ANALYSIS OF GOVERNANCE DEFICIENCIES ENABLING CORPORATE SILENCE ON ENVIRONMENTAL ISSUES IN NIGERIA

Onyeka Christiana Aduma, PhD *

Abstract

Corporate activqities in Nigeria inflict serious environmental damage, not because environmental regulation is entirely absent, the reality is that many corporations have chosen not to report their environmental risks and impacts. This study examines the governance deficiencies that enable corporate silence on environmental issues in Nigeria. Adopting a doctrinal research methodology, it analyses relevant provisions of Nigerian corporate and environmental laws, as well as sector-specific regulatory frameworks, to identify and critically assess the legal deficiencies that enable such corporate silence. The findings of the study reveal that environmental non-disclosure is often sustained by a combination of the absence of mandatory environmental disclosure laws, inadequate shareholder activism, limited stakeholder engagement, and the effect of the political and economic interests on the corporate silence. The study finds further that the laws in Nigeria that obligate disclosure are disjointed and ineffective, thereby allowing corporations to comply with the law in a technical sense, while being environmentally obscurantist. The study concludes that situation leaves shareholders, regulators, and affected communities without the information needed to demand accountability or prevent environmental harm. The study therefore recommends that the law should place upon directors the positive duty to identify, evaluate, and report on the environmental impacts and risks as part of their decision-making responsibilities, just as they are required to do with respect to financial outcomes.

Keywords: Governance Deficiencies, Corporate Silence, Environmental Issues, Nigeria

* Reader, Department of Clinical Legal Education, Faculty of Law, Nnamdi Azikiwe University, Awka, Anambra State, Nigeria**.** Email: co.aduma@unizik.edu.ng**,** Phone No: 08038725994

1. Introduction

The corporate world has shown and continues to demonstrate the daunting level of environmental damage that is typically accompanied by a most disturbing level of transparency. The persistent oil spills in the Niger Delta and the industrial pollution in the major urban areas, such as Lagos, expose the grievous environmental and human impacts of the actions of these corporations.[1] Yet, many corporations responsible for these harms provide little proactive information, accept limited responsibility, and rarely engage in open disclosure of their environmental practices.[2] This lack of information should not be interpreted as corporate negligence, as the phenomenon originates from the more serious and deep-seated deficiencies in the structure of corporate governance in Nigeria, which fails to demand, motivate, or, more importantly, provide the needed support to enable corporations to be environmentally responsible.

The traditional view in corporate governance assumes that corporations must balance the pursuit of profit maximisation with accountability to shareholders and broader expectations of responsible corporate conduct.[3] In the case of Nigeria, the corporate governance model continues to be legislated with a clear and consistent domination of the interest of the shareholders, with little regard to environmental considerations. It has been noted by scholars that, in the Nigerian legal system, the dominant view of the purpose of a corporation is profit maximisation, and as a result, corporate environmental responsibility has been relegated to the periphery of corporate governance.[4]

Perhaps, the Companies and Allied Matters Act 2020 is the primary legislation in Nigeria that governs the functioning of corporations. Although there is a desire to bring about legislative reforms, the Act has very few references regarding environmental responsibility and the obligations of corporations to disclose any information pertaining to the

---

[1] S Mulade, E V Clark and F A Ikenga, ‗Oil Spillage in the Niger Delta: Government and Oil Companies Remediation Activities' (2025) 6(5*) International Journal of Research Publication and Reviews*, 7436.
[2]Fox News Channel, ‗Amnesty International uses new evidence to accuse Shell Nigeria of false reports on oil spills', <https://www.foxnews.com/world/amnesty-international-uses-new-evidence-to-accuse-shell-nigeria-of-false-reports-on-oil-spills>accessed 1 June 2026.
[3] M C Jensen, M. C. (2001). Value Maximisation, Stakeholder Theory, and the Corporate Objective Function (2001) 7(3), 297 *European Financial Management*, <https://doi.org/10.1111/1468-036X.00158> accessed 2 June 2026
[4] H Adamu, ‗An Analysis of Nigerian Company Law on Environmental Sustainability' <https://www.researchgate.net/publication/388492307_AN_ANALYSIS_OF_NIGERIAN_COMPANY_LAW_ON_ENVIRONMENTAL_SUSTAINABILITY> accessed 17 January 2026

environment. This is consistent with the findings of recent scholarly research.[5] For instance, Sa‘id illustrates how listed corporations in Nigeria have corporate governance structures that depict a weak relationship with the quality of environmental disclosures and that most corporations still likely report the impacts of their activities on the environment in a meaningless manner.[6] Zwingina similarly observes that corporate governance in many corporations is framed within the context of environmental sustainability, and weak enforcement allows the corporations to ignore their environmental responsibilities.[7]

Adi also illustrates the challenges of inadequate enforcement when he states that despite the existence of the National Environmental Standards and Regulations Enforcement Agency, the environmental governance of Nigeria‘s manufacturing sector is plagued by poor enforcement and a multitude of irreconcilable laws.[8] All of these perspectives, taken together, show that the corporate governance systems have no clearly defined means of addressing environmental issues. The result is that corporations do not have to report the negative impacts of their operations on the environment, as long as they comply with the corporate statutes. This leaves an important gap in the literature concerning the relationship between corporate governance deficiencies and the persistence of environmental problems in Nigeria. This study aims to expose the governance gaps in Nigerian corporate laws that have permitted corporate silence on environmental issues, with the ultimate objective of identifying measures for strengthening environmental accountability within the Nigerian corporate governance system.

---

[5] Such as M A Sa‘id, _The Association Between Corporate Governance and Environmental Disclosure Quality: Evidence from Nigerian Listed Companies‘ (2024) Robert Gordon University PhD Thesis) <https://doi.org/10.48526/rgu-wt-2801169 >accessed 17 January; C T Zwingina, _Empirical Evaluation of Corporate Governance Practices on Sustainable Business Practices in Nigeria‘ *International Journal of Social Sciences and Management Review* [2024] 10(4), 236 <https://iiardjournals.org/get/IJSSMR/VOL.%2010%20NO.%204%202024/EMPIRICAL%20EVALUATION%20236-249.pdf> accessed 17 January 2026.

[6] M A Sa‘id, _The Association Between Corporate Governance and Environmental Disclosure Quality: Evidence from Nigerian Listed Companies‘ (2024) Robert Gordon University PhD Thesis) <https://doi.org/10.48526/rgu-wt-2801169 >accessed 17 January

[7] C T Zwingina, _Empirical Evaluation of Corporate Governance Practices on Sustainable Business Practices in Nigeria‘ *International Journal of Social Sciences and Management Review* [2024] 10(4), 236 <https://iiardjournals.org/get/IJSSMR/VOL.%2010%20NO.%204%202024/EMPIRICAL%20EVALUATION%20236-249.pdf> accessed 17 January 2026

[8] S E Adi, _Evaluating the Effectiveness of Corporate Governance Mechanisms in Enhancing Environmental Disclosure in the Nigerian Manufacturing Sector‘ (2024) 9(5) *International Journal of Novel Research and Development*, 250.

2. Understanding Corporate Silence in the Context of Environmental Governance

In environmental governance, corporate silence is more than a corporate failure to acknowledge negative publicity or allegations related to the environment. Corporate silence indicates an even more profound absence of systemic transparency, accountability, and remedial action that is deeply entrenched in the corporate governance and decision-making silos. The silence of a corporation is not expressed by election of inaction. Rather, this corporate silence manifests through unapologetic indifference such as undisclosed or weak environmental assessments, the use of legal jargon to downplay or obscure the environmental damages, incomplete or selective reporting, reporting that is misaligned with, or a deviation from voluntary reporting standards, and the absence of remedial action. In academia, this conduct is linked to a phenomenon called under-reporting or greenhushing, where companies deliberately limit the communication of their environmental impacts in anticipation of avoiding scrutiny, the ire of the public, or the action of the regulator.[9]

Fundamentally, corporate silence indicates the failure of governance where the environmental damage is ignored and treated as an issue of little concern, rather than an issue of significant consequence to the business and a direct responsibility of the boards. While corporate governance mechanisms such as board independence, audit functions, and the establishment of sustainability or environmental committees can influence environmental disclosure, overall reporting levels remain low, uneven, and largely non-committal.[10] Researchers have found that more boards have a governance structure that is more beneficial; however, this does not translate to better reporting and can be more detrimental to reporting. Consequently, corporations tend to lean on vague boilerplate reporting to cover their tracks, instead of providing information that is useful, such as reports on spills and emissions and how they have remediated the situation.[11]

[9] J Hilton, ‗An Integrated Analysis of Greenhush' *Innovation and Green Development* [2025] 4(2) <https://www.sciencedirect.com/science/article/pii/S2949753125000190?via%3Dihub> accessed 18 January 2026

[10] C P Bamenda, ‗Corporate Governance Mechanism and Environmental Disclosure in Nigeria: Moderating Effect of Audit Firm Choice' (2024) 9(2) *Int J Innov Res Account Sustain*, 14–26 <https://ijiras.org/article/ART1715522710> accessed 18 January 2026

[11] Sa‘id (n 5).

This pattern is closely connected to Nigeria's corporate legal framework, particularly the Companies and Allied Matters Act 2020, which continues to encourage sustainability on a voluntary basis and prioritises shareholder financial interests.[12] The absence of clear, enforceable environmental duties for directors means that governance systems do not compel corporations to communicate openly about environmental risks or impacts. Sector-specific studies, especially within the manufacturing industry, further show that appointment of sustainability officers or the establishment of environmental committees improved transparency. However, these mechanisms are not sufficiently widespread or mandatory to ensure consistent transparency across sectors.[13]

In the end, corporate silence is the default and most rational response. If there is uncertainty in governance expectations, weak enforcement, and environmental data is viewed as a public relations (PR) tool rather than a cornerstone of corporate governance and reporting, there is minimal pressure for corporations to communicate, disclose, or act. Thus, grasping the nuances of such silence is crucial, as it reveals a combination of limitations in the governance of corporations and a profound impediment to environmental accountability and sustainable development in the corporate landscape of Nigeria.

3. Corporate Environmental Responsibilities in Nigerian Legislation

The corporate environmental responsibilities in Nigeria are derived not from a single, cohesive legal framework, but from an assortment of developing and disparate layers of constitutional law, general company law, sector-specific regulations, and environmental law. Although these thin layers provide some legal structure for corporate actors, they consist of little to no legally enforceable environmental responsibilities.

3.1 Constitutional Foundations and Environmental Rights

The 1999 Constitution of the Federal Republic of Nigeria lays a standard for the protection of the environment, but does not specify any direct environmental responsibilities for corporations. Section 20 of the Constitution[14] places the obligation to protect and improve the environment, as well as to protect the air, water, land, forests, and wildlife of Nigeria,

[12] Adamu (n 4).
[13] O N Oladipo and others, ‗Corporate environmental disclosure and sustainability governance practices among listed manufacturing firms in Nigeria' (2023) 146(4) *J Econ Res & Bus Admin*, 100. <https://doi.org/10.26577/be.2023.v146.i4.09 accessed 13 January 2026> accessed 18 January 2026.
[14] Constitution of the Federal Republic of Nigeria 1999 (as amended).

upon the State. This is a provision in the Directive Principles of State Policy, which makes it non-justiciable.[15] Regardless, Nigerian courts have progressively used Section 20, especially in conjunction with the constitutionally protected rights to life and human dignity,[16] to promote the right to a quality and safe environment.

Such an approach was especially exemplified in *Gbemre v Shell Petroleum Development Company of Nigeria Ltd and Ors,*[17] wherein the Federal High Court found that gas flaring and the environmental degradation it causes constitutes an infringement of the applicants' right to life and dignity. The courts' linkage of environmental injury to rudimentary human rights has, in a way, made it possible to have environmental rights in the Constitution. This nuanced approach means that the public and private sector, especially the multinational corporations, are bound to be environmentally responsible. The positive legal principle in this instance obliges impacted communities to front legal action against the State in cases of non-regulation as well as in cases where corporations act in an environmentally irresponsible manner.

3.2 Companies and Allied Matters Act 2020

Nigeria's principal statute on corporate governance is the Companies and Allied Matters Act 2020,[18] which repeals the 1990 Act. While the CAMA 2020 contains some modernising reforms, it includes only minimal provisions on the environment and corporate environmental responsibilities or corporate environmental disclosures.

Perhaps, the most relevant is section 305(3), which states that in promoting the success of the company, directors should consider the potential impact of the company's activities on the environment of the community where the company operates. While this statutory provision is the first of its kind acknowledging that environmental factors should be included in corporate decision-making, the central obligation is more symbolic than

[15] See CFRN 1999, s 6(6) (c); *Attorney General of Ondo State v Attorney General of the Federation* [2002] 9 NWLR (Pt772) 222

[16] CFRN 1999, ss 33 & 34

[17] [2005] AHRLR 151; *Mobil Producing (Nig) Unlimited v Ajanaku & Anor* [2021] LPELR-52566 where the Court of Appeal stated that stated that a person's right to life under Section 33 of the Constitution could not be fully realised in the absence of access to a clean and hospitable environment, safe water, air, land, forests, and wildlife.

[18] Hereinafter referred to as CAMA 2020.

substantial. Consideration of the environment is but one of many corporate factors which directors are obliged to consider.

Thus, CAMA 2020 treats environmental responsibility as a subset of the general fiduciary duties of directors, which are primarily owed to the corporation. As such, it does not recognize any direct obligation to affected communities or to the environment itself. Consequently, it does not expressly impose duties to prevent environmental harm, remedy damage, or disclose environmental risks and impacts.[19]

This method illustrates a corporate governance model focused on shareholders, where the corporation's financial performance is the most important factor. For example, directors can legally choose not to address major issues relating to the environment where the disclosure of such issues could cause anxiety for investors or reduce profits in the short term, since directors' duties are focused on the economic success of the corporation. As a result, CAMA 2020 fails to significantly address the detrimental effects of corporate neglect regarding environmental issues.

3.3 Nigerian Code of Corporate Governance 2018

The 2018 Code of Corporate Governance in Nigeria holds corporate boards responsible for the first time in Nigeria for the direct integration of relevant environmental and social issues into the governance system of the corporation. It provides that a corporate governance report, which is a part of a corporation's annual report, must address the corporation's governance system, policies, and practices, and the management of the environmental and social issues.[20] As such, the Code holds boards responsible for environmental management, which positively directs them to embrace comprehensive and deliberate efforts to manage those risks rather than to comply with the laws.

The Code also requires the boards to establish policies and practices that address social issues, ethics, safety, working conditions, health, and environment, and incorporate anti-

[19] Onyeka C. Aduma, _Examining Directors' Legal Duties in Relation to Climate Risk: A Nigerian Corporate Law Perspective' (2025) 2(1) *Nnamdi Azikiwe University Journal of Human Rights Law* (*UNIZIK-JHRL*), 61

[20] NCCG) 2018, Principle 28.1; see also George Etomi & Partners, _Analysis of the Nigerian Code of Corporate Governance (NCCG) 2018', <https://www.lexology.com/library/detail.aspx?g=4ab3a942-a53c-4f2a-90d4-151e3c4a8eec> accessed 20 January 2026

corruption practices.[21]These provisions seek to encourage corporations to consider the full impact of their societal and environmental footprint, and fosters accountability and transparency.

The Code generally adopts a ―comply or explain‖ approach. While it provides corporate-specific latitude, it just as easily allows companies to escape substantive environmental governance by offering a bare minimum explanation for their non-compliance, or to disregard the sustainability provisions entirely. In theory, a company could justify non-compliance in all areas of environmental governance.[22] In practice, this flexible approach of the Code tends to diminish meaningful accountability, as companies choose to do the bare minimum and face little to no repercussions for not adopting meaningful social and environmental governance.

The Code governs all public companies and, all private companies that are holding companies of public entities or of other entities that are regulated, concessioned or privatised, and in the case of regulated private companies, those who submit their returns to authorities other than the Federal Inland Revenue Service and the Corporate Affairs Commission.[23] Despite the wide range of persons to whom the Code applies, the absence of effective enforcement and significant sanctions means that the Code, while it aspires to more, provides more than a plainly stated expectation, which limits the potential for the advancement of meaningful environmental governance.

3.4 Environmental Impact Assessment Act 1992

The Environmental Impact Assessment Act 1992[24] is the most significant piece of legislation that directly governs corporate environmental responsibility in Nigeria. It provides that an environmental impact assessment is necessary for consideration before any public or private sector undertaking that is likely to have significant environmental consequences and is thus legally justified. Under section 2(1) of the Act, no such

[21] Ibid, Principle 26

[22] Templars, ‗Nigerian Code of Corporate Governance 2018 Highlights' <https://www.templars-law.com/app/uploads/2019/02/Highlights-of-the-Nigerian-Code-of-Corporate-Governance-2018.pdf> accessed 18 January 2026.

[23] The Climate Governance Initiative, ‗Corporate Governance Codes in Nigeria', <https://hub.chapterzeroalliance.org/resource/corporate-governance-codes-navigator/corporate-governance-codes-in-nigeria> accessed 19 January 2026

[24] Environmental Impact Assessment Act, Cap E12 LFN 2004

undertaking or authorization of such projects is permissible unless the environmental consequences have been assessed at an early stage.

It is the Act that provides the methodology for the systematic assessment of environmental consequences prior to project implementation, which incorporates the views of experts, as well as the public.[25] Its Schedule identifies numerous forms of agricultural, forestry, mining, petroleum, industrial, infrastructural, transport, waste disposal, and water resources, etc., activities that necessitate an impact assessment. In principle, this is intended to address the potential damage to the environment associated with all significant corporate and industrial activities.

Although the EIA is broad, it remains largely procedural and anticipatory. Once approval is granted, the corporation has no additional responsibilities to track, report, or monitor any environmental impacts associated with the project. This creates a gap between the EIA report that details potential impacts to the environment from a project, and the reality of that project as it likely leads to unmitigated pollution, and environmental degradation.

Thus, the lack of ongoing disclosure and accountability systems permit corporate environmental damage to remain largely unexamined by the public, sustaining a trend of silence long after a project has been approved.

3.5 National Environmental Standards and Regulations Enforcement Agency Act 2007

The National Environmental Standards and Regulations Enforcement Agency Act 2007 established National Environmental Standards and Regulations Enforcement Agency[26] as Nigeria‘s primary environmental enforcement agency. The Act entrusts the Agency with the enforcement of the environmental protection and improvement standards, regulations, policies, and guidelines.[27] Within this institutional framework, the Act emphasizes the primary obligation of the Environmental and Social Governance (ESG) Compliance of Corporate Actors.

The heart of the NESREA Act relative to Corporate Environmental Responsibility (CER) is in Section 7, which articulates that Corporate Actors are to be subjected to and comply with

[25] Ibid, s 7

[26] Hereinafter referred to as _NESREA‘

[27] NESREA Act 2007, ss 1 &2.

the Environmental Standards and Regulations, as set and/or determined by the Agency, including, but not limited to, emission, effluent, and pollution control across various Industries. This is the provision that, in the interest of the environment, compliance is obligated by law and, therefore, Corporate Social Responsibility (CSR) is no longer a voluntary initiative, thereby exposing the ‗laggards' to the heat of the law.

In addition to legal safety compliance, the Act further encourages technocratic and safety-oriented environmental management, as potentially hazardous facilities are required to undertake Environmental Impact Assessments (EIAs) and Environmental Audits.[28] By doing this, the Act demonstrates that in the Environmental Risk Management (ERM) methodology, environmental impact protection should be integrated at the design (pre-operational) and operational phases of the Corporate Actors' socio-economic activities.

The Act's Section 27 outlines offences and penalties related to corporate actors. This section makes it unlawful to discharge waste in a manner that adversely impacts the land, air, or water, and penalties are stipulated for such unlawful discharges, including a fine and additional penalties for continuing discharges. As such, the Act's provisions make it necessary for a corporation to consider the legality and the financial burden of non-compliance when assessing the operational costs of a business.

The enforcement framework is further strengthened through inspection powers. NESREA officials are empowered by Section 30 to enter and assess sites. Section 31 criminalises the obstruction of any officer of the Agency in the lawful performance of their duties and prescribes penalties for such conduct. These provisions seek to discourage the evasion of regulatory oversight by the regulatory enforcement. With the Act, and upon the Attorney General's consent, corporate environmental offences can be both civilly and criminally prosecuted.[29]

The NESREA Act 2007 is therefore a radical departure in the law. It places a clear set of obligations on corporations, in relation to the environment, that are concerned with impact assessments, audits, and the control and management of hazardous wastes. However, without enforcement and a responsive exercise of the Agency's regulatory authority, the NESREA provisions will continue to exist on paper.

[28] Ibid, ss 7(a) (k) & 8(k).

[29] NESREA Act 2007, s 32(3).

3.6 Petroleum Industry Act 2021

The Petroleum Industry Act requires legally incorporated corporations engaged in petroleum operations to fulfil environmental obligations aimed at mitigating the extensive environmental and social impacts associated with this industry. For projects within this sector that are proposed, and require environmental impact assessments, the corporations must prepare and submit environmental management plans to the relevant governing body for approval.[30] Such plans should show the ability of the corporations to prevent, manage, and restore damage to the environment as a consequence of these operations.[31]The Act aims to achieve this balance through ensuring compliance, where approval for the construction and operation of development or production facilities is contingent upon the incorporation of a comprehensive and credible environmental management framework.

Along with the regulations that apply only to specific sectors, other responsibilities for climate governance are included in the Climate Change Act 2021. This Act adds responsibility for the environment to industries that have not historically been responsible for pollution, placing responsibilities on private businesses with 50 or more employees.[32] These businesses must implement internal processes that support Nigeria‘s objectives for reducing carbon emissions.[33] This Act also requires the organization to have a designated Climate Change Officer whose responsibilities include managing climate activities and submitting annual compliance reports to the applicable regulator.[34] These obligations attract penalties for non-compliance, thereby reinforcing climate accountability within the business community.[35] Collectively, these laws reflect an emerging, though still evolving, effort to integrate environmental and climate considerations into corporate operations in Nigeria. However, the regulatory frameworks remain not fully integrated, and corporate environmental responsibility under Nigerian law is implemented inconsistently and sometimes appears to be a mere formality. This inconsistency creates an ongoing opportunity for corporate silence on environmental issues. The deep governance gaps, both structural, legal, and institutional, allow corporations to avoid real environmental accountability, as reflected in the current regulatory landscape.

[30] PIA s 102(1)(b)
[31] Ibid, s 102(2)(b)
[32] Including companies registered under the CAMA. CCA s 35
[33] CCA s 24(1)(a)
[34] Ibid, s 24(1)(b)
[35] Ibid, s 24(2).

4. Governance Deficiencies Permitting Corporate Silence on Environmental Issues in Nigeria

The corporate silence regarding environmental issues in Nigeria is conditioned by considerable governance deficiencies in the country‘s legal, regulatory, and institutional frameworks. These deficiencies include the absence of obligatory environmental disclosures, mitigated shareholder activism and stakeholder involvement, weak enforcement mechanism, the disaggregated nature of regulatory frameworks, and the political and economic interests of silence at the corporate level. These issues collectively sustain a climate in which corporations operate without substantive environmental disclosure, taking a greater interest in economic or political issues than chronicling their social or environmental impacts. Such a condition makes it clear why governance deficiencies explain the continuance of corporate silence and the significant challenges it poses to sustainable corporate behaviour in Nigeria.

4.1 Absence of Compulsory Environmental Reporting

A considerable absence of legal obligations exists regarding comprehensive environmental reporting undertakings by corporations in Nigeria. Research reveals that environmental disclosures in Nigerian corporate reports are optional rather than mandated by law, and companies typically choose what and how much to disclose based on internal or stakeholder pressures rather than statutory obligation.[36] As a result, many companies disclose limited or selective information on environmental matters, leaving gaps in transparency and accountability in corporate reporting.[37]

Comparative to the environmental reporting gap in Nigerian law relative to the reporting requirements in the European Union's Corporate Sustainability Reporting Directive (CSRD), the European Union's CSRD requires large corporations to include a Multi-dimensional perspective of the environment reporting gap in their annual reporting requirements.[38] As a result of the above, it could be said that Nigeria's environmental reporting legislative gap is also relative to the positive European Union CSRD. Despite

[36] O Tunde-Ayinuol, ‗The Implementation of Mandatory ESG Disclosures for Nigerian Companies: Challenges and Opportunities‘, <https://recordoflaw.in/the-implementation-of-mandatory-esg-disclosures-for-nigerian-companies-challenges-and-opportunities/>accessed 18 January 2026

[37] Ibid

[38] SAP, ‗Everything Businesses Need to Know about the EU CSRD‘ <https://www.sap.com/africa/resources/csrd-guide> accessed 18 January 2026

Nigerian corporate law recognizing environmental considerations,[39]which requires directors to self-regulate the environment, the law is silent on reporting, oversight, and compliance of the stated self-regulation.

Consequently, stakeholders have few options for monitoring compliance, which means that businesses can legally fulfill their obligations and still avoid providing useful details on their environmental performance and the management of related risks.

Research on companies in Nigeria corroborates that companies' environmental reporting is tentative, inconsistent, and primarily qualitative, as companies tend to offer simplistic descriptions without organized, comparable, and detailed descriptions.[40] Due to the qualitative nature of voluntary reporting, companies are free to severely limit, or even completely avoid reporting, the negative environmental consequences of their activities, and the information they do report is overwhelmingly focused on positive activities. In the absence of mandatory reporting criteria and the presence of legally actionable standards, companies will continue to have the option of remaining silent about their environmental impacts, because they have that option about reporting.

4.2 Weak Shareholder Activism and Limited Stakeholder Engagement

Shareholder activism has the potential to impact how a company manages the environment and the transparency of its environmental disclosures, but investor activism is virtually non-existent in Nigeria. Perhaps, corporate governance structures that could facilitate accountability are not sufficiently developed. Under the CAMA 2020, Section 346, shareholders can engage in derivative actions, giving them the right to sue directors for wrongful conduct. In theory, this could be used for environmental inaction as a breach of duty under Section 305. However, the author has argued that because of the complexity and high costs of derivative actions, it is likely that most shareholders, and especially minority shareholders, would not be able to pursue such actions.[41] Investors who are interested in short-term capital returns may not be motivated to pursue environmental actions. In

[39] For e.g. section 305(3) of CAMA 2020.

[40] O M Eneh, A A Adebunmi, F A Oti and C Jesuwunmi, ‗Nigeria Listed Companies Attributes and Environmental Information Disclosures', (2022) 4(6) *Int. J. Manag. Account.*, 117; T O Nwaokolo, ‗Corporate Environmental Disclosure and Firm Performance of Listed Manufacturing Firm in Nigeria' <https://teras.ng/api/asset/document/0b8a7435-c0b4-4447-a204-bd7556ed9d47> accessed 19 January 2026

[41] Onyeka C Aduma, ‗Revisiting the Statutory Scheme for Derivative Actions under the Nigerian Company Law' (2019) 1(1) *International Journal of Comparative Law and Legal Philosophy* (IJOCLLEP),163

addition, potential active ownership advocates for environmental accountability among institutional investors are also short-term focused and offer little to no management pressure to improve environmental management.[42] The absence of a robust environmental, social, and governance (ESG) investment framework also weakens the influence of shareholders on corporate environmental transparency.

Like the external stakeholders like civil society, local communities, and environmental focused advocacy groups also have rather limited avenues, structurally and legally, to impact boardroom decisions. Because of the absence of formal corporate governance mechanisms, communities that are affected by the negative impact of pollution, including those from the Niger Delta, have no choice but to litigate and/or become activists. Although it is true that the case of *Centre for Oil Pollution Watch (COPW) v NNPC*,[43] which extended the doctrine of locus standi, that is, civil society organisations have the right to legal standing to sue in the interest of the public, especially with regard to the negative impact of pollution on the environment,[44] it is also true that the mere existence of legal avenues does not assure that the actions of the board will change. As a result, the inadequacy of the engagement with shareholders and stakeholders, in general, reduces the impetus on management to consider the environment and therefore, provides an opportunity for the company to dismiss and/or trivialize the environmental risks that are associated with the company‘s corporate governance processes.

4.3 Weak Enforcement Mechanisms

In Nigeria, even with the existence of environmental laws, the enforcement mechanisms are often weak or poorly integrated with the corporate governance responsibilities. The Environmental Impact Assessment Act and the NESREA Act provide some regulatory and monitoring powers, but enforcement is inconsistent and the penalties typically low,

---

[42] F Ashiru, E Adegbite and F Nakpodia, ‗Nigerian professional investors' sense-making of the impact of shareholder activism on corporate accountability‘ (2023) 42(4) *Journal of Accounting and Public Policy*, <https://www.sciencedirect.com/science/article/pii/S0278425423000637> accessed 19 January 2026.

[43] [2019] 5 NWLR (PT. 1666) 518

[44] See Mondaq, ‗Environmental Litigation in Nigeria: Trends, Challenges, And Judicial Activism‘ <https://www.mondaq.com/nigeria/environmental-law/1664660/environmental-litigation-in-nigeria-trends-challenges-and-judicial-activism> accessed 19 January 2026.

oftentimes viewed as just operational costs by large corporations.[45] This low-level enforcement diminishes the deterrent effect that environmental laws are meant to create, and allows corporations to remain silent about violations with minimal consequence to be violations without being challenged.

There are few legal precedents that provide justifiable grounds for case law. In the landmark case of *Gbemre v Shell Petroleum Development Company of Nigeria Ltd and Ors*,[46] it was established that gas flaring was in violation of the constitutional right to life and dignity. However, it has been noted by legal scholars that environmental law in Nigeria faces unjust procedural mechanisms, prolonged litigation, the need to prove the case with substantial technical considerations and costs. All these factors create a legal environment in which the Gbemre case is a singular result, not an expected outcome. [47]The case of the *Centre for Oil Pollution Watch v Nigerian National Petroleum Corporation*[48] also noted the "polluter pays" principle on its own but shed light on the struggle involved in the enforcement of legally binding corporate citizenship responsibilities in connection to the state. The case demonstrated that Nigeria has the potential of progressive change in its court decisions, and that, in many cases, litigation has been an ineffective mechanism for bringing about change, which, in the end, allows many corporations to determine that there is more cost associated with being environmentally transparent and remediating the damage than there is with remaining silent on environmental issues.

While cases like *Gbemre v SPDC*[49] and *Centre for Oil Pollution Watch (COPW) v NNPC*[50] represent an emerging trend of developing stronger judicial considerations of environmental rights, there are numerous cases in earlier Nigerian judicial history that are more restrictive and technical in their approach. Nigerian case law history has pointed out that courts look for direct personal injury and direct environmental harm, and therefore an absence of a causative action by the defendant, therefore would mean there is no case.[51]

[45] A Onyeama and S K Bariyira, ‗Legal Issues and Challenges in Effective Enforcement and Implementation of Laws Addressing Environmental Pollution in Nigeria' (2023) 11(1) *AELN Journal of Environment & Natural Resources Law*, 143
[46] [2005] AHRLR 151
[47] Mondaq (n 44)
[48] [2019] 5 NWLR (Pt 1666] 518.
[49] *Gbemre v SPDC* (n 46)
[50] *Centre for Oil Pollution Watch (COPW) v NNPC* (n 43)
[51] See *Shell Petroleum Development Company of Nigeria Ltd v Farah [1995] 3 NWLR (Pt. 382) 148;* SPDC v *Tiebo VII & Ors* (2005) 9 NWLR (Pt. 931) 439; *Seismograph Service (Nig.) Ltd v Ogbeni* (1976) 4 SC 85.

Such reasoning has made it virtually impossible for public interest litigators and entire communities to seek judicial reprieve. Environmental harm is generally diffuse and collective and is not easily attributed. The requirements that claimants prove causative action with detailed scientific or technical evidence shifts the goal post on the attainment of environmental justice for claimants with limited means and thereby reducing the claimant‘s access to justice.

4.4 Regulatory Fragmentation and the Corporate Environmental Law Divide

A gap in governance in Nigeria that has enabled corporate environmental silence is the fragmentation of environmental law that weakly integrates with corporate law. Corporate governance and environmental law operate in parallel streams and do not integrate. Corporate law has a primary focus on profit, the duties of directors, and the interests of shareholders, while the environmental law focus has been largely externalised to a separate set of regulatory agencies. Such separation allows businesses to formally comply with corporate governance guidelines, while considering damage to the environment as a peripheral issue, as opposed to a core concern of governance.

In practice, this fragmentation of responsibility creates enforcement gaps, as corporate environmental behaviour lacks a single regulator with full responsibility. Corporations take advantage of this systemic separation by "box-ticking" and compliance with environmental permits while ignoring the wider environmental impacts of their actions in corporate disclosures and decision-making.

An example of this divide is the *Shell Petroleum Development Company v Isaiah case*[52]. Claims of environmental harm were addressed through tort law without merging the corporate governance role with the protection of the environment. Directors were not personally liable, and the corporate governance framework remained intact, despite significant harm to the environment. This kind of legal separation protects corporate actors from facing the consequences of their decisions, and it sustains the silence.

Jurisdictional ambiguity multiplies the problem. NESREA, the Federal Ministry of Environment, state environmental protection agencies, and sectoral regulators like the Nigerian Upstream Petroleum Regulatory Commission, claim to have some form of

[52] [2001] 1 NWLR (Pt 723) 168.

regulatory jurisdiction. The overlapping of regulatory mandates and the lack of coordination result in gaps in the enforcement of regulations which corporate actors strategically utilize to escape holistic environmental responsibility.

4.5 Political and Economic Interests

The influence of political and economic interests is crucial in defining the corporate response to environmental degradation in Nigeria, and in this regard, the influence is evident in corporate silence. In Nigeria‘s political economy, the primary exploitation of the state‘s natural resources, especially oil and gas, has for decades been of core concern to both the state and the political elites. In such systems, political actors tend to emphasize oil and gas economic exploitation over the protection of the environment, thus creating situations where environmental regulatory compliance is unenforced, or selectively enforced. Consequently, economically and politically powerful stakeholders, such as state organs and powerful businessmen, are unlikely to advocate for tight economic regulations that may adversely impact economic activities, the collection of taxes, or political patronage.

The integration of reliance on extractive industries within economic frameworks and political frameworks tends to diminish the strength of enforcement regulation. For instance, the environmental enforcement agencies may not have the political will, or funding, to offset the impact of litigation against them by large corporations in industries that are highly lucrative for the government. This absence of political will diminishes the effect that environmental legislation may have in deterring corporations from not speaking about the environmental risks and impacts of their activities. The most recent studies on the enforcement of environmental legislation in Nigeria, for instance, revealed a most powerful "non-legal" dimension to the challenges of enforcement, in which the dominant factor was the absence of political commitment to environmental protection, coupled with a low degree of popular involvement in the regulatory process.[53]

Economic values are also determinants of behaviour for a corporation and affect decision-making. In economic sector such as oil and gas, or even manufacturing, the dominant driver is profitability and the competitiveness of the market. In instances where

[53] Z O Edo, L Etemike and V E Clark, ‗Exploring Barriers to Environmental Law Enforcement and Compliance in Nigeria Niger Delta Region', (2022) 12(1) *Journal of Danubian Studies and Research*, 237

environmental reporting is lax, or where it is voluntarily reported, corporations may choose to conceal details of adverse environmental impacts in a bid to safeguard their competitive economic advantage and deter the market from taking environmental reporting seriously, or to avoid the enforcement of regulatory reporting standards. This is a classic example of "climate silence". In this instance, the corporation will deliberately report minimal details about its environmental activities or practices that would ultimately have an adverse effect on the environment to eliminate the risks of regulatory reporting or to avoid the costs of regulation.

To sustain economic activities and political partnerships, government officials may choose not to enforce environmental regulations, while businesses may choose to under disclose environmental impacts to sustain profitability and keep investors confident. This collusion erodes environmental accountability and sustains the disparity between legal requirements and corporate behaviour in Nigeria‘s environmental governance system.

Corporate silence on environmental issues is, therefore, strengthened in situations where political interests place a premium on economic gains and where economic influence dictates the regulation and enforcement balance. This interaction is a clear demonstration of how dominant political and economic factors work against transparency and real accountability in environmental governance of corporations.

5. Consequences of Corporate Environmental Silence

The consequences of silence from corporations on environmental issues such as providing little or no significant disclosure of their environmental risks, impacts, or measures on mitigation are serious and damaging to communities, ecosystems, and even investors and sustainable development.

Community injuries and ecological impact are direct consequences of environmental harm. For example, in Nigeria, and particularly in the Niger Delta region, industrial activities lead to the repeated destruction of the environment, including the loss of mangrove forests, oil spills, water pollution, and loss of biodiversity. The Niger Delta mangrove ecosystem is particularly sensitive and has suffered from increased oil spills and deforestation. The increased oil extraction activities in the region lead to the degradation of the quality of soil and water and place the livelihoods of local communities who depend on fishing and farming at risk.[54]

Nigerian communities are largely unaware of the impact of corporate activities on the environment because environmental reporting is largely voluntary and poorly regulated. There are studies that show that the level of education has no impact of the perception of the reporting, and that it is the experience and concern about the reporting that should be the basis for the perception, which in this case would be poor reporting and in turn poor disclosure which would lead to distrust and frustration of the communities.[55]

Corporate silence affects economic consequences and impedes sustainable development. Corporations that manage their risks and resources efficiently can gain in profitability, operational efficiency and competitive advantage. A lack of environmental reporting generates information asymmetry between the corporations and the stakeholders which leads to economic stagnation and apathy among investors.[56]

The lack of adequate reporting creates a gap in information between the corporation and its investors. This lack of transparency reduces the confidence that investors and the market have in the corporation. Research from Nigeria and other countries shows that when corporation openly publish their ESG reports, investors tend to trust them more, and the corporation‘s value improve.[57] Studies conducted outside Nigeria also show that a corporation‘s environmental reporting can affect how investors assess its value and he risk of losing money.[58] If a corporation‘s reporting is incomplete, selective or unclear, investors may see it as risky and lose trust in it. As a result, they may decide to sell their shares

[54] E L Jonathan and others, ‗Impact of Oil Spills on Mangrove Ecosystem Degradation in the Niger Delta using Remote Sensing and Machine Learning‘<https://systems.enpress-publisher.com/index.php/JGC/article/view/11707> accessed 19 January 2026.
[55] O Afrogha and others, ‗Community Stakeholder Structural Perception of Firms‘ Environmental Disclosure level in Nigeria‘, (2022) 12(2) *The Journal of Accounting and Management* <https://dj.univ-danubius.ro/index.php/JAM/article/view/1623> accessed 19 January 2026
[56] D Okoba, G J Chukwu and A A Jackson, ‗Environmental Sustainability Performance Disclosure and Its Impact on Profitability in Listed Consumer Goods Manufacturing Firms in Nigeria‘ (2025) 4(2) *Journal of Green Economy and Low-Carbon Development*, 63.
[57] Ibid
[58] A E Anaege and others, ‗Value Relevance of Sustainability Reporting Practices of Quoted Companies in Nigeria‘, <https://ideas.repec.org/a/bcp/journl/v9y2025issue-14p1492-1507.html> accessed 20 January 2026

instead of buying more. Investors who focus on sustainability may even remove the corporation‘s shares from their investment portfolios altogether.[59]

Silence of corporations also impacts sustainability. When corporations decide not to report their environmental performance, it limits the ability of policymakers, regulators, and civil society groups to measure progress, share best practices, or advocate for stronger environmental regulations. Without mandatory, well-structured environmental reporting frameworks, environmental information often becomes inconsistent and focused mainly on positive narratives, thereby slowing industry-wide progress toward environmental goals.[60]
In sum, poor environmental reporting and weak compliance with environmental laws harm communities, reduce the confidence of investors and stakeholders, and limits opportunities for sustainable development.

6. Conclusion and Recommendations

The gaps in Nigerian corporate law systematically engender corporate silence on the environment and the resulting impacts on affected communities, the environment, and sustainable development are disastrous. These gaps stem from the combination of no mandatory environmental disclosure, weak shareholder and stakeholder scrutiny, ineffective regulatory enforcement and sanctions, and a plethora of regulations. Such gaps in governance enable corporations to comply with the letter of the law, while avoiding any meaningful advocacy and accountability. Legal and institutional reforms are necessary to address corporate environmental silence in Nigeria, and to ensure that environmental accountability is firmly embedded in corporate governance systems.

First, environmental reporting should no longer be optional. Corporations should be required by law to disclose clear and complete information about their environmental impact, risks, and compliance status.

Second, shareholder participation and stakeholder engagement need to be improved. Shareholders should be encouraged and empowered to raise environmental concerns at

[59] What Are the Implications of Inadequate ESG Reporting?‘ <https://sustainability-directory.com/question/what-are-the-implications-of-inadequate-esg-reporting/> accessed 20 January 2026

[60] A T Alabi, O S Issa and M K Usman, ‗Corporate Environmental Reporting: Do Firms Operating in Environmentally Sensitive Sectors Disclose Enough?‘(2024) 8(2) *Sustinere Journal of Environment and Sustanability*, 138.

general meetings and demand greater transparency from the management. At the same time, communities, employees, and civil society groups should have meaningful opportunities to access environmental information and make their voices heard where corporate activities affect them.

Third, enforcement mechanism must be strengthened. Environmental and corporate laws should be backed by real consequences for non-compliance. Regulatory agencies need adequate funding independence and technical capacity to investigate violations and apply sanctions consistently. Without credible enforcement, even well-drafted laws will remain in effective.

Fourth, the problem of regulatory fragmentation should be addressed through better coordination among relevant agencies. Clear lines of responsibilities and information-sharing mechanisms should be established to prevent overlaps, gaps, and conflicting directive.

Finally, the divide between corporate law and environmental law must be bridged. Environmental responsibility should be recognised as part of mainstream corporate governance rather than treated as a separate regulatory issue. Integrating environmental obligations into corporate decision-making structures will help ensure that sustainability becomes part of how corporations are managed, not merely how they are regulated.