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## Corporate Governance Requirements Under Nigerian Law

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*A Practical Guide for Boards, Executives, and Investors  
Operating in Nigeria*

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*A Practical Guide for Boards, Executives, and Investors Operating in Nigeria***

**ABSTRACT**

The Corporate Governance Integrity Framework (CGIF) translates the Nigerian Code of Corporate Governance 2018 into a practical, implementation-focused model for organizations operating in Nigeria. It provides a structured system for embedding accountability, transparency, ethical conduct, and sustainable performance across corporate institutions.

The framework aligns board oversight, risk management, stakeholder engagement, and disclosure obligations into a unified governance architecture.

It enables companies to move beyond compliance toward measurable governance effectiveness, strengthens investor confidence, and reduces exposure to regulatory, operational, and reputational risks within Nigeria's evolving business environment.



**Dr. Nnaemeka Ewelukwa  
Founding Principal**

# Corporate Governance Integrity Framework Cycle



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## **1. Foundation Layer: Governance Philosophy and Application Model**

### **1.1 Principle-Based Governance**

The Code adopts a flexible, scalable, principle-driven approach applicable across sectors and company sizes.

### **1.2 Apply and Explain Model**

- Organizations are expected to apply all principles
- Provide clear explanations of how governance outcomes are achieved, not merely confirm compliance

### **1.3 Governance Objectives**

- Promote accountability and ethical conduct
- Strengthen transparency and trust
- Align management actions with stakeholder interests
- Enable sustainable economic performance

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## **2. Structural Layer: Board Governance Architecture**

### **2.1 Board Responsibilities**

The Board functions as the central governance authority responsible for:

- Strategic leadership and direction
- Oversight of management
- Risk governance and internal control
- Stakeholder accountability

### **2.2 Board Composition and Balance**

- Mix of Executive, Non-Executive, and Independent Directors
- Emphasis on independence, diversity, and competence
- Separation of Chairman and CEO roles

## **2.3 Leadership Structure**

- **Chairman:** Provides governance leadership and board effectiveness
- **MD/CEO:** Executes strategy and manages operations
- Clear role separation prevents concentration of power

## **2.4 Board Committees (Core Governance Engines)**

- Nomination & Governance Committee
- Remuneration Committee
- Audit Committee
- Risk Management Committee

Each committee enhances specialization without removing overall board accountability.

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## **3. Assurance Layer: Risk, Audit, and Control Systems**

### **3.1 Enterprise Risk Management Framework**

- Defines risk appetite and tolerance
- Identifies, assesses, and mitigates risks
- Integrates risk into operational decision-making

### **3.2 Internal Audit Function**

- Independent assurance on governance and controls
- Reports directly to the Board (via Audit Committee)
- Operates under a risk-based audit plan

### **3.3 External Audit Oversight**

- Independent validation of financial statements
- Mandatory auditor rotation and independence safeguards

### **3.4 Whistleblowing System**

- Confidential reporting mechanisms
- Protection against retaliation

- Direct reporting to governance oversight structures
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## **4. Stakeholder Layer: Shareholder and Stakeholder Engagement**

### **4.1 Shareholder Rights Protection**

- Equal treatment of all shareholders
- Protection of minority interests
- Transparent ownership disclosure

### **4.2 General Meetings as Governance Platforms**

- Active engagement between board and shareholders
- Clear, structured decision-making processes

### **4.3 Continuous Stakeholder Dialogue**

- Institutionalized communication channels
  - Alignment of stakeholder expectations with corporate objectives
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## **5. Conduct Layer: Ethics and Corporate Behaviour**

### **5.1 Code of Business Conduct**

- Establishes standards for integrity and professionalism
- Applies to directors, management, and employees

### **5.2 Conflict of Interest and Insider Controls**

- Mandatory disclosure regimes
- Restrictions on insider trading and related-party transactions

### **5.3 Ethical Culture Enforcement**

- Board-led tone at the top
  - Monitoring and sanction mechanisms for violations
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## **6. Sustainability Layer: Long-Term Value Creation**

### **6.1 ESG Integration**

- Environmental, social, and governance considerations embedded in strategy

### **6.2 Workplace and Social Responsibility**

- Health, safety, and employee welfare
- Community and environmental impact management

### **6.3 Anti-Corruption Systems**

- Policies addressing fraud, bribery, and misconduct

Sustainability is positioned not as optional, but as essential for long-term performance.

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## **7. Transparency Layer: Disclosure and Communication**

### **7.1 Stakeholder Communication Framework**

- Timely, accurate, and accessible information dissemination
- Use of digital platforms and investor portals

### **7.2 Corporate Governance Reporting**

Annual disclosures must include:

- Board structure and composition
- Committee activities
- Governance evaluation outcomes
- ESG initiatives
- Regulatory penalties (if any)

### **7.3 Full Disclosure Principle**

Organizations must disclose all material information, even where not explicitly required.

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## **8. Evaluation Layer: Continuous Governance Effectiveness**

### **8.1 Board Evaluation**

- Annual performance assessment of:
  - Board as a whole
  - Individual directors
  - Committees

### **8.2 Corporate Governance Evaluation**

- Periodic independent external review
- Public disclosure of governance effectiveness

### **8.3 Remuneration Governance**

- Transparent and performance-linked compensation
  - Inclusion of clawback mechanisms for misconduct
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## **9. Implementation Layer: Operationalizing the Framework**

### **9.1 Governance Documentation**

- Board Charter
- Committee Charters
- Risk Management Policy
- Code of Ethics
- Whistleblowing Policy

### **9.2 Governance Calendar**

- Quarterly board meetings
- Annual evaluations
- Periodic risk and audit reviews

### **9.3 Monitoring and Enforcement**

- Oversight by regulators and exchanges

- Sanctions for non-compliance
  - Internal escalation mechanisms
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### **10. Integrated Governance Flow (How It Works Together)**

1. Board sets direction and governance tone
  2. Committees drive specialized oversight
  3. Risk and audit functions provide assurance
  4. Stakeholder systems ensure accountability
  5. Ethics framework governs conduct
  6. Transparency enables trust
  7. Evaluation ensures continuous improvement
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### **Conclusion**

This framework moves governance from a static regulatory obligation to a dynamic system of leadership discipline. It calls organizations to build structures that not only comply but perform - where oversight is intentional, risk is anticipated, decisions are transparent, and trust is sustained.

When implemented faithfully, governance becomes more than control; it becomes a strategic asset that protects value, attracts investment, and sustains long-term institutional credibility.

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