestic legal framework applicable in the context of BHRs.[290] These other regional norms provide a high-level benchmark for how human rights can be integrated into the regulatory oversight of commercial activities across diverse legal traditions.

At the domestic level as well, legislative developments in Europe illustrate a shift from voluntary approaches toward binding corporate obligations. In France, the 2017 Corporate Duty of Vigilance Law (*Loi relative au devoir de vigilance*) represents a landmark move by requiring large companies to design and implement mandatory vigilance plans aimed at identifying and preventing serious human rights violations within their operations and supply chains.[291] Notably, this law introduces a civil liability mechanism, enabling victims to seek remedies before domestic courts where companies fail to meet their obligations.[292] This model demonstrates how corporate duties can be legally expanded to incorporate human rights considerations, offering useful insights for jurisdictions seeking stronger accountability mechanisms. A similar but distinct approach is evident in Germany, where the 2021 Supply Chain Due Diligence Act (*Lieferkettensorgfaltspflichtengesetz – LkSG*), which mandatorily requires enterprises to conduct due diligence emphasizing on procedural compliance through risk management systems.[293] Rather than prioritizing civil litigation, the German framework relies on administrative enforcement, granting regulatory authorities the power to impose sanctions on companies that neglect due diligence obligations related to labor and environmental standards in their global value chains.[294] This process-oriented model provides a structured approach to managing risks in global value chains of businesses.

Within Africa, the NAPs adopted by Uganda and Kenya offer more contextually relevant lessons. Uganda's NAP begins with a clear, high level executive commitment to the State

[290] IACHR, Business and Human Rights: Inter-American Standards, 2019, pp. 220–221 and Para. 317 available at https://www.oas.org/en/iachr/reports/pdfs/Business_Human_Rights_Inte_American_Standards.pdf (Last accessed on 20 March 2026) [Here in after, Business and Human Rights: Inter-American Standards]
[291] French Corporate Duty of Vigilance Law, 2017, art. 1 available at https://respect.international/french-corporate-duty-of-vigilance-law-english-translation/ (Last accessed on 21 March 2026) [Here in after, French Corporate Duty of Vigilance Law] See also, Article L225-102-4 of the French Commercial code, available at https://french-business-law.com/french-legislation-art/article-l225-102-4-of-the-french-commercial-code/ (Last accessed on 21 March 2026)
[292] *Id*, art. 2
[293] Germany's Act on Corporate Due Diligence Obligations for the Prevention of Human Rights Violations in Supply Chains, Bundestag, 2021, Section 3 and 4, available at https://www.bmas.de/SharedDocs/Downloads/DE/Internationales/act-corporate-due-diligence-obligations-supply-chains.pdf?__blob=publicationFile&v=3 (Last accessed on 20 March 2026) [Here in after, Germany's Act on Corporate Due Diligence Obligations for the Prevention of Human Rights Violations in Supply Chain]
[294] *Id*, Section 23 and 24

duty to protect as the primary driver for all subsequent strategies (strong emphasis on the state's duty to protect).[295] Kenya's NAP, on the other hand, introduces a contemporary, process oriented approach particularly through its proposal to require mandatory human rights due diligence as a condition for granting operational licenses.[296] It further contextualizes the UNGPs within the domestic framework by aligning them with key socio-economic priorities, such as land tenure security and revenue transparency,[297] while being fully structured around the '*protect, respect, and remedy*' pillars of the UNGPs.[298] These peer experiences demonstrate how the UNGPs can be Africanized by prioritizing land rights, environmental protection, and the informal economy.

Overall, the trajectory of BHR regulation from binding legislative models in Europe to policy oriented frameworks in East Africa reveals a spectrum of implementation strategies. These comparative insights suggest the need for a balanced regulation that combines mandatory regulatory measures with accessible, state-supported grievance mechanisms. In this way, international and regional experiences can serve as both practical guidance and normative justification for strengthening domestic BHR frameworks while supporting sustainable economic development.

[295] The Minister for Gender, Labour and Social Development explicitly states that the Government is committed to implementing the NAP as a measure to strengthen the State duty to protect human rights. Furthermore, the NAP identifies its first specific objective as strengthening the institutional capacity and coordination of state actors for the protection and promotion of human rights in businesses. See The National Action Plan on Business and Human Rights, Ministry of Gender, Labour and Social Development, the Republic of Uganda, 2021, pp. III and V, available at https://www.ohchr.org/sites/default/files/Documents/Issues/Business/NationalPlans/uganda_approved-national-action-plan-on-business-and-human-rights_august-2021.pdf (Last accessed on 21 March 2026) [Here in after, NAP of Uganda]

[296] National Action Plan on Business and Human Rights: For the Implementation of the United Nations Guiding Principles on Business and Human Rights, Republic of Kenya, 2019, p. 24, available at https://www.ohchr.org/sites/default/files/Documents/Issues/Business/NationalPlans/2019_FINAL_BHR_NAP.PDF (Last accessed on 21 March 2026) [Here in after, NAP of Kenya]

[297] *Id*, pp. 12–15 and

[298] For instance, both the title of the NAP and the structure of its third chapter clearly reflect its strong alignment with, and emphasis on, the UNGPs.

Conclusion

Chapter Two examines the key concepts surrounding BHR, clarifying both its meaning and scope. It traces the evolution of the BHR agenda from a largely voluntary CSR approach to a more structured international normative framework. At the center of this development are the UNGPs, which establish a three-pillar framework consisting of the State duty to protect, the corporate responsibility to respect, and access to remedy. This framework, particularly the second pillar, is basically operationalized through HRDD, a process that requires businesses to proactively identify, prevent, and mitigate human rights risks.

Beyond the UNGPs, the chapter also examines the growing transition toward binding legal approaches, as reflected in the ongoing negotiations for a legally binding international instrument and the emergence of mandatory human rights due diligence legislation, particularly within the Global North. Notable developments in this regard include the European Union Corporate Sustainability Due Diligence Directive (Directive 2024/1760), as well as the due diligence laws adopted in France and Germany. It further situates these global developments within the African regional context, highlighting the distinctive role of the African Charter and the African Union's evolving Policy Framework on BHR in shaping corporate accountability through the integration of collective rights and regional socio-economic priorities.

Overall, while the international BHR agenda initially relied on non-binding standards most notably Ruggie's concept of '*principled pragmatism'*, there is a clear and accelerating movement at both global and regional levels toward mandatory legal frameworks including the ongoing LBI that seek to hold corporations more directly accountable for human rights abuses. In this context, the expectation that businesses respect human rights is no longer optional but essential. For business enterprises, understanding the relationship between their operations and human rights is equally critical, as it enables them to develop more coherent, responsive, and effective risk management systems.

CHAPTER THREE

THE LEGAL FRAMEWORK ON BUSINESS AND HUMAN RIGHTS IN ETHIOPIA

3.1. Introduction

The effectiveness of the BHR agenda ultimately depends on its integration into domestic legal and institutional frameworks. Although international and regional instruments provide important normative guidance, it is primarily at the national level that human rights obligations are transformed into enforceable legal rules, regulatory mechanisms, and remedial structures. Ethiopia, like many developing states pursuing accelerated economic growth and increased foreign investment, faces the complex task of reconciling development objectives with the need to protect individuals and communities from corporate human rights abuses.

This chapter examines the existing Ethiopian legal framework relevant to the regulation of BHRs. It analyzes the extent to which constitutional arrangements and legislative measures, address corporate human rights responsibility and accountability, whether directly or indirectly. The discussion begins with an overview of the BHR landscape in Ethiopia and the relevance of international and regional normative standards within the Ethiopian legal system, followed by an examination of the constitutional foundations of BHR. The chapter then evaluates major sector specific legal regimes; investment, labour, environmental, criminal, tort law and commercial laws, in order to assess their adequacy in regulating business-related human rights abuses.

Furthermore, the chapter discusses the status and legal significance of Ethiopia's ongoing NAP on BHRs process. It also evaluates Ethiopia's legal framework in light of international and regional BHR standards, identifies the principal legal gaps and challenges, and explores potential opportunities for strengthening corporate human rights responsibility within the Ethiopian context. In doing so, the analysis takes into account Ethiopia's legal tradition, socio-economic conditions, and most importantly the evolving contemporary developments in the field of BHR.

3.2. The Business and Human Rights Landscape in Ethiopia

As noted in the statement of the problem, following the political reforms of 2018, the Government of Ethiopia announced plans to fully or partially privatize major state-owned enterprises. In recent years, the country has also undertaken a series of policy, legislative, and institutional reforms aimed at creating a more attractive environment for FDI as indicated in the stated objective of increasing and diversifying foreign investment inflow under the preamble of revised Investment Proclamation No. 1180/2020.[299] These reforms have led to a significant influx of both multinational and domestic business enterprises across a range of sectors, including petroleum refining, mining, real estate, large-scale commercial agriculture, apparel, manufacturing, and renewable energy.[300] This ongoing transformation of the Ethiopian economy is guided by the Homegrown Economic Reform Agenda (HGER), which explicitly seeks to shift the growth model from a predominantly state-led approach to one driven by the private sector, with the objective of ensuring macroeconomic and financial stability.[301] Despite Ethiopia having undertaken these reforms to attract investment, investment trends remain uneven and shaped by political tensions and conflict throughout the country, particularly in the Amhara and Oromia regions, notwithstanding FDI inflows equivalent to 2.7 percent of the country's GDP in 2024.[302]

After all, the growing role of business entities in the Ethiopian economy has made the issue of corporate responsibility increasingly important, especially where business activities have the potential to affect the rights and interests of workers, local communities, consumers, and the environment. In the manufacturing sector, for example, particularly the country's industrial parks like Bahir Dar and Hawassa industrial parks have been widely criticized for poor labor conditions, including allegations of exploitation with insufficient wages and salaries.[303] Furthermore, in the production of hand-woven textiles, children primarily boys, some as young as seven and in certain cases victims of trafficking are reported to work under

[299] Investment Proclamation No. 1180/2020, preamble Para. 3 and 6
[300] EHRC and DIHR, Business And Human Rights In Ethiopia Multi-Stakeholder Dialogue Workshop Summary Report, p.2
[301] Federal Democratic Republic of Ethiopia, A Homegrown Economic Reform Agenda: A Pathway to Prosperity, March 2020, pp. 2 and 14
[302] U.S. Department of State, 2025 Ethiopia Investment Climate Statement, September 2025, p. 3
[303] United States Department of State Bureau of Democracy, Human Rights, and Labor, Country Reports on Human Rights Practices for 2024, Ethiopia 2024 Human Rights Report, pp. 15 and 16. Concerning Hawassa industrial parks See also, Robel Mulat and Yohannes Gezahagn, Industrial promises, employment precarity, and disrupted production in the shadow of global pandemics, *Discover Sustainability*, 2024, Vol. 5 available at https://link.springer.com/article/10.1007/s43621-024-00468-z (Last accessed on 30 March 2026) [Here in after, Robel Mulat and Yohannes Gezahagn, Industrial promises, employment precarity, and disrupted production in the shadow of global pandemics]

conditions amounting to forced labour.[304] Studies by Action Aid indicate that trafficked children in Ethiopia are often recruited through deceptive practices, with both parents and children misled by false promises regarding wages and access to education.[305] Similarly, the floriculture industry has been associated with documented cases of agrochemical exposure and environmental pollution affecting surrounding water sources.[306] Extractive industries in the country have been also associated with harmful emissions and the discharge of toxic substances into the air and water systems, raising serious environmental and public health concerns.[307] In sum, corporate abuses are always there in any sector they operate.

Despite these realities and while the HERA and other legislative initiatives has significantly accelerated private sector participation and attracted multinational enterprises, the legal and institutional frameworks necessary to regulate these actors have not developed at a comparable pace. As highlighted above this has created a situation in which business activity thrives under progressive investment legal regimes, whereas corporate human rights protections are often treated as secondary to broader goals of economic growth and industrialization.

However, this does not suggest that business activities operate in a legal vacuum. Rather, the FDRE constitution and a range of sector specific laws like the Investment Proclamation No. 1180/2020, the Labour Proclamation No. 1156/2019, the FDRE Criminal Code, and the Commercial Code of 2021 address aspects of business conduct in relation to human rights. But, as reflected in much of the existing scholarship, these and other legal frameworks tend to address corporate responsibility primarily from a CSR perspective rather than clearly establishing it as a binding legal obligation,[308] leaving the nature and scope of business responsibilities insufficiently defined or only indirectly addressed. The CSR landscape itself

[304] ActionAid Ethiopia, People before Profit: Why Urgent Action is needed to hold Businesses Accountable for Respecting Human Rights, p. 3
[305] *Ibid*
[306] In Ethiopia, floriculture farms are often characterized by inadequate waste management systems, as well as insufficient provision of protective equipment and safety measures for workers. As a result, materials such as chemicals, plastics, and corrugated iron are frequently disposed of in an uncontrolled manner. Moreover, pesticides, fertilizers, and plastic waste are commonly released into water bodies and surrounding land, contributing to significant environmental and health risks, including threats to aquatic ecosystems and pollution of soil, water, and air. See Yohannes Gelaye, The status and natural impact of floriculture production in Ethiopia: a systematic review, *Environmental Science and Pollution Research*, 2023, Vol. 30, pp. 9066–9081, abstract available at https://link.springer.com/article/10.1007/s11356-022-24279-9 (Last accessed on 30 March 2026) [Here in after, Yohannes Gelaye, The status and natural impact of floriculture production in Ethiopia: a systematic review]
[307] ActionAid Ethiopia, People before Profit: Why Urgent Action is needed to hold Businesses Accountable for Respecting Human Rights, p. 3
[308] Bantayehu Demlie, Business and Human Rights in Ethiopia: The Status of the Law and the Practice, pp. 1 and 39

remains regulated in a fragmented manner, and in contexts where comprehensive CSR frameworks are underdeveloped, an increasing body of scholarship has begun to explore the potential of the emerging BHR paradigm.[309] However, in the absence of a comprehensive and self-contained regulatory framework, the Ethiopian BHR landscape continues to exhibit a significant regulatory gap, underscoring the need for a more robust legal regime that moves beyond a solely state centered duty to protect toward a system that imposes direct and enforceable responsibilities on business actors.

In this context, as private sector investment both domestic and foreign continues to expand, new regulatory challenges are already emerging that may not be adequately addressed by the existing legal framework. In response to these developments, Ethiopia has now initiated the process of developing a NAP on BHRs, with the National Baseline Assessment (NBA) and multi stakeholder consultation currently underway.[310] This process is guided by the UNGPs on BHRs, the Amharic version of which was officially introduced during the launch of the NAP process on 16 May 2024.[311] As is typical of such policy instruments, the NAP is expected to serve as a foundational guide for the development of a more coherent and comprehensive legislative framework on BHR, particularly by addressing the gaps in existing sector specific laws.

Accordingly, the contemporary BHR landscape in Ethiopia is best understood as undergoing a gradual transition from fragmented and predominantly voluntary CSR approaches toward a more structured, rights based system of corporate responsibility.

3.3. The Relevance of International and Regional Normative Standards for Ethiopian Legal System

The role of international and regional standards in shaping domestic legal systems has become increasingly important in the context of globalization, where such norms contribute to harmonizing national legal frameworks and strengthening the protection of human rights.[312] This growing relevance is largely driven by the reduced significance of state borders

[309] *Ibid*
[310] National Action Plans on Business and Human Rights, Ethiopia, Under Development, available at https://globalnaps.org/country/ethiopia/ (Last accessed on 01 April 2026). See also EHRC, Advancing the Business and Human Rights Agenda in Ethiopia, 2025, available at https://ehrc.org/advancing-the-business-and-human-rights-agenda-in-ethiopia/ (Last accessed on 01 April 2026)
[311] *Ibid*
[312] Baimuratov, M. *et al*, 'Research on the impact of international agreements and standards on national legal systems and legal order,' *Amazonia Investiga*, 2024, Vol. 13, No. 74, pp. 90-102, p. 90 [Here in after, Baimuratov, M. *et al*, 'Research on the impact of international agreements and standards on national legal systems and legal order]

in the movement of capital and labor, which in turn enhances the influence of international norms on national legal orders.[313] These standards play a vital role in fostering a coherent regulatory environment for interstate relations and in supporting economic cooperation, human rights protection and sustainable development.[314] Theoretical analysis further shows that international and regional normative standards constitute an essential component of the global legal system, underpinning international cooperation and guiding the development of domestic legislation.[315]

In this regard, the area of BHRs and Ethiopia is no exception, as international and regional human rights law often provides more developed jurisprudence than domestic case law,[316] thereby enabling broader and more progressive interpretations of rights. Regardless of whether a legal system follows a monist or dualist approach, the international BHR norms function as important interpretative tools that assist domestic courts in clarifying constitutional rights and addressing legislative gaps.[317] Moreover, transnational standard-setting bodies influence both state and non-state actors, shaping the content of domestic law and enhancing legal certainty.[318] In Ethiopia, a combined reading of articles 9(4) and 13(2) of the FDRE constitution indicates that all treaties ratified by Ethiopia whether under the UN, the AU, or other international frameworks, form part of the domestic legal system. This incorporation extends beyond human rights instruments to include agreements relating to business and economic relations including BIT, and implies that the human rights principles contained in these instruments carry significant interpretative authority within the domestic legal order.[319] In this context, as per the UN treaty body database Ethiopia is already subscribed to the core set of human rights standards[320] that, for example, the UNGPs require

[313] *Id*, p. 91
[314] *Id*, p. 92
[315] *Id*, p. 90
[316] Utilizing international, regional and comparative law in domestic courts, *SALC Litigation Manual Series*, 2017, p. 9 available at https://www.southernafricalitigationcentre.org/wp-content/uploads/2017/08/Chapter-2-1.pdf (last accessed on 20 March 2026) [Here in after, Utilizing international, regional and comparative law in domestic courts]
[317] *Id*, pp. 9–10
[318] These bodies consist of scientific and technical experts and lack the authority to issue legally binding decisions. However, the impact of the standards, recommendations, and guidance they produce becomes evident once these are incorporated into domestic legal systems. See Machiko Kanetake, 'Transnational standards in the domestic legal order: authority and legitimacy,' *Transnational Legal Theory*, 2017, Vol. 8, No. 2, pp. 177-180, p. 177–178 [Here in after, Machiko Kanetake, Transnational standards in the domestic legal order: authority and legitimacy]
[319] Bantayehu Demlie, Business and Human Rights in Ethiopia: The Status of the Law and the Practice, p. 17
[320] Including the nine core international human rights instrument comprises: ICERD, ICCPR, ICESCR, CEDAW, CAT, CRC, ICMW, CPED, CRPD. See UN Treaty Body Database, Ratification, Reporting & Documentation for Ethiopia, available at

businesses to respect under Principle 12.[321] More importantly, the LBI on BHRs currently under negotiation is expected, once ratified, to form part of the law of the land pursuant to article 9(4) of the FDRE constitution. This expectation is reinforced by Ethiopia's active engagement in the process, including its support for the establishment of the UN Working Group mandated to draft the LBI and its continued participation through comments on draft texts.[322] In addition, the country is currently in the process of developing a NAP on BHRs aimed at aligning its framework with the UNGPs,[323] which currently serving as a base to the ongoing LBI.

Ultimately, they are not only relevant, but the incorporation of international and regional norms into the domestic law of the land also ensures that Ethiopia's legal system remains dynamic and adaptable, offering the clarity and progressive interpretative tools needed to effectively respond to the evolving global landscape of BHRs.

3.4. Constitutional Foundations for Business and Human Rights in Ethiopia

The 1995 Constitution of the FDRE constitutes the supreme legal foundation for grounding business entities responsibility within the domestic legal order. Although the constitution does not explicitly refer to the term '*Business and Human Rights*,' it nonetheless provides a strong normative foundation for corporate responsibility through the overall spirit of the Constitution, reflected in its emphasis on human rights in the preamble, chapter three, and chapter ten, as well as through the supremacy clause and the State's duty to protect. Through a systematic constitutional interpretation, its various provisions can be understood as imposing both direct and indirect obligations on the private business actors. This section therefore examines the constitutional provisions that are most relevant to the BHRs paradigm.

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https://tbinternet.ohchr.org/_layouts/15/TreatyBodyExternal/Countries.aspx?Lang=en (Last accessed on 06 April 2026)

[321] UNGPs, Principle 12 and its commentary, pp. 13–14

[322] According to the 2022 UNDP's baseline assessment, Ethiopia voted in favor of establishing the UN Working Group (OEIGWG) tasked to draft the UN binding treaty and continues to engage in the process with other African states (e.g Burkina Faso), for example, by commenting in the draft. See UNDP, A Baseline Assessment on Business and Human Rights in Africa: From the First Decade to the Next treaty, 10 October 2022, p. 18, available at https://www.undp.org/africa/publications/baseline-assessment-business-and-human-rights-africa-first-decade-next (Last accessed on 20 March 2026)

[323] Danish Institute for Human Rights, Ethiopia, *online*, available at Ethiopia | The Danish Institute for Human Rights (Last accessed on 20 March 2026) See also National Action Plans on Business and Human Rights, Ethiopia, Under development, available at https://globalnaps.org/country/ethiopia/#:~:text=This%20initiative%20follows%20Ethiopia's%20acceptance,of%20the%20UNGPs%20was%20introduced. (Last accessed on 20 March 2026)

3.4.1. The Structural Framework: Horizontal Application, and the Identification of Duty Bearers

Before assessing the relevant substantive provisions, it is necessary to briefly examine the structural design of the Constitution and the identification of duty bearers within it, as this provides the foundation for analyzing the responsibilities of business entities. A common challenge in Ethiopian constitutional law is the interpretation of article 13(1), which explicitly states that the *'responsibility and duty to respect and enforce'* the bill of rights (chapter three of the constitution) is imposed upon Federal and State legislative, executive, and judicial organs.[324] Traditionally, this suggests a '*vertical application*' where only the Government is the duty bearer towards right holders.[325] However, when considered in light of international jurisprudence,[326] as well as a logical and purposive reading of the Constitution's structural provisions, a horizontal dimension emerges that extends the binding effect of fundamental rights to other actors including business entities. This begins from the very outset in the preamble of the Constitution, which frames the pursuit of economic and social development as a process that must be undertaken with '*full respect of individual and people's fundamental freedoms and rights*'.[327] Logically, if the Constitution mandates a development model that is rights-compliant, then the primary vehicles of that development, business organizations, cannot be immune from respecting the very rights that define the constitutional order. This understanding mirrors the '*Principle of Good Faith'* discussed in

[324] Constitution of the Federal Democratic Republic of Ethiopia, 1995, *Federal Negarit Gazzeta*, Proc. No. 1, 1st year, No.1, art. 13(1) [Here in after, Constitution of the FDRE)

[325] Adem Kassie, 'Human Rights under the Ethiopian Constitution: a Descriptive Overview,' *Mizan Law Review*, 2011, Vol. 5, No. 1, p. 44 [Here in after, Adem Kassie, Human Rights under the Ethiopian Constitution: a Descriptive Overview]

[326] From a constitutional perspective, individuals are increasingly recognized as central actors within the international legal order. In this regard, general principles of law serve as an important bridge between the public and private spheres, facilitating the integration of human rights obligations across both domains. Reflecting this approach, several progressive constitutions have explicitly acknowledged the horizontal application of human rights. A notable example is the Constitution of the Republic of South Africa, which under Section 8(2) provides that the rights enshrined in the Bill of Rights bind both natural and juristic persons, to the extent that such rights are applicable, taking into account the nature of the right and the corresponding duty imposed. See Constitution of the Republic of South Africa, 1996, *Government Gazette*, Act. No. 108, Vol. 378, No. 17678, section Section 8(2) available at https://www.gov.za/sites/default/files/gcis_document/201409/act108of1996s.pdf (Last accessed on 02 April 2026. See also Ludovica Chiussi Curzi, 'General Principles for Business and Human Rights in International Law,' *Queen Mary Studies in International Law*, 2021, Vol. 43, pp. 13–14 [Here in after, Ludovica Chiussi Curzi, General Principles for Business and Human Rights in International Law]

[327] Constitution of the FDRE, Preamble, para. 2

international law, which holds that development and legal arrangements, including corporate structures, should not be used as a means to evade fundamental human rights obligations.[328]

Furthermore, the most direct horizontal application and logical bridge for corporate responsibility is found under article 9 which talks about the supremacy of the constitution. This article declares that the constitution is the supreme law of the land and is binding on *'all citizens, State organs, political organizations, and **other associations'*** [**emphasis added**].[329] Scholars convincingly argue that, the term '*other associations'* is a broad constitutional category that logically and legally encompasses business organizations, private companies, and multinational corporations.[330] Therefore, while article 13 (1) identifies the State as the primary duty bearer and enforcer, article 9(2) identifies corporations as bound subjects. When these two provisions are read together, a coherent logical inference emerges: if the State bears the duty to enforce fundamental rights, and corporations as associations are subject to the Constitution, then it follows that the State is constitutionally obliged to adopt and implement legal measures requiring such entities to respect human rights. This aligns with international law, which affirms that the state's duty to protect human rights in the context of corporate activities, when interpreted in light of the principle of good faith, requires the establishment and maintenance of an effective legal framework that impose direct obligation on corporations to ensure the protection of rights.[331] Therefore, it can be concluded that business entities have a direct, horizontal obligation to respect the fundamental rights and freedoms enshrined under chapter three of the FDRE constitution. This line of argument provides the domestic legal underpinning for the second pillar of the UNGPs which is the '*corporate responsibility to respect'* as discussed in chapter two of this thesis.

Finally, article 10 of the constitution also provides the philosophical justification for this horizontal application by stating that '*human rights and freedoms, emanating from the nature*

[328] The principle of good faith requires states to fulfill their human rights obligations in a manner that preserves the effectiveness of human rights standards. It has been argued that this entails an obligation to regulate corporate actors to prevent human rights violations and to ensure accountability where such violations occur. Regardless of the legal system in which they operate, companies are expected to adhere to this universal good faith principle. Moreover, the growing emphasis on investor conduct in international investment law suggests that the principle of good faith, at a minimum, encompasses a requirement for corporate compliance with international human rights standards. See Ludovica Chiussi Curzi, General Principles for Business and Human Rights in International Law, pp. 52, 152, 303–304

[329] Constitution of the FDRE, art. 9(1)(2)

[330] Adem Kassie, Human Rights under the Ethiopian Constitution: a Descriptive Overview, pp. 45–46 See also Bantayehu Demlie, Business and Human Rights in Ethiopia: The Status of the Law and the Practice, p. 18

[331] Ludovica Chiussi Curzi, General Principles for Business and Human Rights in International Law, 2021, p. 152

of mankind are inalienable and inviolable'.[332] If rights are inalienable, they belong to the person by virtue of their humanity, not as a gift from the State. Consequently, these rights must be respected by any entity state or private that possesses the power to infringe upon them. Institutionally, the EHRC, established based on article 55(14) of the FDRE constitution, serves as the constitutional mechanism to monitor this respect. Its mandate to investigate violations by '*any person*'[333] effectively bridges the gap between state and private conduct, ensuring that the state duty to protect translates into actual corporate responsibility to respect. This is particularly evident given that the EHRC is mandated to ensure that the human rights guaranteed under the FDRE Constitution are respected by all individuals, state organs, political organizations, and ***other associations***, as well as their officials, and to oversee that laws, regulations, directives, and governmental decisions comply with these constitutional guarantees.[334]

3.4.2. The Substantive and Procedural Dimensions: Rights-Based Development and Access to Remedy

Taking into account the above context that business entities are constitutionally duty bearers to respect human rights, and turning to the substantive content relevant to corporate responsibility under chapter three, the protections against inhuman treatment (article 18), the right to property (article 40), labour (article 42), development (article 43), and a clean environment (article 44), serve as the primary benchmarks for business conduct. Article 18(3) of the FDRE Constitution, which unequivocally prohibits forced or compulsory labour, closely reflects the core standards embodied in article 2(1) of ILO Convention No. 29 on Forced Labour.[335] Likewise, the limited exceptions to compulsory labour recognized under article 18(4) of the Constitution, including compulsory military service and emergency civic obligations, largely correspond to the exemptions provided under article 2(2) of the Convention.[336] These constitutional guarantees are also consistent with the broader expectations of the UNGPs, particularly Principle 12, which requires business enterprises to

[332] Constitution of the FDRE, art. 10(1)
[333] Ethiopian Human Rights Commission Establishment Proclamation, 2000, *Federal Negarit Gazzeta*, Proc. No. 210, 6th year, No.40, art. 7 [Here in after, Ethiopian Human Rights Commission Establishment Proclamation No. 210/2000]
[334] *Id*, art. 6(1)(2)
[335] ILO Forced Labour Convention, 1930 (No. 29), art. 2(1). It provides that '*For the purposes of this Convention the term forced or compulsory labour shall mean all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily.'*
[336] *Id*, art. 2(2). See also Constitution of the FDRE, art. 18(4)

respect internationally recognized human rights, including the core labour standards established by the ILO.[337]

Logically, the right to property under article 40 is also not merely a claim against the state for compensation, it is also a duty imposed on investors to ensure that their acquisition of land often through state intermediaries does not lead to the arbitrary displacement of local communities without fair and prior resettlement and payment arrangements as indicated under article 40(6).[338] Similarly, article 42 is unique because it governs a relationship that is almost exclusively private; the employer-employee relationship. By constitutionally protecting the right to *'form associations to improve their conditions of employment and economic well-being*,' '*a healthy and safe work environment*' and '*reasonable limitation of working hours*,'[339] the Constitution directly regulates the internal operations of a business entities. Therefore, any corporate policy that violates these standards is not merely a breach of contract but a breach of a constitutional mandate. These provisions ensure that economic development, as envisaged under article 43, is not pursued at the expense of fundamental human dignity. In particular, sub-article (4) emphasizes that the primary objective of development activities is to enhance the capacities of citizens and to meet their basic needs.[340] This approach aligns with the Amartya Sen's influential work, '*Development as Freedom'*, where he persuasively contends that the ultimate goal of development is the expansion of human freedom, rather than the mere pursuit of economic growth.[341] Similarly, the constitutional recognition of the right to a clean and healthy environment, together with the right to compensation for environmental harm under article 44, implies that business entities, among others, bear a responsibility to ensure that the environments in which they operate are maintained in a safe and sustainable condition.

Furthermore, the '*access to remedy'* pillar of the UNGPs, an essential procedural component of the BHR framework, finds its domestic expression under article 37 of the FDRE Constitution. By guaranteeing every individual the right to bring a justiciable claim before a

[337] UNGPs, Principle 12 and its Commentary, p. 13–14
[338] Befekadu Dereba, The Challenges of the Right to Property of Citizens Guaranteed Under FDRE Constitution: The Case of Dila City, Hawassa University, 2019, p. 433 available at http://www.repository.smuc.edu.et/bitstream/123456789/5248/1/The%20Challenges%20of%20the%20Right%20to%20Property%20of%20Citizens%20Guaranteed%20Under.pdf (Last accessed on 05 April 2026) See also Constitution of the FDRE, art. 40(6)
[339] Constitution of the FDRE, art. 42(1) (2)
[340] *Id*, art. 43(4)
[341] Amartya Sen, *Development as Freedom*, Anchor Books Edition, a Division of Random House Inc., New York, 1999, pp. 5–6 [Here in after, Amartya Sen, *Development as Freedom*]

court or other competent body,[342] this provision establishes a crucial jurisdictional basis for victims of business-related human rights abuses to seek redress. In this regard, the Federal High Court is specifically mandated to "*render decisions, judgments, or orders to protect the justiciable human rights guaranteed under chapter three of the Constitution.*"[343] Importantly, the broad standing (*locus standi*) provisions under sub-articles 2(a) and (b) extend this right to associations and representative groups, thereby enabling collective actions against powerful corporate actors that may otherwise evade individual claims. In this context, the principle of access to justice identified by international law as a general principle of law can support the application of doctrines such as '*forum necessitatis*,'[344] ensuring that victims are not denied remedies due to procedural barriers, including those associated with the corporate veil.[345] Accordingly, even where an Ethiopian court may lack jurisdiction over a foreign parent company under traditional rules, the principle of '*forum necessitatis*', supported by the constitutional guarantee of access to justice under article 37 could provide a theoretical and logical basis for asserting jurisdiction where no other effective avenue for redress exists. Finally, it is important to note that the whole Chapter three of the constitution, which provides an extensive catalogue of individual and collective rights and freedoms and is widely regarded as the Constitution's Bill of Rights, must be read in light of the principles of '*indivisibility and interdependence'* of human rights;[346] accordingly, no right can be considered irrelevant to the BHR framework.

In addition, chapter ten of the Constitution (articles 85–92) sets out the national policy principles and objectives, which serve as interpretative guide for the fundamental rights enshrined in the constitution. Of particular relevance, article 89 (economic objectives) requires the State to protect and promote the health, welfare, and living standards of the

[342] Constitution of the FDRE, art. 37(1)
[343] Federal Courts Proclamation, *Federal Negarit Gazzeta*, 2021, No. 1234, 27th Year No. 26, art. 11(3) [Here in after, Federal Courts Proclamation No.1234/2021]
[344] The doctrine of forum necessitates (forum of necessity) is an underpinning doctrine that permits a court to exercise jurisdiction over a case even in the absence of a conventional territorial or personal link, where no alternative forum is available or where it would be unreasonable to expect the claimant to pursue the case elsewhere. It operates as a safeguard against denial of justice, particularly in situations where the ordinarily appropriate forum is ineffective, inaccessible, or unsafe. The doctrine functions as a corrective to limitations inherent in principles such as forum non-convenience, which allows a court to dismiss a civil lawsuit 'on the ground that the balance of relevant public and private factors favors that the trial should takes place in a foreign forum. See Ludovica Chiussi Curzi, General Principles for Business and Human Rights in International Law, 2021, pp. 210–211
[345] *Ibid*
[346] '*All human rights are universal, indivisible and interdependent and interrelated. The international community must treat human rights globally in a fair and equal manner, on the same footing, and with the same emphasis.'* See Vienna Declaration and Programme of Action, World Conference on Human Rights, Vienna, 1993, A/CONF.157/23, para. 5 [Here in after, Vienna Declaration and Programme of Action]

working population,[347] while article 92 (environmental objectives) mandates that development activities must not harm the environment, and the people have '*the right to full consultation in the planning and implementations of environmental policies and projects'*.[348] When read together, these provisions may be understood as providing a constitutional foundation for HRDD. They suggest that, prior to undertaking projects, corporations bear a derivative obligation, arising from the State's constitutional duties, to identify, assess, and mitigate potential risks to human well-being and the environment, as discussed in the context of corporate HRDD in Chapter Two.

In conclusion, although the State is the primary duty-bearer under article 13, its obligation extends to enforcing the rights of individuals against all potential violators. Given that corporations are recognized as *'associations'* subject to the Constitution under article 9(2), this enforcement duty gives rise to a corresponding legal obligation for business entities to respect human rights. Notwithstanding otherwise interpretations, this purposive understanding of the constitutional structure is consistent with the core logic of BHRs and reflects the three-pillar framework of the UNGPs discussed in Chapter Two: the State duty to protect, the corporate responsibility to respect, and access to remedy. By interpreting the Constitution in this purposive and logical manner, we can move from a narrow state-centric view to a modern, comprehensive BHR framework that is fit for the complexities of the 21st-century Ethiopian economy, which is increasingly led by the private sector as the engine of economic development under the current government.

3.5. Assessing Relevant Sectorial Laws and Corporate Human Rights Responsibility in Ethiopia

Beyond the Constitution, Ethiopia has a wide range of laws in relation to governing business activities and the protection of human rights that are directly or indirectly relevant to the BHRs framework. This section examines the most relevant sector specific laws. It should be noted that the selection of laws and the analysis of their provisions may not be exhaustive, rather, the approach is based on their applicability to one or more of the three pillars of BHRs as articulated in the UNGPs. The discussion also takes into account developments in the ongoing negotiations for an international treaty (LBI), as well as the evolving domestic BHRs landscape, including the current process of developing a NAP on BHRs.

[347] Constitution of the FDRE, art. 89(8)
[348] *Id*, art. 92(2) (3)

3.5.1. Investment Laws and Corporate Human Rights Regulation

While the Constitution establishes the overarching normative framework for responsibility and accountability, the practical implementation of these general frameworks within the commercial sphere is largely shaped by the special sectorial laws including investment legal regime. Investment laws functions as the principal regulatory of corporate conduct, determining the conditions under which business entities may operate within the jurisdiction including provide the procedures and requirements to establish, operate and exit investments, obligations of investors and institutional frameworks on investments.[349] The Ethiopian Investment Proclamation No. 1180/2020, together with Investment Regulation No. 474/2020 and Investment Incentives Regulation No. 517/2022, constitutes the primary regulatory foundation for balancing economic incentives with human rights protection.[350] As clearly stipulated under article 3, the Investment Proclamation governs all investments in Ethiopia, except for investments in '*the prospecting, exploration, and development of minerals and petroleum.'* Such investments are excluded from the scope of the Proclamation, as they are more appropriately regulated by special laws.[351]

From the perspective of BHR, particularly the first pillar of the UNGPs, the State duty to protect, the Ethiopian investment regime employs administrative licensing as a key oversight mechanism. Ethiopian Investment Board (EIB) and the Ethiopian Investment Commission (EIC), originally established under Regulation No. 313/2014 and later re-established under Investment Proclamation No. 1180/2020, together with the Federal Government and Regional State Administrations Investment Council established by the same Proclamation, are mandated to supervise investment activities and ensure their alignment with national development objectives.[352] Specifically, article 31 and 38 of the Investment Proclamation No. 1180/2020 empowers the EIB and EIC respectively to supervise investment activities, while article 13 provides the enforcement mechanism by allowing the suspension or revocation of

[349] Bereket Alemayehu Hagos, 'Major features of Ethiopia's new investment law: an appraisal of their policy implications,' *Transnational corporations*, 2022, Vol. 29, No. 1, p. 140 [Here in after, Bereket Alemayehu Hagos, Major features of Ethiopia's new investment law: an appraisal of their policy implications]

[350] See Investment Proclamation 1180/2020, Preamble, Para. 1, 2 and 5 for the objective of balancing the expansion of domestic production capacity with the continuous improvement of the population's living standards.

[351] Bereket Alemayehu Hagos, Major features of Ethiopia's new investment law: an appraisal of their policy implications, p. 144

[352] Ethiopian Investment Board and the Ethiopian Investment Commission Establishment Council of Ministers Regulation, 2014, *Federal Negarit Gazzeta*, Proc. No. 313, 20th Year No. 63, art. 3 and 7(1) [Here ina after, Ethiopian Investment Board and the Ethiopian Investment Commission Establishment Council of Ministers Regulation No.313/2014] See also Investment Proclamation 1180/2020, art. 30, 35, and 44

permits if an investor fails to fulfill duties or violates other pertinent national laws.[353] These pertinent laws could include the FDRE constitution and human rights legislation. This regulatory power is further reinforced by EIB Directive No. 1082/2025, which imposes a strict duty on all federal government bodies and any person or entities to respect and execute investment mandates, thereby strengthening the state's administrative grip on corporate behavior.[354]

With respect to the second pillar, the corporate responsibility to respect, the legal framework extends beyond mere encouragement. Article 54(1) of the Investment Proclamation expressly provides that '*All investors shall carry out their investment activities in compliance with the Laws of the country*,'[355] thereby imposing a binding duty on investors. Sub article 2 of the same article also read as '*all investors shall give due regard to social and environmental sustainability values including environmental protection standards and social inclusion objectives in carrying out their investment projects*.' This provision is normatively significant, as it bindingly subjects corporate actors to labor, environmental, and human rights standards that might otherwise be treated as CSR commitments. This could also be supplemented by investors' obligation, under article 14 of the Proclamation, to provide periodic reports on the implementation of their projects and investment-related information upon request by the government bodies concerned.[356] Furhermore, the cumulative reading of articles 14 and 54 has already been interpreted as imposing mandatory CSR obligations on investors.[357] As a result, practices often regarded as discretionary in the corporates regime assume the character of legal obligations within the Ethiopian investment context, forming a condition for lawful business operation. This approach is consistent with broader development perspectives, as advanced by Amartya Sen, which conceptualize development as the expansion of human freedoms and capabilities rather than merely the accumulation of economic wealth.[358]

Additionally, under Directive No. 1082/2025, the requirement of foreign investors to submit a comprehensive due diligence report across the export (article 5(2)), import (article 6(2)), wholesale (article 7(3)), and retail (article 8(2)(b)) sectors functions as a regulatory

[353] Investment Proclamation 1180/2020, art. 13 (1)(f)
[354] Ethiopian Investment Board Directive to Regulate Foreign Investors' Participation in Restricted Export, Import, Wholesale and Retail Trade Investments Directive No. 1082/2025, art. 10 (1)(2) and 9
[355] Investment Proclamation 1180/2020, art. 54(1)
[356] *Id*, art. 14(1) (2)
[357] Bereket Alemayehu Hagos, Major features of Ethiopia's new investment law: an appraisal of their policy implications, p. 154
[358] Amartya Sen, Development as Freedom, pp. 5–6

mechanism for operationalizing the corporate responsibility to respect.[359] By requiring a detailed assessment of an investor's '*integrity and capacity*,' particularly to evaluate any involvement in illicit activities contrary to internationally accepted standards, including money laundering, drug trafficking, and terrorism financing,[360] the Directive institutionalizes the concept of human rights due diligence as reflected in UNGP Principle 17. This ensures that business entities evaluate their ethical standing and operational footprint prior to market entry. This preventive approach reflects the principle that corporations should avoid causing or contributing to adverse human rights impacts. However, to achieve full alignment with BHRs standards, such assessments must evolve beyond general commercial vetting to include explicit evaluation of human rights risks within the specific Ethiopian context. This gap occurs because principle 17 of the UNGPs requires businesses to identify and assess '*actual and potential adverse human rights impacts*,' whereas the Directive focuses narrowly on the '*integrity and capacity'* of the investor.[361] This commercial vetting ignores the specific social and environmental risks a business activity might pose to local communities, such as land displacement or labor rights violations. More importantly, the UNGPs define due diligence as an ongoing process that continues throughout the life of an investment to account for changing risks as discussed in chapter two of this thesis.[362] In contrast, the Directive treats the due diligence report as a one-off permit condition to be fulfilled at the point of market entry, failing to mandate periodic updates or continuous monitoring of human rights performance as it is clear from the above articles; (5(2), 6(2), 7(3) and 8(2)(b)).

In relation to the access to remedy component of BHR, Ethiopian investment laws, although primarily designed to protect and facilitate investment, articles 13 and 54 can again be considered as regulatory hooks that victims and the State can utilize to address corporate abuses. According to article 54(1), all investors are required to comply with the '*laws of the country'* and, more importantly, according to article 13(1)(f), an investment permit may be suspended or revoked if an investor '*violates other pertinent laws*" of the country.[363] These provisions may operate as an administrative remedy in cases of corporate human rights violations, like forced evictions, labor exploitation, or environmental harm. Meaning that in such circumstances, affected individuals or communities can petition the EIC to revoke the

[359] Ethiopian Investment Board Directive to Regulate Foreign Investors' Participation in Restricted Export, Import, Wholesale and Retail Trade Investments Directive No. 1082/2025, art. 5(2), 6(2), 7(3) and 8(2)(b) [Here in after, Ethiopian Investment Board Directive No. 1082/2025]
[360] *Id*, art. 5(3) (b), 6(2), and 7(3)
[361] *Ibid.* See also UNGPs, principle 17, p. 17.
[362] UNGPs, Commentary to Principle 17, and Principles 18–21
[363] Investment Proclamation 1180/2020, art. 54(1) and 13(1)(f)

firm's license. By proving a violation of '*pertinent laws,'* such as the Labor Proclamation or Environmental laws, victims can trigger a state-led sanction that effectively shuts down the abusive entity. Unfortunately, although this approach punishes the corporation, it does not necessarily provide direct compensation or restitution to individual victims. The Proclamation could have included a specific grievance mechanism that orders a company to pay damages directly to victims while allowing the company to remain operational and improve its conduct. In contrast, license revocation under article 13, which stops the abuse by effectively terminating the business entity, obviously causes unintended economic collateral damage, like for example, the immediate loss of jobs for innocent workers, the termination of contracts with local suppliers, and the loss of tax revenue for the State. Therefore, the investment proclamation could have balanced such issues.

Hence, victims, civil society organizations, and other stakeholders can use the current development of the NAP to highlight that, while articles 25–28 of the investment proclamation provide robust dispute settlement mechanisms for investors, the law is silent on dispute settlement for those abused by investors. Transitioning to a regime that reflects the evolving domestic BHR landscape and the ongoing negotiations for an international treaty on BHRs would require moving from paper compliance to a more rights-based monitoring system.

Overall, the mandatory language employed in article 54, particularly the use of the term '*shall'*, when read in conjunction with the sanctions attached to non-compliance under article 13(1)(f), which provides that violations of the proclamation, its regulations, directives (including EIB Directive 1082/2025 that requires comprehensive due diligence report on the '*integrity and capacity'* of the investor), or other pertinent laws constitute grounds for the suspension of an investment permit, reinforces the interpretation that CSR assumes a binding character. To the extent that mandatory CSR overlaps with the BHR framework, these articles retain particular relevance. Nevertheless, this remains an argument based on interpretation, and the absence of explicit provisions that directly addressing corporate human rights responsibilities obviously limit its practical effectiveness as it opens door for otherwise argumentation. But still such interpretation is directly aligned with the overall objective of Ethiopia's investment framework which is '*to improve the living standards of the peoples of Ethiopia by realizing rapid, inclusive, and sustainable economic and social development*,' specifically including '*to encourage socially and environmentally responsible*

investments'.[364] The Proclamation is generally aligned with international instruments in having sustainable development as its ultimate goal. More importantly, the obligation imposed on investors to comply with other applicable laws extends to the Constitution, human rights legislation, BITs and international human rights treaties ratified by Ethiopia. Incidentally, it is important to note that, among the BITs currently in force, only those concluded with the United Arab Emirates (effective since 2021) and Finland (in force since 2007) make explicit reference to labor and environmental standards, albeit without express mention of human rights.[365] All other BITs in force do not refer to human rights, sustainable development, labor, or environmental standards.[366]

3.5.2. Labour Law and the Corporate Responsibility to Respect Rights

The labour legal regime is an inherently immediate and tangible site for operationalizing the corporate responsibility to respect human rights, as it primarily applies to private employers and seeks to establish minimum labour standards in employment relations. While investment laws mainly regulate the conditions of market entry and capital protection, labour laws, together with their corresponding constitutional guarantees, directly govern the human interactions at the core of business activities.[367] In this context, as touched earlier the FDRE Constitution establishes an important normative framework that closely links human rights with labour relations. Article 42 explicitly guarantees fundamental labour rights, including the right to form associations to improve working conditions, the right to collective bargaining, the right to strike, equal pay for equal work, paid leaves, and reasonable limits to working hours; and the right to a healthy and safe work environment.[368] Beyond this provision, the Constitution also enshrines several other rights central to the labour aspects of BHRs framework. Article 18(1)(2) prohibits slavery, servitude, trafficking in human beings, and forced or compulsory labour; article 35(5)(8) guarantees women the right to equality in

[364] Investment Proclamation 1180/2020, art. 5(8)
[365] Bantayehu Demlie Gezahegn, Business and Human Rights in Ethiopia: The Status of the Law and the Practice, p. 23
[366] *Ibid*
[367] In this context, the ILO observes that many existing International Investment Agreements (IIAs) do not adequately preserve the regulatory *'policy space'* needed for states to develop and enforce domestic labour laws and decent work standards. This gap creates a legal environment in which the human dimensions of business activity are often subordinated to market access considerations. As a result, there is a growing need to incorporate clearer monitoring mechanisms and stronger labour-related commitments in model BITs to ensure that corporate conduct is meaningfully aligned with labour and human rights standards. See Axel Marx and Pietro Mattioli, 'Labour rights protection in international investment agreements: Evidence, trends and impact, , 2023, Vol. 2, available at https://www.ilo.org/sites/default/files/wcmsp5/groups/public/%40dgreports/%40inst/documents/publication/wcms_903166.pdf (Last accessed on 16 April 2026)
[368] Constitution of the FDRE, art. 42(1) (2)

employment, equal pay for equal work, and maternity leave; article 36(1)(d) protects children from exploitative practices and hazardous work; and article 41(8) ensures the economic rights of citizens to receive a fair price for their products. Accordingly, all these constitutionally guaranteed labour rights must be respected by corporate entities in the course of their business activities, as the horizontal application of rights is evident within the constitution itself, particularly when considered in light of evolving trends in international law.

To translate these constitutional mandates into actionable corporate duties, the Ethiopian Labour Proclamation No. 1156/2019 functions as the primary regulatory foundation. From the perspective of the second pillar of the UNGPs, the corporate responsibility to respect human rights, the proclamation moves beyond voluntary CSR by imposing binding obligations on employers. Under article 12, the Proclamation sets out the obligations of employers, while article 14(1) lists prohibited acts that are directly consistent with the constitutionally guaranteed rights of workers. It '*inter alia,'* requires employers to respect the worker's '*human dignity'*,[369] aligning directly with the foundational premise of the UNGPs that business enterprises should avoid infringing on the human rights of others.[370] Furthermore, the proclamation addresses critical human rights risks such as discrimination and workplace violence. Article 14(1) strictly prohibits discrimination on the basis of nationality, sex, religion, political outlook, or any other status; prohibits compelling a worker to perform tasks that are hazardous to their life; and forbids coercing a worker in any manner to work or discharge an obligation. The Proclamation further establishes protections against sexual harassment, sexual violence, and any other forms of physical abuse by the employer.[371]

The guarantee of freedom of association to form '*trade union'* and the right to collective bargaining under articles 113–116 and 126(1) also provides workers with the institutional leverage necessary to hold powerful corporations accountable from within. This collective power is essential for advancing a rights-based approach in which workers are active participants in the realization of their own freedoms, as solidarity is a core component of human capability.

[369] Labour Proclamation, *Federal Negarit Gazzeta*, 2019, Proc. No. 1156, 25th Year, No. 89, art. 12(4) [Here in after, Labour Proclamation No.1156/2019]
[370] This obligation exists independently of States' ability or willingness to fulfill their human rights obligations and does not diminish those obligations, and exists beyond mere compliance with national laws and regulations protecting human rights. See UNGPs, Principle 11 and its commentary, p. 13
[371] Labour Proclamation No.1156/2019, art. 14(1)(h)(i)

Occupational safety and health and working environment represents another critical intersection where the State's duty to protect converges with the corporate responsibility to respect. Article 92 of the Labour Proclamation imposes a proactive duty on employers to take all necessary measures to safeguard the health and safety of workers, including the provision of protective equipment, properly instructed and notified workers concerning the hazards of their respective occupations, assign safety officer, and implement the instructions given by the Competent Authority. These statutory requirements are further operationalized through specialized directives that translate broad safety principles into concrete industrial obligations. The Occupational Health and Safety Directive, issued by the Ministry of Labour and Social Affairs, establishes technical benchmarks for workplace safety by requiring businesses to conduct continuous risk assessments, maintain emergency response protocols, improve facilities such as firefighting systems and extinguishers, and provide appropriate personal protective equipment, while also identifying hazardous sectors, including manufacturing and construction.[372] This regulatory oversight is complemented by the Young Workers Prohibited Activity Directive No. 813/2021, which provides an additional layer of protection for employees between the ages of 15 and 18. By explicitly prohibiting the assignment of minors to hazardous tasks, like underground mining, heavy lifting, or exposure to toxic biological agents,[373] this directive enforces the special protection requirements under article 92(2) and (5) of the labour proclamation. By compelling businesses to mitigate adverse impacts directly linked to their operations, these regulatory frameworks enforce the preventative focus demanded by the UNGPs.[374]

The scope of corporate human rights responsibility in Ethiopia also extends to the protection of vulnerable migrant workers, an area subject to increasing scrutiny within global supply chains.[375] The Overseas Employment Proclamation No. 923/2016, (as amended by Proclamation No. 1246/2021), regulates the relationships facilitated by private employment agencies. These laws impose a binding responsibilities on private actors to respect and ensure the *'rights, safety, and dignity'* of Ethiopian nationals working abroad. Under Proclamation No. 923/2016, the failure of employment agencies to provide remedies for complaints related

[372] Ministry of Labour and Social Affairs, Occupational safety and Hearth (OSH) Directive, 2008 [Here in after, Occupational safety and Hearth Directive, 2008]
[373] Ministry of Labour and Social Affairs, Guidelines for Re-Determining the List of Prohibited Jobs for Young Workers, 2021, Directive No. 813, art. 5 [Here in after, Guidelines for Re-Determining the List of Prohibited Jobs for Young Workers Directive No. 813/2021]
[374] UNGPs, Principle 13(b), p. 14
[375] Migrant workers in global supply chains, https://www.business-humanrights.org/en/big-issues/labour-rights/migrant-workers-in-global-supply-chains/ (Last accessed on 13 April 2026)

to human rights violations, human trafficking or labour exploitation, smuggling of migrants, terrorism, money laundering constitutes grounds for the immediate suspension or revocation of their operating licenses.[376] The 2021 amendment further reinforces the State's regulatory framework by mandating strict bilateral labour agreements and enhanced monitoring systems to prevent forced labour and abuse in destination countries.[377]

In addition, Ethiopia is also a party to 9 of the 11 core ILO conventions on labour standards, with the exception of the 2014 Protocol to the Forced Labour Convention of 1930 and the 2006 Promotional Framework for Occupational Safety and Health Convention.[378] Accordingly, it is also important to note that the rights recognized under the ratified ILO labour standards are also applicable to businesses operating in Ethiopia.

Overall, compared to other sectors, Ethiopia's labour regime demonstrates relatively stronger alignment with international BHR standards. The, Labour Proclamation operationalizes several constitutional guarantees relating to safe working conditions, equality, collective bargaining, and fair remuneration. These protections largely correspond with internationally recognized labour rights reflected in ILO standards, the UNGPs, and the OECD Guidelines. For instance, the proclamation gives practical effect to the corporate responsibility to respect labour rights by translating article 42 of the FDRE Constitution into binding statutory obligations, particularly through articles 12, 14(1), and 92,[379] which closely reflect the fundamental labour standards embodied in ILO Conventions No. 29 on forced labour and No. 155 on occupational safety and health.[380] Moreover, the labour regime incorporates progressive measures, such as the Overseas Employment Proclamation No. 923/2016, aimed at preventing human trafficking and protecting migrant workers.

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[376] Ethiopia's Overseas Employment Proclamation, *Federal Negarit Gazzeta*, 2016, Proc. No. 923, 22th Year, No. 44, art. 23(1) (b) and 42(2)(f) [Here in after, Ethiopia's Overseas Employment Proclamation No. 923/2016]

[377] Overseas Employment Amendment Proclamation, *Federal Negarit Gazzeta*, 2021, Proc. No. 1246, 27th Year, No. 27, art. 12 [Here in after, Overseas Employment Amendment Proclamation No. 1246/2021]

[378] Bantayehu Demlie, Business and Human Rights in Ethiopia: The Status of the Law and the Practice, p. 23

[379] Article 12 of the Labour proclamation sets out the obligations of employers towards workers, while article 14(1) lists prohibited acts '*inter alia,'* requires employers to respect the worker's 'human dignity'. Furthermore article 92 imposes a proactive duty on employers to take all necessary measures to safeguard the health and safety of workers, including the provision of protective equipment, properly instructed and notified workers concerning the hazards of their respective occupations, assign safety officer, and implement the instructions given by the Competent Authority.

[380] ILO Occupational Safety and Health Convention, 1981 (No. 155), art. 16 and 19. See also ILO Forced Labour Convention, 1930 (No. 29), art. 2(1). Article 2(1) of ILO Convention No. 29 prohibits forced labor by defining it as work exacted under the menace of penalty without voluntary consent, while articles 16 and 19 of ILO Convention No. 155 mandate that employers ensure safe workplaces and provide necessary safety information and training to prevent occupational hazards. These provisions mirror the domestic requirements of the Labour Proclamation, which transforms these international human rights norms into binding statutory duties for all employers operating in Ethiopia.

However, notwithstanding its important protective function, the Labour Proclamation is not universally applicable. Article 3(3)(a) of the Proclamation, particularly in its Amharic version, expressly permits the exclusion of employment relations between Ethiopian nationals and international organizations where an agreement to that effect exists or where the Council of Ministers so decides. This limited scope is significant because it demonstrates that the Proclamation does not operate as a fully comprehensive framework governing all employment relations. Consequently, certain categories of workers remain outside its direct protective coverage, thereby weakening its effectiveness as a complete legal basis particularly for multinational corporate responsibility. Furthermore, the Ethiopian labour regime faces structural challenges in achieving alignment with HRDD standards, which is the heart of the corporate responsibility to respect component of BHRs as clearly articulated in the UNGPs principles 17–21 and increasingly in many national standards. The primary critique is that the existing labour framework remains largely reactive, providing remedies, such as severance pay and compensation,[381] after a right has been violated, rather than mandating an ongoing, systemic, and proactive process for businesses to identify, assess, and mitigate potential '*human rights risks'* in the course of their business activities.[382] Unlike the emerging international trend toward mandatory HRDD, reflected in the ongoing negotiations for a LBI and various European directives, including those of Germany and France discussed in the previous chapter, Ethiopian labour law currently lacks a universal requirement for corporations to conduct comprehensive impact assessments or to publicly disclose their human rights performance. Furthermore, the term 'human rights' is not explicitly used in the Ethiopian labour laws, both in the Overseas Employment Proclamation, and the Labour Proclamation. It may therefore be argued that the term 'rights' in this context is narrowly construed to refer only to rights arising from the employment contract or collective bargaining. Despite these potential ambiguities, the Overseas Employment Law's imposition of direct responsibility on private actors to remedy rights violations, together with sanctions such as license suspension for non-compliance, represents an important step from a BHRs perspective. To bridge these normative and practical gaps, it is necessary to integrate the

[381] Labour Proclamation No.1156/2019, art. 39

[382] Human rights due diligence enables an enterprise to obtain the information necessary to understand its specific human rights risks at a given point in time and within a particular operational context, as well as to determine the appropriate measures to prevent and mitigate those risks. In this context, '*human rights risks*' refer to the potential for adverse impacts on human rights, rather than risks to the enterprise itself, although the former increasingly gives rise to the latter. See UNHCHR, The Corporate Responsibility to Respect Human Rights: An Interpretive Guide, New York and Geneva, 2012, p. 31 [Here in after, UNHCHR, The Corporate Responsibility to Respect Human Rights: An Interpretive Guide]

'*knowing and showing*' (components of HRDD), requirements of the UNGPs directly into labour laws or in other separate law, thereby ensuring that the corporate responsibility to respect evolves from a static compliance exercise into a continuous, transparent, and rights-compatible operational standard.[383]

3.5.3. Environmental Protection Laws and Corporate Accountability

Environmental laws constitute another important area of Ethiopian law that must be assessed in light of BHR. Key legislative instruments in this area include the Environmental Pollution Control Proclamation No. 300/2002 and Environmental and Social Impact Assessment Proclamation No.1371/2025 which repealed Environmental Impact Assessment Proclamation No. 299/2002. At the apex of this framework stands article 44 and 92 of the Constitution of the FDRE, which guarantees every person the right to a clean and healthy environment, while outlines the State's environmental objectives, requiring the government to ensure that development activities do not result in environmental harm.[384] Together, these constitutional provisions establish a basis for both the State's duty to protect against environmentally harmful corporate conduct and the corresponding responsibility of businesses to respect environmental rights, particularly given the close relationship between environmental protection and the rights to life, health, and an adequate standard of living.

To give practical effect to these constitutional guarantees, the Environmental and Social Impact Assessment Proclamation No. 1371/2025 functions as a key preventive mechanism. Article 4(1) requires that no project subject to an environmental impact assessment may be initiated without prior authorization from the Environmental Protection Authority or the relevant regional environmental body. Even the approval of an environmental and social impact study report or the granting of environmental and social clearance certificate by the Authority or the relevant regional environmental agency does not exonerate the proponent from liability for any resulting damage, unless it arises from the fault of the victim or a third

[383] In the framework of the UNGPs, the requirement to '*know and show'* is the conceptual heart of Pillar II (The Corporate Responsibility to Respect Human Rights). In order to meet their responsibility, business enterprises should have in place policies and processes through which they can both know and show that they respect human rights in practice. It is primarily found in Guiding Principle 15, and is elaborated upon in Principles 17 through 21, which talks about the process of HRDD. The '*knowing*' happens through HRDD (Principle 17), while the '*showing'* is achieved through Communication and Reporting (Principle 21). In this context, '*Knowing'* refers to a company's internal awareness and technical understanding of its human rights impact, while '*Showing'* refers to external transparency and accountability. See UNGPS, Commentary to Principle 15 and Principle 21, p. 16 and 23–24

[384] Constitution of the FDRE, art. 44(1) and 92

party for whom the proponent is not responsible.[385] This regulatory gatekeeping functions as a domestic precursor to the HRDD framework provided under Principle 17 of UNGPs, requiring corporate entities to assess and mitigate their environmental and social impacts prior to market entry. Furthermore, article 16(1) obliges the Authority or the relevant Regional Environmental Agency to make any environmental and social impact study reports accessible to the public and to solicit comments, thereby reflecting the UNGPs requirement for meaningful stakeholder engagement.[386]

During the operational phase of business activities, substantive responsibilities to respect environmental rights are governed by the Environmental Pollution Control Proclamation No. 300/2002, which establishes the reactive and punitive dimensions of corporate accountability. Article 3(1) strictly prohibits any person (both natural and juridical person as defined under article 2(10)) from polluting the environment in violation of established standards. Notably, it incorporates the '*polluter pays'* principle, requiring polluters to remediate environmental damage or bear the associated costs.[387] This framework is further complemented by sector-specific regulations, for example, the Hazardous Waste Management and Disposal Control Proclamation No. 1090/2018 provides that generators as well as transporters of hazardous waste must ensure its management does not harm human health or the environment, and require the minimization of hazardous waste releases by reducing or eliminating hazardous substances in raw materials during the production process.[388] Similarly, the Solid Waste Management Proclamation No. 513/2007, obliges the owner of any solid waste disposal site to be liable, regardless of fault, for any damage caused to the environment, human health, or property during its operation and after its closure, unless it is proven that the damage was caused by the victim or by a third party for whom the owner is not responsible,[389] while the Water Resources Management Proclamation No. 197/2000 prohibits the discharge of pollutants into water bodies without a valid permit.[390] Taken together, these provisions

[385] Environmental and Social Impact Assessment Proclamation, *Federal Negarit Gazzeta*, 2025, No. 1371, 31th Year No. 37, art. 4(4)(5) [Here in after, Environmental and Social Impact Assessment Proclamation No. 1371/2025]
[386] UNGPs, Principle 18(b) and its commentary, p. 19–20
[387] Environmental Pollution Control Proclamation, *Federal Negarit Gazzeta,* 2002, No. 300, 9th Year No. 12, art. 3(4) [Here in after, Environmental Pollution Control Proclamation No. 300/2002]
[388] Hazardous Waste Management and Disposal Control Proclamation, *Federal Negarit Gazzeta*, 2018, No. 1090, 24th Year No.58, art. 5(1), 8(4)(6) and 11(4) [Here in after, Hazardous Waste Management and Disposal Control Proclamation No.1090/2018]
[389] Solid Waste Management Proclamation, *Federal Negarit Gazzeta,* 2007, No. 513, 13th Year, No. 13, art. 16(1)(2) [Here in after, Solid Waste Management Proclamation No. 513/2007)
[390] Ethiopian Water Resources' Management Proclamation, *Federal Negarit Gazzeta*, 2000, No. 197, 6th Year, No. 25, art. 11(1)(d) [Here in after, Ethiopian Water Resources' Management Proclamation No. 197/2000]

impose binding obligations on corporations to respect environmental conditions essential for human well-being, thereby transforming what might otherwise be viewed as discretionary CSR practices into enforceable legal duties.

From the perspective of the third pillar of the UNGPs, Ethiopian environmental law provides important regulatory avenues for victims of corporate abuse. Article 11 of the Environmental Pollution Control Proclamation grants any person the right to lodge a complaint with the relevant authority or regional agency, with the possibility of appealing to the court, against activities causing actual or potential environmental harm, thereby enabling forms of public interest action without strict standing requirements. Institutional oversight is further reinforced by the Environmental Protection Organs Establishment Proclamation No. 295/2002, which mandates the Environmental Protection Authority (EPA)[391] to monitor compliance and enforce environmental standards.[392]

Despite the strong potential of these laws to enhance corporate environmental accountability, Ethiopian laws tend to treat the environmental and social impact study primarily as a one-time administrative requirement for licensing, rather than as a continuous, lifecycle HRDD process extending across the entire corporate value chain, as envisaged under UNGP Principles 17–21. Furthermore, although article 11 of the Environmental Pollution Control Proclamation establishes a procedural mechanism for public interest complaints, the framework lacks sufficiently robust civil liability provisions capable of ensuring direct financial compensation for affected communities, thereby significantly weakening the access to effective remedy contemplated under Pillar III. While the proclamation incorporates important gatekeeping functions and recognizes the '*polluter pays*'[393] principle, it does not provide the explicit civil liability mechanisms necessary to satisfy Pillar III's requirement of guaranteeing direct and effective restitution for victims of corporate environmental harm. Accordingly, aligning this framework with the evolving ambitions of the BHRs would require strengthening existing laws into a more comprehensive and enforceable regime of human rights and environmental due diligence.

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[391] An autonomous federal government body having its own legal personality. See Definition of Powers and Duties of the Executive Organs Proclamation, *Federal Negarit Gazzeta*, 2021, No. 1263, 28th Year, No. 4, art. 59(1) [Here in after, Definition of Powers and Duties of the Executive Organs Proclamation No. 1263/2021]

[392] Environmental Protection Organs Establishment Proclamation, *Federal Negarit Gazzeta*, 2002, No. 295, 9th Year No. 7, art. 6 [Here in after, Environmental Protection Organs Establishment Proclamation No. 295/2002]

[393] Environmental Pollution Control Proclamation No. 300/2002, art. 3(2). It states that '*Any person who causes any pollution shall be required to clean up or pay the cost of cleaning up the polluted environment in such a manner and within such aperiod as shall be determined by the Authority or by the relevant regional environmental agency.'*

Additionally, findings from scholarly studies indicate that corporate environmental responsibility and accountability in practice remains limited in Ethiopia. Evidence suggests that the majority of large-scale industries have not demonstrated meaningful efforts to fully adhere to existing environmental laws.[394] The identified reasons include, *inter alia*, the weak internalization of corporate environmental responsibility within corporate entities, limited enforcement pressure from regulatory institutions, and shortages of financial and human resources.[395] Additional contributing factors include the government's limited institutional capacity and lack of appropriate technology to promote a safe and healthy environment, a policy preference for economic growth over environmental protection, instances of environmental corruption, and the insufficient responsiveness of the public, policymakers, executive bodies, and judicial institutions, to environmental rights.[396] As a result, the need to establish strong institutions capable of developing new laws and effectively implementing the existing environmental legal framework has been widely emphasized.[397] The existence of effective environmental legislation and their implementation is essential to ensure that natural resources are used responsibly, both for the benefit of present generations and to meet the needs of future generations. In this regard, the Ethiopian government has recognized the importance of a robust environmental regulatory framework aligned with national development objectives, and has adopted various policies and strategies such as the Growth and Transformation Plans (GTP), that explicitly integrate environmental sustainability into broader economic development efforts.[398]

3.5.4. Criminal Law and the Regime of Corporate Criminal Liability

3.5.4.1. The General Regime of Legal Basis and the Mechanism of Attribution

Corporate criminal liability constitutes a significant and necessary mechanism for compelling business enterprises to respect human rights (the second pillar of the BHRs paradigm) by extending accountability beyond administrative sanctions and civil remedies to criminal

[394] Abebe Amare, 'Corporate Environmental Responsibility in Ethiopia: a Case Study of the Akaki River Basin', *Ecosystem Health and Sustainability*, 2019, p. 1 [Here in after, Abebe Amare, Corporate Environmental Responsibility in Ethiopia: a Case Study of the Akaki River Basin]
[395] *Ibid*
[396] Desalegn Amsalu, 'Environmental Rights in Ethiopia: Shifting From Theory to Practical Realization,' *Journal of Sustainable Development Law and Policy*, Vol. 9, No. 2, p. 48 [Here in after, Desalegn Amsalu, Environmental Rights in Ethiopia: Shifting From Theory to Practical Realization]
[397] Abebe Amare, Corporate Environmental Responsibility in Ethiopia: a Case Study of the Akaki River Basin, p.1
[398] Generis Legal Intelligence, Environmental Laws and Sustainability Regulations in Ethiopia: A Legal Guide for Businesses, online, 2024, p. 1 available at https://generisonline.com/environmental-laws-and-sustainability-regulations-in-ethiopia-a-legal-guide-for-businesses/ (Last accessed on 18 April 2026)

punishment.[399] In doing so, it elevates human rights from a matter of regulatory compliance to a fundamental organizational responsibility, particularly in relation to serious violations.[400] In Ethiopia, the basis for corporate criminal liability is found under article 34 of the FDRE Criminal Code, which expressly recognizes the criminal liability of legal entities. Under article 34(1), juridical persons, excluding state administrative bodies, held criminally liable for offences where such liability is '*expressly provided by law'*. To establish such liability, the code provides a mechanism of attribution whereby a juridical person is deemed to have committed a crime when an official or employee commits an offence in connection with the entity's activities with the intent of advancing its interests through unlawful means, breaching a legal duty, or improperly using the entity as an instrument.[401] Once liability is established, article 90 and the subsequent articles authorize courts to impose serious penalties, including fines, confiscation of unlawfully acquired assets, suspension of operations, or the dissolution of the enterprise. From a BHRs perspective, these provisions serve as important mechanisms for enforcing the State's duty to protect (the first pillar) and ensuring access to effective remedies (the third pillar) for victims as it highly paves the way for their compensation as well.

To address complex corporate abuses affecting various areas of human rights, the Ethiopian legislature has enacted several special criminal laws imposing criminal punishment on corporate entities, many of which directly intersect with the protection of fundamental human rights. For example, serious corporate abuses commonly associated with business operations and supply chains, such as slavery, forced labour, exploitation for organ removal, prostitution, begging, surrogacy, and human smuggling, are penalized cumulatively under articles 3(1) and 18 of the Prevention and Suppression of Trafficking in Persons and Smuggling of Persons Proclamation No. 1178/2020.[402] Likewise, corporate conduct intended to spread fear among the public or coerce a government or international organization through acts causing serious bodily harm, endangering life, kidnapping, hostage-taking, or destruction of property, natural resources, or the environment for political, religious, or ideological purposes is criminalized by the Prevention and Suppression of Terrorism Crimes

[399] Favio C. Yepes, Corporate Accountability for Severe and Systematic Human Rights Violations: The Role of International Criminalization, *Michigan Journal of International Law*, Online, 2025 available at https://www.mjilonline.org/corporate-accountability-for-severe-and-systematic-human-rights-violations-the-role-of-international-criminalization/ (Last accessed on 20 April 2026)

[400] *Ibid*

[401] Criminal Code of the FDRE, 2004, No. 414, art. 34(1) [Here in after, Criminal Code of the FDRE]

[402] Prevention and Suppression of Trafficking in Persons and Smuggling of Persons Proclamation No. 1178/2020, *Federal Negarit Gazzeta*, 2020, No. 1178, 26th Year, No. 31, art. 3(1) and 18 [Here in after, Prevention and Suppression of Trafficking in Persons and Smuggling of Persons Proclamation No. 1178/2020]

Proclamation No. 1176/2020.[403] In a similar manner, corporate involvement in illicit financial activities, including bribery and the provision of undue advantages, which may sustain rights-abusing systems and undermine the resources necessary for the realization of socio-economic rights, are criminalized under the Corruption Crimes Proclamation No. 881/2015.[404]

Furthermore, digital privacy and environmental protection rights, are also safeguarded through special penal provisions. Article 20 of the Computer Crimes Proclamation No. 958/2016 establishes the liability of legal entities for digital offences, while articles 12–16 of the Environmental Pollution Control Proclamation No. 300/2002 provide for the joint penal liability of corporations and their managers for environmental harm. In addition, economic offences committed by corporate entities are penalized under articles 120(1) and 132(1) of the Federal Tax Administration Proclamation No. 983/2016, article 173 of Customs Proclamation No. 859/2014 (as amended by proclamation No. 1160/2019), as well as article 56 of the Value Added Tax Proclamation No. 285/2002.

However these various special criminal laws discussed above merely prescribe penalties for juridical persons without clearly specifying how corporate liability is to be established. In doing so, most of these laws employ phrases like '*where any offence stipulated under this Proclamation is committed by a juridical person….'*[405] Consequently, uncertainty remains as to whether these special criminal laws recognize corporate criminal liability in the manner envisaged under article 34 of the FDRE Criminal Code. This raises an important question regarding the categories of offences for which corporate entities may be held criminally liable. Because the Ethiopian criminal justice system is governed by the strict principle of legality, under which courts are prohibited from creating offences or extending criminal liability through analogy,[406] this legislative ambiguity poses a significant barrier to accountability. If the legal framework remains unclear, business entities may exploit these procedural and interpretive gaps to evade responsibility for serious human rights abuses,

[403] Prevention and Suppression of Terrorism Crimes Proclamation /2020, *Federal Negarit Gazzeta*, 2020, No. 1176, 26th Year, No. 20, art. 3(1) and 17 [Here in after, Prevention and Suppression of Terrorism Crimes Proclamation No. 1176/2020]

[404] Corruption Crimes Proclamation, *Federal Negarit Gazzeta*, 2015, No. 881, 21th Year, No. 36, art. 4(2), 5, and 25(5) [Here in after, Corruption Crimes Proclamation No. 881/2015]

[405] See for example, Computer Crimes Proclamation, *Federal Negarit Gazzeta*, 2016, No. 958, 22th Year, No. 83 art. 20 [Here in after, Computer Crimes Proclamation No. 958/2016], Prevention and Suppression of Trafficking in Persons and Smuggling of Persons Proclamation No. 1178/2020, art. 18(1), Prevention and Suppression of Terrorism Crimes Proclamation No. 1176/2020, art. 17(1), and Corruption Crimes Proclamation No. 881/2015, art. 5. All of these laws employs the phrase '*Notwithstanding Article 90 (1), (3) and (4) of the Criminal Code, where any offence stipulated under this Proclamation is committed by a juridical persons, the penalty shall be a fine;…'*

[406] Criminal code of the FDRE, art. 2(2)(3)(4)

thereby weakening the deterrent function of criminal law and undermining the State's duty to protect. Accordingly, this issue must be clarified in order to effectively assess the practical relevance of these special laws to corporate criminal liability within the BHRs framework. Therefore, the following subsection examines the decision of the Federal Supreme Court Cassation Division (FSCCD) concerning corporate criminal liability under the Federal Tax Administration Proclamation No. 983/2008 as an illustration of the legal uncertainties surrounding special criminal laws.

3.5.4.2. The Scope of Liability and the '*Expressly Provided by Law'* Requirement

While corporate criminal liability is unequivocally recognized in Ethiopia under article 34 of the FDRE Criminal Code, a significant jurisprudential hurdle remains regarding its practical application across various specialized criminal laws as highlighted above. The core of this systemic confusion stems from article 34(1) of the FDRE Criminal Code, which dictates that a juridical person can only be held criminally liable for crimes where such liability is *'expressly provided by law'* (**emphasis added**). This raises a fundamental legal and regulatory question: for which specific types of offenses should corporate bodies be held criminally liable? Are they liable for any crime where a financial penalty happens to be mentioned in a statute, or does the special law require a substantive, standalone provision explicitly declaring that corporations can be perpetrators of that specific offense? Meaning, the central debate is whether the mere stipulation of a corporate penalty (such as a fine) within a special proclamation inherently satisfies the strict '*expressly provided by law'* standard demanded by the Criminal Code.

In this regard, the FSCCD confronted this precise issue in the landmark '*Tosa Traders General Trading Share Company v. Prosecutor case*.'[407] The dispute centered on whether the Federal Tax Administration Proclamation No. 983/2008 particularly articles 120(1) and 132(1) expressly established corporate criminal liability in a manner consistent with the strict requirements of article 34(1) of the FDRE Criminal Code.

Initially, a five-judge panel of the Cassation Division observed that the tax administration proclamation lacked an explicit declaration of corporate criminal liability in a manner required under article 34/1/ of the criminal code which is the general provision applicable to

[407] *Tosa Traders General Trading Share Company v. Ministry of Justice of the FDRE*, Federal Supreme Court Cassation Division, 2016 E.C, in የፌደራል ጠቅላይ ፍርድ ቤት ሰበር ሰሚ ችሎት ዉሳኔዎች፤ ቅጽ-27፤ የኢ.ፌ.ዲ.ሪ ጠቅላይ ፍርድ ቤት፤ አዲስ አበባ፤ የሰ/መ/ቁጥር 237423፤ የካቲት 29 ቀን 2016 ዓ/ም፤ ገጽ 316-322 (available at law library)። [Here in after, Tosa Traders General Trading Share Company v. Ministry of Justice of the FDRE, FSCCD]

all special criminal laws as per article 3 of the same code. The panel reasoned that article 132(1) of the Tax Administration Proclamation primarily addressed the liability of individual managers, while the Proclamation as a whole appeared to envisage the punishment of corporate entities mainly through the administrative sanctions provided under Chapter Two, articles 101–115 of the Proclamation, rather than through criminal penalties.[408] However, in order to resolve the jurisprudential inconsistency, the case was referred to a seven-judge bench of the Cassation Division, which ultimately adopted a binding purposive interpretation. The majority held that the principle of legality does not entirely preclude judicial interpretation of criminal provisions. Relying on article 2(4) of the Criminal Code, the bench reasoned that laws should be interpreted in a manner consistent with the overall intent of the legislature and the purpose of the particular legislation. By interpreting the term '*taxpayer*' under article 120(1) as a special legal status intended to impose obligations on business entities under the Tax Administration Proclamation, the majority concluded that the relevant provisions were sufficiently clear to establish corporate criminal liability,[409] thereby preventing corporations from using their separate legal personality as a shield for complex white-collar economic crimes increasing now a day.

The Court's interpretation of articles 120(1) and 132(1) of the Federal Tax Administration Proclamation No. 983/2008 in light of the broader purpose of the Proclamation, and particularly in conjunction with article 34(1) of the Criminal Code is significant in addressing the complex nature of corporate crimes. The reasoning also appears consistent with international judicial approaches in dealing with sophisticated forms of corporate misconduct. For instance, in the '*Strelez & others vs. Germany'* case, the European Court on Human Rights interestingly analyzed that the principle of legality should not be strictly interpreted; rather, in any system of law, including criminal law, there is an inevitable element of judicial

[408] Finally the five judge panel referred the case to the seven judge panel by concluding as "ምንም እንኳን ሰዉ ለሚለዉ ቃል የተሰጠዉ ትርጓሜ የተፈጥሮ ሰዉን ብቻ ሳይሆን በሕግ ሰዉነት የተሰጠዉን ድርጅት ጭምር የሚያካትት ቢሆንም በታክስ ሕጎቹ በማንኛዉም ሰዉ ወይም በማንኛዉም ታክስ ከፋይ የሚፈጸሙ ወንጀሎች በሚል የተደነገጉ የወንጀል ድርጊቶች በወንጀል ሕጉ አንቀጽ 34/1 በመጀመሪያዉ ፓራግራፍ የተመለከተዉን የሕጋዊነት መስፈርት በሚያሟላ አኳኋን የተደነገጉ ስላልሆኑ በሕግ ሰዉነት የተሰጠዉ ድርጅት ላይ የወንጀል ተጠያቂነትን ለማስከተል ታስበዉ የተደነገጉ አይደሉም የሚል ግልጽ ትርጉም ሊሰጥ ይገባል።

[409] … ስለዚህ የወንጀል ሕግ አንቀጽ 34(1) በሚያስቀምጠው ደረጃ ሕጉ ታክስ ከፋዩችን በለየበት መንገድ እና ይህ ልዩ የሕግ አቋም በአጠቃላይ የሕጉ ተፈጻሚነት መሰረት ስለሆነ የወንጀል ሕጉ በሚፈለገው መልኩ በግልጽ ተመልክቶዋል ማለት የሚቻል ነው። አመልካች ድርጅት የተከሰሰበት በታክስ አስተዳደር አዋጅ ቁጥር 983/2008 አንቀጽ 120(1) ታክስ ከፋይ ማለቱ በህግ ሰውነት የተሰጠው ድርጅት ጭምር የወንጀል ተጠያቂ የሚያደርግ ስለመሆኑ በቀላሉ መረዳት የሚቻል ሆኖ እያለ አመልካች በአዋጅ ቁጥር 983/2016 አንቀጽ 120(1) በሆነው ያለ ደረሰኝ ግብይት መፈፀም ወንጀል መከሰሱ ከወንጀል ህጉ አንቀጽ 34(1) ድንጋጌ አንጻር ሲታይ የሕግ መሰረት የለውም ለማለት የሚያስችል ህጋዊ ምክንያት አላገኘንም።

interpretation.[410] There will always be a need for elucidation of doubtful points and for adaptation to changing circumstances on case by case basis; otherwise we may not always achieve the objective of criminal law by strictly taking the principle of legality.[411]

Conversely, the dissenting opinion of Judges Bewketu Belay and Berhanu Mengistu emphasized the strict '*express provision'* approach adopted under article 34(1) of the FDRE Criminal Code. They argued that the principle of legality prohibits the use of analogy in criminal law and, therefore, requires special laws to expressly and unequivocally recognize corporate criminal liability. According to the dissent, imposing criminal liability on a juridical person based on broad or ambiguous terms such as '*taxpayer*' falls short of the stringent standard required under article 34(1) of the Criminal Code.

This judicial division clearly illustrates the systemic complexities involved in prosecuting corporate entities. From a BHRs perspective, the binding interpretation adopted in the case of '*Tosa Traders General Trading Share Company v. Ministry of Justice of the FDRE'* provides an important and pragmatic precedent. It demonstrates that courts may consider the broader regulatory purpose and legislative intent of a particular statute in order to hold business entities accountable, thereby strengthening the corporate duty to respect by preventing corporations from evading criminal responsibility through narrow textual technicalities.

Nevertheless, the theoretical concerns raised in the dissent expose a significant legislative weakness within the Ethiopian legal framework. Unless special criminal laws, whether relating to tax offences, environmental harm, terrorism, corruption or human trafficking, contain clear and standalone provisions expressly establishing corporate criminal liability, the enforcement of BHRs standards will continue to depend on uncertain judicial interpretation. In this sense, the above tax case serves as a useful illustration of the broader structural challenges involved in imposing clear and effective criminal accountability on corporate entities under Ethiopian laws. This legislative ambiguity contrasts sharply with emerging

[410] Grand Chamber of European court on Human Rights, *Case of Streletz, Kessler and Krenz v. Germany*, Applications nos. 34044/96, 35532/97 and 44801/98, Strasbourg, 2001, para 50-52, available at https://hudoc.echr.coe.int/eng?i=001-59353. (Last accessed on 23 April 2026) [Here in after, Grand Chamber of ECHR, *Streletz and Others v. Germany*]. The Grand Chamber ruled that the conviction of former East German (GDR) leaders (*Streletz, Kessler and Krenz)* for border killings did not violate the principle of legality, since the *'shoot-to-kill'* policy was already unlawful under the GDR's own written laws and applicable international human rights standards. The Court further held that the prosecution was foreseeable because the right to life constitutes a supreme value that prevails over conflicting state practices or informal orders. Ultimately, the decision affirmed that high-ranking officials could not invoke '*reason of State'* to justify conduct that manifestly violated fundamental constitutional and international obligations.

[411] Grand Chamber of ECHR, *Streletz and Others v. Germany*, para. 50

international BHR standards, including the Malabo Protocol,[412] which expressly recognizes corporate criminal accountability for serious human rights violations as a means of preventing institutional impunity.[413] If ratified, the Protocol would empower the African Court of Justice and Human Rights to exercise jurisdiction over corporations for core international crimes analogous to those recognized under the Rome Statute, in addition to other transnational offences.[414] Moreover, contemporary international criminal law scholarship underscores that the absence of clear attribution mechanisms within domestic penal frameworks enables business entities to exploit procedural loopholes,[415] thereby impeding victims' access to effective judicial remedies as envisaged under Pillar III of the UNGPs.

3.5.5. The 2021 Commercial Code and Corporate Human Rights Responsibility

After more than six decades, the 1960 Commercial Code of Ethiopia was comprehensively revised in 2021 as part of broader legislative reforms introduced following the political transition of 2018.[416] According to the preamble of the 2021 Commercial Code, one of the principal justifications for the revision was the need to strike a proper balance between the interests of investors, traders, and other stakeholders affected by commercial regulation, given that such a balance is considered essential for promoting commerce and improving the *'standard of living of citizens'* (**emphasis added**).[417] This justification is particularly relevant from a BHRs perspective, as it reflects an emerging recognition that any business activities should not be directed solely toward economic interests, but must also consider the human rights and interests of workers, consumers, local communities, and other affected stakeholders, all of which are essential to improving the standard of living of citizens.

[412] In June 2014, during its Assembly of Heads of State and Government held in Malabo, Equatorial Guinea, the AU adopted the Protocol on Amendments to the Protocol on the Statute of the African Court of Justice and Human Rights (Malabo Protocol) and urged member states to sign and ratify the instrument. The Protocol expands the jurisdiction of the yet-to-be-established African Court of Justice and Human Rights (ACJHR) to encompass international crimes and transnational offences, while also introducing a dedicated international criminal law section within the Court's framework. See Amnesty International, Malabo Protocol: Legal and Institutional Implications of the Merged and Expanded African Court, 2016, p. 5

[413] Elsa Danielsson, *Corporate Criminal Liability for International Core Crimes: A Comparative Analysis of the French and Swiss Regulations*, Graduate thesis, Master of Laws program, Lund University, Faculty of Law, 2025, p. 24

[414] *Ibid*

[415] International Commission of Jurists (ICJ), Corporate Complicity & Legal Accountability: Report of the ICJ Expert Legal Panel on Corporate Complicity in International Crimes, *Criminal Law and International Crimes*. Vol. 2, p. 58

[416] Bantayehu Demlie, Business and Human Rights in Ethiopia: The Status of the Law and the Practice, p. 19

[417] Commercial Code of the FDRE, *Federal Negarit Gazette*, 2021, No. 1243, Extra Ordinary Issue, Preamble Para. 3 [Here in after, Commercial Code of the FDRE]

When the substantive provisions of the revised Commercial Code are examined in light of the core components of BHRs, particularly the UNGPs, provisions such as articles 315, 316(2), and 330 may serve as important interpretive entry points for integrating human rights considerations into corporate governance. This is especially persuasive when these provisions are read together with the constitutional human rights guarantees and the broader policy rationale underlying the revision of the Code discussed in the preceeding paragraph. Article 316(2), for example, addresses the duty of loyalty and provides that, in discharging their duty for the benefit of the shareholders and the company as a whole, '*directors shall take into account the* ***long-term*** *interests of the company's employees, the interests of creditors, and the impact of the company's operations on the community and the environment.*'[418] Additionally, Article 315 provides that directors are responsible for performing duties imposed on them by law, which may include obligations arising not only under the Commercial Code itself, but also under other relevant laws such as the Constitution, labour legislation, and human rights-related laws. Furthermore, Article 330 preserves the right of third parties to bring actions for damages where they have suffered direct personal injury as a result of the fault or fraud of directors. Hence, although the Code does not expressly employ human rights terminology, the impact of corporate operations on the community and the environment may inevitably translate into human rights impacts. For example, environmental pollution caused by corporations may affect access to clean water and food, thereby undermining the health rights of affected communities. In this context, therefore, directors, even while acting within the scope of their duty of loyalty, may reasonably argue that infringing human rights is contrary to the long-term interests of the company as stated under article 316(2).

However, all these arguments are obviously based on interpretation, and the absence of direct references to human rights once again like that of investment and environmental laws adversely affecting the practical implementation, and stands in contrast to the clearer expansion of contemporary corporate human rights abuses. Importantly, while the cited provisions (articles 315, 316(2), and 330) are useful for demonstrating how the Commercial Code may indirectly support corporate human rights responsibility, their application is mainly confined to share companies and related corporate structures, and they do not amount to a general BHR framework covering all types of business organizations. More fundamentally, the overall structure of the Code reveals significant limitations in relation to corporate

[418] Id, art. 316(2)

governance. The obligations of directors are primarily framed as duties owed to the company and its shareholders, with the central objective of advancing commercial interests and safeguarding capital, thereby reinforcing the traditional doctrine of shareholder primacy that renders social and environmental considerations merely discretionary.[419] In particular, the core standards governing managerial conduct are embodied under article 316(1), which establishes the duty of loyalty, and article 318, which sets out the duty of care and diligence. These provisions require directors to act in a manner most likely to promote the success of the company with the necessary care, skill, and diligence.[420] They further provide that directors may be held liable for damages caused to the company and its shareholders as a result of a failure to exercise such care or diligence,[421] thereby primarily centering corporate governance obligations on the interests of the company and shareholders, disregarding the interests and involvement of other stakeholders. Taken together, these provisions demonstrate that the Commercial Code continues to prioritize shareholder interests as the dominant foundation of corporate governance. The Code completely omits any mandatory statutory obligation for business organizations to conduct HRDD regarding their operations. Consequently, corporate management is largely insulated from taking into account the adverse social or environmental consequences of business decisions unless such impacts ultimately translate into direct and material financial risks to the company itself. In this regard, scholars have also argued that the legal framework of the revised commercial code does not impose a clear mandatory obligation on corporate management to consider the interests of other stakeholders, including employees, local communities, consumers, or individuals affected throughout the supply chain.[422]

Furthermore, although the 2021 Commercial Code modernizes Ethiopian business law by formally recognizing complex corporate structures, it continues to preserve the doctrine of limited liability across such entities. The revised Code expressly recognizes a 'group of companies' consisting of parent and subsidiary companies under article 550 and defines holding companies under article 9.[423] While this represents an important development in corporate regulation, the Code does not establish a clear and consistent mechanism for the so-

[419] Yehualashet Tamiru, The Missed Opportunity for Effective CSR Regulation in Ethiopia, 2022, available at https://addisfortune.news/the-missed-opportunity-for-effective-csr-regulation-in-ethiopia (Last accessed on 23 April 2026) [Here in after, Yehualashet Tamiru, The Missed Opportunity for Effective CSR Regulation in Ethiopia, 2022]
[420] Commercial Code of the FDRE, art. 316(1), 318(1)(2)
[421] *Id*, art. 318(1)
[422] Yehualashet Tamiru, The Missed Opportunity for Effective CSR Regulation in Ethiopia, 2022. See also Bantayehu Demlie, Business and Human Rights in Ethiopia: The Status of the Law and the Practice, p. 20.
[423] Commercial Code of the FDRE, art. 9(1), 550(1)(2)(3)

called '*corporate veil*'[424] in cases involving serious human rights harms. As a result, where grave abuses occur within complex corporate groups or joint venture arrangements, parent companies may rely on the separate legal personality of subsidiaries to avoid accountability for harmful conduct. This regulatory gap significantly weakens the State's duty to protect under the first pillar of the UNGPs, as the commercial law framework does not adequately regulate corporate groups as unified economic actors with responsibility for the human rights impacts of their operations.

After all, the absence of explicit human rights obligations and HRDD within the core commercial framework significantly limits victims' access to remedy under the third pillar of the UNGPs. Since the Commercial Code does not impose proactive human rights oversight duties, affected communities face considerable difficulties in relying on commercial law to establish civil liability against parent companies or to hold directors personally accountable for systemic abuses. Instead, victims are left or compelled to depend on fragmented sector-specific laws, such as labour or environmental legislation, which generally lack the institutional and structural capacity to reshape fundamental patterns of corporate governance and decision-making. Such absence of mandatory HRDD obligations on business organizations, including requirements to assess supply-chain risks and publicly report on human rights impacts under Ethiopian corporate law, is unlike emerging international models such as the French Corporate Duty of Vigilance Law and the German Supply Chain Due Diligence Act discussed in Chapter Two. Moreover, comparative experiences from Uganda and Kenya illustrate that BHR standards can also be integrated through NAP processes. Consequently, the Commercial Code has yet to fully internalize the evolving transition from voluntary CSR to binding corporate responsibility. Accordingly, for Ethiopia to align its commercial framework with the expectations of the UNGPs and the evolving BHR paradigm, commercial law must move beyond its traditional focus on economic facilitation and more expressly incorporate stakeholder interests and mandatory HRDD into the legal structure governing business enterprises. To conclude, as scholars also argued the apparent silence of the 2021 Commercial Code on human rights may leave room for the gradual development of a dynamic BHR framework, the effectiveness of which will largely depend on two factors: first, the extent to which directors integrate human rights considerations into corporate

[424] The corporate veil is a legal doctrine that recognizes a corporation as a separate legal person and creates a protective barrier between the company and its shareholders or officers, thereby shielding them from personal liability for the debts and obligations of the corporation. See, What Is Corporate Veil and When Is It Pierced? Available at https://www.financestrategists.com/financial-advisor/corporate-veil/ (Last accessed on 23 April 2026)

management and decision-making; and second, the scope of obligations arising from existing and future legal frameworks outside the Commercial Code itself.[425]

3.5.6. Extra-Contractual Liability Law and Corporate Accountability

Extra-contractual liability law, more commonly referred to as tort law,[426] is also another important area of law worth discussing under this section because it provides one of the most important civil bases for holding business enterprises accountable for harm caused through their business activities. Under article 2027 of the Civil Code, a person is liable for damage caused to another by an offence (fault based liability), and may also be liable where the law so provides for damage caused by an activity in which he engages or by an object he possesses (strict liability), or where a third party for whom he is answerable in law incurs liability (vicarious liability).[427] Read together with articles 2028 to 2032 and 2035, these provisions show that fault based liability may arise not only from intentional conduct, but also from negligence, omissions, and infringement of a law.[428] Similarly, under the strict liability regime (articles 2066–2089), article 2069 provides that a person that exposes another to abnormal risk by using or storing explosive or poisonous substances, erecting high-tension electric transmission lines, modifying the lie of the land, or engaging in an exceptionally dangerous industrial activity shall be liable where the danger it has created materializes and causes damage to another. Likewise, under the vicarious liability framework (articles 2124–2136), an employer shall be liable where one of its employees incurs liability in the discharge of his or her duties.[429] These forms of tort liability are directly relevant to business operations, since such risks and harms commonly arise in the course of investment activity, industrial work, environmental use, labour relations, and other corporate conducts.

The practice of the Federal Cassation Division also supports this understanding. In Cassation Case No. 101229 (Vol. 18), the Court held the operator of the dangerous activity liable for the resulting damage unless it proves compliance with the applicable legal standards and shows that the damage was caused wholly or partly by the victim's fault.[430] Similarly,

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[425] Bantayehu Demlie, Business and Human Rights in Ethiopia: The Status of the Law and the Practice, p. 21. See also Yehualashet Tamiru, The Missed Opportunity for Effective CSR Regulation in Ethiopia, 2022.
[426] Extra-Contractual Liability in Ethiopian Law – Principles and Judicial Interpretations, Ethiopian Law Blog, Online, 2025
[427] Civil Code of the Empire of Ethiopia, *Federal Negarit Gazzeta*, *Gazette Extraordinary*, 1960, No. 165, 19th Year, No. 2, art. 2027 (1)(2)(3) [Here in after, Civil Code of the Empire of Ethiopia]
[428] *Id*, art. 2028–2032, 2035
[429] *Id*, art. 2130
[430] Extra-Contractual Liability in Ethiopian Law – Principles and Judicial Interpretations, Ethiopian Law Blog, Online, 2025

Cassation Case No. 175142 (Vol. 24) reinforces that liability for damage caused by an electric power line lies with the entity that installed and operates the hazardous line, rather than with a person who merely owns or occupies the premises where it is located.[431] In Cassation Case No. 104512 (Vol. 19), the Court likewise held the factory strictly liable for environmental damage caused by hazardous waste disposal on a farmer's land without the required permit, and rejected contributory negligence where the farmer's permission did not amount to bad faith or informed acceptance of the harm.[432] These decisions show that Ethiopian tort law can be used to hold corporate entity liable for harm caused through dangerous business-related activities.

In this context, tort law speaks directly to the third pillar of the UNGPs, namely access to remedy. Articles 2090 to 2092 further provide for compensation in damages, including future damage that is certain to occur, while article 2157(1) recognizes that where an offence is committed by the representative, agent, or paid worker of a body corporate or employer, the court may decide that the burden of liability shall finally be borne, wholly or partly, by the body corporate or employer. Other modes of compensation, including restitution, protection of honour and reputation, injunctions, and remedies against unfair competition, are also recognized under the tort law.[433] Articles 2160 and 2161 further recognize collective liability and subrogation, thereby reinforcing the possibility of civil redress where multiple actors contribute to the same harm. Accordingly, tort law offers an established legal avenue through which victims of corporate wrongdoing may seek compensation and other forms of civil redress through the courts.

However, tort law is limited by its general and reactive character. Tort law, particularly the fault-based liability regime, has been criticized as insufficient because it does not specifically and adequately address violations of human rights protected under the FDRE Constitution, and some of its provisions are not consistently applied in practice by courts.[434] But it can also be argued that provisions on interference with the liberty of another (article 2040), physical assault (article 2038), defamation (article 2044), and the broader flexibility of tort law provide a fertile ground for protecting certain civil and personal rights. The main difficulty, however, is that tort law gives inadequate treatment to causation between conduct and

[431] *Ibid*
[432] *Ibid*
[433] Civil Code of the Empire of Ethiopia, art, 2118–2122
[434] Haile Andargie, *et al*, A Critical Legal and Practical Appraisal of Ethiopian Fault Based Liability Rules, *Bahir Dar University Journal of Law*, 2022, Vol. 13, No. 1, p. 203

damage, offering little or no guidance on its meaning and scope.[435] These gaps are particularly serious in cases of corporate human rights abuse, where complex harm and difficult attribution may hinder effective redress.

Afterall, tort law is highly relevant to BHR not because it creates a specific corporate human rights accountability, but because it is a general remedial mechanism for ensuring access to effective remedy in cases of no other specific law addressing corporate misconduct.

3.6. The Ethiopian National Action Plan on Business and Human Rights

A National Action Plan on Business and Human Rights is an evolving policy framework through which a state articulates its commitment to implementing the UNGPs on BHRs.[436] According to the UNOHCHR data base, The UN Working Group on BHRs strongly encourages all states to develop, adopt, and periodically update NAPs on BHRs.[437] Currently, 39 countries have already adopted their own NAPs, while many others are in the process of developing them across different regions of the world.[438] As a global normative standard, the UNGPs require states to operationalize their duty to protect human rights, and NAPs are widely regarded as the principal mechanism for translating these international principles into domestic policy frameworks and, ultimately, into legal and regulatory standards governing the corporate responsibility to respect human rights.[439]

For Ethiopia, the legal significance of adopting a comprehensive NAP cannot be overstated. As demonstrated in the preceding analysis of the various sectorial legal frameworks, Ethiopia's current legal landscape, including investment, environmental, labour, and criminal laws, as well as the 2021 Commercial Code, is marked by significant fragmentation. At present, these sectorial regimes operate largely in isolation, while the foundational principles of corporate regulation continue to prioritize shareholder primacy and limited liability over mandatory HRDD as discussed above particularly while examining the 2021 Commercial

[435] *Id*, pp. 230–231
[436] UNOHCHR, National action plans on business and human rights, Working Group on Business and Human Rights, *Online*, available at https://www.ohchr.org/en/special-procedures/wg-business/national-action-plans-business-and-human-rights (Last accessed on 25 April 2026)
[437] *Ibid*
[438] *Ibid.* See also the Global National Action Plans on Business and Human Rights website, available *at* https://globalnaps.org/ (Last accessed on 25 April 2026)
[439] Ni Ketut Supasti Dharmawan *et al*, 'The Guiding Principles on Business and Human Rights: National Action Plans Toward CorporationResponsibility,' *Hasanuddin Law Review*, 2018, Vol.4 , Issue 2, p. 126 [Here in after, Dharmawan *et al*, The Guiding Principles on Business and Human Rights: National Action Plans Toward CorporationResponsibility]

Code of Ethiopia. In this context, a comprehensive NAP would serve as an essential policy instrument for harmonizing these fragmented legal frameworks. By establishing a coordinated and cross-sectorial approach, the NAP has the potential to operationalize the State's duty to protect under the first pillar of the UNGPs and to provide a coherent foundation for legislative reforms aimed at strengthening corporate responsibility to respect human rights (second pillar) and ultimately victims' access to effective remedies under the third pillar.

As global developments are increasingly shifting from voluntary CSR initiatives toward legally binding obligations and mandatory compliance mechanisms, a NAP enables states to prepare for emerging international standards by identifying and addressing gaps within their domestic legal systems.[440] In Ethiopia, a NAP is particularly important for responding to the specific legal weaknesses identified in this thesis, including the ambiguities surrounding corporate criminal responsibility under article 34 of the FDRE Criminal Code with special criminal laws and the absence of comprehensive mandatory HRDD legal framework at least with in the new Commercial Code.

The momentum toward the development of an Ethiopian NAP on BHRs emerged from increasing domestic awareness and growing international engagement on the issue. Following the expiration of Ethiopia's Second National Human Rights Action Plan (2016–2020) and the country's acceptance of specific recommendations during its Universal Periodic Review (UPR), the EHRC strongly advocated for the adoption of business and human rights NAP in response to the policy, legislative and institutional reforms to create conducive environment for business and investments, as well as rapid economic liberalization and expanding foreign investment.[441] Recognizing that these economic developments, together with the increasing complexity of human rights issues arising in the context of business activities, require corresponding legal and institutional safeguards, the EHRC and the Ministry of Justice emphasized the importance of a NAP, noting that its implementation would not only enhance

[440] Xiao Liang, Xiaomeng Charlene Chen, 'Mandatory corporate social responsibility disclosure and financial constraints: Evidence from China,' *International Review of Economics and Finance*, 2024, Vol. 89, PP. 954–974, p. 954 and 955 [Here in after, Xiao Liang, Xiaomeng Charlene Chen, Mandatory corporate social responsibility disclosure and financial constraints: Evidence from China]. See also, Olivier DE SCHUTTER, 'Towards a New Treaty on Business and Human Right' *Business and Human Rights Journal*, 2015, Vol. 1, pp. 41–67, p. 56 and 66 [Here in after, Olivier DE SCHUTTER, Towards a New Treaty on Business and Human Right]

[441] EHRC, A comprehensive strategy and national action plan on Business and Human Rights overdue, 2023, event update, *online*, available at https://ehrc.org/a-comprehensive-strategy-and-national-action-plan-on-business-and-human-rights-overdue/ (Last accessed on 24 April 2026). See also National Action Plan on Business and Human Rights, Ethiopia, Under Development, 2025, *online*, available at https://globalnaps.org/country/ethiopia/ (Last accessed on 24 April 2026)

the contribution of businesses to the protection of human rights, but also strengthen access to justice and effective remedies for victims of business-related abuses.[442]

Following that Ethiopia had officially launched the formal process for developing its NAP on BHRs on May 16, 2024,[443] marking an important shift from preliminary policy discussions toward the formulation of a concrete state-led framework. The process, led by the Ministry of Justice in collaboration with the EHRC and international partners like Danish Institute for Human Rights, resulted in the establishment of a multi-stakeholder Technical Committee, which would accountable to Steering Committee.[444] To ensure that the process remains inclusive and responsive to the Ethiopian context, the committees incorporated representatives from relevant government institutions, the Confederation of Ethiopian Trade Unions, employers' associations, civil society organizations and community members.[445] A major milestone in this ongoing process has been the drafting of, and extensive consultation on, the NBA, which gained significant momentum throughout 2025.[446] The NBA is intended to comprehensively assess and document existing legal and institutional gaps in Ethiopia, thereby it systematically identify existing legal and institutional gaps while generating the empirical foundation necessary for the development of a coherent and well-informed national action plan.[447] Although the outcome remains confidential and had not been officially publicized at the time of this analysis, as of 05 May 2026, the NBA process had already adopted after important stages of nationwide stakeholder consultations.[448] These consultations incorporated feedback from both federal and regional actors and drew

[442] *Ibid*
[443] *Ibid*
[444] The Steering Committee will composed of high level officials from ministers and state ministers, while the Technical Committee consists of 22 members representing a broad range of stakeholders, including government institutions, the private sector, media organizations, and CSOs. See CEHRO's work on Business and Human Rights Part 2, available at https://www.youtube.com/watch?v=Wt3ZaL3IpSs (Last accessed on 27 April 2026)
[445] *Ibid*
[446] On the event 'EHRC, Advancing the Business and Human Rights Agenda in Ethiopia' on April 16, 2025, as part of Ethiopia's own process, a draft NBA was presented and discussions centered on its key findings and recommendations. Participants provided feedback, raised questions and contributed suggestions to strengthen the roadmap going forward. NBA has the primary objective of assessing the current level of implementation of the UNGPs in a given state Available at https://ehrc.org/advancing-the-business-and-human-rights-agenda-in-ethiopia/#:~:text=A%20detailed%20presentation%20highlighted%20the,its%20key%20findings%20and%20recommendations. (Last accessed on 27 April 2026) As instance for consultation see also https://web.facebook.com/MOJEthiopia/posts/pfbid02ZCvTDMNfMP5HejMSRUcR6h2EykVqGBg443nM6eg1ypD1Qown9iB3yt2mT35ZsqPpl (Last accessed on 27 April 2026) See also, The Danish Institute for Human Rights, An Overview of National Baseline Assessments on Business And Human Rights, 2023, p. 4
[447] CEHRO's work on Business and Human Rights Part 2, available at https://www.youtube.com/watch?v=Wt3ZaL3IpSs (Last accessed on 27 April 2026) See also The Danish Institute for Human Rights, An Overview of National Baseline Assessments on Business And Human Rights, 2023, p. 4
[448] Awel Sultan, '*ንግድ እና ሰብዓዊ መብቶች በኢትዮጵያ*,' power point, Ministry of Justice and EHRC, March 2026, (Unpublished, available at Ministry of Justice), slide 31–34

comparative lessons from jurisdictions such as Ghana, Kenya and Uganda, as well as from the experience of the Danish Institute for Human Rights, UNOHCHR, Friedrich-Ebert-Stiftung.[449] The process also involved the preparation of interview questionnaires targeting, inter alia, courts, workers, employers, investors, business entities, community representatives, and civil society organizations.[450]

Although the ongoing development of Ethiopia's NAP on BHRs reflects notable political commitment and institutional coordination, its ultimate legal significance will depend on the substance and enforceability of its commitments. To effectively address the systematic legal weaknesses identified throughout this thesis, the finalized NAP must move beyond the mere reaffirmation of voluntary standards and soft-law aspirations. Rather, it should function as a concrete catalyst for binding legislative and regulatory reform. This would include introducing clear legal obligations on HRDD, whether through amendments to the Commercial Code or through a separate legal framework, clarifying the *'expressly provided by law'* requirement governing corporate criminal liability, and strengthening standardized mechanisms of environmental and labour-related responsibility. Only by transforming these policy objectives into enforceable legal obligations can the NAP meaningfully align Ethiopia's business environment with the expectations of the UNGPs and the evolving international movement toward a legally binding instrument on BHR.

3.7. Overall Assessment of Ethiopia's Legal Framework in Light of International BHR Standards

This section builds on the discussion in the previous sections to present the alignment of Ethiopian laws with international BHR standards in a measurable and synthesized manner. Although Ethiopia does not yet have a comprehensive BHR framework or mandatory HRDD law, its constitutional and sectorial laws contain partial normative foundations relevant to addressing corporate misconduct in relation to human rights. The FDRE Constitution provides an important basis for the protection of human dignity, rights, and access to justice. It supports a broader interpretation of legal accountability and creates space for reading constitutional rights in a manner that is not confined entirely to the State duty. While the relevant sectorial laws on investment, the labour, the environment, criminal liability, tort, and

[449] *Ibid*. see also EHRC, Advancing the Business and Human Rights Agenda in Ethiopia, April 16, 2025, *online*, Available at https://ehrc.org/advancing-the-business-and-human-rights-agenda-in-ethiopia/#:~:text=A%20detailed%20presentation%20highlighted%20the,its%20key%20findings%20and%20recommendations. (Last accessed on 30 April 2026).
[450] *Ibid*

commercial governance contain scattered provisions that can be directly or indirectly interpreted as relevant to different components of BHR, these laws each contribute something within their respective regimes. However, none of them, taken alone or together, forms a coherent BHR framework, including an ongoing, lifecycle-based mandatory HRDD process as envisaged under Principles 17–21.[451] Their provisions remain fragmented, reactive, mostly indirect, and lacking in clarity and coherence, and therefore do not yet amount to a legal regime fully aligned with international BHR standards.

Rather, the Ethiopian legal framework can be said to show partial alignment with the three pillars of the BHR framework reflected in international BHR standards, particularly the UNGPs. The domestic legal framework is relatively stronger in relation to the State duty to protect and the recognition of substantive rights, particularly in the FDRE Constitution and the labour regime. The corporate responsibility to respect human rights is only implicitly reflected, while access to remedy remains the weakest area, except in tort law, which currently serves as a gap-filling mechanism for compensation. This leaves the domestic legal system heavily dependent on broad judicial interpretation rather than clear and enforceable legal standards concerning BHR, particularly corporate responsibility to respect human rights. Hence, the existing legal framework provides an important basis for further development, but it still falls short of aligning with emerging standards in the field so as to fully operationalize the concept of BHR in Ethiopia.

3.8. Identified Legal Gaps and Challenges in Corporate Human Rights Responsibility in Ethiopia

One of the major legal gaps identified throughout this study supported by other scholars [452] is the absence of a dedicated legal framework that addresses together the protection of rights, the responsibilities of business enterprises, and access to remedy components of BHRs.[453]

[451] UNGPs, Principles 17–21 establish that business enterprises must carry out ongoing human rights due diligence to identify, prevent, and mitigate adverse human rights impacts throughout their operations. This process requires companies to integrate findings into internal functions, track the effectiveness of their responses, and communicate their progress transparently to stakeholders.

[452] For instance, Bantayehu Demlie, in his article argued that there is no a single self-standing legal framework on BHR in Ethiopia, unless we interpret different provisions from various laws, including the Constitution of the FDRE. See Bantayehu Demlie, Business and Human Rights in Ethiopia: The Status of the Law and the Practice, p. 14 -25

[453] The concept of BHR is simply understood as provided under UNGPs, which founded on the recognition that: *'(a) States possess existing obligations to respect, protect, and fulfill human rights and fundamental freedoms; (b) business enterprises, as specialized organs of society performing specialized functions, are required to comply with applicable laws and respect human rights; and (c) where rights and obligations are violated, there must be access to appropriate and effective remedies.'* See UNGPs, General Principles, p. 1

Instead, the relevant rules are scattered across different sectorial laws primarily enacted to regulate their respective areas, and therefore fail to comprehensively address the concept of BHR.

Secondly, although some domestic provisions, including those in the Constitution, can be interpreted as relevant to addressing corporate misconduct, none of them imposes explicit and binding human rights obligations on corporate actors. The existing sectoral rules are largely framed in regulatory or compliance terms rather than in human rights language. This gap becomes more evident when compared with the UNGPs, which expressly recognize that business enterprises have an independent responsibility to respect human rights regardless of States' fulfillment of their own obligations.[454] Similarly, the African Charter on Human and Peoples' Rights, particularly article 27(2), recognizes duties concerning the rights of others, which the African Commission has interpreted as capable of extending to corporations,[455] as well as the African Commission's initiative to develop a legally binding regional instrument on BHR issues further reflects the evolving recognition of corporate human rights responsibility.[456] However, Ethiopian laws, including the 2021 Commercial Code, still largely conceptualize corporate responsibility through voluntary CSR-oriented approaches rather than through a BHR framework that requires clear and binding corporate human rights obligations.[457]

Another identified major gap is the absence of mandatory HRDD requirement. Existing rules do not clearly require companies to identify, prevent, mitigate, and account for their human rights impacts in a continuing and systematic manner as required under the UNGPs.[458] This significantly undermines Ethiopia's capacity to prevent corporate human rights abuses before

[454] UNGPs are applicable to all business enterprises, both transnational and others, regardless of their size, sector, location, ownership and structure. The responsibility to respect human rights is a global standard of expected conduct for all business enterprises wherever they operate. It exists independently of States' abilities and/or willingness to fulfill their own human rights obligations, and does not diminish those obligations. See UNGPs, General Principles and Commentary to Principle 11, p. 1 and 13

[455] The African commission stated that '*if this obligation can be imposed on individuals, there is an even stronger moral and legal basis for attributing these obligations to corporations and companies.'* See ACHPR, Advisory note to the African group in Geneva on the legally binding instrument to regulate in international human rights law, the activities of transnational corporations, Section Direct obligations on business enterprises (legally binding instrument), p. 4

[456] African Commission, Resolution on Business and Human Rights in Africa, Para. 2(c)

[457] Yehualashet Tamiru, The Missed Opportunity for Effective CSR Regulation in Ethiopia, 2022, *Online*, available at https://addisfortune.news/the-missed-opportunity-for-effective-csr-regulation-in-ethiopia (Last accessed on 27 April 2026)

[458] Businesses are expected to conduct continuous due diligence processes aimed at identifying and addressing actual and potential human rights impacts linked to their business operations. See UNGPs, Principle 17 and 18, p. 17–19

they occur. As a result, business enterprises may formally satisfy existing administrative requirements while still contributing to serious human rights abuses.

Finally, access to effective remedy remains weak because the available legal routes are fragmented and largely interpretive. Although victims of corporate abuses may rely on civil (through tort law), criminal, or administrative remedies, these avenues are not organized in a way that clearly responds to corporate-related human rights abuses as a distinct category of abuse. Human rights litigation in Ethiopia, in general, has not been effectively utilized and is constrained by stringent standing rules, complex evidentiary requirements, and the lack of effective remedies.[459] This limits the ability of the legal framework to provide meaningful redress to victims of corporate abuses.

Furthermore, Ethiopia currently lacks specialized judicial and non-judicial mechanisms specifically designed to address complex corporate human rights abuses commonly associated with contemporary BHR governance frameworks. As Ethiopia moves toward a more open market, there will be a growing need for a predictable and transparent system of dispute resolution, whether through the formal judicial system or through external mediation and arbitration mechanisms. Additionally, as Ethiopia is not a party to the OECD guidelines,[460] it can utilize NCP forums only when MNEs from adhering countries commit human rights abuses within its borders. In this context, the two Ethiopians: *Abrham Meareg and Fisseha Tekle, and The Katiba Institute v. Meta (Facebook's parent company)*[461] case in Kenya illustrate the difficulty of securing remedies for corporate-related harms caused through transnational digital platforms in Ethiopia. Although the alleged harm occurred in the context of the conflict in northern Ethiopia, the petition had to be pursued in Kenya, and the first major hurdle was jurisdiction, which the Kenyan High Court ultimately ruled it had.[462]

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[459] African Union and Lawyers for Human Rights (LHR), Assessment of the Compatibility of Procedural Laws for Strategic Litigation in Ethiopia, Draft Report, March, 2024, p. 3. See also the World Bank, Ethiopia: Legal and Judicial Sector Assessment, 2004, p. 42

[460] Alemayehu Begna, Corporate Human Rights Abuse and the Accountability Gap in Ethiopia, p. 5

[461] Abrham Meareg, Fisseha Tekle, and Katiba Institute brought the case before the Kenyan High Court, alleging that Meta's Facebook algorithms promoted inciteful, hateful, and dangerous content during the conflict in northern Ethiopia from November 2020 to November 2022. Meta challenged the Kenyan court's jurisdiction and argued that such claims should be brought in the United States under its terms of service, which itself illustrates the kind of procedural and jurisdictional barrier that can frustrate access to remedy in transnational corporate harm cases. On 3 April 2025, however, the Kenyan High Court ruled that it had jurisdiction to hear the matter and sent it for empanelment because it raises substantial questions of law. See Amnesty International, Kenya: Meta can be sued in Kenya for role in Ethiopia conflict, 3 April 2025, Online, available at https://www.amnesty.org/en/latest/news/2025/04/kenya-high-court-has-ruled-that-it-has-jusridiction-over-case-against-meta/?utm_source=chatgpt.com (Last Accessed on 05 May 2026)

[462] *Meareg & 2 others v Meta Platforms, INC; Amnesty International & 6 others (Interested Parties,* (Petition E541 of 2022) [2025] KEHC 4362 (KLR) (Constitutional and Human Rights), Republic of Kenya, the High Court at Nairobi, Ruling, 3 April 2025, Para, 137, 148, 150

This supports the broader point that victims of corporate human rights abuses in Ethiopia may face practical legal barriers to justice where corporate conduct involving multinational tech companies, platform algorithms, and the place of harm do not align neatly within one legal system.

In sum, the Ethiopian legal system is not structured as a legal framework capable of clearly defining corporate human rights responsibility and accountability which makes the overall framework incomplete, and difficult to apply in a consistent manner, leaving substantial room for legal and institutional reform.

3.9. Opportunities for Strengthening Corporate Human Rights Responsibility in Ethiopia

Despite the existing legal gaps, there are opportunities to strengthen corporate human rights responsibility that suggests Ethiopia does not need to begin from zero, but rather to build on existing legal and policy foundations.

3.9.1. The Constitutional Potential for a Coherent BHR Framework

One major opportunity lies in the strong constitutional foundation already embedded within the FDRE Constitution. The Constitution recognizes a wide range of rights that are directly relevant to BHR, including labour rights, environmental protection, human dignity, access to justice, and the right to sustainable development.

As demonstrated throughout this study, these constitutional guarantees, together with the fertile ground for horizontal application and the broader rights-oriented spirit and structure of the Constitution, provide an important normative foundation upon which a more explicit and coherent BHR framework can be developed. Accordingly, Ethiopia possesses a meaningful opportunity to build upon these existing constitutional principles in order to strengthen corporate human rights responsibility through legislative reform, judicial interpretation, administrative implementation, and institutional development. Furthermore, articles 13(2) and 9(4) of the Constitution, which incorporates ratified international agreements into domestic law, provides an additional constitutional basis for integrating evolving international BHR standards into the domestic legal framework.

3.9.2. The NAP as a Coordination Mechanism for BHR

The ongoing NAP process on BHRs offers a timely avenue for harmonizing fragmented sectorial legal frameworks, strengthening institutional coordination, and aligning domestic

regulation with the UNGPs and evolving international and regional human rights standards in the field.[463]

Importantly, the NBA and the multi-stakeholder[464] nature of the NAP process create an important opportunity to develop context-sensitive approaches that reflect Ethiopia's socio-economic realities while simultaneously responding to evolving international expectations concerning corporate responsibility. If properly developed, the NAP can help coordinate fragmented laws, clarify institutional responsibilities, provide a roadmap for human rights litigation before the Federal High Court[465] as well as for future legislative reform, and support the gradual integration of mandatory HRDD obligations articulated under the UNGPs.[466]

Furthermore, the NAP process provides an important institutional opportunity to strengthen coordination among key governmental and relevant stakeholders, including the Investment Commission, the EHRC, the Ministry of Justice, trade union confederations, and environmental regulatory institutions. In particular, representatives from these institutions are involved in the technical committee, the body tasked with drafting the NAP, and in related consultation structures established as part of the process.[467] It therefore has the potential to become a practical mechanism for strengthening corporate human rights responsibility in Ethiopia.

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[463] EHRC, Advancing the Business and Human Rights Agenda in Ethiopia, Event, April 16, 2025, Available at https://ehrc.org/advancing-the-business-and-human-rights-agenda-in-ethiopia/ (Last accessed on 30 April 2026).

[464] As part of the NAP development process, a NBA has been conducted, drawing comparative lessons from jurisdictions such as Tanzania and Kenya, as well as from the experience of the Danish Institute for Human Rights. The process also involved the preparation of interview questionnaires targeting, *inter alia*, courts, workers, employers, investors, business entities, community representatives, and CSOs. Furthermore, in an effort to ensure broader participation and inclusiveness, fourteen multi-stakeholder consultations had been conducted across different parts of the country as of 30 April 2026, alongside separate consultations specifically held with CSOs and workers. Overall, more than 700 individuals reportedly participated in these consultation processes. See Awel Sultan, '*ንግድ እና ሰብዓዊ መብቶች በኢትዮጵያ,*' power point, Ministry of Justice and EHRC, March 2026, (Unpublished, available at Ministry of Justice), slide 31–34

[465] Given that the Federal High Court is mandated under article 11(3) of Federal Courts Proclamation No. 1234/2021 to protect the justiciable human rights guaranteed under chapter three of the Constitution, the NAP could establish clear guidance on human rights litigation to strengthen accountability for business-related human rights abuses.

[466] UNGPs, Principles 4, 7, and 17–21. Principles 4 and 7 call upon States to establish regulatory frameworks that proactively require HRDD, particularly in relation to State-owned enterprises and businesses operating in conflict-affected areas. At the same time, Principles 17–21 provide the substantive framework for such obligations by defining HRDD as a continuous corporate process requiring enterprises to identify, assess, integrate, monitor, and publicly communicate their human rights impacts.

[467] CEHRO's work on Business and Human Rights Part 2, available at https://youtu.be/Wt3ZaL3IpSs (Last accessed on 30 April 2026)

3.9.3. Learning from African and Comparative Experiences

The African regional human rights system provides an important normative opportunity for strengthening Ethiopia's BHR framework. The African Charter on Human and Peoples' Rights recognizes not only individual rights but also collective rights and duties, including the right to development under article 22 and the right to a generally satisfactory environment under article 24.[468] In addition, the African Commission has increasingly addressed issues of corporate accountability and state obligations concerning business-related human rights abuses through its evolving jurisprudence and soft law instruments, including its Resolution on BHR in Africa.[469] Furthermore, the Malabo Protocol, adopted by the African Union in 2014, extends the jurisdiction of the proposed African Court of Justice and Human Rights to transnational crimes and expressly recognizes corporate criminal liability with well articulated attribution under Article 46C.[470] This regional framework enables Ethiopia to draw upon African-centered and context-sensitive approaches to BHR governance rather than relying exclusively on foreign models that may not fully correspond with the country's domestic socio-economic and cultural realities.

Comparative experiences from jurisdictions such as Ghana, Kenya, and Uganda in relation to the development of NAPs,[471] as well as from EU, France and Germany concerning mandatory human rights due diligence regulation, also provide valuable lessons for Ethiopia.

[468] Banjul Charter, art, 22 and 24

[469] The African Commission on Human and Peoples' Rights, during its 74th Ordinary Session held from 21 February to 7 March 2023, adopted the Resolution on Business and Human Rights in Africa, ACHPR/Res.550 (LXXIV) 2023. The resolution among others mandates the Working Group on Extractive Industries, Environment and Human Rights in Africa and Working Group on Economic, Social and Cultural Rights to draft a legally binding regional BHR instrument for Africa. See African Commission, Resolution on Business and Human Rights in Africa, Para. 2(c), available at https://achpr.au.int/en/adopted-resolutions/550-resolution-business-and-human-rights-africa-achprres550-lxxiv-2023/ (Last accessed on 30 April 2026). Furthermore, as repeatedly stated in this study, The African commission interpreted article 27 of the African charter as '*if this obligation can be imposed on individuals, there is an even stronger moral and legal basis for attributing these obligations to corporations and companies.'* See ACHPR, Advisory note to the African group in Geneva on the legally binding instrument to regulate in international human rights law, the activities of transnational corporations, Section Direct obligations on business enterprises (legally binding instrument), p. 4

[470] Amendments to the Protocol on the Statute of the African Court of Justice and Human Rights (Malabo Protocol), 2014, art. 46C (1) (2) (3). It explains that a corporation's criminal intention may be established where the commission of the offence reflects the policy of the corporation itself. It also recognizes that corporate knowledge may exist where actual or constructive knowledge of relevant information is possessed within the corporation, even if such knowledge is dispersed among different corporate personnel rather than concentrated in one individual.

[471] The consultative sessions conducted as part of the NAP development process also focused on best practices for undertaking inclusive and effective stakeholder consultations. In doing so, Experts from Ghana, Kenya, and Uganda shared their respective experiences, emphasizing the importance of structured engagement, grassroots participation, and the meaningful involvement of civil society actors. They further highlighted the need for effective government coordination and comprehensive stakeholder mapping throughout the process. See, EHRC, Advancing the Business and Human Rights Agenda in Ethiopia, available at https://ehrc.org/advancing-the-business-and-human-rights-agenda-in-ethiopia/ (Last accessed on 30 April 2026)

France's 2017 Corporate Duty of Vigilance Law, Germany's 2021 Supply Chain Due Diligence Act (LkSG), and the EU Corporate Sustainability Due Diligence Directive (CSDDD) collectively illustrates the effectiveness of how requiring companies to identify, prevent, mitigate, and remedy human rights risks throughout their operations and supply chains through legally binding obligations would become crucial in the contemporary complex corporate abuses.[472] To be specific, France's 2017 Corporate Duty of Vigilance Law *(Loi relative au devoir de vigilance)* represents a landmark development by requiring large companies to establish and implement mandatory vigilance plans aimed at identifying, preventing, and mitigating serious human rights violations arising from their operations and supply chains.[473] Similarly, Germany's 2021 Supply Chain Due Diligence *Act (Lieferkettensorgfaltspflichtengesetz – LkSG)* imposes mandatory due diligence obligations on enterprises, with particular emphasis on procedural compliance through risk management and monitoring systems.[474] At the regional level, the European Union Corporate Sustainability Due Diligence Directive 2024/1760 further harmonizes these standards across member states by introducing more comprehensive oversight mechanisms and potential civil liability for non-compliance.[475] These experiences provide important lessons for Ethiopia to come up with its own mandatory HRDD law, and illustrate the growing international shift from voluntary CSR approaches toward mandatory HRDD regulation.

[472] See French Corporate Duty of Vigilance Law, 2017, art. 1, Germany's Act on Corporate Due Diligence Obligations for the Prevention of Human Rights Violations in Supply Chains, 2021, Section 3 and 4, See also EU, Corporate sustainability due diligence directive 2024/1760, Para. 19 and 22
[473] French Corporate Duty of Vigilance Law, 2017, art. 1
[474] Germany's Act on Corporate Due Diligence Obligations for the Prevention of Human Rights Violations in Supply Chains, 2021, Section 3 and 4
[475] European Commission, Corporate sustainability due diligence directive 2024/1760, Para. 19 and 22

Conclusion

This chapter examined Ethiopia's legal framework on business and human rights by assessing the extent to which existing constitutional, legislative, and policy frameworks address corporate responsibility for human rights abuses. The analysis revealed that, although relevant provisions can be identified across the FDRE Constitution and various statutes, Ethiopia still lacks a coherent and comprehensive legal framework capable of regulating BHRs. Existing laws remain fragmented and largely indirect, with limited normative clarity, weak accountability mechanisms, and the absence of comprehensive mandatory HRDD obligations and effective remedial frameworks.

The chapter assessed Ethiopia's legal framework in light of international and regional BHRs standards, and identified the domestic legal gaps. It found that the current domestic framework falls short of emerging international standards, particularly regarding explicit corporate human rights obligations, HRDD, and access to effective remedy for victims of corporate abuse. While certain legal provisions partially reflect aspects of the BHRs agenda, significant legal gaps, ambiguities, and absence of comprehensive BHRs framework continue to hinder full alignment with evolving global standards.

Nevertheless, the chapter identified important opportunities for reform. In particular, the existing strong constitutional normative framework, Ethiopia's ongoing NAP process, African and comparative experiences, and the growing global momentum toward mandatory corporate human rights obligation provide important avenues for strengthening corporate human rights responsibility, improving legal coherence, and harmonizing domestic laws with increasingly evolving international standards.

CHAPTER FOUR

CONCLUSION AND RECOMMENDATION

4.1. Conclusion

Business-related human rights abuses remain among the most serious and pervasive challenges in contemporary global affairs, affecting communities and individuals across diverse sectors, including in Ethiopia. For many years, corporate conduct was governed largely by voluntary ethical initiatives, rather than by an explicit human rights responsibility and accountability framework. As a result, serious abuses linked to business activities often went unaddressed or were treated as ordinary economic matters. Today, however, the normative basis for obligating businesses to respect human rights is becoming well established. International instruments such as the UNGPs of 2011, the OECD Guidelines updated in 2023, the ongoing Legally Binding Instrument to Regulate, in International Human Rights Law, the Activities of Transnational Corporations and Other Business Enterprises at the UN level, and various ILO conventions establish clear global standards for corporate human rights responsibility. Many countries have begun to translate these norms into domestic binding laws for business entities, and Ethiopia has taken initial steps in this direction. Accordingly, this thesis has examined Ethiopia's legal framework on BHR along with the legal gaps and opportunities. Based on this analysis, the researcher draws the following conclusions in line with the research questions posed.

The recognition of corporate responsibility to respect human rights is firmly established in international frameworks, including the jurisprudence of judicial tribunals. Although the UNGPs, OECD Guidelines and similar instruments are not legally binding on their own, they draw on binding treaties like the ICCPR and ILO conventions and customary law to impose clear standards of conduct on business entities. These norms explicitly require businesses to respect human rights, prevent human rights abuses, and provide remedies when violations occur, independently of the State's duty concerning human rights. In addition, a robust body of global policy and case law supports these standards, reinforcing the expectation that corporations must respect human rights in every sector such as labor, health, and environmental rights in all operations.

The Ethiopia's legal framework has, to a considerable degree, incorporated elements of BHRs. The 1995 FDRE Constitution guarantees a broad spectrum of fundamental rights including, prohibition against inhuman treatment, equality before the law, the right to work

with fair conditions, protection of property, and environmental rights that arguably apply to all actors, including businesses. Several sectorial laws such as the labour proclamation, investment laws, criminal laws, tort law, and environmental regulations, contain provisions that can be used to hold businesses to account. For example, labor laws address workplace safety and fair employment, while criminal statutes penalize acts like human trafficking or exploitation which often involve corporate actors. These provisions, together with the 2021 Commercial Code, provide a legal foundation for the concept of BHRs including corporate human rights obligations, albeit in a fragmented manner.

However, significant gaps remain in aligning Ethiopian law with international BHR standards. The first major issue is that none of the Ethiopian laws, including the FDRE Constitution, explicitly imposes an obligation on corporate entities to respect human rights, rather than merely recognizing and protecting rights in general. Additionally, Ethiopia currently lacks explicit legislation mandating companies to conduct continuous HRDD or to publicly report on their human rights impacts. Mandatory and ongoing HRDD throughout business operations constitutes a core component of the second pillar of the BHR framework, namely the corporate responsibility to respect human rights, as firmly established under the ongoing legally binding instrument, UNGPs, OECD and increasingly reflected in the legal approaches of many countries. These certain international obligations are not directly reflected in domestic laws. Furthermore, since Ethiopian special criminal laws mainly prescribe penalties without clearly establishing substantive corporate criminal liability as provided under article 34 of the Criminal Code, ambiguities remain among Ethiopian courts regarding the application of the principle of legality. In practice, some corporate abuses may only be punishable under general provisions such as administrative or environmental endangerment rather than through laws specifically addressing human rights abuses. Consequently, serious corporate human rights violations risk being inadequately prosecuted or subjected to lesser penalties, thereby leaving victims without sufficient protection or effective remedies. Access to an effective remedy, in general, remains weak, as available civil, criminal, and administrative avenues are fragmented and do not clearly address corporate human rights abuses as a distinct category. Ethiopia also lacks specialized judicial and non-judicial mechanisms for such claims, leaving corporate victims with limited and uncertain redress. Afterall, Ethiopia lacks a dedicated legal framework that addresses, in an integrated manner, the protection of rights, the responsibilities of business enterprises, and access to remedy components of BHR.

Nevertheless, important opportunities exist to strengthen corporate responsibility for human rights in Ethiopia. The strong constitutional commitment to human rights provides a firm basis upon which to build. The ongoing process of developing a NAP on BHR offers a unique opportunity to address existing legal gaps by codifying due diligence requirements, establishing clear enforcement and remedy mechanisms, and providing guidance for human rights litigation and future legislative reforms. Additionally, the African regional human rights architecture including the African commission resolution on BHR, and comparative practices such as mandatory due diligence laws elsewhere provide valuable guidance. Ethiopia could also consider ratifying the Malabo Protocol that recognizes corporate criminal liability with well established attribution to reinforce its legal framework. By seizing these opportunities, Ethiopia can better align its domestic laws with international norms and ensure more effective protection of human rights against corporate abuses.

Overall, while Ethiopia continues to promote private sector development, there is an urgent need to strengthen corporate human rights responsibility and the legal framework in line with the increasingly global emphasis on evolving international standards concerning the concept of BHR, so that economic growth is not achieved at the expense of human rights protection and effective accountability.

4.2. Recommendation

In light of the analysis and conclusions of this study, the following recommendations are proposed to the relevant stakeholders:

A. To the Government of Ethiopia:

- Demonstrate a clear and sustained commitment to ending impunity for abusive corporate entities by:

❖ Strengthening the implementation of existing laws, including constitutional, labour, environmental, tort, and criminal rules that already contain partial protections relevant to BHR. This should be done through more effective labour inspection, stronger regulatory enforcement, and closer coordination among the relevant institutions. In particular, enforcement bodies should respond promptly to abuses through proper investigation, prosecution where necessary, and victim-oriented remedies.

❖ Fully support and resource the ongoing NAP on BHR process, ensuring the technical drafting committee has clear guidance and sufficient resources, and that the final NAP is promptly approved by the Council of Ministers and integrated into national policy.

- ❖ The Government may also consider engaging more actively with the African human rights system and emerging international standards on corporate human rights responsibility and accountability, while carefully balancing the need to combat serious corporate human rights abuses with the importance of preserving state sovereignty, including domestic political, social, and economic realities.

B. To the Ethiopian Parliament (Law Making Body):

- Revise the Commercial Code to expressly require business entities to respect human rights, conduct mandatory HRDD throughout their operations, and establish clear mechanisms for access to remedy. The Code should also explicitly define the conditions under which courts may pierce the corporate veil in cases of serious human rights violations, including where a parent company exercises operational, financial, or managerial control over a subsidiary, or where it fails to take adequate due diligence measures to prevent harm.
- Revise relevant special criminal laws, or adopt new legislation to clarify existing ambiguities surrounding corporate criminal liability. The legal basis for liability should be made sufficiently clear so that courts are not left in doubt under the principle of legality, and serious corporate abuses can be prosecuted under a coherent and predictable legal framework. This would ensure legal certainty and align prosecutions with the principle of legality.
- Alternatively, adopt a standalone and comprehensive BHR law that incorporates clear corporate human rights obligations, HRDD requirements, corporate criminal liability, and effective enforcement mechanisms in line with the UNGPs and emerging international practices worldwide. This approach is particularly recommended due to its greater legal coherence, structural flexibility, and ease of implementation. These measures would help align Ethiopia's legal framework with evolving international standards on corporate accountability and strengthen the country's role in the global fight against impunity for corporate human rights abuses.
- While revising the Criminal Code, the Commercial Code, or enacting new legislation, establish stronger criminal and civil sanctions for corporate human rights abuses, with clear rules on causation and the attribution of liability that reflect the juridical nature and complex structure of corporate entities. This would enhance legal certainty, promote consistent judicial interpretation, and strengthen compliance with the principle of legality.

C. To the Ethiopian Courts:

- In the absence of a comprehensive statutory framework on corporate human rights responsibility, courts should adopt a purposive, constitutional, and human rights-based approach when adjudicating business-related abuses. They should interpret relevant constitutional, civil, labour, environmental, criminal, investment, and commercial provisions in light of the Constitution's horizontal effect and the right of access to justice. In criminal matters, however, courts should purposefully rely on existing legal bases, including Article 34 of the Criminal Code and relevant special laws, while respecting the principle of legality, pending legislative clarification of the existing ambiguity. This approach would help to fill the present legal gaps and would reduce the risk of impunity in cases of serious corporate abuse.
- The Federal High Court should actively utilize its mandate under article 11(3) of Proclamation No. 1234/2021 to strengthen human rights litigation and develop coherent jurisprudence on business-related human rights abuses, thereby enhancing access to justice and accountability.

D. To the Technical Committee drafting the National Action Plan on Business and Human Rights:

- Align the NAP with international standards, particularly the UNGPs, by including concrete measures on HRDD, enforcement, and access to remedy, so that it serves as a bridge between current legal gaps and a future comprehensive legal regime. In doing so, draw on the experience of countries that have already developed NAPs and the findings of broad-based multi-stakeholder consultations in Ethiopia, including future consultations, to reflect domestic realities and the key issues identified in this study.
- Set a realistic implementation timeline and assign specific responsibilities for each action to the relevant ministries and institutions.

E. To the Ministry of Justice (Steering Committee) and the Council of Ministers:

- Expedite the legal review and endorsement of the drafted NAP, ensuring it reaches the Council of Ministers without delay.
- Incorporate the research findings by proposing specific legal reforms alongside the NAP, for example, drafting a standalone BHR law or amending existing laws to require mandatory due diligence.

- Allocate adequate budget and establish oversight mechanisms to support implementation of the NAP and the resulting legal reforms.

F. To the Ethiopian Human Rights Commission and Other Civil Society Organizations:

- Strengthen awareness-raising, advocacy, and capacity-building on BHR standards applicable to business enterprises operating in Ethiopia. In particular, promote a deeper understanding among corporate actors of the importance of adopting human rights policies and implementing human rights due diligence in line with internationally recognized standards.
- Continuously sensitize business enterprises that, under the BHR framework, the responsibility to respect human rights is independent and non-negotiable. Accordingly, CSR activities such as charity or infrastructure development should not be treated as substitutes for compliance with human rights standards or as justifications for human rights violations.
- Encourage and support business enterprises to comply with domestic laws, respect internationally recognized human rights standards, cooperate with relevant stakeholders, and establish effective internal grievance mechanisms. These measures would foster corporate responsibility and access to remedy in Ethiopia's business sector.

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