

THE ROLE OF THE COMPANIES AND ALLIED MATTERS ACT 2020 IN ADVANCING SUSTAINABLE CORPORATE PRACTICES IN NIGERIA

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Abstract

This paper examines how the Companies and Allied Matters Act 2020 (CAMA) promotes sustainable corporate practices in Nigeria and the challenges faced in enforcing the obligations. The paper adopts a doctrinal research methodology, involving a critical analysis of the provisions of CAMA 2020 and relevant case law. Findings indicate that CAMA 2020 introduces crucial governance and transparency measures, for sustainable corporate practices. However, challenges such as weak enforcement mechanisms, financial constraints, and limited technical expertise hinder full implementation. The paper recommends that strengthening regulatory enforcement and providing compliance incentives can improve adherence to sustainability obligations. Relevant regulatory authorities, particularly the Corporate Affairs commission should invest in awareness campaigns and capacity-building initiatives for businesses to ensure effective implementation. In conclusion, while CAMA 2020 lays a solid foundation for sustainable corporate practices, its success depends on the ability of stakeholders to enforce its provisions effectively

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and ensure widespread corporate compliance with its sustainability provisions.

Keywords: CAMA 2020, sustainable corporate practices, corporate governance, legal framework, Nigeria

1. INTRODUCTION

In today's global economy, businesses are no longer expected to focus only on making profits. There is growing pressure on companies to operate in ways that consider environmental protection, social responsibility, and good governance (ESG).¹ Corporations are now expected to remain profitable while also acting responsible toward the environment, society and the wider economy.² This change mirrors a global push for sustainable development, reflected in the United Nations Sustainable Development Goals (SDGs), which promote inclusive, responsible, and environmentally conscious economic growth.

To address the need to update its corporate laws and bring them in line with international standards on governance and sustainability, the Nigerian government enacted the Companies and Allied Matters Act, 2020.³ This important legislation reshaped how businesses are regulated in Nigeria. At the heart of the reform is a clear intention to promote sustainability by balancing profit-making with environmental care, social responsibility, and strong corporate governance. The Act introduces several notable changes such as allowing single-shareholder companies, enabling electronic filing

¹ Robert G Eccles, and Svetlana Klimenko, 'The Investor Revolution' (2019) 87 (3) *Harvard Business Review*, 106.

² Sakis Kotsantonis, and George Serafeim, FOUR Things no One will tell you about ESG Data (2019) 31 (2) *Journal of Applied Corporate Finance*, 50.

³ Hereinafter referred to as CAMA 2020

and virtual meetings, requiring disclosure of beneficial ownership, and recognizing flexible business structures like Limited Liability Partnerships.⁴ These reforms make it easier to do business in Nigeria while also ensuring that corporate activities support national development and global sustainability goals.

Against this background, this paper examines the role of CAMA 2020 in advancing sustainable corporate practices within Nigerian business environment. It assesses how the Act encourages responsible entrepreneurship, and improve corporate governance. Ultimately, the paper argues that CAMA 2020 serves not only as a legal framework but also a development tool that helps balance economic growth with ethical responsibility in the quest for a more sustainable and inclusive society.

2. THE CONCEPT OF SUSTAINABLE CORPORATE PRACTICES

Sustainable corporate practices involve the way companies incorporate environmental and social considerations into their everyday activities and decision-making, with a focus on long-term growth and stability.⁵ Rather than concentrating solely in profit, businesses adopting this approach seek to operate in a manner that also protects the environment and promotes social fairness.

The idea is grounded in the wider notion of sustainable development, as explained in the Brundtland Report, which defines sustainability as meeting present needs without harming the ability of future generations to meet their

⁴ See CAMA 2020, ss 18(2), 119 & 746.

⁵ Thomas Dyllick, and Kai Hockerts, (2002) 11(2) 'Beyond the Business case for Corporate Sustainability', 130.

own needs.⁶ From this perspective, companies are seen as having obligations that go beyond shareholders alone. They are also accountable to employees, customers, suppliers, local communities and society at large.⁷ As a result, sustainable corporate practices place emphasis on creating lasting value creation for a wide range of stakeholders, while ensuring that business activities do not undermine environmental integrity or social well-being.

Unlike traditional business models that focus mainly on short-term profits, sustainable corporate practices adopt a more balanced approach. They consider how businesses affect the environment, society and financial performance, an idea commonly described as the “triple bottom line”.⁸ This means that companies no longer measure success by profit alone but also consider environmental responsibility, social impact, and good governance in their operations.⁹

The environmental aspect of sustainability focuses on how a company's uses natural resources and affect the ecosystem. This includes reducing carbon emissions, managing waste responsibility, conserving water, controlling pollution, and protecting biodiversity. In practice, businesses are increasingly expected to use cleaner production methods, invest in renewable energy, and ensure their operations are consistent with international climate agreements such as the Paris Agreement. In addition,

⁶ World Commission on Environment and Development, *Our Common Future* (Oxford University Press, 1987) 41

⁷ R E Freeman, *Strategic management: A stakeholder approach* (Cambridge University Press, 1984) 46.

⁸ John Elkington, *Cannibals with Forks: The Triple Bottom Line of 21st Century Business* (Capstone 1997) 73.

⁹ Ibid.

sustainability reporting frameworks, such as those promoted by the Global initiative, encourage companies to openly report their environmental impact and the steps they are taking to prevent it.¹⁰

The social aspect of sustainability concerns how a company relates with people both within and outside the organization. This includes how employees are treated, how customers and suppliers are engaged, and how the company contributes to the wider community. Issues such as fair wages, safe working conditions, respect for human rights throughout the supply chains, product safety, diversity and inclusion, and community development all fall within this area. Today, companies are increasingly assessed by their conduct toward employees and society. For instance, a business that ensures decent working conditions, pay fair wages, and supports local community projects shows a genuine commitment to social responsibility. As explained by Freeman's stakeholder theory, a company's duties extend beyond its shareholders to everyone affected by its activities.¹¹

The governance element focuses on how a company is run and controlled. It covers matters such as composition and independence of the board, executive pay, the protection of shareholder rights, transparent financial reporting, ethical behaviour, and measures to prevent corruption. Effective

¹⁰ 'GRI 101: Foundation 2021' in *Consolidated Set of the GRI Standards* (Global Reporting Initiative 2021) 3.

¹¹ Edward R Freeman, *Strategic Management: A Stakeholder Approach* (Pitman, 1984) 46.

governance structures help ensure that companies are properly managed, accountable, and equipped to identify and manage risks.¹²

As attention to environmental, social and governance issues has grown, regulatory expectations around the world have also changed. Companies are now under increasing pressure to disclose information on climate-related risks, workforce diversity, supply chain practices, and governance arrangements.¹³ The European Union has taken a leading role through its Corporate Sustainability Reporting Directive, which requires detailed sustainability reporting across different areas of corporate activity.¹⁴ In Nigeria, similar efforts are reflected in the Securities and Exchange Commission's Code of Corporate Governance in 2018, which encourages ethical business conduct and sustainability disclosures in line with global standards.¹⁵

Globally, ESG measures have become an important tool for assessing corporate sustainability, particularly for investors. The United Nations' Principles for Responsible Investment also promote the consideration of

¹² Investopedia. (n.d.). *The 3 Pillars of Corporate Sustainability*. <https://www.investopedia.com/articles/investing/100515/three-pillars-corporate-sustainability.asp> accessed 18 December 2025

¹³ 'GRI 101: Foundation 2021' in *Consolidated Set of the GRI Standards* (Global Reporting Initiative 2021) 3.

¹⁴ Directive (EU) 2022/2464 of the European Parliament and of the Council [2022] OJ L322/15

¹⁵ The Nigerian Code of Corporate Governance 2018 emphasizes sustainability disclosures particularly Principle 26, which focuses on the board's responsibility to address sustainability issues. This includes integrating sustainability into the company's culture, engaging stakeholders and reporting on Environmental, Social and Governance activities.

ESG factors in investment decisions, creating further incentives for companies to adopt responsible and sustainable practices.¹⁶

Sustainable corporate practices are therefore no longer viewed as acts of goodwill alone. They are increasingly seen as essential business strategies that support innovation, resilience, and long-term success. Studies by McKinsey and Company suggest that companies committed to sustainability are more likely to achieve revenue steady growth and build stronger relationships with stakeholders, as consumers and investors increasingly prefer responsible businesses.¹⁷ In addition, sustainable practices help companies manage risks linked to regulation, limited resources, and reputational harm, thereby strengthening their competitive position.¹⁸

3. KEY PROVISIONS OF CAMA 2020 PROMOTING SUSTAINABLE CORPORATE PRACTICES

CAMA 2020 introduces a range of legal innovations designed to enhance transparency, accountability, and efficiency in Nigeria's corporate sector. While not an explicit sustainability law, many of its provisions directly and indirectly promote sustainable corporate practices, particularly when evaluated through the Environmental, Social, and Governance principles. These provisions contribute to long-term value creation, stakeholder inclusiveness, and responsible business conduct. These key provisions of CAMA 2020 that promote sustainable corporate practices are:

¹⁶UNPRI, 2006, principle 1 & 2.

¹⁷ W Henisz, T Koller and R Nuttall, 'Five Ways that ESG Creates Value' (*McKinsey Quarterly*, 14 November 2019) <https://www.mckinsey.com/capabilities/strategy-and-corporate-finance/our-insights/five-ways-that-esg-creates-value> accessed 26 December 2025

¹⁸ Elkington (n 8).

A. Enhanced Corporate Governance

CAMA 2020 serves as a cornerstone for advancing sustainable corporate practices in Nigeria, particularly through its emphasis on corporate governance reforms that align with global sustainability standards and the United Nations Sustainable Development Goals (SDGs). One of the most significant contributions of CAMA 2020 is the codification of directors' fiduciary duties, which strengthens board oversight and fosters ethical business conduct. Under sections 305(3) of the Act, directors are mandated to act in good faith, in the best interest of the company, and to promote the purposes for which the company was formed. While this language mirrors the traditional duty to prioritize shareholder value, it implicitly aligns with the modern understanding of corporate success as encompassing sustainable and ethical business conduct. The reference to promoting the "purposes of the company" implicitly includes considerations such as environmental responsibility, employee welfare, and community impact, which are central to sustainable development goals (SDGs).¹⁹ Notwithstanding the implicit interpretation, section 305(3) explicitly requires the directors while promoting the purpose of the company to also have regard to the impact of company's operations on the environment and the community where it carries on business operations. This marks a departure from the traditional shareholder-centric model and aligns with the stakeholder theory of corporate governance.²⁰ By giving legal recognition interests beyond those of shareholders, CAMA 2020 pushes companies to take environmental, social, and governance issues into account when making key decisions. As noted by Adegbite and Nakajima, corporate

¹⁹ See also CAMA, s 305 (3)

²⁰ The stakeholder theory of corporate governance posits that a company's success is determined by its ability to manage relationships with all its stakeholders, not just shareholders.

success in the modern economy is closely linked to sustainability.²¹ Where company board overlooked ESG risks such as climate change, human rights violations, or weak governance structures, they threaten the long-term survival of the company and may fall short of their fiduciary duties under section 305 of CAMA 2020. In this way, the Act places an implied duty on directors to ensure that corporate strategies are aligned with sustainability goals.

Furthermore, section 308, establishes the duty of care, skill, and diligence expected of directors in the discharge of their functions. This provision reinforces the standard that directors must not only act honestly and in good faith but must also apply the level of competence that may reasonably be expected from a person carrying out the functions of their office. In the context of advancing sustainable corporate practices, section 308 provides a legal basis for holding directors accountable for neglecting environmental, social, and governance considerations, especially where such neglect exposes the company to long-term risks and reputational harm. As both international standards and local regulations place greater emphasis on sustainability and ethical governance, the duty of care under CAMA should be understood to include the active identification, evaluation, and management of risks related to sustainability.

In this light, directors are expected to apply not only general business acumen but also specific awareness of ESG-related matters that could materially impact the company's operations, profitability, and reputation. This expectation aligns with the growing recognition that sustainability is

²¹ E Adegbite and C Nakajima, 'Corporate Governance and Responsibility in Nigeria' (2011) 8 (3) *International Journal of Disclosure and Governance*, 252.

no longer a peripheral concern but a core component of corporate strategy and risk management. For example, ignoring the risks of climate change such as disruptions to supply chains arising from extreme weather events, exposure to regulatory sanctions for non-compliance with emerging environmental standards, or the risk of investor divestment due to inadequate climate governance may amount to a breach of directors' duty of care and diligence under section 308 of CAMA 2020. Directors who fail to exercise reasonable diligence in identifying and responding to such risks can be held accountable for governance failures that could have been prevented through proper oversight.²² This interpretation is particularly critical in light of Sustainable Development Goal 13, which calls on institutions to integrate climate measures into planning and decision-making processes.

CAMA 2020 also enhances transparency and accountability through several mechanisms that are vital for sustainable corporate governance. Section 119 introduces the mandatory disclosure of persons with significant control (beneficial ownership). This provision aims to unveil the true individuals who ultimately own or control companies, thereby closing loopholes that previously enabled anonymous ownership structures to facilitate money laundering, tax evasion, and other illicit financial activities and promoting corporate transparency. By mandating beneficial ownership disclosure, the law advances corporate transparency and strengthens Nigeria's anti-corruption framework. Perhaps, the establishment of a public beneficial ownership register under the Business Facilitation Act, 2023

²² See Onyeka Christiana 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) 60

demonstrates Nigeria's commitment to operationalizing international standards.

In addition to ownership transparency, section 374 of CAMA 2020 mandates every company to prepare and present annual financial statements and public companies should display their audited account on their website. While this section primarily focuses on financial reporting, it creates an opportunity for companies especially public companies to incorporate ESG disclosures voluntarily. ESG disclosures involve reporting on how the company manages its environmental impacts, treats its workforce, and ensures robust governance practices. Though not yet mandatory under CAMA, the integration of ESG data into annual reports reflects growing stakeholder expectations and aligns with global reporting frameworks such as the Global Reporting Initiative (GRI) and the International Sustainability Standards Board (ISSB) guidelines. Perhaps, in Nigeria, this trend toward sustainability reporting has been reinforced by the SEC Nigeria's 2021 Guidelines on Sustainable Financial Principles for the Nigerian Capital Market which mandate regulated entities²³ to report their progress in implementing ESG principles and require organizations they supervise and/or finance to make appropriate disclosures on their ESG issues.²⁴ Specifically, the guidelines requires regulated entities to report ESG issues annually either on a standalone basis or as an integral part of its annual report to stakeholders.²⁵ This regulatory push supports the realization of SDG 12.6, which calls on companies to adopt sustainable practices and integrate sustainability information into their reporting cycles. These

²³ Like listed companies and financial institutions

²⁴ Principle 5

²⁵ Ibid.

governance reforms are not only legal obligations but also strategic tools for embedding sustainability into corporate operations.

Moreover, the introduction of significant provisions regarding the composition of company boards and the establishment of governance structures such as audit committees²⁶ are essential for enhancing corporate accountability and aligning governance practices with the principles of sustainability. A key feature of these provisions is the recognition and inclusion of independent directors on the boards of public companies under section 275 of CAMA 2020. This innovation not only strengthens board oversight and transparency but also plays a critical role in fostering corporate attention to environmental, social, and governance (ESG) risks. The inclusion of independent directors on boards is therefore vital to ensuring objective oversight, particularly in areas that affect long-term sustainability, such as environmental compliance, social impact, and ethical business conduct. These directors are strategically positioned to question management decisions, assess the company's risk exposure to ESG issues, and promote practices that align with sustainable development imperatives. This aligns with the broader aims of Sustainable Development Goal (SDG) 16, which emphasizes the development of accountable, transparent, and inclusive institutions.

B. Technological Innovation and Environmental Consciousness

CAMA 2020 has made meaningful progress in promoting sustainable business practices in Nigeria by introducing digital solutions and encouraging environmentally responsible ways of running companies. A major improvement under the Act is the formal recognition of virtual

²⁶ CAMA ss 270–275 & 404.

general meetings and electronic filings, which represents a clear move toward digital corporate governance.²⁷ This change updates how companies operate and supports the global move away from paper-based systems, helping to reduce environmental impact associated with traditional business practices. By allowing private companies to hold meetings electronically,²⁸ the Act improves efficiency while also conserving resources and lowering carbon emissions, in line with Sustainable Development Goal (SDG) 13 on Climate Action. Moreover, studies by the International Resource Panel have shown that better use of material and digital systems can significantly reduce greenhouse gas emissions by up to 70% in some sectors by 2050.²⁹ While this report is global in scope, it underscores the importance of reforms such as those introduced by CAMA 2020.

The environmental benefits of these digital provisions are wide-ranging. Virtual meetings reduce the need for physical travel, which in turn lowers emissions from transportation. Electronic filings also cut down the use of paper, helping to preserve forests and reduce waste. In this way, CAMA 2020 supports innovation and sustainable infrastructure, reflecting the objectives of Sustainable Development Goal 9.

Beyond environmental considerations, the Act's digital reforms also promote inclusion and access. Business owners in remote or less developed areas can now take part in company meetings and decision without the cost and difficulty of travelling long distances. This helps to reduce inequality

²⁷ Ibid, ss 240(2) & 860

²⁸ Ibid, s 240(2)

²⁹ UN Environment Programme, 'Resource Efficiency and Climate Change' <https://www.resourcepanel.org/reports/resource-efficiency-and-climate-change> accessed 18 December 2025.

and supports Sustainable Development Goal 10 by ensuring broader participation corporate governance.

Overall, the Act's alignment with Nigeria's wider digital economy agenda strengthens its role as a legislative tool for sustainable development. By encouraging a more agile, transparent, and environmentally responsible corporate sector, CAMA 2020 helps Nigerian businesses to meet both national and global sustainability goals.

C. Promotion of Corporate Social Responsibility and Ethical Conduct

CAMA 2020 plays a complex yet significant role in advancing sustainable corporate practices in Nigeria, particularly through its treatment of corporate social responsibility and ethical conduct. While the Act does not impose a legal obligation for CSR, it implicitly supports it by allowing corporations to engage in socially responsible activities that align with their objectives. Section 43(1) of CAMA 2020 grants companies the powers of a natural person, including the ability to make donations, provided such donations are in furtherance of the company's business or objectives. CAMA 2020 recognizes that companies may engage in charitable giving, but it places important boundaries to ensure such actions align with corporate objectives and shareholder interests. This provision therefore ensures that CSR initiatives are not merely philanthropic gestures but are strategically integrated into the company's long-term value creation and stakeholder engagement strategies, thereby supporting Sustainable Development Goal (SDG) 12 which focuses on responsible consumption and production and SDG 11 which focuses on making cities and human settlement inclusive, resilient and sustainable.

Moreover, CAMA 2020 draws a clear ethical boundary by prohibiting corporate donations to political parties or for political purposes under section 43(2). This restriction is critical in promoting transparency, reducing undue corporate influence in governance, and reinforcing SDG 16 on Peace, Justice, and Strong Institutions. Officers or directors who authorize such political donations are held personally liable and must refund the amount, a provision that underscores the Act's commitment to ethical corporate behavior and accountability.³⁰

Although CSR is not legally mandated, companies are encouraged to embed CSR into their governance structures, especially where such initiatives contribute to long-term shareholder value and community development. In essence, the Act's permissive stance allows companies to engage in initiatives that promote education, healthcare, environmental sustainability, and community development, provided these efforts are consistent with their corporate purpose and not prohibited by its memorandum or articles of association.

Thus, CAMA 2020 does not treat CSR as a legal obligation but as a strategic opportunity for companies to demonstrate ethical leadership and contribute to national development. By embedding ethical conduct and responsible giving into the corporate legal framework, the Act enables Nigerian businesses to become active partners in achieving the 2030 Agenda for Sustainable Development.

³⁰ CAMA 2020, s 43(2)

D. Support for Small and Medium-sized Enterprises

CAMA 2020 also plays a transformative role in advancing sustainable corporate practices in Nigeria by creating a more inclusive and accessible legal framework for small businesses and informal sector operators. Section 18(2) of CAMA 2020 allows an individual to incorporate a private company. This reform significantly lowers the entry barrier for micro-entrepreneurs, many of whom previously operated informally due to the complexity and cost of incorporation under the repealed CAMA 1990. Recognizing the pivotal role SMEs play in economic growth, job creation, and poverty alleviation and the limited resources of such entities, CAMA 2020 provides a more flexible legal framework by exempting small companies³¹ from some of the more rigorous compliance requirements imposed on larger corporations. For instance, section 402 exempts small companies from audit requirements. These reforms not only reduce the regulatory burden on entrepreneurs and informal sector players but also help integrate them into the formal economy, an essential step toward achieving United Nations Sustainable Development Goals.³²

In essence, CAMA 2020 is not merely a corporate statute, it is a catalyst for inclusive economic development. By providing legal frameworks that allow informal businesses to formalize and offering small enterprises flexible and affordable structures, the Act helps unleash the entrepreneurial potential of millions of Nigerians. This contributes to Nigeria's progress

³¹ Section 394(3) of CAMA 2020 defined a small company as a private company that, in a financial year, meets specific thresholds: it must not exceed an annual turnover of ₦120 million and a net asset value of ₦60 million, and none of its members can be a foreigner or another corporate body.

³² Particularly SDG 1 (No Poverty), SDG 8 (Decent Work and Economic Growth), and SDG 10 (Reduced Inequality).

toward the 2030 Sustainable Development Goals, especially those related to economic empowerment, innovation, and social inclusion.

E. Protection of Minority Shareholders and Stakeholder Engagement

Sections 343 to 355 of CAMA 2020 strengthens the protection of minority shareholders, thereby reinforcing mechanisms for stakeholder engagement and responsible corporate governance in Nigeria. These provisions play a critical role in promoting sustainable corporate practices by empowering minority shareholders to challenge actions that are oppressive, prejudicial, or unfairly discriminatory.³³ In doing so, CAMA 2020 advances corporate accountability and transparency, which are central pillars of the United Nations Sustainable Development Goals.

Specifically, section 354 of CAMA 2020 recognizes the right of a company member to apply to court for relief where the affairs of the company are being conducted in a manner that is oppressive or unfairly prejudicial to the interest of a member or members. This right is pivotal in protecting minority shareholders from abuse by majority shareholders or directors who may otherwise use their control to advance interests that conflict with long-term sustainability goals. Such protections are particularly important in contexts where board decisions may prioritize short-term profit maximization at the expense of environmental responsibility, labour rights, or social equity which are core components of ESG standards.

Further strengthening this protective framework, section 343 provides for statutory derivative actions, allowing a shareholder to initiate proceedings

³³ CAMA, s 354

on behalf of the company where wrongs have been done to the company and the company itself is reluctant or unwilling to sue, often due to the influence or control of the wrongdoers. This provision expands the avenues available for shareholder activism, particularly in holding directors and managers accountable for actions that harm the company or contravene sustainability objectives. For example, shareholders may bring derivative actions against directors for failing to address climate-related risks, engaging in environmental harmful practices, or ignoring supply chain abuses, all of which may not only harm the company's long-term viability but also breach directors' fiduciary duties under sections 305 and 308 of CAMA.

These mechanisms have far-reaching implications for corporate governance and sustainability. By enabling shareholders, including those with minority stakes, to challenge unethical or unsustainable practices, CAMA 2020 creates room for bottom-up enforcement of ESG principles. This aligns with international best practices, as seen in jurisdictions like the United Kingdom under section 260 of the UK Companies Act 2006, which similarly provides for derivative actions to protect the company and its broader stakeholder interests. These provisions encourage directors to factor in sustainability-related concerns in their decision-making processes, knowing that failure to do so could result in legal challenges by shareholders.

4. IMPLICATIONS OF CAMA 2020 ON SUSTAINABLE CORPORATE PRACTICES

CAMA 2020 marks a pivotal shift in Nigeria's corporate landscape, carrying significant implications for the advancement of sustainable corporate practices. Its provisions are designed to instill a more responsible

and transparent business environment, potentially leading to a paradigm shift in how Nigerian companies operate and perceive their broader societal roles. CAMA 2020 therefore holds several implications for advancing sustainable corporate practices in Nigeria, aligning with the nation's commitment to the Sustainable Development Goals (SDGs).

Provisions such as section 305(3) of CAMA 2020, which now explicitly require consideration of environment and community, legally broaden the scope of their responsibilities beyond mere shareholder wealth maximization. Furthermore, the right of minority shareholders to petition the court when the affairs of the company are being conducted in an oppressive or unfairly prejudicial manner are expected to deter unethical practices. This increased accountability encourages directors to think more critically about the long-term environmental and social impacts of their decisions, thus contributing to more sustainable business models.

Perhaps, the lowering of the threshold for incorporation and allowing individual entrepreneurs to formalize their businesses supports financial inclusion and the growth of small and medium-sized enterprises (SMEs). Empowering SMEs, especially those engaged in sustainable industries such as clean energy, organic agriculture, and social enterprises, aligns with broader goals of inclusive economic development. In addition, the simplification of incorporation procedures and reduction of regulatory burdens also enhance the capacity of businesses to operate formally, responsibly, and transparently.

Moreover, the introduction of a modern approach to general meetings by allowing virtual meetings³⁴ enhances stakeholder inclusiveness and reduces environmental costs associated with physical gatherings. For example, virtual AGMs lower carbon footprints, reduce travel and accommodation expenses, and increase participation among geographically dispersed shareholders.

The enhanced disclosure requirements for annual returns, financial statements, and beneficial ownership information, though not yet fully comprehensive for ESG, lay the groundwork for a more open corporate environment. This transparency can empower stakeholders, including investors, civil society organizations, and the general public, to better assess a company's environmental and social performance. For example, increased visibility into financial dealings can help identify potential instances of illicit financial flows or unsustainable resource exploitation. This aligns with SDG 16.7 which focuses on ensuring responsive, inclusive, participatory and representative decision-making at all levels and fosters informed decision-making by various actors who can then exert pressure for improved sustainability. In addition, the digital advancements allowing for electronic filing and communication also contribute to this transparency by making information more accessible and reducing bureaucratic hurdles. Nonetheless, by strengthening corporate governance mechanisms, enhancing accountability, and introducing broader duties for directors, CAMA 2020 inherently encourages more ethical business conduct. The explicit mention of community and environmental considerations in directors' duties, combined with provisions for derivative actions,³⁵ creates

³⁴ *Ibid*, s 240

³⁵ CAMA, s 343

a legal environment where companies are more likely to face repercussions for unethical or unsustainable practices. This shifts the emphasis from a purely punitive approach to one that incentivizes proactive ethical behaviour. Companies are now compelled to consider the potential legal and reputational risks associated with neglecting their social and environmental responsibilities, thereby driving them towards more ethical and sustainable operational standards.

Indeed, CAMA 2020, through its wide-ranging reforms, is set to strengthen corporate accountability, transparency, and ethical behaviour in Nigeria. These changes are essential for building culture of sustainability and for attracting responsible investments, thereby supporting the country's broader goals for sustainable development.

5. CHALLENGES AND LIMITATIONS OF CAMA 2020 IN SUSTAINABLE CORPORATE PRACTICES ADVANCEMENT

Despite the role of CAMA 2020 in advancing sustainable corporate practices, its effective implementation faces several legal, institutional, economic and cultural changes. These challenges hinder the realization of the Act's potential to support the Sustainable Development Goals and promote long-term corporate accountability, environmental responsibility and inclusive growth.

i. Weak Enforcement Mechanisms

One major challenge is that regulatory agencies, especially the Corporate Affairs Commission, do not yet have enough capacity to properly monitor and enforce the new provisions under CAMA 2020. Effective enforcement of provisions such as beneficial ownership disclosure and directors' fiduciary duties requires constant supervision, but the CAC often lacks

sufficient staff, modern technology and funding. As a result, companies are poorly monitored, investigations into violations are slow, and the ability of the Act to promote transparency and accountability is weakened.

Another key challenge relates to enforcement and substance. Although section 43 of CAMA 2020 allows companies to make donations and engage in philanthropic activities, it does not make such actions compulsory. This creates a gap in regulation, especially for industries whose activities have serious social and environmental impacts. Unlike the Petroleum Industry Act 2021, which requires oil companies to establish host community development trusts,³⁶ CAMA 2020 imposes no similar obligations on companies in other sectors. Consequently, Corporate Social Responsibilities under CAMA remains largely voluntary, casting doubt on the Act's effectiveness in encouraging meaningful contributions to sustainable development.

Furthermore, CAMA 2020 does not address environmental impact assessments (EIAs) or climate-related disclosures. This limits its relevance in promoting environmental sustainability. In other jurisdictions, corporate laws now require companies to disclose climate risks and sustainability information.³⁷ Nigeria's framework could benefit from similar measures, particularly in view of the Climate Change Act 2021, which introduces a national carbon budget and requires alignment with Nigeria's climate action plans.³⁸ Incorporating these environmental requirements into CAMA would strengthen and unify the legal framework for sustainable corporate governance in Nigeria.

³⁶ Petroleum Industry Act 2021, s 236

³⁷ Such as United Kingdom, United States, European Union etc.

³⁸ Climate Change Act 2021, s 19.

ii. Awareness and Understanding among Nigerian Businesses

A major obstacle to the widespread adoption of sustainable corporate practices, despite the introduction of CAMA 2020, is the uneven level of awareness and understanding among Nigerian businesses, especially micro, small, and medium-sized enterprises. Many micro, small, and medium-sized enterprises may not fully understand the new legal obligations or the long-term benefits of incorporating sustainability into their operations. The technical complexities of ESG reporting, even if not yet fully mandated, can also be daunting. Without focused training and capacity-building efforts, many companies may find it difficult to turn the Act's principles into practical actions, thereby undermining effective implementation.

iii. Cultural and Economic Factors Influencing Adoption

Beyond the law, ingrained cultural and economic factors often slow down the adoption of sustainable business practices. Many companies still place emphasis on short-term profits rather than long-term sustainability, particularly in a difficult economic climate where survival and immediate financial returns take priority. Many companies view sustainable business practices as an extra expense instead of a long-term investment, which discourages their adoption. In Nigeria, pressing socio-economic challenges such as poverty, unemployment, and poor infrastructure also mean that businesses often focus on urgent social and economic needs rather than environmental issues. As a result, sustainability may be treated as a luxury rather than a core part of business growth, slowing progress toward achieving sustainable development goals.

iv. Inadequate Technological Infrastructure

Although CAMA 2020 permits virtual meetings and electronic filing, the supporting technology infrastructure remains underdeveloped. Many

businesses especially those in rural or underserved areas, face challenges such as poor internet access, limited availability of digital tools and low levels of digital literacy. These constraints make it difficult to fully implement the digital governance measures introduced by the Act.

Despite these challenges, CAMA 2020 lays the groundwork for a more responsible and inclusive corporate sector. Its provisions on one Person Company, virtual meeting, electronic filing, minority shareholder protection and board diversity contribute to a more resilient and equitable business environment. These governance reforms are crucial for strengthening investor confidence and ensuring that corporations operate in ways that support long-term societal goals.

6. CONCLUSION AND RECOMMENDATIONS

CAMA 2020 has significantly strengthened the foundation for sustainable corporate practice in Nigeria. By reflecting the Sustainable Development Goals, the Act moves corporations beyond a narrow focus on profit toward greater transparency, inclusiveness and environmental responsibility. Its provisions on directors' duties, corporate accountability, digital processes and support for small and medium-size enterprises position businesses as key contributors to sustainable development.

For these reforms to achieve their intended impact, regulators, the courts, and corporate leaders must apply the Act with a clear appreciation of sustainability concerns. In addition, the study recommends stronger regulatory enforcement alongside incentives that encourage businesses to comply with sustainability obligations. Relevant regulatory authorities, particularly the Corporate Affairs Commission should also invest in awareness programmes and capacity-building initiatives to help businesses

understand and effectively implement these requirements. Such efforts supported by clear policies, improved institutional capacity, and targeted legislative reform, would strengthen compliance and promote more sustainable corporate practices.