



CORPORATE GOVERNANCE PRINCIPLES AND THE SUSTAINABILITY OF COMPANIES IN NIGERIA

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ABSTRACT

Corporate governance has become an indispensable component of the legal and institutional framework for the survival, growth and sustainability of modern companies. In Nigeria, recurrent corporate failures, financial mismanagement, abuse of corporate powers, weak board oversight, inadequate disclosure, conflicts of interest and ineffective regulatory enforcement have continued to raise fundamental questions concerning the effectiveness of existing corporate governance mechanisms. This article examines the relationship between corporate governance principles and the sustainability of companies in Nigeria from a legal perspective. It argues that corporate sustainability cannot be achieved merely through profitability or short-term financial performance but requires a governance architecture founded upon accountability, transparency, fairness, responsible leadership, effective risk management, ethical conduct, stakeholder protection and long-term value creation. The article adopts a doctrinal legal research methodology, relying primarily on statutes, regulatory codes, judicial authorities, institutional materials and relevant scholarly literature. The conceptual framework examines corporate governance, corporate sustainability, accountability, transparency, stakeholder protection and corporate responsibility. Particular attention is given to the Companies and Allied Matters Act 2020, the Financial Reporting Council of Nigeria Act 2011 (as amended), the Nigerian Code of Corporate Governance 2018, the Securities and Exchange Commission's corporate governance requirements and the Investments and Securities Act 2025. The article further examines board effectiveness, directors' duties, shareholder rights, audit and assurance, risk management, ethical conduct, sustainability reporting and stakeholder engagement as mechanisms for corporate sustainability. It identifies weak enforcement, regulatory fragmentation, inadequate board independence, corruption, ineffective disclosure, ownership concentration and insufficient sustainability integration as continuing challenges. It concludes that Nigeria's corporate governance framework has undergone substantial development but requires stronger enforcement, improved regulatory coordination, enhanced board professionalism, mandatory sustainability integration and greater accountability of directors and controlling shareholders. The article recommends a transition from a predominantly compliance-oriented model towards an integrated governance and sustainability framework capable of promoting resilient, responsible and enduring companies in Nigeria.

KEYWORDS: *Corporate Governance, Corporate Sustainability, Stakeholders, Sustainability Reporting, Corporate Law.*

1. INTRODUCTION

Companies constitute one of the principal vehicles through which economic activities are organized and capital is mobilized in a modern economy. They provide employment, generate tax revenue, facilitate investment, stimulate innovation and contribute significantly to national development. In Nigeria, companies occupy a particularly important position in the development of the private



sector and the diversification of the national economy. However, the mere incorporation of a company does not guarantee its survival or long-term success. The sustainability of a company depends substantially on the quality of its internal governance structures, the integrity of its directors and officers, the effectiveness of its regulatory environment and its ability to maintain the confidence of investors and other stakeholders.¹

Corporate governance therefore occupies a central position in contemporary corporate law. It provides the institutional mechanisms through which companies are directed, controlled and held accountable.² The Financial Reporting Council of Nigeria Act defines corporate governance in terms of the role of persons entrusted with the supervision, control and direction of an entity, while the Act establishes a Directorate of Corporate Governance with responsibility for promoting corporate governance principles and practices in Nigeria.³ The importance of corporate governance has increased considerably as corporate structures have become more complex. The separation between ownership and management creates the possibility that those entrusted with the management of corporate resources may pursue interests that are inconsistent with those of shareholders and other stakeholders.⁴ Directors and senior managers possess access to corporate information and resources which shareholders may not possess. Effective governance is consequently required to reduce the possibility of abuse, managerial opportunism and misuse of corporate resources.⁵

The Nigerian corporate environment has experienced several instances of corporate distress and failure associated, directly or indirectly, with weaknesses in corporate governance. Corporate governance failures may manifest through inadequate internal controls, fraudulent financial reporting, excessive executive remuneration, insider dealings, conflicts of interest, weak boards, ineffective audit committees, poor risk management and disregard for minority shareholders.⁶ Scholarly studies have similarly identified governance weaknesses as significant factors associated with corporate failure and poor corporate performance in Nigeria.

The regulatory response has been substantial. The enactment of the Companies and Allied Matters Act 2020 (CAMA 2020) introduced significant reforms into Nigerian company law and corporate

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¹ CAMA 2020, s 305.

² Committee on the Financial Aspects of Corporate Governance, *Report of the Committee on the Financial Aspects of Corporate Governance* (Gee and Co Ltd 1992) 2.5.

³ Financial Reporting Council of Nigeria Act 2011, s 49–51, 77.

⁴ Adolf A Berle and Gardiner C Means, *The Modern Corporation and Private Property* (Macmillan 1932) 119–125; Michael C Jensen and William H Meckling, 'Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure' [1976] 3 *Journal of Financial Economics* 305, 308–309.

⁵ *ibid*

⁶ Financial Reporting Council of Nigeria, *Nigerian Code of Corporate Governance 2018* (FRCN 2018) 6.4.7.1–6.4.7.5, 11.1 and 15.1.



administration. The Act⁷ provides a statutory framework for the incorporation, management and regulation of companies and contains extensive provisions relating to directors, meetings, corporate reporting, financial statements, auditors and other governance matters.⁸ The official version of CAMA 2020 contains specific provisions dealing with directors, including their appointment, independence and duties.⁹

Beyond CAMA, the Financial Reporting Council of Nigeria Act 2011 (as amended) established an institutional framework for corporate governance and financial reporting.¹⁰ The Council has statutory powers concerning the enforcement and approval of compliance with corporate governance and financial reporting standards.¹¹ The Directorate of Corporate Governance is specifically charged with developing corporate governance principles and promoting high standards of corporate governance.¹²

The Nigerian Code of Corporate Governance 2018 (NCCG) represents another major development. The Code harmonized the corporate governance framework applicable across various sectors and contains 28 principles addressing matters including board structure, responsibilities of the board, audit and assurance, relationships with shareholders, business ethics, sustainability and transparency.¹³ The Financial Reporting Council confirms that the Code applies broadly to public companies, regulated entities and certain private companies, while other companies are encouraged to adopt its principles.¹⁴

The relationship between corporate governance and sustainability has become particularly significant. The NCCG expressly dedicates Principle 26 to sustainability.¹⁵ It recognizes that adequate attention to environmental, social, occupational and community health and safety issues contribute to successful long-term business performance and responsible corporate citizenship.¹⁶ The Securities and Exchange Commission has also developed corporate governance and sustainability-related requirements for entities operating within the Nigerian capital market. Recent regulatory developments demonstrate that sustainability is increasingly becoming a legal and governance issue rather than merely a voluntary corporate social responsibility exercise.¹⁷ The

⁷ CAMA 2020.

⁸ *ibid*, s 18, 237–268, 269–373, 374–392.

⁹ *ibid*, ss 269–275, 279.

¹⁰ Financial Reporting Council of Nigeria Act 2011 (as amended), s 11, 15, 49–51.

¹¹ *ibid*, s 7(2)(a).

¹² *ibid*, s 50(a)–(b).

¹³ Financial Reporting Council of Nigeria, *Nigerian Code of Corporate Governance 2018* (2018) E.

¹⁴ Financial Reporting Council of Nigeria, 'FAQs on Nigerian Code of Corporate Governance 2018', 'What is the scope of the Nigerian Code of Corporate Governance 2018?' (FRC Nigeria).

¹⁵ Financial Reporting Council of Nigeria, *Nigerian Code of Corporate Governance 2018*, Federal Government Gazette No 16, 106 (30 January 2019) Part E, Principle 26.

¹⁶ *ibid*.

¹⁷ Securities and Exchange Commission, *Guidelines on Sustainable Financial Principles for the Nigerian Capital Market* (2021) 9



Investments and Securities Act 2025 empowers the Securities and Exchange Commission to prescribe corporate governance standards for public companies and regulated entities and, significantly, to prescribe sustainability reporting guidelines and disclosures, including social and environmental sustainability standards.¹⁸

2 CONCEPTUAL CLARIFICATIONS

2.1 Corporate Governance

Corporate governance is a multidimensional concept which has no single universally accepted definition. Broadly understood, it concerns the structures, processes and relationships through which companies are directed, controlled and held accountable.¹⁹ The Financial Reporting Council of Nigeria Act defines corporate governance as the role of persons entrusted with the supervision, control and direction of an entity.²⁰ This definition emphasises the supervisory and controlling dimensions of governance. Corporate governance, however, extends beyond the relationship between directors and shareholders. Modern governance encompasses the relationship among the board of directors, management, shareholders, employees, creditors, regulators, consumers, communities and other stakeholders affected by corporate activities.²¹

The governance structure determines who possesses decision-making authority, how such authority is exercised and the mechanisms through which those exercising corporate powers are held accountable. Good corporate governance consequently requires clearly defined responsibilities, effective oversight, appropriate checks and balances and transparent decision-making.²² Corporate governance should therefore not be reduced to compliance with corporate formalities. A company may technically comply with statutory requirements while nevertheless suffering from ineffective governance. The real test is whether governance arrangements produce responsible decision-making, accountability, integrity and sustainable value creation.

2.2 Corporate Sustainability

Corporate sustainability refers to the capacity of a company to remain economically viable and socially and environmentally responsible over the long term.²³ Traditional corporate thinking often placed profit maximization at the center of corporate activity. Contemporary corporate sustainability recognizes that long-term corporate value depends on a broader set of considerations, including environmental risks, employee welfare, community relations, ethical conduct, regulatory

¹⁸ Investments and Securities Act 2025, s 355(1)(r)(iv)–(v).

¹⁹ Committee on the Financial Aspects of Corporate Governance, *Report of the Committee on the Financial Aspects of Corporate Governance* (Gee and Co Ltd 1992) para 2.5.

²⁰ Financial Reporting Council of Nigeria Act 2011 (as amended), s 77.

²¹ Aderonke Alex-Adedipe, 'Corporate Governance: The Duties and Responsibilities of Directors under Nigerian Law' *BusinessDay* (Lagos, 22 March 2025) <BusinessDay online> accessed 31 August 2026.

²² Financial Reporting Council of Nigeria, *Nigerian Code of Corporate Governance 2018* (2018) Principles 1, 3, 4 and 11.

²³ C Umezurike Ordu, 'Corporate Sustainability Accounting and Sustainable Growth of Quoted Companies in Nigeria' [2024] 25(1B) *Nigerian Journal of Management Sciences* 286, 290.



compliance and stakeholder confidence.²⁴ The concept is particularly relevant to Nigeria because companies operate within environments characterized by economic uncertainty, environmental challenges, infrastructure limitations, regulatory complexity and significant social expectations.²⁵ Corporate sustainability therefore requires companies to consider the consequences of present decisions for their future operations. A company that generates immediate profit by disregarding environmental obligations, exploiting employees, concealing material information or engaging in corrupt practices may undermine its future viability.²⁶

2.3 Accountability

Accountability refers to the obligation of corporate decision-makers to explain, justify and take responsibility for their decisions and actions.²⁷ In corporate law, accountability is particularly important because directors and managers exercise powers over assets that ultimately belong to the company. Directors must therefore exercise their powers for proper corporate purposes and in accordance with their fiduciary obligations. CAMA 2020 contains extensive provisions relating to directors' responsibilities. The statutory framework seeks to ensure that directors do not treat corporate property and powers as personal resources.²⁸ Accountability also requires effective consequences for misconduct. Governance principles will have limited value where violations produce no meaningful consequences.

2.4 Transparency and Disclosure

Transparency involves the availability of reliable, timely and comprehensible information concerning the company's affairs. Corporate disclosure is essential because shareholders and investors often depend upon information provided by management when making investment decisions. Inadequate disclosure creates information asymmetry and may facilitate insider abuse.

The NCCG places significant emphasis on transparency and disclosure. Similarly, the SEC's corporate governance guidelines require increased disclosure beyond minimum statutory requirements.²⁹ The emerging sustainability-reporting regime further expands the concept of corporate transparency by requiring attention to material environmental, social and governance information.³⁰

²⁴ Organisation for Economic Co-operation and Development, *G20/OECD Principles of Corporate Governance 2023* (OECD Publishing 2023) VI.C and VI.D.

²⁵ A Musa, Usman Ahmed Kumo, Fathilatul Zakimi Abdul Hamid and Mohd Hadafi Sahdan, 'Role of Institutional Factors and Environmental Policy in Improving Corporate Sustainability Initiatives in Nigerian Listed Non-Financial Firms' [2026] 11(1) *Journal of International Business, Economics and Entrepreneurship*.

²⁶ Udo Udoma & Belo-Osagie, 'A Review of ESG Responsibilities of Corporate Entities in Nigeria' (2024).

²⁷ Mark Bovens, 'Analysing and Assessing Accountability: A Conceptual Framework' [2007] 13(4) *European Law Journal* 447, 450–451.

²⁸ CAMA 2020, s 305(3)–(5), 306 and 309(1).

²⁹ Securities and Exchange Commission, *SEC Corporate Governance Guidelines* (2020) Guideline 14.

³⁰ Financial Reporting Council of Nigeria, *Sustainability Reporting Guideline 1 (SRG 1) in Nigeria 2026* (FRCN 2026); International Sustainability Standards Board, *IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information* (2023).



3.0 LEGAL AND INSTITUTIONAL FRAMEWORK FOR CORPORATE GOVERNANCE IN NIGERIA.

3.1 Companies and Allied Matters Act 2020

CAMA 2020 is the principal legislation governing companies in Nigeria. It regulates incorporation, corporate structure, meetings, directors, shareholders, financial reporting, auditing, mergers and other aspects of corporate administration. The Act³¹ contains detailed provisions concerning directors. It recognizes directors as persons appointed to direct and manage the affairs of the company and regulates their appointment and responsibilities.³² The Act³³ also contains provisions relating to independent directors in public companies.³⁴ These provisions are significant because board independence is an important mechanism for preventing excessive concentration of corporate power.

CAMA 2020 further regulates directors' conflicts of interest, disclosure obligations and fiduciary responsibilities.³⁵ These provisions are essential to corporate sustainability because directors who misuse corporate opportunities or resources can expose the company to financial and reputational risks. Another important feature of the Act³⁶ is its treatment of corporate reporting and auditing.³⁷ Reliable financial statements enable shareholders, creditors and regulators to assess corporate performance and identify potential risks.

3.2 Financial Reporting Council of Nigeria Act 2011

The Financial Reporting Council of Nigeria Act provides an institutional foundation for corporate governance and financial reporting. Section 7³⁸ empowers the Council to enforce and approve enforcement of compliance with accounting, auditing, corporate governance and financial reporting standards. Part VI of the Act³⁹ establishes the Directorate of Corporate Governance. It provides objectives including the development of corporate governance principles and practices, promotion of high standards of corporate governance, promotion of public awareness and promotion of sound financial reporting and accountability.⁴⁰ This statutory framework demonstrates that corporate governance is not merely a matter of voluntary business ethics but forms part of Nigeria's regulatory architecture.

3.3 Nigerian Code of Corporate Governance 2018

The NCCG 2018 constitutes a major development in Nigerian corporate governance. The Code contains 28 principles covering board responsibilities, board structure, assurance, shareholder

³¹ CAMA 2020.

³² CAMA 2020, s 269(1), 271–274 and 305–309.

³³ *ibid.*

³⁴ *ibid.*, s 275.

³⁵ *ibid.*, s 303, 305, 306 and 309.

³⁶ *ibid.*

³⁷ *ibid.*, s 374, 377–392, 398–399 and 401–416.

³⁸ FRCNA 2011.

³⁹ *ibid.*

⁴⁰ *ibid.*, s 50



relationships, ethics, sustainability and transparency. The Code is based upon an apply-and-explain philosophy. This approach recognizes that companies differ in size, ownership structure and business model, while nevertheless requiring them to explain departures from recommended practices. The flexibility of the Code is potentially beneficial because corporate governance cannot always be approached through a rigid uniform model. However, flexibility can become problematic where companies use explanations as a means of avoiding substantive governance responsibilities.

3.4 Securities and Exchange Commission

The Securities and Exchange Commission plays an important role in corporate governance within the Nigerian capital market. The SEC's corporate governance guidelines supplement the NCCG for public companies.⁴¹ The SEC states that public companies are required to comply with the NCCG and relevant SEC corporate governance requirements.⁴² The SEC framework addresses matter such as board composition, independence, conflicts of interest, sustainability, disclosure and ethical conduct.⁴³ The SEC's sustainability guideline is particularly relevant. It recognizes corruption as a major threat to business and national development and treats it as a sustainability concern.⁴⁴

3.5 Investments and Securities Act 2025

The Investments and Securities Act 2025 represent an important contemporary development. Section 355⁴⁵ empowers the SEC to prescribe corporate governance standards for public companies and regulated entities and specifically provides for sustainability reporting guidelines and disclosures, including social and environmental sustainability standards. This provision is important because it strengthens the legal basis for integrating sustainability into capital-market regulation. The Act⁴⁶ therefore demonstrates a movement towards a more comprehensive understanding of corporate responsibility in which governance, disclosure, sustainability and investor protection are interconnected.

4. CORPORATE GOVERNANCE PRINCIPLES AND CORPORATE SUSTAINABILITY

4.1 Effective Board Leadership

The board of directors is the central institution of corporate governance.⁴⁷ A board that lacks independence, competence or commitment may be incapable of identifying management failures or protecting corporate interests.⁴⁸ Its effectiveness requires an appropriate balance between

⁴¹ Securities and Exchange Commission, 'SEC Corporate Governance Guideline and Revised Form 01' (10 October 2020).

⁴² *ibid.*

⁴³ *ibid.*, Guideline 1, 4, 8, 12–14.

⁴⁴ *ibid.*, Guideline 13.1

⁴⁵ ISA 2025.

⁴⁶ *ibid.*

⁴⁷ Organisation for Economic Co-operation and Development, *G20/OECD Principles of Corporate Governance 2023* (OECD Publishing 2023) V.

⁴⁸ Organisation for Economic Co-operation and Development, *G20/OECD Principles of Corporate Governance 2023* (OECD Publishing 2023) V; Securities and Exchange Commission, *SEC Corporate Governance Guidelines* (2020) Guidelines 1 and 4.



executive and non-executive directors, sufficient independence, relevant professional expertise and diversity of perspectives. The members must also understand the business environment in which the company operates. In a rapidly changing economy, directors must understand not only traditional financial risks but also technological, environmental, cybersecurity and reputational risks. Board effectiveness therefore directly affects sustainability.

4.2 Independence of Directors

Independent directors are intended to provide objective oversight. Where directors are excessively dependent upon controlling shareholders or executive management, the board may be unable to challenge decisions that threaten corporate sustainability. CAMA 2020 and the NCCG provide mechanisms intended to promote board independence.⁴⁹ The SEC has also issued requirements concerning independent non-executive directors.⁵⁰ However, formal independence is not always equivalent to substantive independence. A director may satisfy statutory criteria for independence while maintaining personal, financial or social relationships capable of affecting objective judgment. Nigeria therefore requires a stronger culture of substantive board independence.

4.3 Directors' Fiduciary Duties

Directors owe important duties to the company. These include duties to act in good faith, exercise powers for proper purposes, avoid conflicts of interest and exercise reasonable care, skill and diligence.⁵¹ These duties provide a legal foundation for sustainable corporate management. A director who authorizes reckless borrowing, conceals material information or uses corporate opportunities for personal benefit may undermine the company's long-term survival.

4.4 Risk Management

Corporate sustainability is closely connected to risk management. Companies face financial, operational, regulatory, environmental, technological and reputational risks. Effective boards must establish systems for identifying and managing those risks. The NCCG encourages sound systems of risk management and internal control.⁵² Such mechanisms enable companies to identify problems before they become existential threats. Recent developments in sustainability reporting reinforce this position. Sustainability risks, including climate-related risks, increasingly affect corporate valuation, financing and strategic decision-making.

4.5 Audit and Assurance

Audit mechanisms provide an important check on corporate management. An effective audit committee helps ensure that financial statements accurately reflect the company's financial position. It also contributes to the identification of internal control weaknesses. Where audit

⁴⁹ Companies and Allied Matters Act 2020, s 275; Financial Reporting Council of Nigeria, *Nigerian Code of Corporate Governance 2018* (2018) Principles 2 and 7.

⁵⁰ *ibid*, Guideline 4.

⁵¹ CAMA 2020, s 305(1), 305(5), 306(1) and 308(1).

⁵² Financial Reporting Council of Nigeria, *Nigerian Code of Corporate Governance 2018* (2018) Principle 17.



functions are compromised, management may conceal financial problems until they become too serious to resolve. Corporate sustainability consequently requires not merely financial reporting but reliable assurance mechanisms.

4.6 Ethical Corporate Conduct

Corporate governance cannot succeed without ethical leadership. The NCCG contains principles dealing with business conduct and ethics.⁵³ The board is expected to establish a culture of professional and ethical conduct and ensure that violations are appropriately sanctioned. Corruption is particularly relevant to Nigeria's corporate environment. Bribery and corrupt practices increase transaction costs, undermine fair competition and expose companies to regulatory and reputational risks. An effective corporate ethics programme should therefore include: a clear code of ethics, conflict-of-interest policies, whistle-blowing mechanisms, anti-bribery controls, disciplinary procedures, protection of whistle-blowers, and continuous ethics training.

5. CHALLENGES AFFECTING CORPORATE GOVERNANCE AND SUSTAINABILITY IN NIGERIA

5.1 Weak Enforcement

One of the major weaknesses of corporate governance in Nigeria is not necessarily the absence of but the inconsistent enforcement of existing rules. A sophisticated corporate governance code cannot produce sustainable companies if violations are rarely sanctioned. Effective enforcement requires adequate institutional capacity, independence of regulators and timely regulatory intervention.⁵⁴

5.2 Regulatory Fragmentation

Nigeria's corporate sector is regulated by multiple institutions, including the CAC, SEC, FRC, CBN, NAICOM, PENCOM and sector-specific regulators. Although sectoral regulation is necessary, overlapping regulatory responsibilities can create uncertainty and compliance burdens. There is therefore a need for stronger coordination among regulators.

5.3 Ownership Concentration

Concentrated ownership can create governance problems where controlling shareholders dominate boards and corporate decisions. The problem is particularly serious where minority shareholders lack effective mechanisms for challenging decisions that disproportionately benefit controlling interests.⁵⁵

⁵³ *ibid*, Principles 24 and 25.

⁵⁴ Louise Osemeke and Emmanuel Adegbite, 'Regulatory Multiplicity and Conflict: Towards a Combined Code on Corporate Governance in Nigeria' [2016] 133(3) *Journal of Business Ethics* 431.

⁵⁵ Nelson E Ojukwu-Ogba and Patrick C Osode, 'Democratic Corporate Governance and the Rights of Minority Shareholders: Perspectives from Nigeria and South Africa' (2021) 11(1) *University of Ibadan Law Journal* 1, 4–5



5.4 Boardroom Weaknesses

Some boards may satisfy formal requirements without possessing the independence or expertise necessary for effective oversight. Board appointments should therefore be based increasingly upon competence, integrity, experience and diversity rather than personal relationships.⁵⁶

5.5 Corruption

Corruption remains a significant governance challenge. Corporate corruption can distort procurement, increase operational costs, damage reputation and expose companies to legal liability. The SEC has expressly identified corruption as a sustainability issue within its corporate governance framework.⁵⁷

5.6 Inadequate Sustainability Integration

Many companies continue to treat sustainability as a peripheral corporate social responsibility activity rather than integrating it into business strategy. Sustainability should instead form part of board-level decision-making, risk management and performance evaluation.⁵⁸

6. CRITICAL EVALUATION OF THE NIGERIAN CORPORATE GOVERNANCE FRAMEWORK

Nigeria has made significant progress in developing corporate governance law. The enactment of CAMA 2020, the operation of the FRC, the NCCG 2018 and the new ISA 2025 demonstrate a clear regulatory commitment to improving governance. Nevertheless, the existence of extensive regulation does not necessarily guarantee effective governance. The first problem is the distinction between law in books and law in practice. Nigeria has relatively sophisticated corporate governance rules, but implementation remains uneven. Similarly, the apply-and-explain approach of the NCCG requires effective monitoring. Where explanations for departures from recommended practices are superficial, the flexibility of the Code may weaken accountability. Again, corporate governance must move beyond shareholder protection towards integrated stakeholder governance. The modern company operates within a social and environmental environment and cannot be considered sustainable solely because it generates profits. Subsequently, sustainability reporting should not become a box-ticking exercise. Companies must establish internal mechanisms capable of producing reliable sustainability data.

Furthermore, directors must be treated as central actors in corporate sustainability. Their responsibility should extend beyond reviewing financial statements to understanding long-term

⁵⁶ Organisation for Economic Co-operation and Development, *G20/OECD Principles of Corporate Governance 2023* (OECD Publishing 2023) V.E–V.E.1; Financial Reporting Council of Nigeria, *Nigerian Code of Corporate Governance 2018* (2018) Principle 2.

⁵⁷ Olubukola O Olayinka and others, 'Corruption Perception, Institutional Quality and Performance of Listed Companies in Nigeria' [2019] 10(1) *SN Applied Sciences*; Securities and Exchange Commission, SEC Corporate Governance Guidelines (2020) Guideline 13.1.

⁵⁸ Financial Reporting Council of Nigeria, *Nigerian Code of Corporate Governance 2018* (2018) Principle 26.1, 26.3.



environmental, social and governance risks. The recent regulatory movement towards IFRS sustainability disclosure standards is therefore significant because it has the potential to transform sustainability from a voluntary corporate activity into a structured component of corporate reporting.

7. SUMMARY OF FINDINGS

The study makes the following findings.

- i. Corporate governance is fundamental to the sustainability of companies because it provides mechanisms for accountability, oversight, transparency and responsible decision-making.
- ii. Nigeria possesses a relatively comprehensive corporate governance framework consisting of CAMA 2020, the FRC Act, the NCCG 2018, SEC rules and the ISA 2025.
- iii. The principal weakness is not the complete absence of governance standards but inadequate implementation and enforcement.
- iv. Board independence, competence and diversity remain essential to effective corporate governance.
- v. Shareholder protection must be complemented by stakeholder protection if corporate sustainability is to be achieved.

8. CONCLUSION

Corporate governance and corporate sustainability are inseparable dimensions of modern corporate law. A company cannot reasonably be described as sustainable where its apparent profitability is achieved through weak internal controls, corruption, inadequate disclosure, environmental irresponsibility, exploitation of stakeholders or reckless managerial decisions. Nigeria has developed a significant legal and regulatory framework for corporate governance. CAMA 2020 provides the fundamental statutory architecture for company administration and directors' responsibilities. The Financial Reporting Council of Nigeria Act establishes an institutional foundation for corporate governance and financial reporting. The NCCG 2018 provides detailed governance principles, including an express sustainability principle. The SEC framework supplements these requirements for public companies and capital-market participants. More recently, the Investments and Securities Act 2025 has strengthened the statutory basis for corporate governance and sustainability disclosures in the capital market.

The future of corporate governance in Nigeria must move beyond a narrow conception of compliance. Governance should become an instrument for building resilient companies capable of surviving economic, technological, environmental and social changes. The emerging sustainability-reporting framework represents an important opportunity. The FRC's 2026 roadmap and Sustainability Reporting Guideline demonstrate that Nigeria is moving towards greater integration of sustainability considerations into corporate reporting.²⁹ This transition should be supported by strong board oversight, reliable internal controls, independent assurance and effective regulatory enforcement. Ultimately, corporate sustainability requires a governance philosophy that recognizes



that the long-term success of a company depends not only on its ability to generate profits but also on the quality of its leadership, the integrity of its decision-making, the protection of stakeholders, responsible management of environmental and social risks and its capacity to maintain public and investor confidence. Accordingly, the central proposition of this article is that good corporate governance is not merely a mechanism for preventing corporate failure; it is a legal and institutional foundation for creating sustainable companies. Nigeria's future corporate governance framework should therefore integrate accountability, transparency, stakeholder protection, ethical leadership, risk management and sustainability reporting into a coherent governance architecture. Such an approach would strengthen corporate resilience, protect investors and stakeholders, enhance confidence in the Nigerian business environment and contribute to sustainable national economic development.

9. RECOMMENDATIONS

1. Strengthening Enforcement

Regulatory authorities should strengthen enforcement of corporate governance requirements. Sanctions should be proportionate, timely and sufficiently deterrent. Regulators should also develop stronger mechanisms for monitoring compliance rather than relying primarily upon self-reporting.

2 Strengthening Board Independence

The independence of directors should be assessed substantively rather than merely formally. Companies should ensure that independent directors possess sufficient professional expertise, financial literacy and independence of judgment.

3 Professionalization of Boards

Directorship should increasingly be regarded as a professional responsibility. Continuous training should be required in areas including corporate law, risk management, sustainability, cybersecurity, financial reporting and ESG governance.

4 Stronger Minority Shareholder Protection

The law should provide more effective remedies for minority shareholders affected by oppressive conduct and related-party transactions. Companies should also strengthen shareholder communication and participation mechanisms.

5 Integration of Sustainability into Board Strategy

Sustainability should be incorporated into corporate strategy rather than treated as an isolated corporate social responsibility function. Boards should establish sustainability policies and integrate environmental and social risks into enterprise risk management.