

PANORAMIC

**CORPORATE  
GOVERNANCE**

Nigeria

 LEXOLOGY



# Corporate Governance

Gibson, Dunn & Crutcher LLP

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## Nigeria



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## SOURCES OF CORPORATE GOVERNANCE RULES AND PRACTICES

### Primary sources of law, regulation and practice

What are the primary sources of law, regulation and practice relating to corporate governance? Is it mandatory for listed companies to comply with listing rules or do they apply on a "comply or explain" basis?

The main sources of law relating to corporate governance are the:

- Companies and Allied Matters Act 2020 (CAMA);
- Investment and Securities Act 2025;
- Financial Reporting Council of Nigeria (Amendment) Act;
- Banks and Other Financial Institutions Act;
- Nigerian Insurance Industry Reform Act 2025;
- National Insurance Commission (NAICOM) Act (the NAICOM Act);
- Business Facilitation (Miscellaneous Provision) Act 2023;
- Nigerian Code of Corporate Governance issued by the Financial Reporting Council of Nigeria;
- Central Bank of Nigeria (CBN) Code of Corporate Governance for Microfinance Banks in Nigeria;
- CBN Code of Corporate Governance for Bureaux De Change;
- CBN Code of Corporate Governance for Development Finance Institutions in Nigeria;
- NAICOM Code of Corporate Governance for the Insurance Industry in Nigeria;
- CBN Corporate Governance Guidelines for Financial Holding Companies in Nigeria;
- CBN Corporate Governance Guidelines for Commercial, Merchant, Non-Interest and Payment Service Banks in Nigeria;
- Revised Guidelines on Corporate Governance for Licensed Pension Fund Operators;
- Rule Book of the Nigerian Exchange Limited;
- Securities and Exchange Commission (SEC) Code of Corporate Governance in Nigeria;
- SEC Rules and Regulations;
- SEC Code of Conduct for Shareholders' Associations (SCCSA);
- Nigerian Communications Commission Corporate Governance Guidelines for the Communications Industry 2025; and
- Nigerian Exchange Limited (NGX) Guidance on Companies' Virtual Board, Committee and Management Meetings.

The NGX Rulebook requires mandatory compliance with listing rules.

**Law stated - 13 March 2026**

## Responsible entities

What are the primary government agencies or other entities responsible for making such rules and enforcing them? Are there any well-known shareholder or business groups, or proxy advisory firms, whose views are often considered?

The primary government entities responsible for making these rules are the:

- Corporate Affairs Commission (CAC), created under CAMA, which oversees the registration of companies and the compliance of corporate bodies with CAMA's provisions;
- SEC, created under the Investment and Securities Act, which regulates the capital market;
- Central Bank of Nigeria, which regulates banks and other financial institutions in Nigeria;
- NAICOM, established under the NAICOM Act, which ensures compliance by insurance companies with the provisions of the NAICOM Act and the Insurance Act;
- National Pension Commission, established under the Pension Reform Act, which regulates pension fund administrators and pension fund custodians;
- Nigerian Communications Commission, established under the Nigerian Communications Act (NCA), which regulates the communications industry in Nigeria and ensures compliance with the NCA;
- Financial Reporting Council of Nigeria (FRCN), created under the Financial Reporting Council of Nigeria Act, which is empowered to enforce and approve compliance with accounting, auditing, corporate governance and financial reporting standards in Nigeria and is charged with ensuring good corporate governance practices in the public and private sector;
- Directorate of Corporate Governance, created under the Financial Reporting Council of Nigeria Act, which is responsible for issuing a code of corporate governance and guidelines and developing a mechanism for periodic assessments of the code and guidelines; and
- NGX, the primary stock exchange in Nigeria, which plays a significant role in corporate governance. The NGX has established rules and guidelines for listed companies to ensure strict adherence to best practices in corporate governance.

There are several shareholder activist groups in Nigeria that actively participate in annual general meetings, influence decision-making and protect shareholders' rights.

Regulatory authorities such as the SEC, NGX and the FRCN adopt a consultative approach when issuing regulations, seeking input from stakeholder groups such as shareholder associations. The SCCSA serves as a mechanism through which the SEC promotes high standards of conduct among shareholder associations and the companies that they engage with. The SCCSA also requires shareholder associations to be registered with the CAC for their views to be considered during SEC consultations on corporate governance matters.

**Law stated - 13 March 2026**

## RIGHTS AND EQUITABLE TREATMENT OF SHAREHOLDERS AND EMPLOYEES

### Shareholder powers

What powers do shareholders have to appoint or remove directors or require the board to pursue a particular course of action? What shareholder vote is required to elect or remove directors?

Shareholders in a general meeting have the power to appoint or remove directors by a resolution passed by a simple majority of votes cast in person or by proxy. The board of directors may appoint new directors to fill casual vacancies created by death, resignation, retirement, or removal, but these appointments are subject to ratification by the shareholders. Unless the articles of association provide otherwise, directors acting within the powers conferred by the Companies and Allied Matters Act 2020 (CAMA) or the articles are not bound to obey shareholder directions, provided they act in good faith and with due diligence. Shareholders may, however, make recommendations to the board and may ratify or confirm any action taken.

Shareholders may bring a court action to prevent illegal, ultra vires or fraudulent acts by directors. Members holding 5% of voting rights may circulate a resolution for consideration at a general meeting, while holders of one-tenth of a share class may apply to the Corporate Affairs Commission (CAC) to investigate the company. Under CAMA, directors may be removed before the end of their tenure regardless of the articles of association or any agreement, provided that special notice is given to voters and the affected director at least 21 days before the meeting at which the resolution will be considered.

Law stated - 13 March 2026

### Shareholder decisions

What decisions must be reserved to the shareholders? What matters are required to be subject to a non-binding shareholder vote?

The shareholders in a general meeting are empowered to:

- appoint and remove directors of the company;
- determine directors' remuneration;
- reduce the number of directors;
- appoint auditors and approve their remuneration;
- alter the company's share capital;
- alter the memorandum and articles of association of the company;
- approve the conversion of the company from a private to a public company and vice versa, and from a limited company to an unlimited company and vice versa;
- change the company's name;
- make the liability of directors unlimited;
- appoint a person over 70 years of age as the director in a public company;
-

sell or transfer the company's major asset, which is 50% or more of the book value of the company's assets;

- wind up the company;
- strike off the company's name from the register of the CAC; and
- declare a dividend on the recommendation of the board.

CAMA provides that, subject to the articles of association, shareholders in general meetings cannot restrict certain board powers, including control of the company's day-to-day management and the institution of proceedings. Where the board fails to institute or defend an action because it is in the wrong or deadlocked, shareholders may apply to court to bring the action on the company's behalf. Where the articles vest powers in the board and the directors act in good faith and with due diligence, they are not bound by shareholder instructions; the shareholders' remedy in such cases is to amend the articles to transfer these powers to the general meeting.

**Law stated - 13 March 2026**

### **Disproportionate voting rights**

**To what extent are disproportionate voting rights or limits on the exercise of voting rights allowed?**

CAMA expressly prohibits disproportionate voting rights and the limitation of voting rights. The basic rule is "one share, one vote" and no company may, by its articles or otherwise, authorise the issue of shares that carry more than one vote in respect of each share or that do not carry any rights to vote. There are, however, a few exceptions. Preference shareholders, if the articles of the company so provide, can have more than one vote per share upon consideration of any resolution:

- where a dividend on the preference share remains unpaid after the due date of the dividend;
- that seeks to vary the rights attached to the preference shares;
- to appoint or remove an auditor; and
- for winding up the company.

A special resolution increasing a class of shares may also grant preference shareholders additional voting rights to preserve their proportional voting power. Voting rights may also be restricted by the articles until all calls or sums due on the shares are paid.

**Law stated - 13 March 2026**

### **Shareholders' meetings and voting**

**Are there any special requirements for shareholders to participate in general meetings of shareholders or to vote? Can shareholders act by written consent without a meeting? Are virtual meetings of shareholders permitted?**

All shareholders are entitled to attend and vote at the company's general meeting. However, until the name of a person with shares in a company has been entered as a member in the register of members, which companies are statutorily required to maintain, that person will not be deemed a member of the company and, therefore, may not attend meetings of the company or be allowed to vote at these meetings.

The articles of a company may also provide that members who have not made payments on all calls on their shares should not be entitled to attend meetings.

Under CAMA, shareholders of private companies may act by written consent without a meeting, but only if all shareholders entitled to attend and vote sign the written resolution. Otherwise, shareholder decisions must be made at a general meeting.

CAMA also provides that private companies may hold general meetings electronically if allowed by their articles. While CAMA was initially silent on public limited companies, the Business Facilitation (Miscellaneous Provision) Act 2023 now expressly permits such companies to hold meetings electronically, including electronic voting. In practice, however, companies must still provide for virtual meetings in their articles or governing documents.

**Law stated - 13 March 2026**

### **Shareholders and the board**

**Are shareholders able to require meetings of shareholders to be convened, resolutions and director nominations to be put to a shareholder vote against the wishes of the board, or the board to circulate statements by dissident shareholders?**

The duty to call general meetings of shareholders is one held by the board of directors. However, a shareholder or shareholders representing at least 10% of the shareholding (or voting rights in a company without share capital) of the company may requisition a general meeting at any time. Where the board refuses to convene the requisitioned meeting within 21 days, the requisitionists are authorised to convene the meeting (within three months of the requisition) after issuing the required notices and any reasonable expenses incurred in relation to the meeting should be repaid by the company.

The nomination of a person to the board of directors can be put to a vote at a general meeting, provided that prior notice (not less than three days or more than 21 days prior to the meeting) outlining their intention to propose this person for election has been given, signed by a shareholder qualified to attend and vote at the meeting and accompanied by a notice in writing signed by the nominated person of their willingness to act.

**Law stated - 13 March 2026**

### **Controlling shareholders' duties**

**Do controlling shareholders owe duties to the company or to non-controlling shareholders? If so, can an enforcement action be brought against controlling shareholders for breach of these duties?**

There are no statutory provisions that expressly provide that controlling shareholders owe legal duties to the company or minority shareholders. However, the following codes provide that it is the responsibility of the board to ensure that minority shareholders are protected from the overbearing influence of controlling shareholders of a company and to ensure the fair treatment of all shareholders:

- the Central Bank of Nigeria (CBN) Code of Corporate Governance for Microfinance Banks in Nigeria;
- the CBN Code of Corporate Governance for Development Finance Institutions in Nigeria;
- the CBN Code of Corporate Governance for Finance Companies in Nigeria;
- the Nigerian Code of Corporate Governance;
- the Securities and Exchange Commission (SEC) Code of Corporate Governance (the SEC Code);
- the Nigerian Communications Commission Corporate Governance Guidelines for the Communications Industry 2025; and
- the National Insurance Commission Code of Corporate Governance for the Insurance Industry in Nigeria.

A minority shareholder may seek injunctive relief if a controlling shareholder infringes their rights or commits fraud that the directors fail to address. Shareholders may also apply to court when the company's affairs are conducted in an unfairly prejudicial, oppressive or discriminatory manner.

A derivative action may be brought on the company's behalf where wrongdoers control the company, the directors refuse to act, the claim is made in good faith and it serves the company's best interests. Majority approval of the wrongdoing does not prevent a shareholder from seeking relief.

Any person with significant control must notify the company of the particulars of their control within seven days, and the company must notify the Corporate Affairs Commission (CAC) within one month. Shareholders of public companies who hold at least 5% of the voting rights are considered to be substantial shareholders and must notify the company within 14 days of becoming aware of this status. The company must in turn notify the CAC within 14 days. This duty also applies when shareholders cease to be substantial shareholders by falling below the 5% threshold.

A "person with significant control" is defined as a person:

1. directly or indirectly holding at least 5% of shares or interest in a company;
2. directly or indirectly holding at least 5% of the voting rights in a company;
3. directly or indirectly holding the right to appoint or remove a majority of the directors;
4. who has the right to exercise, or who actually exercises, significant influence or control over a company; or
5. who has the right to exercise, or actually exercises, significant influence or control over the activities of a trust or firm whether or not it is a legal entity but would itself satisfy any of the first four conditions if it were an individual.

Definition (5) also applies to legal persons that satisfy any of conditions (1) to (4).

Law stated - 13 March 2026

### **Shareholder responsibility**

#### **Can shareholders ever be held responsible for the acts or omissions of the company?**

Shareholders are not personally liable for a company's acts or debts beyond any unpaid share capital, except in an unlimited company (where liability is unrestricted). A company has a separate legal personality, although the courts may lift the corporate veil where a company is sham or is being used as a tool to perpetuate illegality.

Law stated - 13 March 2026

### **Employees**

#### **What role do employees have in corporate governance?**

CAMA protects employees who disclose information to appointed inspectors during company investigations, and entitles them to compensation if they are dismissed without just cause due to such disclosures.

The CBN Codes of Corporate Governance, the SEC Code and related guidelines require public companies to maintain whistleblowing procedures that enable staff to report unethical conduct or governance breaches. Microfinance banks, development finance institutions and finance companies must submit semi-annual compliance returns to the CBN in this regard. Similar protections apply for employees of financial institutions under the CBN Whistle-Blowing Guidelines in the Nigerian Banking Industry 2014. The Nigerian Code of Corporate Governance aligns with these frameworks, with managing directors and executive directors responsible for implementing corporate governance policies.

The National Pension Commission's (PENCOM) Whistle Blowing Guidelines for Pensions (WBGp) require directors, management, employees and any persons dealing with a pension fund administrator or custodian to report breaches to PENCOM. Pension fund administrators and custodians must not victimise employees who comply with the WBGp, and where victimisation occurs, PENCOM may apply appropriate regulatory measures to provide redress.

Law stated - 13 March 2026

## **CORPORATE CONTROL**

### **Anti-takeover devices**

#### **Are anti-takeover devices permitted?**

There are no rules prohibiting anti-takeover devices, and directors must act in the best interests of the company in all situations. Major shareholders may also enter into lock-in arrangements.

**Law stated - 13 March 2026**

### **Issuance of new shares**

**May the board be permitted to issue new shares without shareholder approval? Do shareholders have pre-emptive rights to acquire newly issued shares?**

Under the Companies and Allied Matters Act 2020 (CAMA), the power to issue shares is vested in the company. However, a private company may delegate this power to its directors, subject to its articles or to resolutions of the general meeting.

CAMA also provides for pre-emptive rights of shareholders, requiring newly issued shares to be offered first to existing shareholders. However, the Business Facilitation (Miscellaneous Provision) Act 2023 removes this requirement for public companies.

**Law stated - 13 March 2026**

### **Restrictions on the transfer of fully paid shares**

**Are restrictions on the transfer of fully paid shares permitted and, if so, what restrictions are commonly adopted?**

The transfer of shares of a private company is subject to restrictions as specified in its articles of association. Restrictions commonly employed include provisions on pre-emptive rights. The right of pre-emption gives the other shareholders the first option to buy any shares a shareholder wishes to sell or transfer. Other restrictions employed are clauses in a company's articles giving the board of directors and, in some cases, the shareholders, the discretion to refuse to approve or register a transfer of shares to persons or entities of whom they do not approve.

Public companies are expressly precluded from restricting the transfer of fully paid shares.

**Law stated - 13 March 2026**

### **Compulsory repurchase rules**

**Are compulsory share repurchases allowed? Can they be made mandatory in certain circumstances?**

A company may only repurchase its shares, including irredeemable shares, upon the fulfilment of certain conditions:

- if this action is permitted by the company's articles;
- a special resolution is passed by the shareholders approving the repurchase of the shares;

- the shares are fully paid up;
- notice of the proposed purchase by the company of its own shares is published in two national newspapers within seven days of passing the special resolution;
- a statutory declaration of solvency is filed with the Corporate Affairs Commission within 15 days after the newspaper publication; and
- the company would still retain some of its issued shares other than redeemable shares or shares held as treasury shares.

A company may only repurchase its shares from certain persons or channels, including:

- existing shareholders or security holders on a proportionate basis;
- from the existing shareholders in a manner permitted by a court sanction in respect of a scheme of arrangement;
- from the open market; or
- by purchasing the securities issued to employees of the company pursuant to a scheme of stock option or any other similar scheme.

CAMA provides that an agreement with a company providing for the acquisition of its shares is specifically enforceable against the company to the extent that the company can perform the agreement without breaching the provisions of CAMA on the repurchasing of shares. Any public company seeking to repurchase its own shares is also required to obtain the approval of the Securities and Exchange Commission (SEC) and comply with SEC rules and regulations.

Where the shares are to be repurchased by the company, payment for the shares may only be made from the distributable profits of the company.

**Law stated - 13 March 2026**

## **Dissenters' rights**

### **Do shareholders have appraisal rights?**

CAMA and the Investment and Securities Act provide that where the approval of 90% of the shareholders has been obtained, the shares of the dissenting shareholders (those who have not approved a scheme of merger, takeover or acquisition) may be acquired, with notice, at the value agreed by the consenting shareholders except where the dissenting shareholders apply to a court to have those terms varied. Aggrieved shareholders may petition the court to make an order compelling the company to buy them out at a price to be determined by the court.

**Law stated - 13 March 2026**

## **RESPONSIBILITIES OF THE BOARD (SUPERVISORY)**

### **Board structure**

## Is the predominant board structure for listed companies best categorised as one-tier or two-tier?

The board structure for listed companies can best be described as one-tier, comprising both executive and non-executive directors.

Law stated - 13 March 2026

## Board's legal responsibilities

### What are the board's primary legal responsibilities?

The board's legal responsibilities include directing and managing the affairs of the company, securing its assets, performing its duties in the interest of the company and furthering the purposes for which the company was formed.

Law stated - 13 March 2026

## Board obligees

### Whom does the board represent and to whom do directors owe legal duties?

The board represents the company, with directors owing their legal duties primarily to the company. In exercising their duties, directors must act in the interests of the company as a whole, and not in favour of any particular shareholder or group. Directors may consider employee interests, but the company's interest remains paramount.

Law stated - 13 March 2026

## Enforcement action against directors

### Can an enforcement action against directors be brought by, or on behalf of, those to whom duties are owed? Is there a business judgement rule?

Directors owe their duties to the company, which may enforce these duties through legal action. Shareholders may also act to prevent or remedy a breach. While Nigerian law does not expressly adopt the business judgement rule, directors are required to uphold their fiduciary duties and to act in the company's best interests, including preserving its assets, advancing its business, and considering environmental and community impact. With the leave of the courts, shareholders may bring a derivative action where wrongdoing directors will not act, and they may also seek relief if the company's affairs are conducted in an unfairly prejudicial or oppressive manner.

Law stated - 13 March 2026

## Care and prudence

### Do the duties of directors include a care or prudence element?

The directors of a company owe a duty of care and skill to the company and are to exercise the degree of care and skill that a reasonably prudent director would exercise in comparable circumstances. A director is required to exercise the powers and duties of their office honestly, in good faith and in the best interests of the company.

Law stated - 13 March 2026

### **Board member duties**

**To what extent do the duties of individual members of the board differ?**

The same standard of care in relation to the duties of a director is expected of all members of the board, including executive and non-executive directors. The relationship is a fiduciary one and directors are trustees of the company's assets and are bound to exercise their powers in the interest of the company.

However, there may be additional contractual liabilities and benefits for executive directors under the principles of "master and servant" where there is a contract to that effect.

Law stated - 13 March 2026

### **Delegation of board responsibilities**

**To what extent can the board delegate responsibilities to management, a board committee or board members, or other persons?**

The board is empowered, subject to any specific provision in the articles to the contrary, to delegate any or all of its powers to a managing director or to committees made up of members of the board. The managing director or committee should, in exercising the responsibilities delegated to them, conform to any directions or regulations of the board. However, this delegation should not be done in such a way that it amounts to an abdication of duty. Even after delegating its powers, the overall responsibility of directing and managing the affairs of the company still ultimately lies with the board.

Law stated - 13 March 2026

### **Non-executive and independent directors**

**Is there a minimum number of "non-executive" or "independent" directors required by law, regulation or listing requirement? If so, what is the definition of "non-executive" and "independent" directors and how do their responsibilities differ from executive directors?**

Non-executive directors provide supervisory oversight and do not participate in the company's day-to-day management. The role of independent directors is to bring an objective and unbiased perspective to board deliberations.

The Companies and Allied Matters Act 2020 (CAMA) requires public companies to have at least three independent directors, and the Business Facilitation (Miscellaneous Provision) Act 2023 now mandates that independent directors must constitute one-third of the board.

An "independent director" under CAMA is a person who (or whose relatives, whether individually or collectively), within two years preceding their proposed appointment:

- was not an employee of the company;
- did not make or receive payments exceeding 20 million naira to or from the company;
- did not act as a partner, director or an officer of a partnership or a company that made payments to, or received payments from, of more than 20 million naira;
- did not own directly or indirectly more than 30% of the shares of any type or class in the company; and
- was not engaged, directly or indirectly, as an auditor for the company.

#### The Securities and Exchange Commission Code of Corporate Governance

The Securities and Exchange Commission (SEC) Code of Corporate Governance (the SEC Code) recommends at least five board members, with a mix of both executive and non-executive directors. Non-executive directors should outnumber executive directors, and at least one of the non-executive directors should also be an independent director.

The SEC code defines an independent director as a non-executive director who:

- is not a substantial shareholder (holding no more than 0.1% of paid-up capital);
- is not able to control or significantly influence management;
- has not been employed by the company or its group, nor held an executive role at the company, within the past three financial years;
- is not an immediate family member of anyone employed in an executive role at the company within the past three financial years;
- is not a professional adviser to the company or group, except in a director capacity;
- is not a significant supplier or customer of the company or group;
- has no significant contractual or other relationship that could impair independent judgement; and
- is not a partner or executive of the company's audit, internal audit, legal or consulting firm with material links to the company, and has not held such a position in the three years before appointment.

#### The Central Bank of Nigeria Guidelines

The Central Bank of Nigeria (CBN) Guidelines stipulate that financial holding companies must have at least three independent non-executive directors (or however many are otherwise prescribed under CAMA). For commercial, merchant, non-interest and payment service banks, the number of non-executive directors must exceed the number of executive directors, with national and international authorisations requiring at least three independent

non-executive directors, and regional banks and payment service banks requiring at least two. Publicly listed banks must also comply with CAMA.

Unit microfinance banks must have at least one independent non-executive director, state microfinance banks must have at least one (or two where the board exceeds seven members) and national microfinance banks must have at least three. The CBN Code of Corporate Governance for Microfinance Banks defines an independent non-executive director as a board member with no direct material relationship with the microfinance bank or its officers, shareholders, subsidiaries and affiliates.

Under the Regulatory and Supervisory Guidelines for Bureau De Change Operations in Nigeria, both tier 1 and tier 2 bureaux de change operators are required to appoint at least one independent non-executive director. Publicly listed bureaux de change are required to comply with CAMA.

The National Pension Commission Code of Corporate Governance for Licensed Pension Operators

The National Pension Commission (PENCOM) Code of Corporate Governance for Licensed Pension Operators (the PENCOM code) provides that non-executive directors (excluding the chair) must equal the number of executive directors, and at least one must be independent. The PENCOM Code defines an independent director as one who has no relationships that impair or appear to impair independent judgement.

The National Insurance Commission Code of Corporate Governance for the Insurance Industry in Nigeria

The National Insurance Commission (NAICOM) Code of Corporate Governance for the Insurance Industry in Nigeria (the NAICOM Code) provides that insurance companies must have a minimum of seven and a maximum of 15 directors, with at least one independent director and executive directors not exceeding 40% of the board.

The Nigerian Code of Corporate Governance

The Nigerian Code of Corporate Governance (NCCG) requires non-executive directors to outnumber executive directors.

The Nigerian Communications Commission Corporate Governance Guidelines for the Communications Industry

The Nigerian Communications Commission (NCC) Corporate Governance Guidelines for the Communications Industry 2025 (the NCC Guidelines) provide that the board must have at least five members and must include a mixture of executive directors (with a minimum of two, including the managing director/CEO), non-executive directors and independent non-executive directors. The number of non-executive directors (excluding the chairman) should, as a minimum, equal the number of executive directors.

**Law stated - 13 March 2026**

## Board size and composition

How is the size of the board determined? Are there minimum and maximum numbers of seats on the board? Who is authorised to make appointments to fill vacancies on the board or newly created directorships? Are there criteria that individual directors or the board as a whole must fulfil? Are there any disclosure requirements relating to board composition?

Qualifying for a directorship

Generally, persons who are under 18 years old, of unsound mind, insolvent, or who have been convicted of fraud or a breach of duty in connection with company formation or management are disqualified from being directors. There is no nationality restriction, and no gender requirements apply aside from those outlined in the NCCG and NCC Guidelines.

A person over 70 who is appointed to a public company board must disclose their age, and the resolution appointing them must be passed with special notice. Appointees to public company boards must also disclose other board memberships.

Additional eligibility requirements may appear in sector-specific codes or a company's articles, including share qualification requirements. A director who fails to obtain their share qualification within two months of appointment must vacate their office until they obtain it.

Under the PENCOM Code, directors of pension fund administrators cannot simultaneously be directors, employees, principal officers or shareholders of a pension fund custodian that they do business with.

Some sectors require managing directors and key personnel to hold specific professional qualifications.

The SEC Code permits governance or remuneration committees to set criteria for board membership, and to periodically evaluate the required skills and experience of board members.

In line with CBN Assessment Criteria for Approved Persons' Regime for Financial Institutions, the CBN Codes of Corporate Governance for Microfinance Banks, Development Finance Institutions and Financial Holding Companies and the CBN Corporate Governance Guidelines for Commercial, Merchant, Non-Interest and Payment Service Banks (the CBN Guidelines for CMNIPSBs) require directors to be persons of proven integrity and with knowledge of business and financial matters. The NAICOM Code also emphasises competence and integrity.

Composition of boards of directors

CAMA requires companies (other than small companies) to have at least two directors, with the exact number set by the memorandum of association and adjustable by shareholders. Industry regulations may impose minimum or maximum board sizes, as well as other requirements regarding board composition:

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- the SEC Code: a minimum of five directors, with board size appropriate to the company's scale and complexity;
- the NAICOM Code: boards must have between seven and 15 members;
- the PENCOM Code: board size must be manageable enough to allow effective oversight and director commitment;
  - the minimum number of directors should not be less than five;
  - the skills and resource requirements of the company must be taken into consideration;
  - a majority of the board to be non-executive directors;
  - at least one independent director must hold, directly or indirectly, no more than 0.1 per cent of a shareholding in the company; and
  - no director should remain on the board for a continuous period in excess of 10 years.
- the NCCG: does not provide for a minimum or a maximum number of directors, but does recommend that a board be of sufficient size to effectively undertake and fulfil its business (ie, overseeing, monitoring, directing and controlling the company's activities) and be relative to the scale and complexity of the company's operations. However, it does require a board to have at least one independent director, who may directly or indirectly hold no more than 0.1% of a shareholding in the company.
- the NCC Guidelines:
  - minimum of five directors;
  - the board must reflect a range of skills, experience, diversity and genders;
  - the number of non-executive directors (excluding the Chairman) should in the minimum equate the number of executive members.
  - at least one independent director holding no more than 0.1% shareholding;
  - no director may serve more than 10 continuous years.
- the NCCG: no fixed minimum or maximum number of directors, but the board must be large enough to oversee the company effectively and must include at least one independent director holding no more than 0.1% of the company's shareholding.

**Law stated - 13 March 2026**

### **Board leadership**

**Is there any law, regulation, listing requirement or practice that requires the separation of the functions of board chair and CEO? If flexibility on board leadership is allowed, what is generally recognised as best practice and what is the common practice?**

The CEO manages the company's day-to-day operations, while the board chair provides leadership and oversight of the board. Best practice requires the roles to be separated, and both CAMA and the NCCG prohibit a public company board chair from acting as CEO.

The SEC Code and NCC Guidelines also require separation of the two roles, with the board chair serving as a non-executive director and ensuring that no individual dominates the board.

The CBN Codes of Corporate Governance for Microfinance Banks and Development Finance Institutions and the NAICOM Code also prohibit any person from holding or combining the offices of board chair and CEO or managing director, and prohibits the recognition of an executive vice-chair. Under the CBN Guidelines for CMNIPSBs, a bank's board chair cannot hold any position on the board of its financial holding company (and vice versa). The CBN Corporate Governance Guidelines for Financial Holding Companies (the CBN Guidelines for FHCs) also require the board chair to have prior experience as managing director/CEO or board chair of a commercial, merchant or non-interest bank, or another CBN-approved entity. The same requirements also apply to holding a position on the board of any of the financial holding company's subsidiaries (and vice versa).

The PENCOM Code and the NCCG also require that the roles of board chair and CEO be held by different individuals.

**Law stated - 13 March 2026**

## **Board committees**

**What board committees are mandatory? What board committees are allowed? Are there mandatory requirements for committee composition?**

Audit committees

Every public company must have a five-member audit committee, comprising three shareholders and two non-executive directors. Members receive no remuneration and are re-elected annually. The functions of an audit committee include:

- ascertaining whether the accounting and reporting policies of the company are in accordance with legal requirements and agreed ethical practices;
- reviewing audit scope and plans;
- reviewing management-related audit findings with external auditors and departmental responses;
- monitoring the effectiveness of accounting and internal control systems;
- recommending external auditor appointment, removal and remuneration; and
- authorising internal audit investigations, where required.

Corporate governance codes require audit committee members to understand basic financial statements, with at least one financially literate member required under the SEC and CBN Codes. The SEC Code also allows recourse to external professional advice, where necessary.

Risk management and governance or remuneration committees

The SEC Code permits public company boards to establish a risk management committee to oversee the company's risk profile and framework, as well as a governance or remuneration committee to evaluate board skills and experience and to recommend executive-director compensation.

#### Committees under the CBN Codes and Guidelines

The CBN Codes of Corporate Governance for Microfinance Banks and Development Finance Institutions require banks and discount houses to establish committees for risk management, audit (which may be merged with the risk management committee in smaller institutions), and board governance and nominations. These Codes prohibit the board chair from serving on or chairing any committee, require committees to be headed by non-executive directors, and mandate that the board audit committee consists of at least three non-executive members and is led by an independent director.

Where a remuneration committee exists, these Codes require that it comprises only non-executive directors. The Codes also provide for a board credit committee, with the members of the board credit committee of microfinance banks required to be knowledgeable in credit analysis. While the Code for Microfinance Banks requires that the charters of all microfinance bank board committees are reviewed every three years, the CBN Code for Development Finance Institutions merely states that each board committee must have a charter that is approved by the CBN. Microfinance banks are also barred from replacing audit committee members and external auditors simultaneously.

The CBN Guidelines for CMNIPSBs provide that in addition to the mandatory nomination/governance, remuneration, audit and risk committees required under the NCCG, commercial, merchant and non-interest banks must also establish a board credit committee, and payment service banks must establish an ICT/cybersecurity committee.

Additionally, the CBN Guidelines for FHCs require a board investment committee. Both the CBN Guidelines for FHCs and the CBN Guidelines for CMNIPSBs prohibit the creation of board committee sub-committees.

#### Committees under the PENCOM Code

Under the PENCOM Code, pension fund administrators and custodians must create a nominating committee comprising three directors (including the board chair and an independent director), which is responsible for recommending board appointments.

#### Committees under the NCCG

The NCCG recommends establishing the committees required under the CBN Codes, and further provides that:

- committee membership must ensure balanced influence, with no individual dominating decisions;
- each committee must have at least three members; and
- committee charters should specify whether independent non-executive directors are required.

## Committees under the NCC Guidelines

The NCC Guidelines require licensed companies to establish a risk management committee to oversee and implement risk management policies, as well as a governance, remuneration and nomination committee to identify candidates for directorship, conduct background checks and recommend appointments to the board.

**Law stated - 13 March 2026**

### **Board meetings**

**Is a minimum or set number of board meetings per year required by law, regulation or listing requirement?**

There is no statutory minimum number of board meetings, although directors must meet within six months of incorporation, after which they may regulate their meetings. Sectoral codes (including the PENCOD Code, the SEC Code, the NCC Guidelines, the NCCG, and the CBN Codes of Corporate Governance for Microfinance banks, Development Finance Institutions and Finance Companies) generally recommend that boards meet at least quarterly, while the NAICOM Code requires boards to meet no less than four times a year.

**Law stated - 13 March 2026**

### **Board practices**

**Is disclosure of board practices required by law, regulation or listing requirement?**

#### CAMA

When a director seeks re-election, CAMA requires that their attendance record for the previous year must be provided to members. Where the director is 70 years old or older, the notice of election must disclose their age.

#### CBN Codes and Guidelines

Under the CBN Codes of Corporate Governance for Microfinance Banks and Development Finance Institutions, boards must disclose the number of board meetings held and each director's attendance in their annual report. Directors must also undergo an annual independent board appraisal covering board structure, composition, responsibilities and processes, with the report presented to shareholders. For microfinance banks, a copy of the appraisal must be submitted to the CBN by 31 March the following year.

#### The SEC Code

The SEC Code requires public company boards to include a corporate governance report in their annual report. This report should include details of board committee composition and directors' attendance at board and shareholder meetings, as well as disclosures on accounting and risk management practices indicating the board's responsibility for the process of risk management and its opinion on the effectiveness of the process.

Public companies must also disclose directors' interests in contracts, service contracts and dealings with controlling shareholders. Company directors are required to disclose their shareholdings, loans received from the company, interests in contracts involving the company, conflicts of interest and other directorships.

The NCCG contains similar disclosure and governance-reporting provisions.

**Law stated - 13 March 2026**

### **Board and director evaluations**

**Is there any law, regulation, listing requirement or practice that requires evaluation of the board, its committees or individual directors? How regularly are such evaluations conducted and by whom? What do companies disclose in relation to such evaluations?**

The NCC Guidelines

The NCC Guidelines require the board to conduct an annual objective and independent evaluation of its own performance, its committees, the chair, committee chairs and individual directors. A statement confirming whether an evaluation was conducted must appear in the annual report. The CEO is appraised by the board or a committee of non-executive directors.

The SEC Code

The SEC Code requires an annual, rigorous evaluation of the board, its committees, the chair and each director, with the option of using external consultants. The chair oversees the CEO's evaluation, and the CEO oversees the appraisal of executive directors. Evaluation results must be discussed by the full board, and the chair must directly engage with independent directors regarding the results of their evaluation. The outcomes guide decisions on re-election, and it is recommended that directors with unsatisfactory performance should receive training or be removed.

The PENCOD Code

The PENCOD Code mirrors the SEC and NCC requirements but also mandates submitting evaluation reports to PENCOD and including them in the annual corporate governance report.

Evaluations must consider matters such as board performance against objectives, contribution to strategy, board and committee composition in relation to the right mix of knowledge and skill required to maximise performance, crisis response, communication with

management and stakeholders, use of AGMs, regulatory awareness, adequacy of meeting frequency, and effectiveness of board procedures.

#### The CBN Codes of Corporate Governance

The CBN Codes of Corporate Governance require an annual formal assessment of the board's effectiveness and the contributions of each director, including the chair. The nomination committee recommends the evaluation procedure and objective performance criteria, which the board approves. The criteria for evaluating individual directors include:

- attendance at meetings;
- contributions to discussions at board meetings and board committee meetings;
- business referrals or other support they provide to the institution;
- public standing; and
- the effects of their standing on the institution's business.

The criteria for evaluating institutions include:

- compliance status;
- overall performance;
- regularity of board meetings; and
- the overall contribution of the board to the institution's performance.

The CBN Codes for Microfinance Banks, Finance Companies and Financial Holding Companies require that an independent consultant must conduct the annual appraisal of the board, covering structure, composition, responsibilities, processes and relationships. The report must be presented to shareholders and submitted to the CBN by 31 March each year.

The CBN Guidelines for CMNIPSBs require an annual independent evaluation of the board, its committees, the chair and individual directors, and, for non-interest banks, an assessment of the advisory committee of experts by a consultant experienced in Islamic finance. Banks must submit the evaluation report to the Director, Financial Policy and Regulation Department of the CBN by 31 May or before the AGM at which the report will be considered, whichever comes first.

#### The NCCG

The NCCG requires boards to undertake a formal, externally facilitated evaluation of the board, its committees, the chair and individual directors at least once every three years.

**Law stated - 13 March 2026**

## REMUNERATION

### Remuneration of directors

## How is remuneration of directors determined? Is there any law, regulation, listing requirement or practice that affects the remuneration of directors, the length of directors' service contracts, loans to directors or other transactions or compensatory arrangements between the company and any director?

### Remuneration of directors

The Companies and Allied Matters Act 2020 (CAMA) provides that director remuneration is determined by shareholders in the general meeting. The SEC Code requires executive director remuneration to be determined by a remuneration committee comprising only non-executive directors, while remuneration for non-executive directors is fixed by the board and approved by shareholders. Where share options form part of directors' remuneration, they must not be discounted without approval of the Securities and Exchange Commission (SEC).

Along with the Nigerian Code of Corporate Governance (NCCG), the Central Bank of Nigeria (CBN) Codes of Corporate Governance for Microfinance Banks; Development Finance Institutions; Finance Companies; Commercial, Merchant, Non-interest and Payment Service Banks; and Financial Holding Companies require directors' remuneration to be set by a committee of non-executive directors, while non-executive directors' remuneration must be limited to directors' fees, sitting allowances and reimbursable expenses. Executive directors do not receive sitting allowances or directors' fees.

The CBN Codes and Guidelines and the NCCG provide that stock options offered as part of executive remuneration must be performance-based, subject to shareholders' approval, exercisable only after one year of tenure and priced at a discount only with regulatory approval.

Director remuneration must be proportionate to skill and experience, sufficient to attract and retain talent, and fully disclosed in annual financial statements

### Tenure of directors

The CBN limits the tenure of executive directors, deputy managing directors and managing directors to a maximum of 10 years, with a 12-year cumulative cap where an executive director or deputy managing director becomes a managing director/CEO.

CAMA discourages service contracts longer than five years, requiring shareholder approval where they exceed this period.

Subject to CAMA, the SEC Code of Corporate Governance encourages periodic retirement and re-election of directors, recommending consideration for re-election at intervals not exceeding three years. In addition, pursuant to section 355(r)(iv) of the Investments and Securities Act 2025, the SEC issued a Circular (19 June 2025) and a Guidance Note (1 July 2025) introducing a maximum tenure of 10 consecutive years for directors, extendable to 12 years within a group structure.

### Company loans to directors

Companies are generally prohibited from giving or guaranteeing loans to directors, except where the loan enhances performance of the director's duties, moneylending is one of the company's ordinary businesses and the lending is done in the ordinary course of business.

Substantial property transactions between companies and directors are prohibited, unless approved by the company by way of an ordinary resolution.

Directors are required to disclose and declare the nature of any interests in contracts or proposed contracts with the company.

Banks must disclose insider-related credits involving directors, shareholders and employees and their related interests in their financial statements.

Consideration payments

CAMA prohibits paying directors compensation for loss of office or retirement, unless the details are disclosed to members and approved.

Members' approval is also required for compensatory payments to be made where, in connection with the transfer of the whole or part of the undertaking or property of a company, it is proposed to make any payment to a director as compensation for loss of office or as consideration for, or in connection with, their retirement from office.

**Law stated - 13 March 2026**

### **Remuneration of senior management**

**How is the remuneration of the most senior management determined?  
Is there any law, regulation, listing requirement or practice that affects the remuneration of senior managers, loans to senior managers or other transactions or compensatory arrangements between the company and senior managers?**

The remuneration of the managing director is determined by the board.

Companies are prohibited from making loans to directors and are also not allowed to guarantee such loans. However, CAMA provides two exceptions: loans to enhance the performance of the director's duties in the company and where money lending is one of the company's ordinary businesses.

The CBN requires banks to disclose details of insider-related credits.

**Law stated - 13 March 2026**

### **Say-on-pay**

**Do shareholders have an advisory or other vote regarding remuneration of directors and senior management? How frequently may they vote?**

Shareholders have a direct say in directors' remuneration. CAMA provides that directors' remuneration should be determined by the shareholders in a general meeting. Such votes

take place at the annual general meeting of a company. However, the board fixes the remuneration of executive directors. The NCCG, SEC and CBN Corporate Governance Codes stipulate that only the non-executive directors should be involved in decisions regarding the remuneration of executive directors.

Law stated - 13 March 2026

## DIRECTOR PROTECTIONS

### **D&O liability insurance**

**Is directors' and officers' liability insurance permitted or common practice? Can the company pay the premiums?**

Directors' and officers' liability insurance is permitted. It is not common practice for companies to take out this insurance, though some companies, in keeping with international best practices, take out liability insurance for their directors and officers.

Law stated - 13 March 2026

### **Indemnification of directors and officers**

**Are there any constraints on the company indemnifying directors and officers in respect of liabilities incurred in their professional capacity? If not, are such indemnities common?**

Companies are permitted to indemnify their directors and officers for liabilities incurred in their capacities as directors and officers of the company, except in cases of negligence, fraud or breach of trust in relation to the company.

Law stated - 13 March 2026

### **Advancement of expenses to directors and officers**

**To what extent may companies advance expenses to directors and officers in connection with litigation or other proceedings against them or in which they will be a witness?**

There are no specific provisions or statutory or regulatory restrictions on advancing expenses to directors or officers of a company in connection with litigation or similar proceedings where they are witnesses.

Under the Companies and Allied Matters Act 2020, companies may reimburse directors for expenses incurred in connection with company business. Arrangements for such payments may be made contractually or form part of the company policy.

Law stated - 13 March 2026

## **Exculpation of directors and officers**

### **To what extent may companies or shareholders preclude or limit the liability of directors and officers?**

A company may ratify the act of an officer or director, even where it is irregular. The company may also limit the liability of a director by its articles or by the director's contracts of service, except in cases of negligence, fraud or breaches of trust committed in relation to the company.

Further, a company may also provide that the liability of a director must be unlimited, regardless of the fact that the company itself is a limited liability company, provided that the director is given notice before they take up the appointment that their liability should be unlimited. The company may also, by special resolution, amend its memorandum to make the liability of its directors or managers unlimited.

**Law stated - 13 March 2026**

## **DISCLOSURE AND TRANSPARENCY**

### **Corporate charter and by-laws**

#### **Are the corporate charter and by-laws of companies publicly available? If so, where?**

The memorandum and articles of association and other statutory filings of companies are available to the public at the Corporate Affairs Commission (CAC). Copies can be obtained upon application and are subject to the payment of prescribed fees.

**Law stated - 13 March 2026**

### **Company information**

#### **What information must companies publicly disclose? How often must disclosure be made?**

Annual reports and accounts (including the directors' report, auditor's report and financial statements) must be filed with the CAC after every AGM, and are accessible to the public upon payment of the prescribed fee. Other filings available to the public include changes in board composition, returns of share allotments, changes of registered address, charges on company assets, and notices of receivership or liquidation. Companies are also encouraged to include corporate governance reports outlining their governance structure, policies and practices in their annual reports.

Quoted companies must make periodic disclosures to the Nigerian Exchange Limited (NGX) and the Securities and Exchange Commission (SEC), including:

- information on acquisitions of other companies;
- preliminary annual, half-year or quarterly results (even if provisional or unaudited) and comparative figures in respect of the profits or losses before and after taxation;
- proposed capital structure changes or redemption of securities; and

- financial statements and interim reports such as first-quarter, half-year and nine-month accounts.

Annual reports must also disclose directors' direct and indirect shareholdings, substantial shareholdings of 5% or more and a five-year financial summary. The Central Bank of Nigeria's Codes of Corporate Governance and the SEC Code of Corporate Governance require boards to disclose the company's risk-management policy, while the Nigerian Code of Corporate Governance requires a statement of the company's environmental, social and governance activities.

Under the NGX Rulebook, once a listed company has obtained approval to publish, it must upload the notice of meeting and the circulars, annual reports, scheme documents and any other information to be considered at the AGM to its website. The Companies and Allied Matters Act 2020 also requires public companies to display their audited accounts on their websites.

**Law stated - 13 March 2026**

## UPDATE AND TRENDS

### Recent developments

Identify any new developments in corporate governance over the past year.

Corporate governance in Nigeria was strengthened in 2025 through legislative reforms, regulatory interventions by the Securities and Exchange Commission (SEC) and sector-specific governance frameworks. These measures aimed to enhance director independence, reinforce regulatory oversight, support digital transformation, and advance sustainability and environmental, social and governance (ESG) compliance.

A key development was the enactment of the Investments and Securities Act 2025 (ISA 2025), signed into law in March 2025, which repealed the 2007 Act. The ISA 2025 expands the SEC's supervisory and enforcement powers over public companies and capital market operators. It also empowers the SEC to place directors on probation and to appoint independent directors to boards (subject to regulatory intervention), and requires prior SEC approval for mergers, acquisitions and other corporate restructuring.

The ISA 2025 also strengthens Nigeria's takeover regime by mandating a takeover bid if an investor acquires 30% or more of a company's voting shares (subject to SEC approval). Public companies must maintain effective internal controls over financial reporting, with disclosure given in annual reports. Digital and virtual assets are formally recognised as securities, and auditors are required to report material irregularities to the SEC within 10 working days.

Under section 355(r)(iv) of the ISA 2025, the SEC issued a Circular (19 June 2025) and Guidance Note (1 July 2025) on director tenure and independence. These instruments prohibit converting independent non-executive directors into executive directors within the same company or group, and introduced a maximum tenure for directors of 10 consecutive years, extendable to 12.

Sector regulators also strengthened governance frameworks. The Nigerian Communications Commission issued the Code of Corporate Governance for the

Communications Industry, and the National Pension Commission issued their Revised Corporate Governance Guidelines for Pension Fund Operators.

Sustainability reporting gained prominence under the Financial Reporting Council's (FRC) Sustainability Reporting Roadmap (2024–2027), with 2025 serving as a preparatory phase for the introduction of the International Financial Reporting Standards' Sustainability Disclosure Standards. The FRC's Sustainability Reporting Guideline 1 (2025) guided reporting and strengthened ESG compliance. In November, the FRC also announced plans to adopt Accounting and Auditing Organization for Islamic Financial Institutions standards, providing a Shariah-compliant framework for reporting, auditing, governance and ethics for Islamic banks, Takaful operators, Sukuk issuers and similar institutions, but leaving conventional banks unaffected.

**Law stated - 13 March 2026**

### **Shareholder engagement and activism**

**Do companies engage with shareholders? If so, who typically participates in the company's engagement efforts and when does engagement typically occur?**

The National Insurance Commission Code of Corporate Governance for the Insurance Industry in Nigeria requires directors to communicate information in an understandable, accessible and timely manner, and to encourage shareholder participation in AGMs.

Under the Central Bank of Nigeria (CBN) Corporate Governance Guidelines for Commercial, Merchant, Non-Interest and Payment Service Banks and for Financial Holding Companies, banks are encouraged to communicate with shareholders via their websites, providing information on major developments, risk management practices, executive compensation, branch expansion, investments in subsidiaries and associates, board and top management appointments, and sustainability initiatives. The CBN Codes of Corporate Governance for Microfinance Banks and Development Finance Institutions maintain this position and add communication via newsletters, AGMs and EGMs.

The Nigerian Code of Corporate Governance (NCCG) provides that the board should develop a shareholder engagement policy, which must be posted on the company's website.

The Nigerian Communications Commission Corporate Governance Guidelines for the Communications Industry 2025 require the board to actively engage shareholders by giving them sufficient information to understand the company's business, governance and performance, enabling them to exercise their rights and participate effectively at general meetings. The board must also maintain a regular communication channel that balances shareholder interests with the company's objectives and provides timely and secure ownership documentation.

**Law stated - 13 March 2026**

### **Sustainability disclosure**

## Are companies required to provide disclosure with respect to corporate social responsibility matters?

While several governance codes encourage corporate social responsibility, they do not all impose detailed disclosure obligations.

The SEC Code of Corporate Governance requires companies to consider the interests of employees, host communities, consumers and the public, and mandates annual reporting on social, ethical, health, safety and environmental policies, including environmental impacts, opportunities for disadvantaged persons, social investment initiatives and anti-corruption policies.

The CBN Codes of Corporate Governance require banks to demonstrate strong corporate social responsibility toward stakeholders, and encourage disclosures beyond statutory requirements.

The NCCG requires companies to include highlights of their sustainability policies and programmes in their annual corporate governance report, covering social issues such as corruption, community service, environmental protection and broader ESG initiatives.

**Law stated - 13 March 2026**