African Journal of Legal Research [AJLR] (2026) Vol. 4, No 3
https://africanjournaloflegalresearch.com [ISSN: 1595 – 5966]

COMPARATIVE ANALYSIS OF CORPORATE GOVERNANCE TRENDS IN THE UNITED KINGDOM, UNITED STATES OF AMERICA, AND NIGERIA

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Abstract

This paper examines recent developments in the legal foundations of corporate governance in the United Kingdom, the United States, and Nigeria, alongside the institutional frameworks and enforcement mechanisms. It analyses the influence of key governance instruments, both within and outside Nigeria, reflecting efforts to align with these international standards. However, governance failures and weak regulatory enforcement mechanisms continued to limit effective compliance. The paper adopts a doctrinal methodology by examining corporate governance laws, codes, and enforcement practices across the three jurisdictions. The paper also considers emerging trends such as enhanced disclosure obligations, increased board diversity, the growing relevance of environmental, social, and corporate reporting, and expanded shareholder participation. The paper recommends stronger enforcement mechanisms, improved regulatory capacity, clearer sanctions for non-compliance, and the selective adaptation of international best practices to Nigeria's corporate and regulatory environment to enhance governance effectiveness.

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Keywords: Corporate, Governance, United Kingdom, United States of America, Nigeria, Environmental Social Governance, Board Diversity.

1.0 INTRODUCTION

Corporate governance refers to the system of rights, controls, and responsibilities by which companies are directed and controlled.[1] It provides the structures through which corporate objectives and managerial performance are held accountable. The United Kingdom and the United States have played leading roles in shaping modern governance practice. In the UK, contemporary standards evolved from the Cadbury Report of 1992 and later the UK Corporate Governance Code, emphasizing transparency, board independence, and internal control.[2] In the United States, major reforms following corporate scandals led to the enactment of the Sarbanes–Oxley Act in 2002 and subsequently the Dodd–Frank Act in 2010, both of which strengthened oversight, disclosure obligations, and internal control systems.[3] Nigeria has attempted to follow similar trends through statutory and policy reforms such as the Companies and Allied Matters Act 2020 and the Nigerian Code of Corporate Governance 2018.[4] Despite these measures, repeated governance failures and weak enforcement continue to challenge the effectiveness of Nigeria's corporate governance framework. The statement of the problem is that Nigeria continues to experience governance failures despite updated regulations, as in the 2023–2024 Financial Reporting Council sanctions on companies

[1] Adrian Cadbury, *Report on the Financial Aspects of Corporate Governance* (1992). Financial Reporting Council, *UK Corporate Governance Code* (2018)
[2] Financial Reporting Council, *UK Corporate Governance Code* (2018).
[3] Sarbanes–Oxley Act 2002; Dodd–Frank Wall Street Reform and Consumer Protection Act 2010.
[4] Companies and Allied Matters Act 2020; Financial Reporting Council of Nigeria, *Nigerian Code of Corporate Governance* (2018).

for false disclosures and weak board oversight and the 2025 Securities and Exchange Commission Enforcement Actions against Listed Firms that Breached Reporting and Environmental Social Governance obligations.[5]

This study aims to examine contemporary corporate governance trends in the United Kingdom and the United States by assessing its implications on Nigeria's corporate legal framework. The objectives are to examine the statutory and institutional foundations of governance in the UK and US, compare their enforcement mechanisms with those in Nigeria, and identify gaps within Nigeria's corporate governance. The scope of the study is limited to public and listed companies governed by the UK Corporate Governance Code, 2018, the Nigerian Code of Corporate Governance, 2018, the Companies and Allied Matters Act 2020, alongside relevant US legislations, with emphasis on the oversight roles of the Financial Reporting Council (UK) and the Financial Reporting Council of Nigeria. The study is justified by the increasing integration of global markets and the growing importance of investor protection. The Environmental Social Governance principles methodology adopted is doctrinal, relying on statutory analysis, corporate governance codes, case law, regulatory reports, and academic literature.

2.0 CORPORATE GOVERNANCE

The meaning of corporate governance varies depending on the context. The term is often referred to as the system by which companies are directed and controlled, as defined by Adrian Cadbury in his report on the

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[5]Securities and Exchange Commission Nigeria, *Market Bulletin on Enforcement Actions Against Listed Companies* (SEC Nigeria, 2025).

Financial Aspects of Corporate Governance.[6] The committee chaired by Adrian Cadbury was constituted to examine the financial aspects of corporate governance, and its report outlined how rights and responsibilities are distributed among different participants in a company, such as the board of directors, managers, shareholders, and other stakeholders, and how decisions on corporate affairs are made. Corporate governance is concerned with the internal structure of a company, focusing on how power is exercised, shared, and supervised among various organs and stakeholders. Every individual or entity with a claim on the company becomes a stakeholder, including owners, creditors, managers, suppliers, customers, employees, communities, and the government.[7]

According to Wolfensohn, corporate governance is about fairness, transparency, and accountability.[8] It is also about building credibility and maintaining effective channels of information disclosure that ensure good corporate performance. The importance of a robust governance framework has been underscored by financial crises, corporate collapses, and increasing demands for transparency and accountability. While both the United States and the United Kingdom share the common goals of protecting shareholder interests and enhancing corporate accountability, they differ significantly in their legal traditions and governance models. The Organisation for Economic Co-operation and Development (OECD)

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[6] Adrian Cadbury, *Report of the Committee on the Financial Aspects of Corporate Governance* (Gee Publishing 1992).

[7] R Edward Freeman, *Strategic Management: A Stakeholder Approach* (Pitman 1984).
[8] James D Wolfensohn, 'The Role of Corporate Governance in Global Development' *Financial Times* (London, 21 June 1999)

define good corporate governance as a system that provides proper incentives for the board and management to pursue objectives that are in the interest of the company and its shareholders while facilitating effective monitoring.[9]

2..1 The Trend of Corporate Governance in the United States (2020-2025)

The United States ' corporate governance has undergone rigorous evolution over the past five years, shaped by developments in shareholder activism (Environmental, Social, and Governance) considerations and executive accountability. The 2020–2025 period is a time when directors' duties are increasingly tested in court, particularly with respect to oversight, risk management, and corporate social responsibility. Regulatory scrutiny, investor initiatives, and litigation has influence in governance practices in public companies. The duty of care and oversight remain central to US corporate governance, especially in Delaware, where most corporate litigation occurs. Courts have continued to examine whether directors have adequately monitored corporate operations and risks. *Marchand v Barnhill*. In the case involving Blue Bell Creameries, shareholders alleged that the board failed to implement proper food-safety monitoring systems. The Supreme Court confirmed that directors could be held liable for failure to oversee critical operational risks, establishing a benchmark for oversight duties. Also, in *Re Boeing Co. Derivative Litigation (Delaware Chancery), Executive* payment remains a focus of US governance scrutiny , particularly when compensation appears

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[9] Basel Committee on Banking Supervision, *Principles for Enhancing Corporate Governance (Consultative Document)* (Bank for International Settlements, October 2010) https://www.bis.org/publ/bcbs168.pdf accessed 17 June 2025.

misaligned with long-term shareholder value or risk management, as in Re McDonald's Corp. Stockholder Derivative Litigation [10]

Shareholders challenged the board over executive decisions and pay structures linked to corporate misconduct allegations. The court highlighted that directors must consider the long-term interests of shareholders and ensure that compensation policies reflect corporate performance and risk exposure.[11] These judgments show that US courts are willing to scrutinize remuneration practices when they relate to oversight failures or misconduct US states filed actions against asset managers such as BlackRock for integrating Environmental Social Governance criteria into investment strategies. These disputes reflect resistance to ESG initiatives in certain jurisdictions, yet they also signal ESG's prominence in corporate governance debates. These demonstrate the tension between traditional fiduciary duties and emerging expectations for social and environmental responsibility. Minority shareholder rights continue to be enforced through derivative suits and state-level statutory protections.in *Ghee Walla v. National Westminster Bank Plc,* [12] a precedent was set up on derivative actions recently, reinforcing that creditors generally cannot sue directors while the company is solvent, but shareholders retain derivative rights to enforce fiduciary duties. Its principles guide current litigation involving minority shareholder claims.[13] The ability to challenge executive decisions and seek remedies when directors fail to act in the corporation's long-term interest. Is created in this case. In re McDonald's Corp, the pattern indicates growing

[10]In re McDonald's Corp. S'holder Deriv. Litig., 2023 WL 387292 (Del. Ch. Jan. 25, 2
[11] ibid
[12]Ghee Walla v. National Westminster Bank Plc, 966 A.2d 938 (Del. Ch. 2007;
[13] Ibid

shareholder activism and legal avenues to hold boards accountable for governance failures.

2.2 ESG Resistance and Political Resistance in the U.S

While Environmental, Social, and Governance (ESG) integration grew significantly after 2018, recent years have witnessed growing political resistance. Legislative pressure and regulatory scrutiny have compelled firms to scale back ESG-related terminology and initiatives. The SEC has responded by proposing rules to address certain ESG disclosures and activist leverage. In 2019, fewer than 5% of S&P 500 companies disclosed racial or gender diversity on their boards. By 2024, more than 82% of such companies had voluntarily disclosed gender diversity data. This shift was largely driven by investor pressure and the board diversity listing rule.[14]

2.3Trending Corporate Governance Issues in the United Kingdom (2020–2025)

Corporate governance in the United Kingdom to develop continuously between 2020 and 2025, shaped by regulatory reforms, climate-related obligations, and increased scrutiny of directors' duties under the Companies Act 2006. Shareholders, regulators, and civil society groups have paid closer attention to diversity, remuneration, environmental accountability, and the reliability of corporate reporting. Effectiveness of the board and diversity remain key elements of UK governance standards, reinforced by the revised UK Corporate Governance Code. The emphasis

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[14] Spencer Stuart, *S&P 500 Board Index: Disclosing Diversity on S&P 500 Boards (2024)*https://www.spencerstuart.com/-/media accessed 22 June 2025.

is on ensuring a range of expertise and perspectives, particularly concerning climate-related and sustainability risks. A recent decision in the case of *McGaughey v Universities Superannuation Scheme Ltd* demonstrates judicial expectations regarding informed board judgment. Members of a pension scheme alleged that directors failed to adopt sufficient climate risk governance measures. The Court of Appeal dismissed the claim, but it stressed that directors must show rational and informed judgment when dealing with specialized risks such as climate transition.[15]

Executive remuneration continues to attract scrutiny, more especially where pay appears not to be proportionate to performance or not consistent with long-term corporate success. Brett v Brook Ventures [16] where a minority shareholder challenged remuneration decisions and asked whether the directors acted in the best interests of the company. The Court reaffirmed that remuneration decisions must be accountable and transparent within the framework of the directors[17] In 2023–2024, the Prudential Regulation Authority and Financial Conduct Authority reviewed remuneration structures in major UK financial institutions, emphasizing alignment] with risk management expectations.[18]

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[15] Ibid

[16] Brett v Brook Ventures [2021] EWHC 2625 (Ch).

[17] Ibid

[18] Prudential Regulation Authority and Financial Conduct Authority, *Policy Statement: Remuneration – Ratio between fixed and variable components of total remuneration (removal of bonus cap)*, PRA PS9/23 & FCA PS23/15 (24 October 2023).

Environmental, social, and governance obligations have become the most prominent area of governance litigation. Stakeholders increasingly challenge climate-related strategy and disclosure practices.in the case of *ClientEarth v Shell Plc*[19] ClientEarth brought a derivative claim alleging that Shell's directors breached statutory duties by failing to adopt an adequate energy-transition strategy. The High Court held that directors retain wide discretion in business judgment and rejected attempts to direct the board's climate strategy[20] The decision remains the leading authority on the judicial limits of ESG-based derivative actions. In R (Friends of the Earth) v Secretary of State for Business, Energy and Industrial Strategy [21] The Court of Appeal held that the Government's Net Zero Strategy did not meet statutory disclosure requirements. Although directed at the Government, the ruling has wider implications for corporate disclosure standards. Failures in reporting integrity and internal controls have prompted substantial enforcement actions. SFO v Glencore Energy UK Ltd[22]Glencore pleaded guilty to bribery offences involving payments to foreign officials, resulting in record fines. The case exposed serious weaknesses in compliance systems and internal reporting. The Financial Reporting Council sanctioned KPMG following the collapse of Carillion, finding that audit evidence had been misrepresented.The enforcement highlights the UK's increased focus on strengthening audit quality and corporate accountability.

[19] ClientEarth v Shell plc [2023] EWHC 1137 (Ch)
[20] ibid
[21] R (Friends of the Earth) v Secretary of State for Business, Energy and Industrial Strategy [2022] EWCA Civ 931
[22] SFO v Glencore Energy UK Ltd (Crown Court, 2022) check

2.4 UK Governance Crises and Evolution

The UK faced its own governance crises that shattered public trust and highlighted the limitations of voluntary codes. The collapse of Carillon in 2018, a major government contractor, left debts of over £7 billion and exposed aggressive revenue recognition, poor risk management, and a disengaged board. Its auditors were accused of failing to flag serious financial concerns[23] BHS, once a prominent retailer, was sold for £1 in 2015 before collapsing a year later. The directors failed to protect the £571 million pension deficit, demonstrating a lack of director responsibility and regulatory oversight. [24]These scandals prompted UK authorities to review the Corporate Governance Code and propose the Audit, Reporting, and Governance.

The US was the first to place importance on good corporate governance, but the UK was the first country to introduce a detailed corporate governance code that sought to answer the question, which was copied and adopted in many countries. In 2019, in the UK, women held approximately 32% of board seats in FTSE 100 companies, while ethnic minority representation was sparse, with 37% of FTSE 100 companies having no ethnic minority board members. [25] By 2023, gender representation improved to over 42% across FTSE 350 boards, and the Parker Review confirmed that 96% of FTSE 100 firms and 70% of FTSE 250 firms had at least one ethnic minority director.[26]The UK Stewardship Code, revised in 2019, introduced enhanced expectations around ESG

[23] UK Parliament (2018). Carillion: Joint Select Committee Report.

[24] House of Commons (2016). BHS Inquiry Report. check

[25] Nat West Group. (2019). Corporate Governance and Diversity Report

[26] Parker Review Committee. (2023). Improving the Ethnic Diversity of UK Boards: Final Report 2023

integration and responsible investment practices. This revision emphasized long-term value creation and expanded the definition of stewardship to include ESG considerations.[27] Institutional investors are now playing a greater role in engaging with company boards over climate risk, diversity, and sustainable value creation.

2.5 **UK Governance Reporting and ARGA Reform**

The Environmental and Climate Reporting Review (2018) proposed the following: abolition of the Financial Reporting Council, Creation of a stronger and more independent law. In 2025, the Audit Reporting and Governance Authority has not fully replaced the FRC, but legislation has been developed to bring it into force. Before 2024, only about 54% of S&P 500 firms disclosed their greenhouse gas (GHG) emissions. As of 2024, this number exceeds 85%, with increasing alignment to frameworks like the Task Force on Climate-related Financial Disclosures. However, major asset managers such as BlackRock reduced their support for shareholder ESG proposals, voting in favor of only 4% in 2024, down from 46% in 2021[28] Five years ago, only about 54% of S&P 500 firms disclosed their greenhouse gas (GHG) emissions. As of 2024, this number exceeds 85%, with increasing alignment to frameworks like the Task Force on Climate-related Financial Disclosures. However, major asset managers such as BlackRock reduced their support for shareholder ESG proposals, voting in favor of only 4% in 2024, down from 46% in 2021[29]

The UK government planned to replace the Financial Reporting Council with the Audit, Reporting and Governance Authority (ARGA). Although

[27] Ibid
[28] Financial Times. (2024). BlackRock's ESG support drops to 4%.
[29] Ibid

ARGA's launch has been delayed, reforms have driven improvements in governance reporting, with the Financial Reporting Council noting a rise in meaningful disclosures ahead of the 2024 UK Corporate Governance Code.[30]

The UK Corporate Governance Code, issued by the Financial Reporting Council (FRC), provides a framework of best practices, allowing companies to either comply with its provisions or explain their reasons for non-compliance. This system emphasizes transparency, board independence, and accountability, while allowing flexibility based on the size and nature of the business. [31] While both systems aim to protect shareholders and enhance corporate accountability, the U.S. model is more rules-based and enforcement-oriented, whereas the UK model relies more on market discipline, transparency, and board judgment. Understanding the distinctions between these frameworks is essential for multinational companies, investors, and regulators navigating cross-border corporate governance challenges.[32]

3.0 COMPARATIVE ANALYSIS OF US AND UK MODEL OF CORPORATE GOVERNANCE

In the U.S., corporate governance is determined predominantly by legislation in the form of the Sarbanes-Oxley Act of 2002 ("SOX") and detailed regulations that SOX required the Securities and Exchange Commission ("SEC") and the New York Stock Exchange ("NYSE") to draw up. The UK "comply or explain" approach to corporate governance

[30] Financial Reporting Council. (2019). The UK Stewardship Code 2020. Retrieved from https://www.frc.org.uk

[31] Op-cit page 6

[32] Op-cit page 6

varies significantly from the general approach taken by SOX. Although SOX-related regulations use the "comply or explain" method in some instances (for example, about whether a company has a "code of ethics" or its audit committee has a "financial expert", in most other instances, U.S. regulations tend to rely on legislation and fines and imprisonment penalties for violating the requirements of SOX.[33] While differences remain, there are increasing similarities between the two systems. For example, both jurisdictions now emphasize board independence, risk management, and diversity. Institutional investors in both regions have become more assertive in pushing for ESG (Environmental, Social, and Governance) reforms.[34] However, divergences persist.

3.1 Governance Models: UK vs US

The UK remains committed to the principles-based model and promotes flexibility and adaptability. In contrast, the US maintains a heavy regulatory oversight. Moreover, executive compensation remains an aggressive issue, with US CEOs earning significantly more than their UK counterparts. There is a corporate governance code that's updated regularly and applies to companies with a premium listing on the London Stock Exchange. The code operates on a "comply or explain" basis, recognizing that one approach may not be appropriate for all companies. It encourages companies to choose the governance practices best suited to

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[33]Adam Dowdney, *Comparison of Corporate Governance Approaches in the U.S. and the UK*, Clarkslegal LLP, published December 1, 2005. This article compares key aspects of the U.S. Sarbanes-Oxley Act of 2002 ("SOX") with the UK's "comply or explain" approach, highlighting regulatory, legal, and practical differences between the two jurisdictions and offering a comparative table of SOX provisions and their UK equivalents.

[34]Gordon L. Clark and Tessa Hebb, "Why Should They Care? The Role of Institutional Investors in the Market for Corporate Global Responsibility," Environment and Planning A 37, no. 11 (2005): 2015–2031.

their circumstances and enables companies to explain any variation from the code in their annual reports to shareholders. [35]The U.S. approach is more prescriptive. There is no corporate governance code per se. Rather, publicly listed companies are subject to four areas of law and regulation: state corporate law, federal securities law, stock exchange listing rules, and federal and state laws related to specific industries, such as financial services. These laws and rules must be complied with, or a company is subject to legal action or being delisted from the stock exchange.[36]

3.2 Structural Differences.

In the U.K., the roles of Chairman and CEO are typically separated, with fewer than 10% of FTSE companies combining the two, while in the U.S., more than 50% of S&P 500 companies combine them and prefer the U.K. model for reducing conflicts of interest. Also, U.S. companies more commonly combine the legal counsel and corporate secretary roles, whereas U.K. companies separate them more often. Committee structures differ as well. Standard committees—audit, nominations, and compensation/remuneration—exist in both regions. However, over half of FTSE 100 companies also have Environmental Social Governance committees, compared to fewer than 15% of major U.S. companies.[37]

[35] Susan Skerritt, Non-Executive Director, and Dr. Sabine Dembkowski, Founder and Managing Partner of Better Boards, discuss corporate governance practices in the U.S. and U.K. in the Better Boards Podcast Series, Episode 108, "U.S. and U.K. – Two countries separated by common corporate governance practices?" (March 20, 2024). https://www.buzzsprout.com/535633/episodes/14656817 4thjune 2025 at 10;00 Am

[36] Ibid

[37] Ibid

3.3 Differences that impact the Directors

UK. boards typically impose term limits of about nine years, while only around 7% of U.S. companies have such limits. Instead, age limits—usually retirement at 72 are more common in the U.S, assessment-based systems instead of rigid limits. Compensation also differs. In the U.S., board members are commonly compensated with both cash and equity, with equity often being the larger component. In the U.K., compensation is typically monthly cash fees, with less than 5% of FTSE companies offering stock-based director compensation. Lastly, board education differs. The U.K. has long-standing institutions like the Institute of Directors that offer certification. The U.S. only recently established the National Association of Corporate Directors, with fewer formal training options available[38]The UK Corporate Governance Code places a strong emphasis on the training, development, and continuing education of company directors. While the Code does not strictly mandate a formal certification, it encourages directors to possess appropriate skills, knowledge, and experience and actively seek development opportunities to fulfill their responsibilities effectively.[39]

In practice, many UK non-executive directors (NEDs) undergo formal certification or training through professional bodies such as the Institute of Directors (IoD) or Better Boards, which offer structured governance education and qualifications. " All directors should receive induction on joining the board and should regularly update and refresh their skills and knowledge."[40]The United States does not mandate director certification or training at the federal level. While some organizations like the National

[38] Op-cit page 11
[39] Op-cit page 11
[40]UK Corporate Governance Code, Principle 23, FRC 2024'

Association of Corporate Directors (NACD) offer voluntary education, participation is not required under U.S. corporate governance laws. Director qualifications are left largely to the discretion of individual boards and shareholders, and there is no federal or stock exchange rule requiring ongoing formal training or certification for board members.[41]This structural difference underlines the UK's principles-based approach, emphasizing proactive board development and long-term governance effectiveness, while the U.S. model remains primarily rules-based, focused on compliance and legal accountability without standardized expectations for formal director education.[42]

4.0 INSTITUTIONAL INVESTORS AND ENVIRONMENTAL SOCIAL GOVERNANCE TRENDS

Institutional investors in both the United Kingdom and the United States of America are increasingly influencing corporate governance through active stewardship. The UK Stewardship Code (2020) promotes long-term investment perspectives and responsible engagement. [10] Similarly, in the US, large asset managers like BlackRock and Vanguard advocate for sustainability and governance reforms.[11] Environmental Social Governance factors are now central to governance discourse. Companies are expected to disclose their Environmental Social Governance strategies and demonstrate commitment to sustainability, diversity, and social responsibility. [12] both in the UK and US, trending corporate

[41]Better Boards Podcast Series, Episode 108: "U.S. and U.K. – Two countries separated by common corporate governance practices?" Susan S and Sabine D https://www.buzzsprout.com/535633/episodes/14656817 accessed June 9, 2025

[42] Financial Reporting Council (FRC), *The UK Corporate Governance Code*, July 2024, Principle 23. Accessed June 5, 2025. https://www.frc.org.uk/uk-corporate-governance-code,accessed on 12 June 2025

governance involves a focus on enhanced reporting around climate, diversity, and remuneration. equity, and inclusion (DE&I). The UK's principles-based approach encourages flexibility and emphasizes that companies should choose governance practices best suited to their circumstances. The US approach is more rules-based, with publicly listed companies subject to various legal and regulatory requirements.

4.0 HISTORICAL BACKGROUND ON LEGAL FRAMEWORK FOR CORPORATE GOVERNANCE IN NIGERIA

Corporate governance in Nigeria traces its roots to the colonial era when the British introduced corporations into the Nigerian economy. The initial legal framework was based on the Companies Ordinance of 1922, which was later replaced by the Companies Act of 1968, modeled after the British Companies Act of 1948. This early legislation laid the foundation for corporate operations but lacked comprehensive governance structures. Corporate governance in Nigeria has evolved significantly over the years, shaped by legal reforms, regulatory developments, and responses to financial crises.[43] Recognizing the need for a more robust regulatory framework, Nigeria enacted the Companies and Allied Matters Act[44]. This Act consolidated and repealed previous laws, providing a more modern and comprehensive legal structure for company formation and management.

While CAMA addressed various aspects of corporate operations, it did not specifically focus on corporate governance principles. In the early 2000s

[43] WTS Blackwoodstone, "National Code of Corporate Governance 2018 – Learning from the 2016 Controversies," https://wtsblackwoodstone.com/national-code-of-corporate-governance-2018-learning-from-the-2016-controversies.Acessed on `3rd June 2025 at 1;00 pm
[44] CAMA 1990 LFN 2004

there was a shift towards formalizing corporate governance practices where in 2003, The Bankers' Committee issued the Code of Corporate Governance for Banks and Other Financial Institutions [45] in Nigeria, aiming to address governance issues within the banking sector, in the same line ,the Securities and Exchange Commission (SEC) released the Code of Best Practices on Corporate Governance in Nigeria, marking the first comprehensive attempt at establishing governance standards for public companies .[46]Where the code entrusts the primary responsibility of ensuring good corporate governance in the company on the board of directors ,the board should not only ensure that the principles of good corporate governance in their dealings but that the principles are in force throughout the company[47]

In 2006: The Central Bank of Nigeria (CBN) introduced its Code of Corporate Governance for Banks in Nigeria Post-Consolidation, focusing on enhancing accountability within the banking sector .2008: The National Pension Commission (PENCOM) issued its own code, followed by the National Insurance Commission (NAICOM) in 2009, each targeting governance within their respective sectors. A significant milestone in Nigeria's corporate governance journey was the introduction of the Nigerian Uniform Code of Corporate Governance[48].

[45] Code of corporate governance for banks and other financial institution 2003
[46] ibid
[47] section 2.3. of of securities and exchange commision code 2011
[48] 2018 by the financial reporting council of nigeria (frcn)

This Code aimed to institutionalize high standards of corporate governance practices across Nigerian companies, promoting transparency, accountability, and ethical conduct[49].

In 2020, Nigeria enacted the Companies and Allied Matters Act,[50]amending the former CAMA for ease of doing business in Nigeria, which is a significant reform that modernized the legal framework governing companies. This Act introduced provisions to enhance corporate governance, including measures to improve the ease of doing business and attract foreign investment[51]The President of the Institute of Chartered Secretaries and Administrators of Nigeria,[52] has called for the adoption of artificial intelligence to enhance corporate governance and sustainability in Nigeria. There was a stress at a forum that AI is no longer just an emerging trend but a critical tool for strengthening governance frameworks, improving compliance, and ensuring sustainable business practices. The intersection of AI, environmental, social, and governance principles, and data management is now central to corporate sustainability. As governance professionals, we must not only understand these concepts but also lead their adoption in our organizations.[53]

[49] financial nigeria, "how corporate governance can affect nigeria's development," *financial nigeria*, https://www.financialnigeria.com/how-corporate-governance-can-affect-nigeria-s-development-blog-273.html.accesed on the 5th june 2025 at 12;00 pm

[50] op-cit 2020 page 10

[51]harlemsolicitors,may 18, 2022, "tracing the evolution of corporate governance in nigeria, https://www.harlemsolicitors.com/2022/05/18/accessed on 5th june 2025 at 9;00 amUs

36 aina, temitope. "icsan urges ai adoption for sustainable corporate governance." the punch, 20 mar. 2025. https://punchng.com. accessed 12 june 2025.

[53]okundayo F (2025) ICSAN urges AI adoption for sustainable corporate governance punch newspaper ,hhttps://punching.com/satanic-urges-ai-adoption-for-sustanable -corporate-governance,accessed on the 12 June 2025 at 2:00pm.

5.0 IMPACT AND IMPLICATIONS FOR NIGERIA

Despite the global advances in good corporate governance across various jurisdictions, several gaps and challenges persist, in Nigeria's corporate governance, such as weak regulatory enforcement, board inefficiencies and corporate misconduct, especially among private and public non-listed corporations. There is a disconnect between governance codes and actual practices, Unlike the UK and US, institutional investor engagement in Nigeria is minimal, limiting external pressure on corporate boards. While the UK and US systems increasingly incorporate ESG mandates, Nigeria still lacks comprehensive Environmental Social Governance integration within its governance frameworks. Board independence and diversity are still underdeveloped in many Nigerian companies. Enforcement mechanisms in Nigeria are weaker, and penalties for non-compliance are often inadequate or inconsistently applied**.**

6.0 CONCLUSION

The article finds that both boards are under heightened scrutiny for oversight, especially regarding risk management and operational compliance. Executive remuneration is increasingly linked to accountability and long-term performance. ESG issues dominate corporate governance debates, despite resistance in certain states. Shareholder activism, including derivative litigation, is shaping corporate behaviour. Minority shareholder rights are increasingly protected through litigation and statutory mechanisms.

In conclusion, Nigeria's corporate governance framework continues to face practical challenges, including weak enforcement, limited regulatory capacity, and slow adoption of emerging global standards such as ESG reporting, board diversity, and enhanced disclosure practices. These gaps have contributed to repeated corporate failures and weakened investor confidence, showing that having rules alone does not guarantee effective governance. Experiences from the United Kingdom and the United States indicate that strong enforcement, clear regulatory oversight, and flexible governance codes improve compliance and accountability. To address these challenges, Nigeria should strengthen its regulatory institutions, ensure companies comply with governance codes, and adopt global best practices in disclosure, board composition, and sustainability reporting. Implementing these measures is essential to enhance corporate accountability, protect stakeholders, and build a more reliable business environment.

The article finds that, although Nigeria has established corporate governance laws and codes, enforcement is weak and compliance with key standards—such as disclosure, ESG reporting, and board diversity—remains inconsistent. Unlike the United Kingdom and the United States, where strong regulatory oversight and flexible governance codes enhance accountability, Nigerian companies frequently fail to meet these standards, contributing to recurring corporate failures and lower investor confidence. The Recommendation is, Nigeria should strengthen.

enforcement of corporate governance regulations by empowering the Financial Reporting Council of Nigeria and the Securities and Exchange Commission with adequate authority and resources to monitor compliance, sanction breaches, adhere to disclosure, ESG reporting, and board diversity requirements, taking guidance from the UK “comply or explain” model and US regulatory practices.