

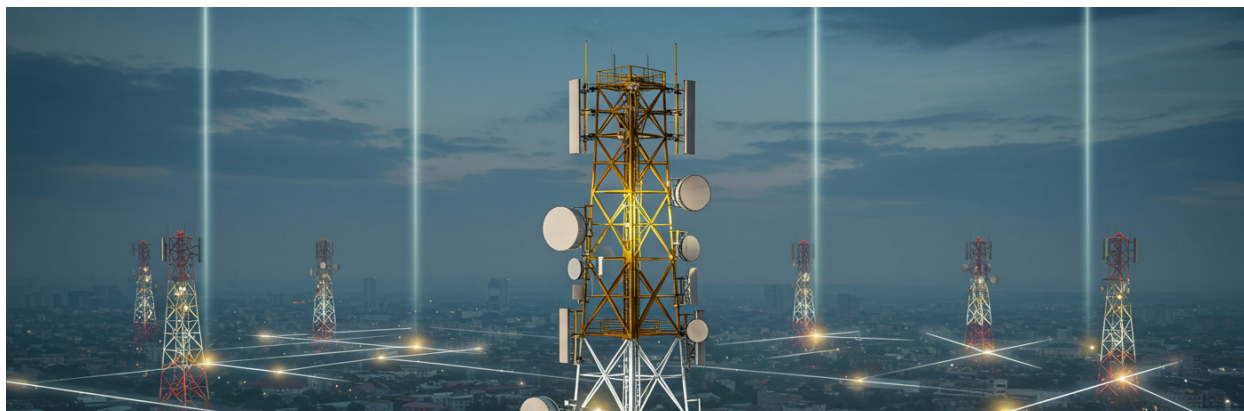


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Strengthening Nigeria's Communication Sector: A New Era of Corporate Governance by NCC

Company Secretarial and Corporate Governance

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Introduction

The Nigerian Communications Commission (“NCC”, the “Commission”), pursuant to its mandate under Section 70 of the Nigerian Communications Act (“NCA”), 2003, has published the Guidelines on Corporate Governance for the Communications Industry (“Guidelines”), thereby rescinding the Code of Corporate Governance for the Telecommunications Industry, 2016.

The Guidelines are designed to strengthen transparency, accountability, and sustainable growth in the sector. Developed in alignment with the Nigerian Code of Corporate Governance (“NCCG 2018”) and Companies and Allied Matters Act (“CAMA”) 2020, the Guidelines aim to promote ethical leadership, safeguard stakeholders’ interests and ensure long-term stability of communications companies (“Licensees”). This regulatory framework underscores the NCC’s commitment to fostering a resilient communications industry that supports innovation, consumer protection, and investor confidence in Nigeria’s rapidly evolving digital economy.

By introducing these guidelines, the NCC reinforces its role as a proactive regulator committed to fostering a stable, competitive, and innovation-driven communications sector.

The Guidelines are divided into 12 parts which cover Board of Directors, Performance Evaluation, Board and Corporate Value System, Officers of the Board and their respective Duties, Shareholders and Stakeholders, Risk Management and Internal Control, Reporting, Transparency and Disclosure, Related Party Transactions and Compliance Reporting.

The Guidelines are mandatory for all Individual Licensees of the Commission who are obliged to pay Annual Operating Levies (AOL) to the Commission.¹ All other Licensees that are not obliged to pay AOL shall be exempted from the application of Parts II – VII of the Guidelines,² which provide for Board of Directors, Performance Evaluation, Board and Corporate Value System, Officers of the Board and their respective Duties, Shareholders and Stakeholders and Risk Management and Internal Control, as well as any provisions arising from the obligations contained in those Parts.

Drawing from the NCCG 2018, “apply and explain” approach of implementation; the Guidelines requires Licensees to implement governance principles and provide reasoned disclosure on their application, including measures taken, contextual consideration, and any justified deviations, demonstrating substantive rather than merely formal compliance.³

¹Section 4(2) of the Guidelines

²Section 4(4) of the Guidelines

³Section 4(5) of the Guidelines



Key Principles and Provisions Under the Guidelines

1. **Fiduciary Relationship:** The Guidelines recognizes the fiduciary relationship between the Board of Directors and the Licensee. Members of the Board are collectively and individually responsible for controlling and directing the affairs of the Licensee and are held accountable by the NCC and government.⁴
2. **Board Composition and Size**⁵: The Guidelines require that the Board comprises of the Chairman, Managing Director/Chief Executive Officer (MD/CEO), Executive Directors (EDs), Non-Executive Directors (NEDs), and Independent Non-Executive Directors (INEDs), with Non-Executive Directors (NEDs) outnumbering Executive Directors (EDs) on both the Board and its Committees.

The Guidelines further stipulates that Board membership shall be no fewer than five, appointed by shareholders, and must include at least 2 (two) Executive Directors (EDs), one of whom shall be the Managing Director/Chief Executive Officer (MD/CEO), a minimum of 1/3 (one-third) Independent Non-Executive Directors (INEDs), and at least 2 (two) Non-Executive Directors (NEDs). The Guidelines mandates that one of the Non-Executive Directors shall be an Independent Non-Executive Director (INED) with requisite knowledge in Information Communication Technology (ICT) or cybersecurity.

In accordance with the Guidelines, the Chairman shall be a Non-Executive Director (NED) elected by the Directors and shall not hold or combine the role of Managing Director/Chief Executive Officer (MD/CEO). Neither the Chairman nor any Non-Executive Director (NED) may assume an executive role in the Licensee or its affiliates within five years of leaving office, thus aligning with the cooling-off requirements espoused under CAMA.

The Guidelines also prohibits more than 2 (two) members of the same family from serving on the Board of a Licensee simultaneously

3. **Board Committees:** The Guidelines mandate the Board to establish appropriate committees to support its governance functions, enhance oversight, and improve efficiency. These committees must comprise of directors with relevant skills and knowledge. Mandatory committees for a Licensee include the Audit Committee, Governance, Remuneration, and Nomination Committee, and the Risk Management Committee. The Guidelines prohibit the Chairman of the Board and the Managing Director/Chief Executive Officer (MD/CEO) from being members of any committee; they may only attend by invitation.⁶ Each committee must comprise at least three directors, and no director may serve on

⁴Section 6(1)(a) of the Guidelines

⁵Section 7 of the Guidelines

⁶Section 8(4) of the Guidelines

more than two committees.⁷ All committees must operate under a Board-approved Code of Operation/Charter and meet at least twice annually.⁸

4. **Board Evaluation:** Under the Guidelines, an independent external consultant is to conduct an annual evaluation of the Board, assessing composition, competence, and objectivity. This evaluation must be completed before Board elections, and the resulting report shall inform the re-election process⁹. The Annual Board Evaluation Report must be submitted to the NCC alongside the Licensee's Annual Report.¹⁰
5. **Tenure and Re-election of Directors:** The Guidelines provide that directors shall serve for two terms of five years each, subject to performance and re-election. However, the tenure for INEDs shall not exceed two terms of four years each¹¹. This differs from the repealed 2016 Guidelines, which allowed three terms of five years each. No director may serve for more than ten years, and any director who has completed this tenure must observe a five-year cooling-off period before being eligible for reappointment to the Licensee or its subsidiary.

Furthermore, directors are required to undergo a formal induction upon appointment and participate in bi-annual continuing education programs to maintain and enhance their competencies. Fulfilment of this continuing education requirement is a condition for re-election.¹²

6. **Corporate Value System:** The Guidelines provide for the establishment of a Code of Ethics and Business containing professional and ethical values that will protect and enhance the reputation of the Licensee while promoting good conduct and investors' confidence¹³ as well as commit the Licensee, Board, management, employee, contractors, suppliers and other Licensee-controlled entities to the highest standard of professional and ethical behaviors.¹⁴

The Guidelines direct the Board to establish a whistle-blowing policy as part of its corporate culture.¹⁵

7. **Regulatory Officers:** The Guidelines formalizes the role of the Regulatory Officer within Licensees as primary compliance liaisons with the NCC.¹⁶ The Regulatory officer is accountable for regulatory filings, reporting, and handling inquiries or audits from the NCC. The Guidelines also mandates the submission of mid-year and Annual Compliance reports certified by

⁷Section 8(5) of the Guidelines

⁸Sections 8(6) & 8(8) of the Guidelines

⁹Section 12(1) of the Guidelines

¹⁰Section 12(3) of the Guidelines

¹¹Section 22(3) of the Guidelines

¹²Section 22(7) of the Guidelines

¹³Section 14(1) of the Guidelines

¹⁴Section 14(3) of the Guidelines

¹⁵Section 14(7) of the Guidelines

¹⁶Section 26(4) of the Guidelines





the Board to the NCC.¹⁷ This is aimed at reinforcing accountability and integrity through oversight.

8. **Shareholders, Stakeholder Engagement and Sustainability:** The Guidelines provide for the establishment of a stakeholder management and communication policy by the Board.¹⁸ The Guidelines further directs the Board to engage shareholders and provide them with sufficient knowledge in understanding its business, governance and performance,¹⁹ as well as ensure equitable treatment of all shareholders and of the interest of the minority.²⁰

The Guidelines provides for the annual submission of a Sustainability and Corporate Social Responsibility (CSR) Report which shall detail the Environmental, Social and Governance (ESG) goals of the Licensee and the steps being taken to achieve them.²¹

9. **Risk Management:** The Guidelines place primary responsibility for risk management and risk governance on the Board. The Board is required to establish and maintain robust risk management systems covering the identification, assessment, evaluation, mitigation, and monitoring of risks.

In line with the Guidelines, the Board must determine the Licensee's risk appetite or tolerance in pursuit of its business objectives and ensure that there is a continuous process for identifying, evaluating, and managing significant risks, both for the reporting year and up to the date of approval of the annual report and financial statements.

While management remains accountable to the Board for the design, implementation, and monitoring of the risk management process, the Guidelines require the Board to form its own independent opinion on the effectiveness of this process. The Board must periodically identify and assess key risks and satisfy itself as to the adequacy and effectiveness of the risk management system.²²

¹⁷Section 37 of the Guidelines

¹⁸Section 26(1) of the Guidelines

¹⁹Section 25(1) of the Guidelines

²⁰Section 25(5) of the Guidelines

²¹Section 14(10) of the Guidelines

²²Section 27 of the Guidelines



Beyond Compliance: A Blueprint for Lasting Industry Trust

The NCC's Guidelines on Corporate Governance represents far more than a regulatory requirement, it is a strategic framework for building an industry founded on trust, resilience, and long-term value creation. By embedding principles of transparency, accountability, and ethical leadership at the core of operations, the NCC is setting a higher bar for corporate conduct in Nigeria's communications sector.

This forward-looking approach not only safeguards the rights of consumers, promotes investor confidence, and enhances institutional credibility, but also equips operators to adapt to the dynamic challenges of a technology-driven economy.

In doing so, the Commission is fostering an enabling environment where innovation thrives, risks are managed proactively, and governance becomes a competitive advantage.

For operators, compliance with these guidelines will not simply be a legal necessity, it will be the defining mark of credibility, operational excellence, and sustainable growth in the years ahead.

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