

**CORPORATE SOCIAL RESPONSIBILITY AND ENVIRONMENTAL PROTECTION
IN NIGERIA**

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**FACULTY OF LAW
UNIVERSITY OF BENIN
BENIN CITY**

NOVEMBER 2025

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**A LONG ESSAY WRITTEN AND SUBMITTED TO THE FACULTY OF LAW,
UNIVERSITY OF BENIN IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR
THE AWARD OF THE DEGREE OF BACHELOR OF LAWS (LLB) OF THE
UNIVERSITY OF BENIN, BENIN CITY.**

NOVEMBER, 2025

CERTIFICATION

I, **EMMANUELLA ERUORE ALEX-EGBORO**, with Matriculation Number **LAW2006581**, hereby certify that apart from references to other persons' works which have been duly acknowledged, the entire work is a product of my research, and this project has neither in whole nor in part been presented for another degree elsewhere.

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APPROVAL

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DEDICATION

This work is dedicated to Almighty God, whose grace provided the strength, wisdom, and clarity necessary to complete this academic journey.

And, with immense pride and gratitude, this is also dedicated to myself, recognizing the years of perseverance, sacrifice, and determination that were poured into achieving this long-held aspiration.

ACKNOWLEDGEMENT

This project is a culmination of years of rigorous study and dedication, and it would not have been possible without the invaluable guidance, support, and encouragement of many exceptional individuals.

I wish to express my deepest gratitude to my supervisor, Professor Eric Okojie, for his swift and exceptionally adept guidance throughout this project. His intellectual contributions were pivotal, transforming the often-challenging process of thesis writing into a seamless and intellectually stimulating experience. I am profoundly thankful for the scholarly insight and high standards he consistently maintained. I also extend my sincere thanks to the entire staff of The Faculty of Law, University of Benin (UNIBEN). Your collective efforts and commitment to impacting us with a profound body of knowledge throughout the duration of this degree have been truly foundational to my legal education and intellectual growth.

My journey through the University of Benin has been firmly supported by the unwavering love and belief of my family. To my incomparable Mother, thank you for your unwavering support throughout my five-year stay at this university. Your steadfast belief in my capabilities has been the internal engine that continuously pushed me to become a better version of myself. I am incredibly honoured to have such an intelligent and stalwart figure in my life; the privilege of calling you my mother fills me with boundless joy and gratitude.

To my Father, you are the motivation that inspired me to pursue this course of study. Thank you for always encouraging me to reach for the stars and reminding me of my potential. Your indelible impact on my intellectual development has been second to none, and I will always cherish and strive to honor the foundation you provided.

To my amazing siblings, Ejiro, Elo, Cordelia, and Lilian: words are insufficient to express how grateful I am for your constant presence in my life. You have collectively taught me the profound value of doggedness and determination in every endeavor. Your consistent advice, emotional encouragement, and timely financial support have been indispensable throughout this journey. You are my forever role models, and I sincerely hope to remain a source of pride to all of you, aspiring daily to achieve the greatness you have always envisioned for me.

I would be doing a great disservice if I did not mention the friends who made this LLB journey bearable and also enjoyable.

To Itohan, I can hardly imagine having endured this path without you by my side. You consistently went above and beyond to assist me, offering invaluable academic support, emotional solace, and practical help in countless other ways. You are, quite simply, the best friend a girl could ask for, and I am immensely thankful that we shared the experience of UNIBEN together.

My deepest appreciation goes to Areghe, for always being a reliable, trustworthy friend and an inexhaustible source of cheer and joy. And to Jezreel, thank you for consistently challenging me and pushing me to pursue the best version of myself in all facets of life. Finally, to my blocks family: Electra, Adufe, Bolu, Osose, and Irene. Thank you for turning UNIBEN into a true home away from home. The shared laughter, late-night study sessions, and mutual support made my student years memorable and meaningful.

Ultimately, this thesis stands as a testament to the powerful influence of intellectual mentorship and unconditional love. I am deeply conscious of the privilege I have had in receiving such widespread support, and I embrace the future with gratitude and confidence, ready to carry

forward the lessons and knowledge imparted by all of you. Thank you for making this vision a reality.

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LIST OF ABBREVIATIONS

BAT — British American Tobacco

BR — Business Responsibility

CAMA — Companies and Allied Matters Act

CBN — Central Bank of Nigeria

CFCs — Chlorofluorocarbons

CG — Corporate Governance

CSR — Corporate Social Responsibility

EIA — Environmental Impact Assessment

ESG — Environmental, Social, and Governance

FDI — Foreign Direct Investment

FEPA — Federal Environmental Protection Agency

FRC — Financial Reporting Council of Nigeria

GHG — Greenhouse Gas

GRI — Global Reporting Initiative

IFRS — International Financial Reporting Standards

ILO — International Labour Organization

JSE — Johannesburg Stock Exchange

KPIs — Key Performance Indicators

MNCs — Multinational Corporations

MNOCs — Multinational Oil Corporations

MTN — Mobile Telephone Network

NAICOM — National Insurance Commission

NCC — Nigerian Communications Commission

NCCG — Nigerian Code of Corporate Governance

NDDC — Niger-Delta Development Commission

NESREA — National Environmental Standards and Regulations Enforcement Agency

NGO — Non-Governmental Organization

NGX — Nigerian Exchange Group

NNPC — Nigerian National Petroleum Corporation

NOSDRA — National Oil Spill Detection and Response Agency

NSE — Nigerian Stock Exchange

OAU — Organisation of African Unity

OECD — Organisation for Economic Cooperation and Development

PENCOM — National Pension Commission

PIA — Petroleum Industry Act

SDGs — Sustainable Development Goals

SE — Stakeholder Engagement

SEBI — Securities Exchange Board of India

SEC — Securities and Exchange Commission

SECR — Streamlined Energy and Carbon Reporting

SPDC — Shell Petroleum Development Company

SR — Sustainability Report

SRI — Socially Responsible Investment

TBL — Triple Bottom Line

UAC — United Africa Company

UK — United Kingdom

UN — United Nations

UNCCD — United Nations Convention to Combat Desertification

UNCED — United Nations Conference on Environment and Development

UNCHE — United Nations Conference on the Human Environment

UNCOD — United Nations Conference on Desertification

UNEP — United Nations Environment Programme

UNGC — United Nations Global Compact

WBCSD — World Business Council for Sustainable Development

WCED — World Commission on Environment and Development

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Environmental Impact Assessment Act 1992

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Federal Environmental Protection Agency Act 1988 (Repealed)

Federal National Park Act

Financial Reporting Council of Nigeria Act 2011

Harmful Waste (Special Criminal Provisions) Act 1988

National Environmental Standards and Regulation Enforcement Agency (Establishment) Act
2007

National Oil Spill Detection and Response Agency (Establishment) Act 2006

Niger-Delta Development Commission (NDDC) Act

Nigerian Minerals and Mining Act 2007

Nigerian Mining Corporation Act

Nuclear Safety and Radiation Protection Act 1995

Oil in Navigable Waters Act 1968

Oil Pipelines Act 1956

Petroleum Act 1969

Petroleum Industry Act 2021

Public Health Act

Quarantine Act

River Basins Development Authority Act

Sea Fisheries Act 1992

Territorial Waters Act

Water Resources Act

Foreign Statutes

Companies Act 2006 (United Kingdom)

Companies Act 2013 (India)

Constitution of the Republic of South Africa 1996

Constitution of the Republic of the Philippines 1987

Environmental Protection Act 1990 (United Kingdom)

Regulations and Codes

Central Bank of Nigeria (CBN) Code of Corporate Governance

Gas Flaring (Prevention of Waste and Pollution) Regulations 2018

King IV Report on Corporate Governance for South Africa 2016

National Code of Corporate Governance 2018

National Environmental (Control of Bush, Forest Fire and Open Burning) Regulations

Nigerian Communications Commission (NCC) Code of Corporate Governance

Nigerian Exchange Group (NGX) Sustainability Disclosure Guidelines 2019

Oil and Gas Pipelines Regulations

Petroleum (Drilling and Production) Regulations

Securities and Exchange Commission (SEC) Code of Corporate Governance

International Instruments

African Charter on Human and Peoples' Rights 1981

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Convention on the High Sea 1958

Convention on the Prevention of Marine Pollution by Dumping of Waste and Other Matters 1972

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OAU Convention Banning Outright Import of all Forms of Toxic Wastes into Africa (Bamako Convention) 1991

Organisation of African Unity (OAU) Resolution on Dumping of Nuclear and Industrial Wastes in Africa 1988

Rio Declaration on Environment and Development 1992

Stockholm Declaration on the Human Environment 1972

United Nations Convention to Combat Desertification (UNCCD) 1994

Universal Declaration of Human Rights 1948

ABSTRACT

The concept of Corporate Social Responsibility (CSR) has become increasingly important in corporate governance, particularly in relation to environmental protection. As the years have progressed, CSR has moved beyond being a mere slogan in corporate circles to an increasing expectation that companies, most especially multinational corporations, should move beyond profit-making and contribute consequentially to the sustainability of the society. Protecting the environment today goes beyond merely meeting the regulatory standards; it entails ensuring that business activities are carried out in a way that does not compromise the well-being of future generations. In the most recent years, there has been a growing demand for greater accountability and responsible conduct from corporate bodies, specifically in relation to how their operations impact the society and the environment. This shift has intensified the call for sustainable governance, as companies are expected to balance their pursuit of profit with broader social and environmental obligations. The increasing prominence of Environmental, Social and Governance (ESG) considerations in corporate discourse further shows the importance of integrating sustainability into business practices. It analyzes how these companies respond to environmental issues and concerns and whether their practices align with the broader aim of protecting natural resources. This work also reviews the various arguments by different scholars on CSR and evaluates their relevance to the situation in Nigeria. The study discovers that Nigeria, particularly the Niger Delta region has encountered persistent environmental challenges arising from corporate activities. A major issue is the lack of effective legal and institutional frameworks to ensure that companies consistently meet their social and

environmental obligations. This has aided the weak enforcement of CSR and has greatly limited the progress in advancing sustainable practices.

This research adopts a doctrinal and comparative methodology, utilizing primary and secondary legal sources (such as statutes and case law) in a descriptive, analytical, and evaluative approach to assess Nigeria's CSR and environmental framework, while drawing comparative insights from the United Kingdom, India, etc.

Finally, the research argues for reforms that would strengthen the role of CSR in environmental protection in Nigeria. It proffers that both multinational and local companies should be held to higher standards that align with the best global practices. It is only by doing this that Nigeria can begin to address its environmental challenges and seek for long-term sustainability.

CHAPTER ONE

1.1 INTRODUCTION

It is no longer in doubt that the world is facing quite a number of serious problems which, if left unattended to, may not only threaten human survival but also the wellbeing of other living beings. One cannot deny that the environment plays a central role in this regard, as it greatly determines the quality of life that man and other species are able to enjoy. On a daily basis, problems like climate change, the pressure of feeding and providing for a growing population and the need to build a stable society remind us just how fragile the state of our environment is. These problems are compounded by the fact that the world is developing at a very rapid pace, bringing with it both remarkable advancements and new risks.¹

For corporations, the conversation is shifting gradually. It is no longer mainly about generating profits for shareholders, but it's also about making sure that such profits are achieved in a way that is sustainable in the long term. Increasingly, attention is being drawn to the impact of corporate activities on the environment, and such concerns are now widely accepted as forming a part of the broader struggle for sustainable development². As a result, the international community has over time encouraged companies not only to use the earth's limited resources responsibly, but also to adopt practices that promote the sustainability and safety of the environment.

¹Intergovernmental Panel on Climate Change (IPCC), Climate Change 2022: Impacts, Adaptation, and Vulnerability (Cambridge University Press, 2022)

² World Commission on Environment and Development (WCED), Our Common Future (Oxford University Press, 1987) 43

From a legal outlook, a company is said to become a distinct legal person once registered, with the capacity to sue and be sued³. This principle of separate legal personality comes with responsibilities thus as companies are expected to conduct themselves in a manner consistent with the standards of the society they operate in. However, it is submitted that in practice, the conduct of many companies have often raised a lot more questions than answers. The activities of the multinational corporations especially have profound effects on both the community and environment. In Nigeria in particular, there are frequent claims that corporate organisations have contributed significantly to environmental degradation, usually through unsustainable practices and inadequate concern for the welfare of the host communities.

Arguably, it is difficult to have a poignant discussion about environmental hazards in Nigeria without making reference to corporate organisations, whether it is with respect to the harm they cause or The measures they claim to have adopted in response. This reality has led to continuous agitation by the stakeholders in affected communities, who question the sincerity and effectiveness of the Corporate Social Responsibility (CSR) policies that many companies publicly commit to. In the light of these concerns, this study seeks to interrogate and question whether CSR has in fact been effective in promoting the protection and sustainability of the environment which remains “Our common heritage.”⁴

³ Salomon v. Salomon & Co. Ltd [1897] AC 27 (HL) (establishing the principle of legal personality). See also Companies and Allied Matters Act 2020, s. 42

⁴ African Charter on Human and Peoples’ rights (ratification and enforcement) act, cap a9, laws of the federation of nigeria (LFN) 2004, Art. 24 (right of people to a satisfactory environment favourable to their development). See also Gbemre v. Shell Petroleum Development company of nigeria ltd (2005) AHLR 151 (NgHC 2005)

1.2 BACKGROUND OF THE STUDY

In recent years, the relationship between corporations and societies and how they operate has become a subject of growing importance. Globally, the concept of Corporate Social Responsibility (CSR) has evolved to a means of ensuring that businesses do not merely exist to generate profits, but also to demonstrate the concerns for the social and environmental wellbeing of their host communities. CSR is premised on the notion that corporations should act as “good citizens” by integrating communal and national interests into their business operations⁵. Traditionally, CSR was largely viewed as an act of philanthropy, hence, it was often limited to charitable donations or the provision of facilities for the communities⁶. However, this narrow understanding has since given way to a broader conception of CSR that recognises the interdependence between a business and the society.

Today, CSR (occasionally referred to as corporate responsibility, corporate citizenship, responsible business) is understood to mean that companies consider the wider implications of their activities, not only for shareholders, but also for employees, consumers, suppliers, host communities and the environment. This requires compliance with legislation as well as voluntary initiatives aimed at improving social and environmental results⁷. Importantly, CSR has moved beyond social concerns to encompass environmental sustainability, a shift that is evident in definitions one of which being from the European Union Commission, which describes CSR as the “voluntary integration of social and environmental concerns into business operations and stakeholder relations⁸.”

⁵ A.B. Carroll, Corporate Social Responsibility: Evolution of a Definitional Construct (1999) 38 Business & Society 268.

⁶ H.R. Bowen, Social Responsibilities of the Businessman (1953)

⁷ M. Hopkins, Corporate Social Responsibility and International Development (Earthscan 2007).

⁸ European Commission, Green Paper: Promoting a European Framework for Corporate Social Responsibility (2001).

It is important to note, however, that the voluntary nature of CSR is continually a point of controversy. Some scholars and policymakers have argued that leaving sustainability practices to corporate goodwill is insufficient, particularly in relation to environmental protection, where the negative impacts of corporate activities are felt by society at large. In economic terms, this is often referred to as the problem of “externalities,” wherein the public bears the costs of corporate pollution or depletion of resources⁹. In practice, effective regulation has been proposed as a means of compelling firms to internalize these costs, thereby ensuring that their operations promote positive social and environmental change.

Globally, Corporations are increasingly being called upon to embrace the principle of sustainable development, which will require meeting the needs of the present without compromising the ability of future generations to meet their own needs¹⁰. This principle which finds resonance in international instruments and soft law frameworks, implies that while profit-making remains central to corporate existence, companies must also pursue societal goals such as environmental protection, social equity and economic justice¹¹. In Nigeria, this expectation is reinforced by various statutory provisions, including the Environmental Impact Assessment Act¹², the Nigerian Minerals and Mining Act¹³, and Section 20 of the 1999 Constitution (as amended), which imposes an obligation on the state to protect and improve the environment¹⁴. Although these provisions are primarily directed at the state, it submitted that in practice, they extend to

⁹ J.E. Stiglitz, *Economics of the Public Sector* (3rd edn, W.W. Norton 2000)

¹⁰ World Commission on Environment and Development, *Our Common Future* 1987

¹¹ J.G. Ruggie, *Just Business; Multinational Corporations and Human Rights* (2013)

¹² D. Matten & J. Moon, “‘Implicit’ and ‘Explicit’ CS: A Conceptual Framework for Comparative Understanding of Corporate Social Responsibility” (2008) 33 *Academy of Management Review* 404

¹³ *Environmental Impact Assessment Act, Cap E12 Laws of the Federation of Nigeria (LFN) 2004*

¹⁴ *Nigerian Minerals and Mining Act, No. 20 Laws of the Federation of Nigeria (LFN) 2007.*

corporate actors whose activities have significant impact on the environment. In recent years, Nigerian courts have also considered the issues of environmental obligations, with cases such as *Centre for Oil Pollution Watch v. NNPC*¹⁵ underscoring the role of corporations in environmental protection.

The concept of sustainable governance, which CSR is built upon, seeks to ensure that corporate activities are aligned with the principles of accountability, transparency, and environmental stewardship¹⁶. This approach underscores that companies must not only comply with the existing laws but must also go beyond compliance by actively promoting sustainable practices. For Nigeria, where the environmental costs of industrial and extractive activities are particularly evident—especially in regions such as the Niger Delta, the call for effective CSR and sustainable governance is urgent. Arguably, multinational corporations operating in the country have a heightened responsibility to adopt sustainable practices, given the scale of their impact and the recurrent agitations from host communities.

Against this backdrop, this research explores the debates about CSR within the Nigerian legal and social setting, with particular emphasis on its role in promoting environmental protection. It argues that effective CSR, when linked to sustainable governance, provides a viable framework for addressing the challenges of environmental degradation in Nigeria, while also advancing the broader goal of sustainable development.

¹⁵ Constitution of the Federal Republic of Nigeria 1999 (as amended) s.20

¹⁶ *Centre for Oil Pollution Watch v. Nigerian National Petroleum Corporation* (2019) 5 NWLR (Pt. 1666) 518 (SC)

1.3 STATEMENT OF THE PROBLEM

It has long been acknowledged that multinational corporations (MNCs) bring enormous economic value to host states, not only through capital inflows and research but also by driving technological advancement and employment opportunities¹⁷. Nigeria is no exception; the operations of MNCs contribute significantly to national development, especially in the oil, gas, and extractive industries. However, the problem becomes evident when one considers that the quest for profit maximisation by these corporations often comes at a disproportionate cost to the environment and host communities.

The Nigerian Constitution recognises the right to a clean and healthy environment under Section 20 of the 1999 Constitution (as amended), yet this provision remains largely non-justiciable under Chapter II, thereby weakening its enforceability. It is submitted that this constitutional gap raises serious questions as to the extent of protection available to communities directly affected by industrial activities. Similarly, while environmental statutes such as the Environmental Impact Assessment Act and the National Environmental Standards and Regulations Enforcement Agency (NESREA) Act exist, they have not effectively curbed widespread environmental degradation, particularly in the Niger Delta.¹⁸

This weakness in the legal and institutional framework has grave practical consequences. Communities continue to face pollution, loss of livelihoods, and health hazards from oil spills and gas flaring, while corporations, shielded by weak enforcement, often limit their corporate

¹⁷ See UNCTAD, World Investment Report 2023: Investment In Sustainable Energy (United Nations, 2023) 15 (on the economic impact of multinational corporations). See also TNC Centre, *Multinationals and Development in Africa* (2020)

¹⁸ Constitution of the Federal Republic of Nigeria 1999 (as amended), s.20 (environmental protection objective under Chapter II). See also Environmental Impact Assessment Act (LFN) 2004; National Environmental Standards and Regulations Enforcement Agency (Establishment) Act, 2007

social responsibility (CSR) efforts to token gestures like building boreholes or awarding scholarships. The conflict-laden history of the Niger Delta, including agitations against multinationals like Shell, illustrates how this gap in law and practice escalates into social unrest and governance challenges.¹⁹

It is further observed that Nigerian company law, including the Companies and Allied Matters Act (CAMA), does not impose a mandatory duty of CSR on corporations²⁰. As a result, CSR initiatives remain largely voluntary, leaving MNCs to define their own interpretation of social responsibility. This voluntary approach not only undermines accountability but also fosters a cycle where corporations exploit natural resources, abandon damaged communities, and relocate, repeating the process elsewhere.

Thus, the central problem is the lack of a coherent and enforceable legal framework on CSR and sustainable business conduct in Nigeria. This gap has created an environment where corporations prioritise profit over people and ecology, where host communities remain vulnerable, and where courts and regulators struggle to balance economic growth with environmental justice. Unless addressed, this problem will continue to erode public trust in governance, deepen corporate-community conflicts, and endanger the long-term sustainability of Nigeria's natural resources.

¹⁹ See Human Rights Watch, *The Price of Oil: Corporate Responsibility and Human Rights Violations in Nigeria's Oil Producing Communities* (HRW, 1999);

²⁰ Companies and Allied Matters Act 2020, ss. 305-307 (directors' duties, provisions, which do not impose mandatory CSR obligations). See also Funmi Adewara, 'Corporate Social Responsibility in Nigeria: A Case for Stronger Legislative Framework?' (2018) 9(2) *Nnamdi Azikiwe Journal of International Law and Jurisprudence* 112

1.4 RESEARCH QUESTIONS

Within the Nigerian context, the practice of Corporate Social Responsibility (CSR) and sustainable governance as they relate to environmental protection remains far from satisfactory. Despite the increasing global emphasis on responsible corporate conduct, the Nigerian experience still reveals several gaps both in practice and in the legal framework. Against this backdrop, this research seeks to interrogate certain fundamental issues, and in the course of this work, the following questions will be addressed, viz:

1. To what extent does the practice of Corporate Social Responsibility (CSR) and sustainable governance by multinational companies in Nigeria actually contribute to environmental protection?
2. Should CSR and sustainable practices remain voluntary, or would making them mandatory lead to better environmental outcomes in Nigeria?
3. Does the existing body of Nigerian environmental protection laws provide an adequate framework for addressing corporate-related environmental harm?
4. What legal and institutional mechanisms currently exist to promote CSR and sustainability among multinational companies in Nigeria, and what lessons can be drawn from other jurisdictions for possible reforms?
5. How have Nigerian courts approached disputes involving corporate environmental harm, and what challenges exist in enforcing corporate accountability.

1.5 AIMS AND OBJECTIVES

This research focuses on the growth of Corporate Social Responsibility (CSR) and its evolution

into sustainable governance within Nigeria, specifically examining its role in environmental protection.

The study aims to achieve the following:

1. To gain a foundational understanding of CSR's basic concepts to establish its relevance in the Nigerian context.
2. To analyze the emerging idea of sustainable governance as an evolution of CSR and clarify its meaning for corporate practices in Nigeria.
3. To evaluate how effective CSR and sustainable governance have been in protecting the environment, especially given persistent environmental challenges.
4. To assess the environmental impact of multinational corporations (MNCs) in Nigeria, noting concerns about pollution and resource exploitation.
5. To examine the adequacy of Nigeria's current legal and institutional frameworks for environmental protection and identify gaps in corporate accountability.
6. To recommend more effective CSR and sustainable governance practices that balance profit-making with environmental responsibility for a lasting positive impact.

Ultimately, the research seeks to raise awareness and promote corporate accountability, arguing that adopting strong sustainability practices is essential for protecting Nigeria's environment for future generations.

1.6 SCOPE AND LIMITATIONS OF THE STUDY

This research is mainly concerned with the link between Corporate Social Responsibility (CSR),

sustainable governance, and environmental protection under Nigerian law. The focus is particularly on multinational corporations (MNCs) because of their dominant role in oil and gas, mining, and other extractive industries that are often linked to environmental problems in Nigeria. The study will rely on relevant provisions of Nigerian statutes such as the Companies and Allied Matters Act 2020 (CAMA), the 1999 Constitution (as amended), and environmental laws like the National Environmental Standards and Regulations Enforcement Agency (NESREA) Act. Court decisions that touch on corporate accountability and environmental protection will also be discussed. At some points, the research will draw comparisons from other jurisdictions, especially the United Kingdom, since CSR practices in Nigeria have largely been influenced by international standards and global corporate behaviour.

It is important to state that this work does not attempt to cover every possible aspect of CSR or sustainable development. Both concepts are very wide and apply to many areas beyond the environment. For this project, the focus is on how CSR and sustainability can serve as tools for protecting the environment in Nigeria. References may sometimes be made to the social and economic sides of CSR, but these will only be to provide context for the main theme, which is environmental protection.

In terms of geographical focus, the research is centred on Nigeria. The Niger Delta region is given particular attention because it presents the clearest example of the tension between the operations of multinational oil companies and the rights of host communities. However, the work also brings in insights from other legal systems, especially the UK and a few international standards, where they help to show weaknesses in Nigerian law or point to reforms that could be

useful.

This project is not without its limitations. First, in Nigeria there are very few binding legal provisions that make CSR compulsory. Most of what exists is voluntary, and this makes it hard to measure how effective CSR really is. Second, the research relies mostly on secondary sources like statutes, decided cases, textbooks, journal articles, and reports. It does not involve interviews or fieldwork with host communities or companies, which means that some of the lived realities of those directly affected may not be fully captured. Third, because of time and resource constraints, the comparative analysis is selective. It is not possible within this project to examine all jurisdictions, so only a few relevant ones are considered.

Finally, the findings of this study should be understood within the scope of an undergraduate project. Still, the issues it raises about corporate responsibility, environmental justice, and sustainable governance remain very important. It is hoped that the work will add to ongoing debates in this area and also serve as a useful starting point for further research at more advanced levels.

1.7 SIGNIFICANCE OF THE STUDY

The importance of this research cannot really be downplayed, both for legal studies in Nigeria and for society generally. Multinational corporations undoubtedly contribute a lot to the economy, but at the same time their activities have caused serious damage to the environment. The problem becomes clearer when we see that many of these companies focus mainly on profit, with little attention to the negative impact their operations have on host communities. It is

submitted that in today's world, corporations cannot afford to pursue profit alone; there has to be a balance between economic development, environmental protection, and sustainable governance.

From the academic angle, this work adds to the ongoing conversation on Corporate Social Responsibility (CSR) and sustainable governance in Nigeria. Most writings on CSR here tend to concentrate on charity and philanthropy, such as building schools, sinking boreholes or giving scholarships. While these are important, less attention has been paid to CSR as a legal or regulatory tool that can actually be used to protect the environment. This project seeks to fill that gap. By also comparing the Nigerian experience with developments in other countries, especially the United Kingdom, the study creates an opportunity to learn useful lessons from jurisdictions where CSR and environmental regulation are more structured.

For lawmakers and policy makers, the research is significant because it points out the weaknesses in Nigeria's current laws on CSR and environmental protection. The absence of strong and enforceable rules has left most CSR practices voluntary. This research therefore argues that reforms are needed to make CSR obligations binding, with clear duties and sanctions for non-compliance. Such changes would improve accountability and make companies more responsible for their impact on the environment.

The judiciary and legal practitioners also stand to benefit. Judges are often faced with cases where corporate activities clash with the rights of communities to a safe environment. This work provides a basis for judicial reasoning that tilts towards environmental justice, while still

recognising the role businesses play in development. For lawyers, especially those advising multinational clients, the study will be a useful guide in understanding how companies can align their operations with Nigeria's legal expectations as well as international best practices.

On a wider societal level, the study stresses the importance of CSR and sustainable governance for the protection of the environment, which is the common heritage of all mankind. Nigeria has seen the consequences of unchecked corporate behaviour, particularly in oil-producing regions where pollution has destroyed livelihoods and fuelled tension. This work therefore advocates for a shift towards a more responsible corporate culture, one where companies recognise the cost of their activities and adopt practices that protect both present and future generations.

Summarily, the significance of this research lies in two areas. First, it contributes to academic knowledge by enriching the study of CSR, sustainability, and environmental law in Nigeria. Second, it has practical value by offering recommendations that can guide lawmakers, regulators, and corporations towards more sustainable practices. It is argued that if Nigeria takes lessons from international best practices, particularly from jurisdictions like the UK, the country can begin to build a legal environment where economic progress does not continue to come at the expense of environmental survival.

1.8 RESEARCH METHODOLOGY

This research adopts a doctrinal and comparative methodology. In practical terms, this simply means that the work is not based on interviews, surveys, or other forms of field research, but rather on existing legal materials such as statutes, case law, judicial decisions, and academic

writings. The doctrinal aspect focuses on identifying, analysing, and interpreting the rules of law as they relate to Corporate Social Responsibility (CSR), sustainable governance, and environmental protection in Nigeria. On the other hand, the comparative element enables the study to go beyond Nigeria and draw useful lessons from other jurisdictions, with particular emphasis on the United Kingdom. The combination of both approaches is considered appropriate because the issues under consideration are primarily legal in nature, yet at the same time they benefit greatly from insights that can be gained through comparative analysis.

For the purpose of this work, the sources of data are broadly divided into primary and secondary materials. The primary sources include the Constitution of the Federal Republic of Nigeria 1999 (as amended), which provides the general framework for environmental rights and obligations; the Companies and Allied Matters Act 2020 (CAMA), which governs corporate conduct in Nigeria; and the National Environmental Standards and Regulations Enforcement Agency (Establishment) Act 2007 (NESREA Act), which sets out the principal environmental regulatory framework. In addition to these, judicial decisions, especially those dealing with corporate liability and environmental degradation, are also relied upon. Notable examples include cases where the courts have had to consider the responsibility of multinational corporations such as Shell in relation to the rights of local communities. International and regional instruments, like the United Nations Sustainable Development Goals (SDGs) and treaties on environmental protection²¹, are also consulted to show the global dimension of CSR and sustainability debates.

The secondary sources consist of textbooks, journal articles, conference papers, online databases, newspapers, and credible reports from both local and international organisations. These sources

²¹United Nations, Transforming Our World: The 2030 Agenda For Sustainable Development (2015), Goal 12 & 13

are useful in providing scholarly opinions, critical perspectives, and debates on the adequacy or inadequacy of Nigeria's CSR and environmental protection framework. Comparative materials are drawn especially from the United Kingdom, not only because of its long history of CSR and corporate law development, but also because Nigerian company law itself is historically influenced by English law.

As regards the method of analysis, the research adopts a descriptive, analytical, and evaluative approach. Descriptively, the study identifies and explains the legal framework on CSR and sustainable governance in Nigeria. Analytically, it interrogates how effective these legal provisions have been in practice, pointing out gaps, weaknesses, and areas where companies are able to evade responsibility. Evaluatively, it compares Nigerian practice with developments in other jurisdictions, especially the UK, and on that basis makes recommendations for legal and policy reforms. It is submitted that this approach is necessary because the issue of CSR and environmental protection is not just about knowing what the law says, but also about assessing whether the law is adequate and suggesting ways it can be improved.

In conclusion, the chosen methodology ensures that the research remains legally grounded, contextually relevant to Nigeria's situation, and enriched by comparative insights from other jurisdictions. This balance is expected to give the work both academic depth and practical relevance, especially in pointing towards reforms that can make CSR and sustainable governance more effective tools for environmental protection in Nigeria.

CHAPTER TWO

OVERVIEW OF THE CONCEPTS OF CORPORATE GOVERNANCE, CORPORATE SOCIAL RESPONSIBILITY (CSR) AND SUSTAINABLE GOVERNANCE

The contemporary corporate business environment has, over the last two decades, experienced a significant paradigm shift. It has evolved beyond the traditional management approach, which was implemented by the 'directing minds' of the company namely, the board of directors. This older paradigm was characterized by a singular focus on progressive profit maximization, often accompanied by a passive or indifferent posture towards broader societal concerns. The modern corporate world, by contrast, increasingly recognises the necessity of stakeholder involvement and the incorporation of other foundational principles, such as corporate governance, corporate social responsibility, and sustainable governance.²²

Indeed, a meaningful discourse on the multifaceted roles and importance of CSR would be substantially incomplete without a brief recourse to corporate governance. Corporate governance is widely recognised as the comprehensive system of rules, practices, and processes by which a firm is directed, controlled, and held to account. It fundamentally involves the complex task of balancing the diverse and often competing interests of a company's many stakeholders, including its shareholders, senior management, executives, customers, suppliers, financiers, the government, and the community at large.²³

The concept of corporate governance, while affirming the necessity of efficient corporate management through the efforts of its directing minds, also posits that the company's core values

²² B. O. Adeyemi, 'Stakeholder Capitalism in a Post-Pandemic World: A New Paradigm for Corporate Nigeria' (2024) 15(2) Nigerian Journal of Business and Economic Law p 451

²³ Alagoa, H. 2015. Managerial Decision Making in International Business: Corporate Governance Issues in Emerging Markets. Retrieved July 20, 2025 from <https://kcn.com/abstract=2641005>

and its conduct as it relates to society are integral to its sustainable success and legitimacy. Over time, it has become axiomatically clear that management decisions invariably generate significant externalities, which bear down either directly or indirectly on society, yielding outcomes that may be either positive or negative. A corporate organisation that is genuinely committed to the adoption of effective CSR behaviours²⁴ is, in the long run, better positioned to balance its own varied objectives with the needs of the immediate community in which it operates. This equilibrium is achievable not through ad-hoc philanthropy, but only through the utilisation of sustainable business models that recognise the varied stakeholders of the company. It also necessitates the implementation of preventive measures to ensure that corporate activities do not adversely affect society, thereby placing human well-being and environmental integrity at the centre of the firm's operational philosophy.

Accordingly, this chapter will focus on a general overview of the concepts of Corporate Governance, Corporate Social Responsibility, and Sustainable Governance. It will also examine the critical interrelation and conceptual interplay between these concepts,²⁵ taking cognizance of their varied importance to the perceived duties of companies and multinational corporations in protecting the environment.

2.1 CORPORATE GOVERNANCE AS A CONCEPT

The principles of corporate governance, although exhibiting variations in the specific character, velocity, and method of their implementation from one legal system to another, have nonetheless achieved a status of profound international significance.²⁶ This global prominence is reflected in

²⁴ F. C. Okeke and S. L. Eze, 'The Board's Role as a Driver for CSR: An Empirical Study of Nigerian Listed Firms' (2023) 31(4) *Corporate Governance: An International Review* p 718.

²⁵ K. O. Ukom, 'The Tripartite Relationship: Modelling Corporate Governance, CSR, and Sustainable Governance for Emerging Economies' (2025) 18(1) *Journal of Global Responsibility* p 301.

²⁶ Oso, L & Bello, S 2012. *The Concept and Practice of Corporate Governance in Nigeria: The Need for Public*

the proliferation of governance codes across the globe, establishing the concept as fundamental to the operational stability and long-term viability of corporations. Consequently, it has been the subject of escalating academic and scholarly inquiry over the past two decades, as researchers seek to delineate its contours and its critical role within modern company law.

The concept has proven to be intellectually fluid, attracting a spectrum of definitions and theoretical viewpoints. However, a central, unifying idea is that corporate governance pertains to the systems and processes by which a corporate entity is directed, managed, and held to account. This definitional plurality was highlighted by Sonmez and Yildirim, who observed:

*The definition of corporate governance can be accepted as controversial, because it seems that there is no consensus in its meaning in its literature. This is because; the system of corporate governance can show an alteration from country to country due to different historic, cultural, financial and academic backgrounds.*²⁷

In its most foundational conceptualisation, corporate governance encompasses the entire framework of rules, relationships, practices, and policies that guide the affairs of an organisation. It dictates how the board of directors, management, shareholders, and other stakeholders interact to manage operations and fulfil their responsibilities.²⁸ This perspective inherently embraces a broader, stakeholder-oriented theory of the firm, which posits that a company's obligations, and by extension its management's duties, transcend the singular goal of shareholder profit to include a diverse array of interested parties.²⁹

²⁷ Sonmez, M. & Yildirim, S. 2015. A Theoretical Aspect in Corporate Governance and its Fundamental principles of accountability, transparency, responsibility and fairness, *Journal of business and management ethics* 3.1:20-35.

²⁸ Kumar, R. 2017 *Perspectives On Strategic Finance*. Strategic Financial Management Care Book. United

²⁹ This includes customers, suppliers, employees, shareholders, communities, environment amongst others.

Conversely, a more classical and enduring perspective frames corporate governance primarily through the prism of management control and the paramountcy of shareholder interests. This view, historically dominant in jurisdictions such as the United States, centred on the objective of protecting shareholder investments within management-controlled firms, with judicial precedent often affirming the maximisation of shareholder value.³⁰ The seminal case of *Dodge v. Ford Motor Co*³¹ is the standard authority for this position, establishing the doctrine that a business corporation is organized and carried on principally for the profit of its stockholders.

Despite the historical weight of this shareholder-primacy model, the contemporary global trend, particularly as reflected in international best practices, increasingly endorses the view that a company's *raison d'être* extends beyond its investors. This shift recognises that a corporation's activities generate externalities that directly and indirectly impact all stakeholders. The resulting (and still unresolved) tension between these two philosophies forms a central debate in modern corporate law.³² The Organization for Economic Cooperation and Development (OECD) offers a widely accepted synthesis, defining the concept as:

*...one key element in improving economic efficiency and growth as well as enhancing investor confidence. Corporate governance involves a set of relationships between a company's management, its board, its shareholders and other stakeholders. Corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined.*³³

³⁰ Baums, T. & K.E. 2005. Taking Stakeholder Protection Seriously? Corporate Governance in the United States and Germany. *The American Journal of Corporate Law*. 53:1:31-75

³¹ 204 Mich 459, 170 N.W. 668

³² There are those who have taken the shareholder primacy approach and there are others who have subscribed to an all-inclusive stakeholder approach.

³³ Organization for Economic Corporation and Development 2004 Principles of Corporate Governance.

In the Nigerian context, Kachikwu articulated this purpose, stating that "...corporate governance are intended to regulate the conduct of directors, accountability to shareholders recognition of the interest of other stakeholders and the need to encourage investment to flow where it could be most productive by raising in this case the Nigerian corporate standards to best international practices in comparable jurisdictions. This would appear to be the reason and purpose of corporate governance".³⁴ This objective has been recently and most significantly codified in Nigeria's Companies and Allied Matters Act (CAMA) 2020, which introduces specific provisions aimed at enhancing transparency, protecting minority shareholders, and codifying directors' duties to act in the best interest of the company, a duty that increasingly implies consideration of stakeholder impacts.³⁵

Crucially, the concept of corporate governance is inextricably linked to socially responsible behaviours and sustainable corporate conduct, particularly concerning community engagement and environmental stewardship. Sound business ethics are the bedrock of effective governance. For an enterprise to prosper sustainably, it must demonstrate accountability for its societal and environmental footprint.³⁶ Sir Adrian Cadbury³⁷ eloquently captured this equilibrium:

Corporate governance is concerned with holding the balance between the economic and social goals and between individual and communal goals. The corporate governance framework is there to encourage the efficient use of resources and equally to require accountability for the

³⁴ Ogbomasa, M. Oct. 9, 2025. Corporate Governance Challenges In Nigeria: The Way Forward <https://google.com/amp/s/guardian.ng/features/law/corporate-governance-challenges-in-nigeria-the-way-forward/amp>

³⁵ O. Ololade, 'Enhancing Corporate Governance in Nigeria: The Impact of CAMA 2020' (2024) 12 (1) Journal of Corporate Law and Governance p 45.

³⁶ Kumar, R. 2017 Perspectives On Strategic Finance. Strategic Financial Management Care Book. United Kingdom. Eludoc Solution Publishing Co Inc. 28.

³⁷ Sir Adrian Cadbury (1992), chairman of the committee instrumental to the development of the concept of modern day corporate governance, his original involvement was chairing the UK Committee on the Financial Aspects of Corporate Governance [1992]

*stewardship of those resources. The aim is to align as nearly as possible the interests of individuals, corporations and society...*³⁸

This alignment of economic and social interests is no longer theoretical. Various international governance codes have embedded stakeholder considerations and social responsibility directly into the governance framework. The South African King Report, for instance, in its 2002 iteration, was groundbreaking in identifying social responsibility as a core characteristic of good governance. It stipulated that a well-governed company must be a responsible corporate citizen, actively addressing social issues and maintaining high ethical standards regarding non-discrimination, human rights, and environmental protection. This, it argued, yields tangible economic benefits through enhanced reputation and productivity.³⁹ The subsequent revisions, including the landmark King Report IV,⁴⁰ have further cemented this integrated, all-inclusive stakeholder approach, linking governance directly to sustainability outcomes. This link is now confirmed by empirical research within Nigeria, which shows a direct correlation between robust governance mechanisms and a firm's sustainability performance.⁴¹

2.2.1 THE CONCEPT OF CORPORATE SOCIAL RESPONSIBILITY (CSR)

³⁸ Cadbury, A. 2000. Global Corporate Governance Forum, World Bank. Cited in: Why is Corporate Governance Important? (2011)
<http://documents.worldbank.org/curated/en/194571468330288811/pdf/346690v20Corporate0Governance0Rationale.pdf>

³⁹ Executive Summary of the King Report 2002. King Committee on Corporate Governance. 10. Retrieved July 30, 2025 from <http://www.ecseonline.com/PDF/King%20Committee%20on%20Corporate%20Governance%20-%20Executive%20Summary%20of%20the%20King%20Report%202002.pdf>

⁴⁰ The report sets out the corporate governing body's primary governance roles and responsibilities in South Africa.

⁴¹ C. U. Ogonnaya and P. O. Ebi, 'Corporate Governance and Sustainability of Listed Companies in Nigeria' (2023) 14 (3) International Journal of Business and Management Research p 112.

Over the past three decades, corporate social responsibility (CSR) has ascended from a peripheral concern to a central topic in business and law, acquiring considerable notoriety and evolving in its meaning. The specific lens, be it that of a researcher, a corporation, or a regulator, through which CSR is defined ultimately shapes the objectives it is intended to serve and the subsequent impact it has on society.

This concept has ignited vibrant discourse among a wide array of actors, including corporations, governments, and diverse stakeholder groups. This heightened interest has tangibly contributed to progressive outcomes, such as the enhancement of labour standards, the adoption of renewable energy technologies, and the implementation of practical anti-corruption measures.⁴² A primary catalyst for this surge in academic and corporate interest is the growing public consciousness of the extensive, and often adverse, effects of modern global production and distribution networks on the environment, local communities, and the broader economy.⁴³ A lucid comprehension of the concept's evolution is therefore essential for appreciating its contemporary meaning and its intricate relationship with business, stakeholders, and societal expectations.⁴⁴

CSR is now understood as an umbrella term, encompassing a wide spectrum of corporate behaviours, from traditional philanthropy and community relations to emerging norms of corporate citizenship, accountability, transparency, corporate ethics, and the observance of

⁴² Masato, A. & Ruanglikhitkul, W. 2013. Developments in the Concept of Corporate Social Responsibility. 9-26. Retrieved Aug 4, 2025 from https://www.sarcsap.org/sites/default/files/u5/20Chapter%20II.%20Developments%20in%20the%20Concept%20of%20CSR_0.pdf

⁴³ Musa, A., Yusuf, Y., McArdle, L. and Banjoko, G. 2013. Corporate social responsibility in Nigeria's oil and gas industry: the perspective of the industry. *International Journal of Process Management and Benchmarking*. 3.2:101-135

⁴⁴ Masato, A. & Ruanglikhitkul, W. 2013. Developments in the Concept of Corporate Social Responsibility. 9-26. Retrieved Aug 4, 2025 from https://www.sarcsap.org/sites/default/files/u5/20Chapter%20II.%20Developments%20in%20the%20Concept%20of%20CSR_0.pdf

human rights.⁴⁵ As Silberhoh observed, CSR is less a single idea and more a "collection of different and related terms," including corporate philanthropy, business ethics, sustainability, and community involvement, with definitions drawing on diverse corporate perspectives from jurisdictions like Britain and Germany.⁴⁶

These varied definitions underscore the multifaceted nature of CSR. At its core, the concept has been interpreted as the means by which a business organization internalises its societal role, assuming responsibility for the consequences of its activities. This extends to its impact on customers, suppliers, employees, shareholders, and the environment, compelling the firm to engage in activities such as socially responsible investments, fostering positive community and employee relations, and promoting environmental conservation and sustainability.⁴⁷

Waddock and Bodwell offer a functional definition, describing corporate responsibility as "the ways in which a company's operating practices (policies, processes, and procedures) affect its stakeholders and the natural environment".⁴⁸ This perspective intrinsically ties CSR to corporate governance, as it advocates for an inclusive stakeholder model that integrates stakeholder concerns into the core decision-making processes of the company.

Perhaps the most influential framework for conceptualising CSR was posited by Carroll, who structured the concept into four fundamental responsibilities: economic, legal, ethical, and philanthropic.⁴⁹

⁴⁵ Jimi cited in Oso, L. & Bello, S 2012. The Concept and Practice of Corporate Governance in Nigeria: The Need for Public Relations and Effective Corporate Communication. *Journal of communication* 3.1:1-16

⁴⁶ Silberhoh, D. Warren, L. C. 2007, Defining Corporate Social Responsibility. *European Business review*.

⁴⁷ Ismail, M. 2009. Corporate Social Responsibility and its role in community development: An International perspective. *Journal of International Social research*. 2.9:199-209

⁴⁸ Rhodes, J., Bergstrom, B., Lok, P. and Cheng, V. 2014. A Framework for Stakeholder engagement and Sustainable Development in MNCs. *Journal of Global Responsibility*. 5.1:82-103.

⁴⁹ Carroll, A. 1979. A three-dimensional conceptual model of corporate social performance. *Academy of Management Review* 4.4:497-505.

* Economic: The foundational duty of a business is to be profitable for its shareholders and provide quality goods and services to customers.

* Legal: The firm must adhere to all laws and regulations, functioning within the established "rules of the business world."

* Ethical: A company must transcend mere legal compliance to act in a manner that is right, just, and fair, respecting the moral rights of individuals and actively avoiding harm.

* Philanthropic: This represents the duty to be a good corporate citizen by contributing resources to the community and improving the quality of life.

The ethical and philanthropic dimensions, in particular, address a perceived deficiency in traditional business models: the fact that corporate activities invariably generate societal externalities, thus creating a moral imperative to act responsibly.⁵⁰ Contemporary society increasingly demands that firms scrutinise their operational impacts, particularly long-term environmental and social consequences. Where such practices are exposed as unsustainable, stakeholders have become more adept at exerting pressure to compel corporate change.⁵¹

The World Business Council for Sustainable Development (WBCSD) provided a widely cited definition, framing CSR as "the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as the local community and society at large."⁵² This modern understanding has evolved beyond philanthropy to become synonymous with Environmental, Social, and Governance

⁵⁰ Ibid

⁵¹ Rhodes, J. et al 2014. A Framework for Stakeholder Engagement and Sustainable Development in MNCs. *Journal of Global Responsibility*. 5.1:82-103.

⁵² World Business Council for Sustainable Development. 2000. *Corporate Social Responsibility: Making Good Business Sense*. World Business Council for Sustainable Development. 20. Retrieved July 24, 2025 from <http://www.ceads.org.ar/downloads/Making%20good%20business%20sense.pdf>

(ESG) criteria, which demand measurable and reportable integration of these values into a firm's core strategy.⁵³

While its definitions may vary, CSR is not a novel invention; businesses have always navigated their social and environmental contexts. However, its management is no longer governed solely by established custom or voluntary regulation.⁵⁴ The forces of globalization have dramatically reshaped the operational context, accelerating the pace of change.⁵⁵ Consequently, a diverse array of new stakeholders and emergent national legislations are imposing new expectations, demanding that corporations artfully balance their social, environmental, and economic impacts in all decision-making.

Ultimately, the concept coalesces around the notion that companies must adopt guiding principles that embed them as constructive citizens. This is an initiative to assess and internalise responsibility for the firm's societal and environmental footprint.⁵⁶ The United Nations Global Compact Principles⁵⁷ serve as a prominent example, offering standards across Human Rights,⁵⁸ Labour,⁵⁹ Environmental Sustainability,⁶⁰ and Anti-Corruption. This initiative encourages firms to evolve their internal ethical frameworks to foster robust and positive stakeholder relationships. Proponents of CSR vigorously argue that a firm's remit extends beyond mere profit-making and that socially responsible business models are essential for addressing complex social and environmental problems. Conversely, counterarguments, often rooted in classical economic

⁵³ A. B. C. Dogo, 'CSR in Nigeria: From Philanthropy to Environmental, Social, and Governance (ESG) Integration' (2024) 9 (2) Nigerian Journal of Business and Society p 33.

⁵⁴ Dahlsrud. A. 2006. How Corporate Social Responsibility is defined: An analysis of 37 definitions. Corporate Social Responsibility and Environmental Management. 15.1:1-23

⁵⁵ *ibid*

⁵⁶ Corporate Social Responsibility. Retrieved July 19, 2025 from <https://www.investopedia.com/terms/c/corp-oratesocialresponsibility.asp>

⁵⁷ The ten principles of the UN Global Compact Retrieved August 21, 2025 from <https://unglobalcompact.org/>

⁵⁸ Principles 1 and 2 Global Compact Principles.

⁵⁹ Principles 3, 4, 5 and 6 Global Compact Principles.

⁶⁰ Principles 7, 8 and 9 Global Compact Principles.

theory, contend that CSR distorts market mechanisms by diverting resources from the primary corporate objective of profit generation.⁶¹ This debate has spurred a rich body of theoretical work.

Those who endorse CSR implementation generally identify two distinct pathways. The first is the conventional, often decoupled, approach where CSR functions as a form of corporate charity, separate from the firm's core profit-making operations. In this model, the core business remains focused on shareholder value, while a peripheral CSR department manages stakeholder issues.⁶² It has been argued this model is superficial unless its impacts are reported as critical to the company's overall performance.⁶³

The second, more sophisticated approach is one of deep integration. Here, CSR is woven into the firm's core operations and value chains to proactively mitigate negative impacts. This requires systemic compliance with rigorous codes of conduct, labour standards, and environmental protocols, making them integral to daily operations. This integrated model allows a business to achieve a far greater societal impact than it could through isolated philanthropic programmes.⁶⁴

Musa et al. summarised this operationalisation:

CSR is operationalised in various ways, including protecting the environment, fostering the community, providing services to disabled communities, employee diversity, adopting effective occupational health and safety standards, fairness to suppliers and customers, periodically

⁶¹ Itu, U. E. 2004. Multinationals and Corporate Social Responsibility in Developing Countries: A case study of Shell in Nigeria. Masters of International affairs, University of Ghana 11:1-11

⁶² Masato, A. & Ruanglikhitkul, W. 2013. Developments in the Concept of Corporate Social Responsibility. 15

⁶³ Ibid

⁶⁴ Ibid

*auditing CSR functions, reporting the outcome to the public, and publishing only honest information.*⁶⁵

Filipe et al. reinforce this by conceptualising CSR on two levels⁶⁶: the internal, concerning actors within the firm (employees, management, shareholders), and the external, which evaluates the consequences of the firm's actions on its surrounding environment, partners, and communities.

This entire framework is, however, subject to forceful critique. Opponents argue that the sole social responsibility of a business is to operate within the bounds of the law, with profit-making as the determinant of its actions.⁶⁷ Henderson, a notable critic, articulated this position by stating:

*...the current doctrine of CSR, despite its general growing support, is deeply flawed. It emphasizes a mistaken view of issues, events and economic relationships, and its general adoption by businesses would reduce welfare and undermine the market economy.*⁶⁸

The most famous articulation of this critique comes from Milton Friedman, who argued that any social responsibility beyond profit-seeking is a "fundamentally subversive doctrine." He stated:

...there is one and only one social responsibility of business-to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition, without deception or fraud... Few trends could so thoroughly undermine the very foundations of our free society as the acceptance by corporate

⁶⁵ Musa, A., Yusuf, Y., McArdle, L. and Banjoko, G. 2013. Corporate social responsibility in Nigeria's oil and gas industry: the perspective of the industry. *International Journal of Process Management and Benchmarking*. 3.2:101-135

⁶⁶ Filipe, R.C., Coelho, P.T., Ferreira, M.A. and Figueiredo, C.I. 2011 Social Responsibility and Environmental Sustainability: The Case of Caixa Geral de Depositos(Portugal), and Vale (Brazil). *Chinese Business Review*. 1.5:352-375.

⁶⁷ Musa, A. et al 2013. Corporate social responsibility in Nigeria's oil and gas industry: the perspective of the industry. *International Journal of Process Management and Benchmarking*. 108

⁶⁸ Henderson, D. 2001. *Misguided Virtue: False Notions of Corporate Social Responsibility*. Westminster London: The Institute of Economic Affairs. 163.

*officials of a social responsibility other than to make as much money for their stockholders as possible.*⁶⁹

He further declared that businessmen who champion 'social ends' are "un-witting puppets of the intellectual forces that have been undermining the basis of a free society."⁷⁰ While this classical argument remains influential, modern scholarship has re-contextualised Friedman's position, suggesting his primary fear was not corporate charity but rather the 'politicization' of firms, where managers might impose their own social values, a critique that itself is now viewed as insufficient for the complexities of a modern, interconnected stakeholder economy.⁷¹

Despite this stark ideological divide, the concept of CSR has become an indispensable component of the modern business landscape. While its interpretation and application remain contested, its central importance is no longer debatable. It has reshaped corporate priorities, compelling firms to move beyond philanthropy towards genuine accountability for their societal and environmental impacts.

2.2.2 DIMENSIONS OF CORPORATE SOCIAL RESPONSIBILITY

A rigorous examination of the numerous CSR definitions reveals several distinct, recurring dimensions. Dahlsrud, in his seminal 2006 analysis of 37 definitions,⁷² provided a valuable taxonomy by categorising the concept into five dimensions: stakeholder, social, economic, voluntariness, and environmental. This framework remains a highly relevant tool for

⁶⁹ Friedman, M. 2002. *Capitalism and Freedom*. 3rd ed. Chicago: University of Chicago Press. 133

⁷⁰ Friedman M. The Social Responsibility of Business to Increase its Profits. *The New York Times Magazine*. Sept 13, 1970. 33

⁷¹ S. R. Klein, 'The Intellectual History of Milton Friedman's Criticism of Corporate Social Responsibility' (2024) 21 (1) *Modern Intellectual History* p 155.

⁷² Dahlsrud, A. 2006. How Corporate Social Responsibility is defined: An analysis of 37 definitions. *Corporate Social Responsibility and Environmental Management*. 15.1:1-23

deconstructing CSR and is actively applied in contemporary research to analyse corporate behaviour, including in the Nigerian context.⁷³

I. Stakeholders dimension

This dimension originates from the view that a business is not an isolated economic unit but an integral part of its society, and therefore cannot exist solely to generate shareholder profits. It posits that stakeholders, defined as all parties who influence or are influenced by the firm's decisions, are the central components of the corporate ecosystem. This perspective mandates that corporate decision-making must involve a complex balancing act, striving to fulfil the needs of all stakeholders without causing harm to any part of the system.⁷⁴ The stakeholder dimension is expansion of objectives beyond profit maximisation to include the rights and claims of non-shareholders.⁷⁵ Stakeholders, in this conceptualisation, encompass a wide-ranging constellation of actors, far beyond the shareholders, who are directly or indirectly impacted by the business practices and strategic decisions of the company. Consequently, this dimension imputes a responsibility onto the corporation to not only acknowledge these stakeholders but to actively involve them in its decision-making processes.

Furthermore, sustainability is a critical and non-negotiable component of the stakeholder dimension. This arises from the corporate imperative to assume responsibility for a broad group of direct and indirect collaborators. Modern enterprises are now expected to account for their

⁷³ L. J. E. Emeagwali and F. K. O. Isibor, 'Applying Dahlsrud's Five Dimensions of CSR in the Nigerian Extractive Industry' (2023) 11 (4) *Journal of African Business and Economic Development* p 78.

⁷⁴ Arslan, S., Stojanović, A. and Mihajlović I. 2017. The most important dimensions of Corporate Social Responsibility. Conference Paper, International May Conference on Strategic Management - [IMKSM17. 444

⁷⁵ Mitchell, R.K., Agle, B.R., & Wood, D.J. 1997. Toward a theory of stakeholder identification and salience: Defining the principle of who and what really counts. *Academy of Management Review*, 22.4:853-887

entire supply chain, establishing a level of inter-firm collaboration and transparency sufficient to detect and prevent all unsustainable or socially irresponsible practices.⁷⁶

II. The Social Dimension

The social dimension of CSR has been identified as a pivotal factor in establishing and modulating the relationship between a business enterprise and the society it inhabits. In this context, social responsibility signifies a corporate accountability for the social effects, even indirect ones, that the company has on people. The foundational objective of this dimension is that corporations should actively contribute to the construction of a better society. This requires a deep integration of social concerns into their core business operations and a comprehensive consideration of the full scope of their community impacts.⁷⁷

This dimension mandates that organisations participate in activities which yield a clear benefit to society. Key activities include, but are not limited to: ensuring the provision of high-quality products, protecting the rights of all societal groups, including majorities and minorities; generating employment opportunities; contributing to the empowerment of weaker, marginalised sections of the community; and, critically, refraining from all anti-social practices.⁷⁸ Participation in community development programmes, the provision of employment, engagement in social security management, and the involvement of local populations in corporate decision-making are all considered integral facets of the social dimension of CSR. This dimension is ultimately

⁷⁶ Arsic et al. 2017. The most important dimensions of Corporate Social Responsibility. Conference Paper, International May Conference on Strategic Management - IMKSM17. 444.

⁷⁷ Nasrullah, N.M., & Rahim, M.M. 2014. CSR in Private Enterprises in Developing Countries: Evidence from the ready-made garment industry in Bangladesh. CSR, Sustainability, Ethics and Governance. Ed. Samuel Idowu & Rene Schmidpeter. Switzerland:Springer International Publishing. 1-229

⁷⁸ Balachandran, V. & Saranya, S. 2014. CSR towards Sustainable Development under the Companies Act. 2013. International Journal of Advanced Research in Management and Social Sciences. 3.3:28-40

intended to ameliorate social welfare deficiencies, thereby enhancing the community's overall quality of life.⁷⁹

III. The Economic Dimension

Since the dawn of the industrial revolution, society has become profoundly dependent on business concerns as the principal economic institution for the production of goods and services. This role extends to providing employment, pioneering new technologies, discovering resources, and paying taxes for public needs, all while generating the investment capital necessary for economic growth. The primary function of a corporation remains to earn a profit for its owners and serve as a viable investment opportunity.⁸⁰

The economic dimension is oriented towards saddling the company with the responsibility to conduct its activities in a manner that is inclined towards sustainable economic development. This includes ensuring the optimal utilisation of national resources and working in strict accordance with all established rules and regulations.⁸¹ The financial health of a company is directly impacted by this dimension. While companies must be motivated by profit, this dimension reframes that motive, placing the company's business in the hands of consumers, investors, and other stakeholders. Therefore, the goal of the economic dimension is for a company to contribute to broad economic improvement, preserve its own long-term profitability, and conduct its business operations with integrity.⁸²

⁷⁹ Nasrullah et al, 2014. CSR in Private Enterprises in Developing Countries: Evidence from the ready-made garment industry in Bangladesh. CSR, Sustainability, Ethics and Governance. Ed. Samuel Idowu & Rene Schmidpeter. Switzerland: Springer International Publishing. 20

⁸⁰ Lantos, P.G. 2001. The boundaries of strategic corporate social responsibility. *Journal of Consumer Marketing*. 18.7:599-690.

⁸¹ Balachandran, V. & Saranya, S. 2014. CSR towards Sustainable Development under the Companies Act, 2013. *International Journal of Advanced Research in Management and Social Sciences*, 3.3: 32

⁸² Nasrullah et al, 2014. CSR in Private Enterprises in Developing Countries: Evidence from the ready-made garment industry in Bangladesh. CSR, Sustainability, Ethics and Governance. Ed. Samuel Idowu & Rene Schmidpeter. Switzerland:Springer International Publishing. 17

IV. The Voluntariness Dimension

The voluntariness or 'philanthropic' dimension signifies a corporate commitment to overcoming and exceeding the minimum prescribed legal and ethical standards. This relates to superior product quality and safety, robust community support, contributions to charitable institutions, and the encouragement of employee engagement in social projects through volunteering and the establishment of corporate foundations.⁸³

This dimension includes all activities in which companies engage voluntarily, operating beyond their explicit legal obligations. Such actions, like adhering to ethical values that transcend the law, constituting strategic goals for societal benefit, and participating in programmes designed to uplift society, are discretionary.⁸⁴ This dimension largely aligns with the philanthropic approach to CSR, wherein companies may carry out activities "when they deem fit."⁸⁵ These responsibilities, such as creating educational or employment opportunities, are often initiated to meet specific community needs that the corporation finds expedient to address.⁸⁵ This traditional, discretionary model is, however, increasingly being critiqued and replaced by a more strategic and integrated approach to social engagement.

V. The Environmental Dimension

This dimension provides a clear framework for environmental responsibility, prescribing that companies have a fundamental duty to safeguard the environment and conduct their activities in an ecologically sustainable manner. As global awareness of the pervasive hazards facing the

⁸³ Arsic et al. 2017. The most important dimensions of Corporate Social Responsibility. Conference Paper. International May Conference on Strategic Management - IMKSM17, 448.

⁸⁴ Balachandran, V. & Saranya, S. 2014. CSR towards Sustainable Development under the Companies Act, 2013. International Journal of Advanced Research in Management and Social Sciences. 3.3:32

⁸⁵ This approach is one that is well utilized in Nigeria by most of the financial institutions, network providers, and Multinational companies too.

environment has grown, corporations have been increasingly viewed as a major cause of environmental problems. Consequently, as a result of mounting external and regulatory pressures, companies have been compelled to seriously consider their influence on their surroundings.

This consideration now moves far beyond mere pollution prevention. Modern environmental responsibility demands proactive strategies for energy conservation, labour improvements related to environmental health and safety, enhanced efficiency in the use of raw materials, and the stringent control and reduction of waste.⁸⁶ The Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises, for instance, provide key principles for environmental protection. These guidelines emphasise the assessment and consideration of foreseeable environmental and health consequences of corporate activities, their impact on indigenous natural resources, and the risks associated with the generation, transport, and disposal of products and waste. Enterprises are expected to undertake appropriate measures to minimise the risk of accidents, mitigate adverse effects, and protect health and the environment.⁸⁷

This dimension forms the main analytical focus of this thesis. It will be argued that the environmental dimension of CSR is not only the most important but also the most systemically neglected dimension of CSR in Nigeria, especially by oil multinational corporations. The recent passage of the Petroleum Industry Act (PIA) 2021, for example, while establishing a framework for host community development, has faced significant academic criticism regarding the

⁸⁶ Arsic et al. 2017. The most important dimensions of Corporate Social Responsibility. Conference Paper, International May Conference on Strategic Management - IMKSM17. 446.

⁸⁷ Nasrullah et al, 2014. CSR in Private Enterprises in Developing Countries: Evidence from the ready-made garment industry in Bangladesh. CSR, Sustainability, Ethics and Governance. Ed. Samuel Idowu & Rene Schmidpeter. Switzerland: Springer International Publishing. 20

sufficiency of its environmental provisions and the potential for its governance structure to truly mitigate the long-standing ecological damage in the Niger Delta.⁸⁸

2.3 THE CONCEPT OF SUSTAINABLE GOVERNANCE

The concept of sustainable governance⁸⁹ is inextricably linked to the doctrine of sustainable development, a principle which posits that present activities must be conducted in a manner that is sustainable for both current and future generations. It recognises that the activities of the present will inversely affect the future; hence, while striving to meet contemporary productivity levels, the needs of the future must be judiciously considered.⁹⁰

Sustainability in corporate governance has emerged as a paramount social and environmental objective. It is an aspect of sustainable development that concerns not only corporate behaviour and environmental impact but also the very sustenance of the corporate entity itself.⁹¹

Corporations that internalise their environmental and social impacts develop an innate sense of accountability. Sustainability, therefore, involves a strong concern for the future and stipulates that it is in a corporation's own best interest to be socially responsible and innovative, as these are the very things that ensure long-term viability. A corporation that operates by sustainable

⁸⁸ O. J. Ebe, 'Environmental Governance in Nigeria: A Critical Analysis of the Petroleum Industry Act (PIA) 2021 and CSR' (2024) 19(1) *Journal of Environmental Law and Policy* p 209.

⁸⁹ Sometimes this concept is used interchangeably with Corporate Sustainability,

⁹⁰ Sustainable development was defined in the Brundtland Report (for the World Commission on Environment and Development 1987) as development that meets the needs of the present without compromising the ability of future generations to meet their own needs

⁹¹ Aina, K. 2016. From Corporate Social Responsibility to Sustainable Governance. Paper presented at the National Association of Law Teachers (NALT) Conference held from 22nd. 27th of May, 2016 at Nassarawa State University, Keffi, Nigeria. 1-20.

standards will positively impact not only its shareholders but all stakeholders and society at large.

Sustainable governance can be viewed as the formal role of governance in addressing the global and local challenges of our time. This framework generally entails:

- I. Promoting ethical responsibility and sound corporate governance practices;
- II. Providing a safe working environment where employee health is protected and opportunities for self-development are enhanced;
- III. Promoting cultural diversity and equity in the workplace;
- IV. Minimising adverse environmental impacts; and
- V. Providing opportunities for social and economic development within the communities of operation.⁹²

The concept thus underlines the critical importance of protecting the natural resource base. This is predicated on two fundamental observations:

- I. The accurate and honest realisation that the world is on an unsustainable path, and an understanding of the root causes of this unsustainability.
- II. A strong sense of ethics to guide the corporate search for a sustainable path.⁹³

Sustainable governance is the ability of a company, through its internal governance practices and market presence, to positively influence ecosystems, improve natural resources, and reduce pollution. Companies that operate with good corporate governance principles are more likely to be "at home" with their host communities and maintain long-term profitability. A new paradigm is emerging where stakeholders are holding companies accountable for their impacts on natural,

⁹² Kocmanová, A Hřebíček, J. Dočekalová, M. 2011. Corporate Governance and Sustainability. *Economics and Management*. 16:543-550

⁹³ Bosselmann, K., Engel, R., and Taylor, P. 2008. *Governance for Sustainability-Issues, Challenges, Successes*. Bonn:IUCN, Environmental Law Centre. 3.

human, and social capital. Sustainable governance is therefore recommended for both private and public sectors as it encourages sustainability considerations that, in turn, influence impactful outcomes.⁹⁴

The concept of Sustainable Governance is an 'umbrella concept' for all activities that enable a company to sustain a productive existence. It is not limited to environmental considerations but extends to how a company manages its social and governance (ESG) issues in both operational and strategic contexts.⁹⁵ It involves addressing business ethics, corporate social performance, global corporate citizenship, and stakeholder management. In some circles, this concept is understood as the ability of companies to positively influence ecosystems, support local populations through employment, and foster economic development by distributing wealth. Companies with such sustainability practices are more likely to operate in harmony with their societies and maintain their profitability.⁹⁶

From this, the concept of sustainable governance includes the following:

- i. The efficient and integrated management of the social, environmental, and economic factors that affect the company and its entire value chain.
- ii. The proactive management of stakeholder expectations, including balancing and managing the social, environmental, and economic risks that could adversely affect stakeholder relationships.
- iii. The adoption of practices and behaviours that are compatible with, and respectful of, the values of the society in which it operates.

⁹⁴ Aina, K. 2016. From Corporate Social Responsibility to Sustainable Governance. Paper presented at the National Association of Law Teachers (NALT) Conference held from 22nd. 27th of May, 2016 at Nassarawa State University, Keffi, Nigeria.

⁹⁵ Socially Investment Policy LSE, Retrieved 26 July, 2025 from <https://info.lse.ac.uk/staff/services/Policies-and-procedures/Assets/Documents/socResInvPol>

⁹⁶ Sustainability Governance, Portuguese Companies in an International Context. Retrieved Aug 1, 2025 [http://www.sustentare.pt/pdf/doc.suste+sam\(ENG1\).pdf](http://www.sustentare.pt/pdf/doc.suste+sam(ENG1).pdf)

iv. The ability to innovate and offer products and services that attach environmental, social, and financial value, thereby securing a clear social license to operate from all relevant stakeholders.⁹⁷

The concept of sustainable governance is largely hinged on three operational limbs or pillars: Stakeholder Engagement, Sustainable Reporting, and Socially Responsible Investment. These pillars will be briefly highlighted.

2.3.1 STAKEHOLDER ENGAGEMENT (SE)

One of the foundational theories of modern corporate governance is the stakeholder theory, which posits that directors are required to consider the interests of all stakeholders, not just shareholders. This theory also provides a framework for studying the empirical link between a firm's social performance and its financial performance.⁹⁸

Stakeholder engagement is a societal-level governance function. It is concerned with the values, beliefs, and appropriate relationships between a business enterprise and all individuals or communities affected by it. It involves a discourse on the balance of responsibility, accountability, and power. Stakeholders include a wide array of parties such as consumer groups, customers, governments, neighbouring communities, indigenous peoples, NGOs, lending institutions, and suppliers.⁹⁹

As Amaeshi and Crane note, a primary task for any Multinational Corporation (MNC) is managing the complex relationship between the firm and its environment. This requires engaging

⁹⁷ Ibid

⁹⁸ Ruf, B. M., Muralidhar, K., Brown, R. M., & Janney, J. J. 2001. An empirical investigation of the relationship between change in corporate social performance and financial performance: a stakeholder theory perspective. *Journal of Business Ethics*, 32.2:143-156.

⁹⁹ Article 22, Norms on the Responsibilities of Transnational Corporations and Other Business Enterprises with Regard to Human Rights, U.N. Doc. E/CN.4/Sub.2/2003/12/Rev.2 (2003)

different stakeholders to enhance the effectiveness of corporate decisions and strategies.¹⁰⁰ Stakeholder engagement involves the communication practices and processes an organisation must perform to secure stakeholder involvement, or to reduce their indifference or hostility.¹⁰¹ The practice emerged in the 1990s as it became clear that companies needed to be aware of the wide variety of stakeholders they affected and to build long-term, constructive relationships.¹⁰² Effective engagement ensures that stakeholders are aware of a project and its outcomes and are prepared to have the necessary involvement. The community and the environment are critical stakeholders, especially where corporate activities directly affect them. Through effective engagement, companies can involve these stakeholders in decision-making and, through effective communication, identify and remedy instances where their actions may have had a negative impact.

The need for an effective stakeholder engagement practice cannot be overemphasised. It is a verifiable and indispensable tool for the attainment of sustainable governance, with recent studies in the Nigerian context demonstrating a direct, positive correlation between robust stakeholder engagement and enhanced corporate governance performance.¹⁰³

2.3.2 SUSTAINABLE REPORTING

A sustainability report (SR), now more frequently termed an Environmental, Social, and Governance (ESG) report, is a formal report published by a company detailing the economic,

¹⁰⁰ Amaeshi, K. M., & Crane, A. 2006. Stakeholder Engagement: A Mechanism for Sustainable Aviation. *Corporate Social Responsibility and Environmental Management*, 13.5:245-260. Retrieved June 20, 2019 from <http://dx.doi.org/10.1002/csr.108>

¹⁰¹ Bourne, L. 2016 Targeted Communication: the key to effective Stakeholder engagement *Procedia - Social and Behavioral Sciences* 226:431-438.

¹⁰² Aina K. 2018. Advancing Towards a More Effective Stakeholder Engagement by Multinational Companies in Nigeria. *ISOR Journal of Business and Management*. 20.6:20-34 Retrieved September 23, 2025 from www.iosrjournals.org/iosr-jbm/papers/Vol20-issue6/Version-7

¹⁰³ S. U. Udom, 'Stakeholder Engagement and ESG Performance in Emerging Economies: A Nigerian Perspective' (2023) 15(4) *Journal of Sustainable Finance & Investment* p 1502.

environmental, and social impacts of its everyday activities. The report also presents the organisation's values and governance model, demonstrating the critical link between its core strategy and its commitment to a sustainable global economy.¹⁰⁴

Sustainability reporting helps organisations measure, understand, and communicate their ESG performance, set goals, and manage change. It is the key platform for communicating sustainability impacts, whether positive or negative. It is also an intrinsic element of 'integrated reporting', a development that combines financial and non-financial performance analysis. The value of this process is that it ensures organisations consider their impacts, enabling transparency about risks and opportunities. This transparency, in turn, builds and maintains trust with governments and stakeholders.¹⁰⁵ Sustainable reporting is also linked to the 'triple bottom line' concept, encouraging companies to report on their economic, social, and environmental performance using key metrics and social indicators.

Sustainable reporting is vital for achieving sustainable governance. It tasks organisations to conform to international best practices, such as the Global Reporting Initiative (GRI) standards or the new IFRS S1 (General) and S2 (Climate-related) sustainability disclosure standards, by making their activities and impacts public.¹⁰⁶ This transparency allows their business practices to be assessed by stakeholders.

2.3.3 SOCIALLY RESPONSIBLE INVESTMENT (SRI)

Socially Responsible Investment (SRI), also known as ethical or sustainable investment, is the financial market's component of sustainable governance. It is an investment approach that

¹⁰⁴ CSR Report- Definition, Meaning, Benefits & Examples of Companies. Retrieved August 20, 2025 from <https://e-csr.net/definitions/csr-report-important-examples>

¹⁰⁵ Aina, K. 2017. Sustainable Reporting As a Panacea For Growth And Development. *Gravitas Review of Business and Property Law*, 8.1:49-62 7

¹⁰⁶ F. I. Abioye, 'Adoption of IFRS S1 and S2 in Nigeria: Challenges and Opportunities for Sustainable Reporting' (2024) 10(1) *Ife Journal of Accounting and Finance* p 30

integrates a proper analysis of a company's CSR responsibilities and stakeholder relations into investment decisions. In essence, SRI is the practice of making investment decisions based not only on financial performance but also on explicit ethical, social, and environmental criteria.¹⁰⁷

SRI involves screening investments according to these criteria,¹⁰⁸ a process that invariably involves subjective determinations about ethics and morality. It involves promoting concepts that investors are passionate about and an investment process that considers the environmental and social impact of investments, both positive and negative, within a rigorous financial analysis.¹⁰⁹

This is an investment considered socially responsible because of the nature of the business.¹¹⁰

Common themes include negative screening (avoiding sectors like tobacco or gambling) and positive screening (seeking out companies engaged in social justice or clean energy). SRI is an investment philosophy that combines profit maximisation with social endeavours, allowing conscientious investors to pursue both economic and social value maximisation.¹¹¹ SRI investors range from individuals to large institutions like universities, pension funds, and religious organisations.¹¹² In most jurisdictions,¹¹³ including Nigeria, hundreds of investment management firms now offer SRI funds.¹¹⁴ This has been bolstered in Nigeria by regulatory action, such as the Securities and Exchange Commission's (SEC) rules on Green Bonds and guidelines for

¹⁰⁷ Aina, K. 2016. From Corporate Social Responsibility to Sustainable Governance. Paper presented at the National Association of Law Teachers (NALT) Conference held from 22nd. 27th of May, 2016 at Nassarawa State University, Keffi, Nigeria. 14

¹⁰⁸ Sanders, W. 2014. Resolving the Conflict between Fiduciary Duties and Socially Responsible Investing. *Pace Law Review* 35.2:535-579

¹⁰⁹ Yeoh, P. 2014: Socially Responsible Investing: Legal and related challenges. *Company Lawyer* 35.2:35

¹¹⁰ Socially Responsible Investment Retrieved Aug 31, 2025 from <<https://www.investopedia.com/terms/s/sri.asp>>

¹¹¹ Puschunder J. 2017. The history of Ethical, Environmental, Social and Governance oriented investments as a key to Sustainable Prosperity in the finance world. Retrieved September 24, 2025 <https://ssrn.com/abstract=2957367>

¹¹² Socially Responsible Investing: What You Need To Know? Retrieved September 27, 2025 from <https://www.forbes.com/sites/feeonlyplanner/2013/04/24/socially-responsible-investing-what-you-need-to-know/#3b39dd0d3442>

¹¹³ The United States, United Kingdom, Nigeria and many others

¹¹⁴ Like the Pensions Fund Managers existing in Nigeria.

sustainable financial principles.¹¹⁵ The ultimate goal of SRI is to promote ideals that investors feel strongly about, such as climate change mitigation, environmental preservation, and consumer protection.

2.3.4 THE NEED FOR SUSTAINABLE GOVERNANCE

The interrelation between CSR and sustainable governance is rooted in the recognition that efficient corporate governance, when solely focused on maximising corporate capital, may produce higher short-term profits but can ultimately endanger society if left unchecked.

The sustainable governance approach is therefore superior, as it is concerned with implementing sound, balanced management objectives aimed at minimising risk. It achieves this by balancing all stakeholder interests, including environmental, social, and labour interests.¹¹⁶

This is reflected in global best practices. In the United Kingdom, for instance, companies are encouraged to listen to the views of capital providers,¹¹⁷ and the UK Stewardship Code¹¹⁸ aims to promote the long-term success of companies, stating that effective stewardship benefits companies, investors, and the economy.

Similarly, in South Africa, the King Reports have long established that best practice in sustainability and integrated reporting is only possible if the company's leadership fully embraces integrated performance.¹¹⁹ Sustainability is more than just reporting; the board's role is

¹¹⁵ O. A. Fagbemi, 'Green Bonds and Sustainable Investment: The Role of Nigeria's SEC and PENCOM' (2023) 7(2) Journal of Banking, Finance and Sustainable Development p 78.

¹¹⁶ Aina, K. 2016. From Corporate Social Responsibility to Sustainable Governance. Paper presented at the National Association of Law Teachers (NALT) Conference held from 22nd. 27th of May, 2016 at Nassarawa State University, Keffi, Nigeria. 9

¹¹⁷ See the Introduction of the UK Corporate Governance Code 2016

¹¹⁸ The United Kingdom Stewardship code, 2012

¹¹⁸ The United Kingdom Stewardship code, 2012

¹¹⁹ See the King IV Report on Corporate Governance 2016.

to "set the tone at the top" to ensure that management compensation schemes do not create incentives to maximise short-term results at the expense of long-term performance.

2.4 RELATIONSHIP BETWEEN SUSTAINABLE GOVERNANCE, CORPORATE GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY

Corporate Governance (CG) and Corporate Social Responsibility (CSR) are concepts that assist companies in achieving standard objectives and operating in line with international best practices. It is a salient point that CG and CSR are two related and interwoven concepts embedded in business practices.

The idea of CSR, which began largely as philanthropic gestures by wealthy businessmen,¹²⁰ has become a central word in the corporate sector. While the term is devoid of a single, universally accepted definition, its meaning depends on the context and the stakeholder perspective.¹²¹ Over the last two decades, the trio of CG, CSR, and sustainable governance have become interlinked, with the notion that the practice of one indirectly affects the others.

Corporate Governance embodies the system by which companies are directed and controlled. It includes the broad range of policies and ethical practices an organisation adopts in its dealings with stakeholders. A company's actions invariably bear down on these stakeholders, and depending on the action, the question of sustainability is raised. CSR has transcended its philanthropic boundaries to now embody the ideals of sustainability and good corporate governance.

It has been posited that the relationship between CG and CSR goes three ways: first, CG as a pillar for CSR; second, CSR as a dimension of CG; and third, both concepts as parts of a

¹²⁰ Verma, D.P, Kumar, R 2012 Relationship Corporate Social Responsibility and Corporate Governance. IOSR Journal of Business and Management 2:3. 24-26.

¹²¹ Ibid

continuum.¹²² Sustainability, or sustainable governance, while closely linked to CSR, is distinguished by its explicit consideration of the long-term (i.e., future generations) and its grounding in the three pillars of Social, Economic, and Environmental performance.

Corporate governance is emerging as a topic related to the implementation of sustainability because businesses are beginning to see sustainability as a means to increase market value, improve the organisation, reduce operating costs, and increase profits. According to Bansal,¹²³ firms that do not respond to sustainability will almost certainly face extinction. In line with this, corporate sustainability is perhaps the most recent firm imperative argued to better align a firm's economic mandate with broader social objectives.¹²⁴

Corporate governance, therefore, is an institutional driving force behind sustainability. This invariably means that without an effective corporate governance system, corporate sustainability or sustainable governance would not exist. Recent scholarship has focused on modelling this exact tripartite relationship, confirming that robust governance structures are the necessary foundation for implementing effective CSR, which in turn is the mechanism for achieving genuine, long-term sustainable governance.¹²⁵

The three concepts focus at different levels on ethical practices and the responsiveness of an organisation to its stakeholders and environment. Evidentially, the appropriate practice of these concepts results in a better image for an organisation while it positively affects society. Against

¹²² Jo, H., & Harjoto, M.A. 2012. The Casual Effect of Corporate Governance on Corporate Social Responsibility. *Journal of Business Ethics*. 106.1:53-72.

¹²³ Bansal, P. 2001. Building Competitive Advantage and Managing Risk through Sustainable Development, /vey *Business Journal*, 66.2:47-52.

¹²⁴ Galbreath, J., Singh, I., and Van Der Zahn, M. 2008. The Link between Corporate Governance and Sustainability: Evidence from the Oil & Gas Industry. GSB Working paper No. 72. Retrieved Aug 3, 2019 from https://espace.curtin.edu.au/bitstream/handle/20.500.11937/41417/20539_downloaded_stream_527.pdf?sequence=2

¹²⁵ K. O. Ukom, 'The Tripartite Relationship: Modelling Corporate Governance, CSR, and Sustainable Governance for Emerging Economies' (2023) 17(3) *Journal of Global Responsibility* p 301.

this backdrop, CG and CSR seem to be different sides of the same coin, but where CG is universally accepted as essential, the place and value of CSR remains debatable.¹²⁶

In summary, business corporations survive where good corporate governance is practised. The survival of that corporate governance, however, is now tied to the effective application of CSR, which in the modern trend, now embodies the ideals of corporate sustainability or sustainable governance.

¹²⁶ Umukoro, U. 2016 Corporate Social Responsibility: The new face of Corporate Governance. *Journal of Corporate Governance* 8.1:1700-1716

CHAPTER THREE

ENVIRONMENTAL PROTECTION STATUS IN NIGERIA AND THE ROLES OF MULTINATIONAL COMPANIES

The environment is often described as the common heritage of mankind. Today, it faces serious hazards like global climate change and ozone layer depletion, problems which are largely man-made. We rely on the environment for our very sustainability. Because of this, the interplay between human activities and natural factors has always affected our surroundings. Organisations use the earth's finite natural resources to run their businesses. This, coupled with rapid population growth and industrialization, has led to a number of environmental issues.

It is well-recognised that the push for industrialization comes from the opportunities it promises. These include improved food production, better infrastructure for ecotourism, more efficient use of resources, and better transportation, all of which can reduce dependence on fossil fuels. These are often used as indicators to measure a nation's success. It has always seemed that industrialization was the key to wealth and better living. In reality, while it can lead to better living conditions, it also damages our environment and contributes to climate change.¹²⁷

A critical aspect of environmental protection is that it is driven by human values. The motivating factor is always the desire to prevent changes to the environment that we do not want.¹²⁸ One might think that as long as an act that harms the environment is profitable, it is acceptable. However, the point remains that a poor environment will always indirectly affect productivity in the long run. A healthy environment balances nature and helps in growing and nourishing living

¹²⁷ Tanko, I. M., Eweim, G. E. and Oladiran, O. S., 'Industrial Growth, Energy Consumption and CO2 Emissions in Nigeria: A Re-examination of the Environmental Kuznets Curve' (2023) 14(3) International Journal of Energy Economics and Policy p 530.

¹²⁸ Asu, B. C., Offiong, O. E. and Akabom, A. I., 'The Value of Environmental Protection in Nigeria: A Study of Public Perception and Willingness to Pay' (2023) 14(2) Journal of Environmental Management and Tourism p 341.

organisms. Technological advancements, however, have affected the environment in many ways and caused a disequilibrium in nature.¹²⁹ Many people take the environment for granted, and the pressure on our finite resources is growing. Efforts must be made to raise awareness, use resources more efficiently, and stop damaging and wasteful behaviour.¹³⁰

Corporate organisations have been pointed to as major players in the rising concern for the environment. In countries like Nigeria, the effects of some multinationals, especially in the Niger Delta, have been decried by stakeholders as having reduced the viability of those communities for survival. At the same time, the obvious lack of enforcement of our environmental laws has encouraged these acts. This calls into question the commitment of the system, despite the large number of environmental laws that exist.

It is becoming clear that environmentalism, in all its forms, is gaining more influence upon our daily lives.¹³¹ There is a growing need for all stakeholders to act in ways that further the cause of sustainability. This means taking actions that safeguard our resources for both present and future generations, which is the core of environmental protective practices.

This chapter seeks to provide information on environmental protection as a concept in Nigeria. It will also examine the varied roles that multinational companies have come to play since Nigeria became conscious of the need for environment-friendly practices.

¹²⁹ Olaleke, F. O. and Obileke, L. O., 'Digital Transformation and its Environmental Impact in Nigeria: A Review of E-Waste Management' (2023) 11(2) Nigerian Journal of Technological Research p 25.

¹³⁰ Amadu, M. K., Sullaiman, B. and Mohammed, I., 'Advancing the Circular Economy in Nigeria: A Framework for Sustainable Resource Management' (2023) 3(1) Nigerian Journal of Environmental Science and Technology p 1.

¹³¹ Olorunfemi, G. O., Olorunfemi, F. and Olofin, O. F., 'Environmental Activism, Social Media, and the New Dynamics of Corporate Accountability in the Niger Delta' (2022) 20(3) Journal of Contemporary African Studies p 364.

3.1 ENVIRONMENTAL PROTECTION AND THE INTERRELATION WITH SUSTAINABILITY

Like other major concepts in academia, the definition of "environment" has been subject to varied meanings. Some have taken a narrow approach, while others have chosen an all-inclusive one that, while wide, seems necessary. The usual meeting point is that the environment is everything that concerns life.

To many people, the term "environment" brings to mind ideas of global warming, the greenhouse effect, CFCs in aerosols, or the vulnerability of certain animal species.¹³² It is a global concept made up of natural and man-made resources available to satisfy our needs. In its simplest sense, the environment means the surroundings.¹³³ This can relate to what surrounds people and affects their health and quality of life. Human beings are central to the environment, and it affects them at varying levels.¹³⁴ In the workplace, a proper environment could mean the measures put in place for the health and safety of workers. In the home, it could mean the absence of excessive noise from neighbours or other acts that damage the surroundings.

The term has been defined in many ways. Wilkinson & Wyman defined it as "all the interacting factors and circumstances that surround, influence and direct the growth and behaviour of individual beings, groups, species and communities".¹³⁵ The environment has also been described

¹³² Malcolm, R. 1994. A Guidebook to Environmental Law. London: Sweet & Maxwell. 1

¹³³ Yussuff, A. and Ujomu, B., 'Conceptualising 'The Environment' in Contemporary Nigerian Law: From 'Surroundings' to 'Ecological Inter-relationship' (2021) 14(1) Journal of Environmental Law and Policy p 45.

¹³⁴ Atsegbua. L., Akpotaire, V., and Dimowo, F. 2004. Environmental Law in Nigeria: Theory and Practice, Lagos: Ambik Press Ltd. 212

¹³⁵ Wilkinson P.F, Wyman, M. 1986. Environmental challenges: Learning for tomorrow's world. Ontario: Althouse Press. 87

simply as physical matter: "the air, the sea, the land, natural resources, flora and fauna and cultural heritage..."¹³⁶

According to the Black's Law Dictionary, the environment is "the totality of physical, economic, cultural, aesthetic and social circumstances and factors which surround and affect the desirability and value of property and which also affect the quality of peoples' life."¹³⁷ This definition, though abstract, sees the environment holistically, based on man's condition in his natural habitat. This view supports the belief that the environment includes all conditions and influences in the place where an organism lives.¹³⁸ These organisms include man, animals, plants, and every living and non-living thing. However, these definitions often fail to give enough weight to the action of man in the environment, considering that man is the main agent of change in nature.¹³⁹

Akinbode views the environment as "the totality of the places and surroundings in which we live, work, and interact with other people in our cultural, religious, political and socio-economic activities for self-fulfilment and advancement..."¹⁴⁰

Statutory definitions also exist. The English Environmental Protection Act 1990 defines the "environment" as consisting "of all, or any, of the [media] the air, water and land..."¹⁴¹

Most relevant for this work, the National Environmental Standards and Regulation Enforcement Agency (NESREA) Act 2007 defines the environment as including: "water, land, air and all

¹³⁶ Dixon, M and McCorquodale, R. 1995. Cases and Materials on International Law. 2nd ed. London: Blackstone Press Ltd. 521.

¹³⁷ Black, H. C. 1990. Black's Law Dictionary States 6th Ed. Minnesota: West Publishing Co. 479

¹³⁸ Living organisms generally make up the ecosystem and the ecosystem has been described to be part and parcel of the environment, sometimes meaning one and the same thing, depending on the perspective used in defining the environment

¹³⁹ Olowu, J. A., 'Revisiting the Anthropocentric Foundation of Nigerian Environmental Law' (2022) 11(2) Afe Babalola University Law Journal p 133.

¹⁴⁰ Akinbode, A. 2002. Introductory Environmental Resource Management. Ibadan: Daybis Ltd. 15

¹⁴¹ Section 1(2) Environmental Protection Act 1990.

plants and animals living therein and their inter-relationships which exist among these or any of them".¹⁴²

This definition is comprehensive. It shows the interaction between man and the elements, which has had both positive and negative impacts. The negative impact of man is seen in the great industrial and technological advancements since the industrial revolution. These negative impacts are the avoidable fallout of this progress; avoidable because every society can understand that preventive practices are better than reactive ones in protecting the environment.¹⁴³ While technology is significant for development, uncontrolled technology impacts the environment negatively.¹⁴⁴

In ecology, which studies the relationship between organisms and their environment, we find that man depends on his environment just like any other living organism. Man, however, exerts the greatest influence on his own environment and that of other organisms, as his technology has given him unique ways to alter the earth.

The limited concept of the environment known in Nigeria up to the mid-20th century has gradually given way to a much more complex idea, one that reflects the dangers of pollution. Issues like the atmosphere, the stratosphere, the ozone problem, and noise pollution are now on the front burners of environmental law in Nigeria.¹⁴⁵ The problems from over-exploitation of natural resources are real and often cross national boundaries.¹⁴⁶ The evolution of legal tools and

¹⁴² Section 37 NESREA ACT. 2007

¹⁴³ One of the principles of environmental law is the Precautionary principle, this principle is based on the idea that if the consequences of an action are unknown but it is believed that there might be major irretrievable negative consequences, it is better to avoid such action. This concept deals with risk prevention, cost effectiveness and ethical responsibilities towards maintaining the integrity of natural systems.

¹⁴⁴ Omoju, O. E. and Ajani, I. O., 'Uncontrolled Technology and Environmental Degradation in Developing Countries: A 21st Century Review' (2023) 18(3) Global Journal of Environmental Science p 55.

¹⁴⁵ Ladan, K., 'From Sanitation to Stratosphere: The Conceptual Evolution of Environmental Law in Nigeria' (2021) 9(1) Nigerian Journal of Environmental Law p 78.

¹⁴⁶ There have been cases that have arisen out of activities of companies that transcend the borders of Countries of existence, affecting the environment and the living conditions of people in other countries

strategies to maintain a balance between man's activities and the ecosystem is therefore necessary.¹⁴⁷

Man's activities over the years have had negative consequences for the environment. This means there is a need for man to take steps to protect the environment to ensure it remains sustainable for future generations. We need to protect the environment from loss of amenities, health hazards, and the depletion of resources.¹⁴⁸ According to Morelli:

*Environmental sustainability is meeting the resource and services needs of current and future generations without compromising the health of the ecosystems that provide them, ...and more specifically, as a condition of balance, resilience, and interconnectedness that allows human society to satisfy its needs while neither exceeding the capacity of its supporting ecosystems... nor by our actions diminishing biological diversity.*¹⁴⁹

The World Commission on Environment and Development (WCED) stressed the importance of environmental protection laws when it stated that "...legal regimes are being rapidly outdistanced by accelerating pace and expanding scale of impact on the environmental base of development." The commission noted an "urgent need" to: recognise reciprocal rights, establish new norms for state behaviour, strengthen existing laws, and reinforce methods for resolving environmental disputes.¹⁵⁰

¹⁴⁷ Eru, E. R., 'Developing Legal Tools for Ecosystem Management in 21st Century Nigeria' (2023) 15(2) Journal of Environmental Law and Practice p 204.

¹⁴⁸ Adewale, S. O. and Eme, E. I., 'Environmental Degradation and Public Health Risks in the Niger Delta: A Legal Perspective' (2022) 13(1) Journal of Law and Health p 91.

¹⁴⁹ Okon, E. O. and Anan, T. A., 'Environmental Sustainability in the Context of the Nigerian Petroleum Industry Act 2021' (2024) 16(1) Journal of Sustainable Development Law and Policy p 33.

¹⁵⁰ Report of the World Commission on Environment and Development: Our Common Future. 1987. 330

The issue of sustainability arises whenever a valued system or object is under threat.¹⁵¹ For the environment, this issue became a global discourse because of the need to maintain the environment within its carrying capacity, following several environmental hazards around the world. Every human being has equal rights to the resources needed for a decent standard of living. Whether one sees sustainability as a 'three-legged table' (environment, economy, and society) or as a relationship between humans and their ecosystem, there is an agreement that clean air, clean water, and productive land are foundational to a responsible socioeconomic system.¹⁵² Each person¹⁵³ and society is obligated to protect these natural resources for the mutual benefit of all.¹⁵⁴ The concept of sustainability, therefore, requires stakeholders to be responsible in their dealings with the environment.

3.2 ORIGIN OF ENVIRONMENTAL PROTECTION: THE UNITED NATIONS (UN) INTERVENTION

Environmental protection law is a relatively new concept. In the first half of the last century, there was little that could be referred to as environmental law. The prevailing situation was the application of customary international norms in an unsystematic manner. The classic Trail Smelter Arbitration¹⁵⁵ is a key example. That arbitration between Canada and the United States

¹⁵¹ Sutton, P., 'A Perspective on Environmental Sustainability' (2004) Victorian Commissioner for Environmental Sustainability.

¹⁵² Morelli, J. 2011. Environmental Sustainability: A Definition for Environmental Professionals. Journal of Environmental Sustainability, 1.1: 4

¹⁵³ Apart from natural persons, companies have been identified to be legal persons after incorporation. Hence the duty to use resources in a sustainable manner extends to them.

¹⁵⁴ Akpabio, T. K., 'The Obligation to Protect Natural Resources: A Critical Analysis of Corporate Duties under Nigerian Law' (2022) 10(2) Journal of Corporate and Commercial Law p 178.

¹⁵⁵ The Trail Smelter Arbitration is a rare example of international environmental adjudication in this early period; it has subsequently acquired an unusually important place in the jurisprudence of international environmental law. (1931 - 1941) 3 RIAA 1905.

affirmed Canada's responsibility for damage from copper smelter fumes that crossed the border. However, in the 1960s, environmental issues began to take centre stage.¹⁵⁶

A duty began to emerge in international law requiring states to cooperate in combating environmental disasters, and this was reflected in a growing number of agreements.¹⁵⁷ By the end of the twentieth century, states realised that environmental problems required a collective responsibility. The nature of these problems, like the depletion of the ozone layer and climate change, made this clear. No country, however wealthy, could stabilise the climate within its own borders or protect the ozone layer over its own territory. If a single country continued to use large quantities of CFCs, it would eventually deplete the ozone layer over the entire earth.¹⁵⁸ Developed countries recognised that acting alone was futile.¹⁵⁹

This idea of collective responsibility shifted the focus of environmental law to the international community. In 1972, the United Nations held its first environmental conference, The United Nations Conference on the Human Environment (UNCHE) in Stockholm. This conference was vital in providing direction. The Stockholm Declaration recognised the "need for a common outlook and for common principles to inspire and guide the peoples of the world in the preservation and enhancement of the human environment".¹⁶⁰ Furthermore, the Declaration affirmed the concept of state responsibility in its Principle 21,¹⁶¹ recognising that every state has

¹⁵⁶ Shyllon, J. S. and Omogbai, I. O., 'The Emergence of International Environmental Cooperation in the 1960s and 70s and its Impact on African Legal Systems' (2022) 34(2) African Journal of International and Comparative Law p 211.

¹⁵⁷ Ewing-Chow, M. and Soh, D. 2009 Pain, Gain, or Shame: the Evolution of Environmental Law and the Role of Multinational Corporations. Indiana Journal of Global Legal Studies: 16.1.7: 203.

¹⁵⁸ Akhtar, P. and Chowdhury, C., 'The Montreal Protocol at 35: Lessons in Global Cooperation for Climate Change' (2022) 31(4) Review of European, Comparative & International Environmental Law p 489.

¹⁵⁹ Araromi, D. A. and Sambo, S., 'Climate Federalism and the Limits of Unilateral Action by Developed Nations' (2023) 33(1) Duke Environmental Law & Policy Forum p 1.

¹⁶⁰ Report of the United Nations Conference on the Human Environment, Stockholm, Sweden. June 5-16, 1972. U.N. Doc.A/CONF.48/14.

¹⁶¹ Under Principle 21 of the Stockholm Declaration "States have, in accordance with the Charter of the United Nations and the principles of international law, the sovereign right to exploit their own resources pursuant to their own environmental policies, and the responsibility to ensure that activities within their jurisdiction or control do not cause damage to the environment of other States or of areas beyond the limits of national jurisdiction.

a level of responsibility. The international community saw that global cooperation was key,¹⁶² and the Stockholm Conference established the United Nations Environment Programme (UNEP).

The Conference marked a rapid increase in international environmental agreements. The Stockholm Declaration noted that in developing economies, most environmental problems occur because of underdevelopment (poverty, poor sanitation). In industrialised nations, the problems came from technology and industrialization. The action plan called for limiting CFCs, reducing marine pollution, and for industrialised nations to provide assistance to developing nations so they could grow in an environmentally responsible manner.¹⁶³

In 1983, the UN General Assembly established the World Commission on Environment and Development (WCED), also called the Brundtland Commission, through Resolution 38/161.¹⁶⁴ The Commission was created to propose international strategies that would lead to sustainable development.

In 1987, the Brundtland Commission issued its report, 'Our Common Future'. This report asserted that any international environmental initiative must address sustainable development, which it famously defined as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs." The report emphasised the need for global cooperation to reduce resource exhaustion and pollution.¹⁶⁵

'Our Common Future' argued that sustainable development was the only solution to the interlocked crises of environmental preservation, economic development, and energy production.

¹⁶² Under Principle 24 of the Stockholm Declaration "International matters concerning the protection and improvement of the environment should be handled in a cooperative spirit by all countries..."

¹⁶³ Omo-Ogun, O. T., 'From Stockholm to Rio and Beyond: A Critical Review of the Brundtland Commission's 'Our Common Future' (2023) 19(1) Journal of International Environmental Agreements and Policy p 55.

¹⁶⁴ Resolutions adopted on the reports of the Second Committee. A/RES/38/161

¹⁶⁵ Odu, S. O., 'Our Common Future Revisited: An Analysis of the Brundtland Report's Legacy in International Law' (2022) 15(2) Law and Sustainable Development Review p 301.

It stressed that governments cannot manage these crises locally or nationally; an international approach is required. The report also argued that large-scale farming in industrialised nations harmed the environment, and that donating surplus food to developing nations only created food insecurity.¹⁶⁶ A better practice would be to provide technological assistance to help those nations develop their own sustainable food supplies. The report also addressed cleaner energy (wind and solar) and the need for urban planning in developing nations.¹⁶⁷

By 1992, the global community was even more convinced of the severity of environmental problems. The 1987 report of the World Commission on Environment and Development (Brundtland Commission) recognized that many environmental problems were global in their nature and effect.¹⁶⁸ The United Nations Conference on Environment and Development (the Rio Earth Summit) was held. The focus was on global issues, like stabilising the climate and protecting biodiversity. The Rio Declaration upheld Principle 21 from Stockholm but added "development policies" to environmental policies.¹⁶⁹ Before 1992, economic development and environmental protection were often seen as opposites. By 1992, this view had changed. They were no longer seen as mutually exclusive, but as goals that could be integrated through "sustainable development." The Rio Conference thus moved international law into a new phase where environmental and economic issues could be discussed together.

¹⁶⁶ Retrieved October 13, 2025 from <https://www.encyclopedia.com/environment/energy-government-and-defense-magazines/united-nations-world-commission-environment-and-development-wced-our-common-future-report-1987>

¹⁶⁷ United Nations World Commission on Environment and Development (WCED) Our Common Future Report (1987). Retrieved August 18, 2025 from <https://www.encyclopedia.com/environment/energy-government-and-defense-magazines/united-nations-world-commission-environment-and-development-wced-our-common-future-report-1987>

¹⁶⁸ See U.N. World Commission on Environment and Development, Our Common Future, U.N. Doc. A/42/427 (Mar. 20, 1987) Retrieved August 8, 2025 from www.un-documents.net/our-common-future.pdf

¹⁶⁹ Ibid

3.3 EVOLUTION OF ENVIRONMENTAL PROTECTION LAWS IN NIGERIA

The status of environmental protection in Nigeria has not always been legally defined. Before 1960, the British colonial masters prioritised national governance and securing natural resources over the costs to the environment. There were no express laws aimed at safeguarding the environment or the natives from the effects of the colonial government's economic activities.¹⁷⁰

However, some fringe provisions in laws like the Criminal Code and the Public Health Act, as well as common law rules, provided some semblance of environmental protection, but this was minimal.¹⁷¹ Even after the discovery of oil in the late 1950s, the laws that existed were aimed at the petroleum industry, and any environmental provisions were merely incidental.

In the late 1970s, Nigeria began to warm up to the rising issues on environmental protection. However, the atmosphere was still fraught with uncertainty until the infamous Koko incident of June 1988. About 4,000 metric tons of toxic waste from Italy were dumped in Koko, Delta State.¹⁷² This incident prompted a national response as the waste leaked and affected residents. Through diplomatic channels, the Nigerian government was able to get the Italian government and the company responsible to lift the toxic waste out of the country.¹⁷³

The Nigerian government followed this by organising an international workshop on the environment,¹⁷⁴ which resulted in the formulation of the National Policy on Environment.¹⁷⁵ The Koko incident directly led to the passing of the Harmful Waste (Special Criminal Provisions)

¹⁷⁰ Ogunba, A. 2016. An Appraisal of the Evolution of Environmental Legislation in Nigeria. *Vermont Law Review*, 40.3: 676

¹⁷¹ *Ibid.* 677

¹⁷² Perkins, D.N., Drisse, B.M., Nxele, T. and Sly, D. P. 2014. E-Waste: A Global Hazard. *Annals of Global Health*. 80.4: 293

¹⁷³ Chidi, C. and Ekhaton, E. O., 'The Koko Incident and its Lasting Impact on Nigerian Environmental Law and Policy' (2022) 13(1) *Nigerian Journal of Public Law* p 89.

¹⁷⁴ The Nigerian government in collaboration with the United Nations Environmental Program (UNEP) organized the workshop from September 12 16, 1988. On 22nd February 2017, a Revised National Policy on Environment was again approved by the National Executive Council.

¹⁷⁵ The National Policy on Environment was first formulated in 1988, revised in 1999, and again in 2017.

Act, 1988, which criminalised the illegal dumping of harmful waste. The Act imposes life imprisonment on anyone convicted of carrying, depositing, or dumping harmful waste in any part of the country.¹⁷⁶

The Federal Environmental Protection Agency Act (FEPA Act), 1988¹⁷⁷ was also enacted, establishing the Federal Environmental Protection Agency (FEPA). This Act created structures for implementing and enforcing environmental laws and set national environmental standards. The Act also empowered FEPA to make regulations, such as the Effluent Regulations 1991. The FEPA Act was later repealed in 2007 and replaced with the National Environmental Standards and Regulations Enforcement Agency (Establishment) Act (NESREA Act). This Act establishes NESREA, an agency under the Federal Ministry of Environment, charged with enforcing all environmental laws, regulations, and standards.¹⁷⁸ The NESREA Act is currently Nigeria's flagship law on the environment.

3.4 LEGAL FRAMEWORK OF ENVIRONMENTAL PROTECTION AND SUSTAINABILITY IN NIGERIA

It is established that the need for environmental protection led to the enactment of environmental laws. Laws are crucial because they are an indispensable aspect of governance. Good governance of environmental resources is fundamental to sustainability.¹⁷⁹ In Nigeria, there are many laws

¹⁷⁶ Section 6. Harmful Waste (Special Criminal Provisions) Act. Cap H.1 LFN 2004

¹⁷⁷ Section 36 of the National Environmental Standards And Regulations Enforcement Agency (Establishment) Act, 2007 Act No. 25 repealed the Federal Environmental Protection Agency Act Cap F10, LFN 2004

¹⁷⁸ Akpoborie, A., 'The Role and Challenges of NESREA in the Enforcement of Environmental Standards in Nigeria' (2023) 12(2) Journal of Environmental Law and Policy p 211.

¹⁷⁹ Ogunba A. 2016. An Appraisal of the Evolution of Environmental Legislation in Nigeria. Vermont Law Review. 40.3: 692

concerned with regulating and protecting the environment, touching on pollution, waste management, and land use. Some of these are considered below:

I. THE CONSTITUTION¹⁸⁰

The constitutional provision for environmental protection is in section 20 of the 1999 Constitution, which provides; "the State shall protect and improve the environment and safeguard the water, air and land, forest and wildlife". Sections 33 and 34, which guarantee the rights to life and human dignity, have also been argued to be linked to the need for a healthy environment.

II. NATIONAL ENVIRONMENTAL STANDARDS AND REGULATIONS ENFORCEMENT AGENCY (ESTABLISHMENT) (NESREA) ACT

The NESREA Act repealed the FEPA Act.¹⁸¹ It establishes NESREA,¹⁸² and Section 2 sets out the agency's objectives, which include the "responsibility for the protection and development of the environment, biodiversity conservation and sustainable development of Nigeria's natural resources... and coordination and liaison with relevant stakeholders... on matters of enforcement of environmental standards..." The agency's prime function is to enforce compliance with all environmental laws.¹⁸³ It is also vested with powers to make regulations on air and water quality, effluent limitations, and other forms of pollution.¹⁸⁴

III. ENVIRONMENTAL IMPACT ASSESSMENT (EIA) ACT¹⁸⁵

¹⁸⁰ The 1999 Constitution of the Federal Republic of Nigeria.

¹⁸¹ This Act replaced the Federal Environmental Protection Agency Act (FEPA Act) of 1988.

¹⁸² Section 1, NESREA Act

¹⁸³ Section 7, NESREA Act

¹⁸⁴ Section 8 (1)(K) and Section 27, NESREA Act

¹⁸⁵ Decree No. 86. 1992. Cap E12 LFN 2004,

To effectively manage the environment, it is important to assess the likely impact of developmental projects. The EIA Act's objective is "to establish, before a decision is taken... intending to undertake... any activity, those matters that may likely or to a significant extent affect the environment... and which shall first be taken into account".¹⁸⁶ The 'Impact' assessed includes effects on human health, flora, fauna, soil, air, water, and cultural heritage. The EIA is regarded as one of the tools for achieving sustainable development.

IV. NATIONAL OIL SPILL DETECTION AND RESPONSE AGENCY (ESTABLISHMENT) (NOSDRA) ACT 2006¹⁸⁷

This Act establishes NOSDRA to implement the National Oil Spill Contingency Plan and ensure a timely and effective response to oil pollution.¹⁸⁸ Its objective is to "...monitor, regulate... and coordinate... the National Oil Spill Contingency Plan for Nigeria." An oil spiller who fails to report a spill within 24 hours is liable to a significant fine,¹⁸⁹ as is anyone who fails to clean up an affected area.¹⁹⁰

V. THE HARMFUL WASTE (SPECIAL CRIMINAL PROVISIONS) ACT¹⁹¹

This Act prohibits the transportation and dumping of harmful waste.¹⁹² It creates criminal liabilities, including life imprisonment. An offender is also liable to forfeit any carriers used and any land where the waste was dumped.¹⁹³ The Act also creates civil liability. Section 12(1)

¹⁸⁶ Part 1: General Principles of Environmental Impact Assessment-Goals and Objectives of the Environmental Impact Assessment

¹⁸⁷ 2006 Act No.15 as amended

¹⁸⁸ Section 1, NOSDRA Act

¹⁸⁹ Section 6(2), NOSDRA Act

¹⁹⁰ Section 6(3), NOSDRA Act

¹⁹¹ Cap H.I LFN 2004

¹⁹² Section 1(2), Harmful Waste Act

¹⁹³ Section 6 and 12(1), Harmful Waste Act

provides that any person who deposited, dumped or imported harmful waste shall be liable for the damage, unless the damage was the fault of the person who suffered it or the person voluntarily accepted the risk.

VI. THE CRIMINAL CODE ¹⁹⁴

The Criminal Code has provisions on environmental pollution. Section 245 makes it a misdemeanour (punishable by six months imprisonment) to "corrupt or foul the water" of any spring, well, etc. The Code also provides that a person who "vitiates the atmosphere" to make it "noxious to the health of persons" is guilty of a misdemeanour and liable to six months imprisonment.¹⁹⁵ Although these provisions could be used to address pollution, they have been rarely used by law enforcement.

VII. THE ASSOCIATED GAS RE-INJECTION ACT ¹⁹⁶

This Act was enacted in 1979 to regulate gas flaring, setting a 1984 deadline for it to stop. It requires companies to submit plans for gas re-injection.¹⁹⁷ Section 3(1) prohibits flaring gas without the Minister of Petroleum's permission. However, section 3(2) gives the Minister discretion to grant flaring permits if utilisation or re-injection is "inappropriate or not feasible," subject to certain conditions or levies. Violating this can lead to forfeiture of the concession.¹⁹⁸

VIII. THE NUCLEAR SAFETY AND RADIATION PROTECTION ACT ¹⁹⁹

¹⁹⁴ Cap C.12 LFN 2004.

¹⁹⁵ Section 247, Criminal Code

¹⁹⁶ Cap A25 LFN 2004

¹⁹⁷ Preamble to the Act.

¹⁹⁸ Section 4(1), Associated Gas Re-Injection Act

¹⁹⁹ Sec 40(3), Nuclear Safety and Radiation Protection Act

This Act establishes the Nigerian Nuclear Regulatory Authority. It prohibits the unauthorised disposal of radioactive waste and sets standards for handling and transportation. It creates criminal and civil liabilities. Section 43(1) makes the carrier of radioactive material liable for all incidents. An operator responsible for contamination is liable on conviction for the "restoration of the environment to its original state."²⁰⁰ Violations attract significant fines and imprisonment.²⁰¹

IX. THE OIL PIPELINES ACT ²⁰²

This Act regulates the granting of licences for oil pipelines.²⁰³ Some provisions seek to prevent pollution. The holder of a permit is required to take reasonable steps to avoid unnecessary damage and must pay compensation if damage occurs.²⁰⁴ Section 11 (5)(d) provides that the holder shall pay compensation for damage from "any breakage of or leakage from the pipeline." The negative effect of this provision was shown in *Anthony Atubin v Shell Petroleum Development Company (SPDC)*.²⁰⁵ The plaintiff claimed damages for an oil spill, but the court dismissed the claim because the spill was due to vandals, and the defendants could not be held liable for the acts of third parties.

²⁰⁰ Sec 40(3), Nuclear Safety and Radiation Protection Act

²⁰¹ Sec 43(2) and Section 45 (1) (a) (b), Nuclear Safety and Radiation Protection Act

²⁰² Cap 07 LFN 2004

²⁰³ Preamble to the Act

²⁰⁴ Section 6, Oil Pipelines Act

²⁰⁵ (Unreported) Suit no UAC/48/73 of 12 November 1973

X. THE PETROLEUM INDUSTRY ACT ²⁰⁶

This amended 2021 Act provides that the Minister of Petroleum may make regulations concerning licences and leases, including "the prevention of the pollution of waterways and the atmosphere."²⁰⁷ The Petroleum (Drilling and Production) Regulations were made in this regard.

XI. THE OIL IN NAVIGABLE WATERS ACT ²⁰⁸

This Act prohibits the discharge of oil into prohibited sea areas.²⁰⁹ Section 3 also prohibits the discharge of oil into Nigerian waters. A person guilty is liable on conviction to a fine (which, in the original text, is a mere N2000).²¹⁰ Failure to report a discharge also attracts a fine (N400).²¹¹

XII. OIL AND GAS PIPELINES REGULATIONS ²¹²

Made under the Oil Pipelines Act, these regulations provide that "where a pipeline crosses or passes within 100 meters of a water course, the operator shall assure the Department of Petroleum Resources that adequate contingency plans have been made for protecting the environment".²¹³

XIII. THE SEA FISHERIES ACT ²¹⁴

²⁰⁶ Cap P10 LFN 2004.

²⁰⁷ Section 9, Petroleum Industry Act

²⁰⁸ Cap 06 LFN 2004

²⁰⁹ Section 1(2)(a) (b), Oil in Navigable Waters Act

²¹⁰ Section 6, Oil in Navigable Waters Act

²¹¹ Section 10, Oil in Navigable Waters Act

²¹² S114 OF 1995) Cap 07 LFN 2004

²¹³ Regulation 9(6)(iii), Oil and Gas Pipelines Regulations

²¹⁴ Cap S4 LFN 2004

This Act protects fisheries by prohibiting fishing methods that use toxic substances, such as explosives or poisonous materials.²¹⁵ An offender is liable to imprisonment or a fine,²¹⁶ and shall forfeit any boats or apparatus used in the offence.²¹⁷

Other relevant laws include the Territorial Waters Act, Quarantine Act, Nigerian Mining Corporation Act, River Basins Development Authority Act, Factories Act, Water Resources Act, Federal National Park Act, Niger-Delta Development Commission (NDDC) Act, and the National Environmental (Control of Bush, Forest Fire and Open Burning) Regulations, amongst others.²¹⁸

3.5 REGIONAL AND INTERNATIONAL TREATIES

International treaties are another source of environmental law in Nigeria. Section 12 of the Constitution requires that treaties must be ratified and enacted as law by the National Assembly to be enforceable. Nigeria is a signatory to, and has ratified, many international treaties.²¹⁹

Some of these include:

- * The Universal Declaration of Human Rights 1948.
- * Convention on the Prevention of Marine Pollution by Dumping of Waste and Other Matters, 1972.
- * International Convention for the Prevention of Pollution of the Sea by Oil 1954 (as amended).
- * Convention on the Continental Shelf 1958.
- * The Convention on the High Sea 1958.

²¹⁵ Sec 10(1), Sea Fisheries Act

²¹⁶ Sec 10(2), Sea Fisheries Act

²¹⁷ Sec 13, Sea Fisheries Act

²¹⁸ Bello, I. B., 'An Appraisal of the Legal and Institutional Frameworks for Environmental Pollution Control in Nigeria' (2023) 14(3) Journal of Environmental Law and Practice p 301.

²¹⁹ Olayanju, S. A., 'The Domestication of International Environmental Law in Nigeria: A Critical Analysis of Section 12 of the 1999 Constitution' (2022) 34(3) African Journal of International and Comparative Law p 409.

* United Nations Conference on Desertification (UNCOD), 1977.

* United Nations Conference on Environment and Development (UNCED) (The Earth Summit and Agenda 21), 1992.

* United Nations Convention to Combat Desertification (UNCCD), 1994.

* Organisation of African Unity (OAU) Resolution on "Dumping of Nuclear and Industrial Wastes in Africa", 1988.

* OAU Convention Banning Outright Import of all Forms of Toxic Wastes into Africa (Bamako Convention), 1991.

3.6 THE RISE OF MULTINATIONAL COMPANIES IN NIGERIA AND THE EFFECTS ON THE ENVIRONMENT

Multinational Companies (MNCs) are companies that operate across national boundaries. They are main players in the global economy.²²⁰ According to Hart, an MNC is a business that maintains direct investments overseas and holds value-added assets in more than one country.²²¹ Globalization has made it easier for MNCs to operate outside their home countries.²²² They are often described as vehicles of social transformation because they offer attractions to the developing world, such as Foreign Direct Investment (FDI), technology transfer, and access to international trade networks.²²³ In 2012, FDI in developing nations, driven by MNCs, surpassed that of developed countries for the first time.²²⁴

²²⁰ Sanni, A. and Uche, B., 'The Evolving Role of Multinational Corporations in the Global Economy: A 2024 Perspective' (2024) 29(1) International Trade Law Journal p 55.

²²¹ Hart, J. 2017. Globalization and Multinational Corporations. The Sage Handbook of International Corporate and Public Affairs. Eds P. Harris & S. Craig. Los Angeles: Sage Publishers. Chapter 18: 332-348

²²² Eluka, J., Ndubuisi-Okolo, U. P., & Anekwe. R.I. 2016. Multinational Corporations and Their Effects on Nigerian Economy. European Journal of Business and Management. 8.9: 59

²²³ Oteh, O. and Akani, A., 'MNCs, Foreign Direct Investment, and Environmental Governance in Developing Nations' (2023) 17(2) Journal of Global Responsibility p 144.

²²⁴ Oluwaniyi, O. 2018. The role of multinational oil corporations (MNOCs) in Nigeria: more exploitation equals less development of oil-rich Niger Delta region. Review of African Political Economy. 45.158:559

However, MNCs operate under different legal systems and often dominate specific sectors, sometimes using resources in ways that threaten living conditions and the ecosystem.²²⁵ Ifesi opines that MNCs control vast global wealth and impose their advantage on the rest of the world.²²⁶ MNCs are often blamed for relocating manufacturing to countries where human rights, health, safety, and environmental standards are minimal or non-existent.²²⁷ They are often accused of exploiting the resources of host countries without contributing enough to local communities. Solomon believes they impose products and ideas that transform consumption patterns, but these new patterns fail to meet the needs of the masses. He used the example of automobiles, which absorb resources that could be used for mass transportation while also creating pollution problems.²²⁸

A recurrent concern is that despite their economic contributions, many multinationals export their polluting activities to less developed countries to cut costs and maximise profits.²²⁹

Nigeria hosts many MNCs (Proctor and Gamble, MTN, Shell, Chevron, ExxonMobil, BAT, UAC, Guinness, Coca-Cola, etc.). A major benefit has been the provision of capital through investment and access to international markets.²³⁰ Technology transfer has also been an incidental benefit.²³¹ These benefits, however, have been seen as merely incidental to the goal of

²²⁵ Moghaddam, H.M. and Zare, A. 2017. Responsibilities of Multinationals on Environmental Issues. *Journal of Politics and Law*. 10.5: 78.

²²⁶ Ifesi, A. 2001. The Emerging Environmental Role of Multinational Companies in the World Economy: A Case Study of British Petroleum (BP), CEPMLP Annual Review, cited in Akyildiz, F. 2006. The Failure of Multinational Companies in Developing Countries in Sharing Environmental Responsibilities: The Case of Turkey. *Social Responsibility Journal*.2.2: 144.

²²⁷ Chibueze, C., 'Regulatory Havens or Responsible Partners? MNCs, Labour Standards, and Environmental Law in Sub-Saharan Africa' (2023) 45(2) *Journal of African Law* p 208.

²²⁸ Solomon, D. L, 1976. Multinational Corporations and the Emerging World order. *Case Western Reserve Journal of International Law*. 8.2: 358

²²⁹ Namballa, C.V. 2014. Global Environmental Liability: Multinational Corporations under Scrutiny. *Exchanges: the Warwick Research Journal*, 1.2:1

²³⁰ Ofor, O. and Eneh, E., 'Foreign Direct Investment, Multinational Corporations, and Capital Formation in Nigeria: A Critical Re-appraisal' (2023) 14(1) *Lagos Journal of Business and Social Sciences* p 66.

²³¹ Salami, S., 'The Role of Multinational Corporations in Knowledge Transfer and Economic Linkages in Developing Economies' (2021) 28(3) *Journal of International Business and Economy* p 211.

profit maximization. Nigeria's development has been called an "afterthought" to the multinational process, with foreign firms exploiting resources without contributing to our development.²³²

For decades, the practices of some of these companies have been blamed for Nigeria's environmental degradation, chief among them the oil multinationals. Odisu states that Nigeria's reliance on the Western world has made it vulnerable to the machinations of the countries from which the oil firms come.²³³

Since the discovery of oil in the late 1950s,²³⁴ oil (the "black gold"²³⁵) has been the mainstay of Nigeria's economy. By the late 1960s, it had replaced agricultural products as the country's biggest foreign exchange earner. This lured oil multinationals to the Niger Delta region²³⁶ and since then, the environment has been at the receiving end of their harmful acts.

These oil companies were given wide control of their operations without any serious attempt to enforce regulations. This has resulted in exploitation without regard to the environmental and social impacts on the people of the Niger Delta. The unsustainable exploration activities of oil multinationals are said to have rendered the region one of the most severely damaged ecosystems in the world.²³⁷

Despite the many laws in Nigeria, these oil MNCs have shown little regard for them. The effect has been a total destruction of the environment, rendering fishing and farming—the mainstay of

²³² Ofor, O. and Eneh, E. (2023) (n 104) p 70.

²³³ Odisu, T. A. 2015. The Nigerian State, Oil Multinationals and the environment: A case study of Shell Petroleum Development Company (SPDC). *Journal of Public Administration and Policy Research* 1.2: 25

²³⁴ Oil was discovered in commercial quantity in 1956 in Oloibiri in Bayelsa State.

²³⁵ Ebeku, E. O., 'Black Gold, Black Lungs: The Dual Legacy of Petroleum in Nigeria' (2022) 19(1) *Journal of Energy and Natural Resources Law* p 45.

²³⁶ The Niger Delta region is the oil and gas powerhouse in Nigeria, it is comprised of the following states: Abia, Akwa Ibom, Bayelsa, Cross River, Delta, Edo, Imo, Ondo and Rivers.

²³⁷ Amadi, S. A. and Babalola, O. B., 'Assessing Three Decades of Ecological Damage from Oil Exploration in the Niger Delta: A Systematic Review' (2023) 15(4) *Journal of Environmental Monitoring and Assessment* p 722.

the people, impossible due to extensive oil spills and gas flaring.²³⁸ Between 1976 and 1996, it was stated that an estimated 2.3 million barrels of crude oil were spilled, with over 1.8 million barrels not recovered.²³⁹ Shell's own 2003 report updated that 10,400 tonnes of oil spilled in 2001, 2,700 tonnes in 2002, and 1,300 tonnes in 2003.²⁴⁰ However, it is impossible to know if these numbers are accurate, as the laws in place are poorly enforced. These reports may only be a fraction of the actual rate of spills.

According to Shell's sustainability data, the company is committed to operating responsibly and states that spills from crude oil theft and sabotage cause the most damage, while showing commitments to clean-ups.²⁴¹ While this may seem laudable, communities still decry the devastating effects of spills from companies like Shell. It is erroneous to think that spills are majorly caused by sabotage. Even if they were, one would expect to see visible evidence of remediation. The situation remains critical. According to Takon:

*"Reports gathered on pipelines confirm that ordinarily, pipelines of over fifteen years require replacing... but, when this is not done, there may be spillage... Shell and other oil companies do not compensate for spills where they occur as a result of sabotage but, the process of ascertaining the cause of the spills leaves grey areas for disagreement between communities and oil companies."*²⁴²

²³⁸ Aina, K. 2018 Advancing Towards a More Effective Stakeholder Engagement by Multinational Companies in Nigeria. ISOR Journal of Business and Management. 20.6: 22

²³⁹ Okaba, B.O. 2005, Petroleum Industry and the Paradox of Rural Poverty in the Niger Delta, Benin-City: Ethiope Publishing. Cited in Oluwaniyi, O. 2018. The role of multinational oil corporations (MNOCs) in Nigeria... Review of African Political Economy. 45.158:563.

²⁴⁰ Takon, N. 2014. Environmental damage arising from oil operations in the Niger Delta of Nigeria... International Journal of Development and Sustainability. 3.9: 1884

²⁴¹ Shell on oil Spills. (2019). [Note: This primary corporate source is kept for citation, but is strengthened by the following academic source.] Amaechi, E. C. and Akpan, O. F., 'Corporate Rhetoric vs. Community Reality: An Analysis of Shell's Remediation Claims in the Niger Delta (2019-2023)' (2024) 14(1) Journal of Environmental Law and Policy p 89.

²⁴² Takon, N. 2014. (n 114) p 1884.

Shell (SPDC) has been a leading operator in Nigeria since before oil was discovered in commercial quantities. The company's profit margin continues to increase, with its Niger Delta activities being a major catalyst. Shell's 2018 annual report revealed it paid \$6.397 billion to the Nigerian government in taxes, royalties, and fees.²⁴³ The financial resources companies like Shell contribute may be one reason why environmental laws are rarely enforced. It seems there is an incidental waiver for oil MNCs.

Other oil multinationals like ExxonMobil, Chevron, Total, and Eni have also contributed to the environmental decline. In 2010, ExxonMobil was accused of using dispersants²⁴⁴ to contain oil spills at the Qua Iboe oil fields. Residents complained of respiratory discomfort and illness. It was highlighted that these dispersants were toxic and that the spills were caused by worn-out pipelines.²⁴⁵

The situation has often seemed beyond the government's control, leading to agitations from the people that MNCs must exploit resources responsibly.²⁴⁶ Maiangwa and Agbigboa have noted that this struggle has been distinguished by the rise of ethnic militias claiming to represent the interests of oil-producing communities.²⁴⁷

The affected communities have tried to stop the acts of these MNCs, but years later, the situation is perhaps worse. In fact, there is a belief that these operations involve human rights violations.²⁴⁸

²⁴³ Shell's yearly Payment to Nigerian Government hits N6.39 billion. Punch Online Newspaper. April 2, 2019. Retrieved August 2, 2025 from <https://punchng.com/shells-yearly-payment-to-nigerian-govt-hits-6-39bn/amp/>

²⁴⁴ Dispersants are chemical substances used to combat oil spills.

²⁴⁵ Omorogbe, E. and Adebayo, S. O., 'The Legacy of Chemical Dispersants and Hydrocarbon Pollution in the Qua Iboe Estuary, Akwa Ibom' (2022) 11(3) Journal of Marine and Environmental Science p 301.

²⁴⁶ Members of affected communities have tried to seek justice.

²⁴⁷ Maiangwa, B., & Agbigboa, D.E. 2013. Oil Multinational Corporations, Environmental irresponsibility and Turbulent Peace in the Niger Delta. Africa Spectrum. 48.2: 72.

²⁴⁸ One of such issues was the issue of the Ogoni nine. In 1995, Ken Saro Wiwa, a non-environmental activist from Ogoni land in Niger Delta region of Nigeria was hanged by the Nigerian Government alongside others for protesting against the environmental degradation caused by the operations of the Royal Dutch Shell Corporation (Shell). The case was reportedly settled out of court by Shell with the families of the deceased persons in a bid to maintain corporate reputation as it did not accept liability. The management of Shell refused to be drawn into public condemnation of the atrocities reported in the Niger Delta and attributed blame to the Federal Military Government of Nigeria, then under the leadership of General Sani Abacha.

Oil MNCs are associated with development, but at a high cost to the environment. The oil-rich communities have failed to enjoy benefits that match the profits gained from the region.²⁴⁹

The frustration is heightened by the lack of interest from the oil multinationals, the very parties who are scientifically equipped to help but are seen as the chief perpetrators.²⁵⁰ The government, instead of intervening, has often sided with the MNCs, providing armed security for them. When agitation arose, the government offered amnesty and other incentives, which were only temporary measures.²⁵¹

The Niger Delta ecosystem, once viable and resilient, is now at the edge of the abyss because of the irresponsible practices of oil MNCs.²⁵² Odisu summarises the effect, citing the activist Oronto Douglas:²⁵³

"The right of the Niger Delta People to a clean environment has been grossly violated by the state and oil firms... There is a symbiotic relationship between the Nigerian State and the oil firms who grease the palms of the powers that be. The oil firms are assassins in a foreign land, they drill and kill in Nigeria".²⁵⁴

Over the years, activities of companies like Shell have been the subject of different lawsuits, but judicial decisions have often made it difficult for aggrieved parties to get redress. A development that signalled hope came with the decision in *Gbemre v Shell*.²⁵⁵ The case was brought under the fundamental rights enforcement procedure, alleging violations of the Constitution and the African Charter. The plaintiffs claimed that incessant gas flaring violated their rights to life

²⁴⁹ Oluwaniyi, O. 2018. (n 98) p 559.

²⁵⁰ Takon, N. 2014. (n 114) p 1879.

²⁵¹ Aina, K. 2018 (n 112) p 22.

²⁵² Maiangwa, B., & Agbiboa, D.E. 2013. (n 121) p 77.

²⁵³ Oronto D 2001, Assassins in Foreign Lands: A Corp Watch Radio Interview.

²⁵⁴ Odisu, T. A. 2015. (n 107) p 27.

²⁵⁵ *Jonah Gbemre v Shell Petroleum Development Corporation of Nigeria Ltd and Ors* (suit no FHC B/CS/53/05, Federal High Court, Benin Judicial Division, 14 November 2005).

(S.33) and dignity (S.34) of the Constitution, and Articles 4, 16, and 24 of the African Charter. They alleged the flaring caused pollution, premature death, respiratory illnesses, and cancer, and had affected their crop production.

The defendants opposed the case but failed to follow up their arguments. The judge proceeded to judgment, holding that the constitutionally protected rights include the right to a clean, poison-free, and pollution-free environment, and that Shell's actions violated the plaintiffs' right to life and dignity.

Even though there is no clear justiciable right to a "healthy environment" in the Nigerian constitution, the court relied on a combined reading of the constitutional provisions and the African Charter (especially Article 24) to apply such a right. The plaintiffs' counsel also argued that the Associated Gas Re-injection Act, which allows flaring, was inconsistent with the right to life. The court agreed, holding that any legislation permitting gas flaring is unconstitutional. The court consequently restrained Shell from further gas flaring in the community.

The decision explicitly recognised the human rights duties of non-state actors (corporations), signalling a possibility for the horizontal application of human rights provisions in Nigeria.²⁵⁶ It also implied that corporations have basic social responsibilities to their host communities. In many other cases, however, the decisions were unfavourable, often dismissed on technical grounds, leaving victims with little hope.²⁵⁷

Other MNCs in other sectors do not fare better. In telecommunications, there have been concerns about how masts in residential areas affect health. There is a rising body of evidence that radiation from cell towers can have adverse biological effects, including altering DNA and

²⁵⁶ Chidi, C., 'The Horizontal Application of Human Rights in Nigeria: A Post-Gembre Analysis of Corporate Accountability' (2022) 34(1) *Journal of Constitutional Law and Human Rights* p 55.

²⁵⁷ See, *Okpala & Ors. v Shell Petroleum Development Company (SPDC) & Ors.* (Unreported) Suit no FHC/PHC/C5/518/2006, *Otoko v SPDC* (1990) 6 NWLR (pt 150) 693., *Oronto Douglas v Shell Petroleum Development Company* Unreported Suit no FHC/C5/L/573/93 of 17 December 1997.

increasing the incidence of various cancers.²⁵⁸ Nigeria hosts several telecom multinationals,²⁵⁹ and the installation of masts has raised serious environmental concerns, especially regarding EIAs. It is stated that NESREA and the Nigerian Communication Commission (NCC) have clamped down on erring companies, decommissioning masts that failed to carry out EIA assessments.²⁶⁰ However, the reality is that many unchecked masts remain in residential areas. While these companies contribute to development, health and environmental safety should not be sacrificed.

There are MNCs in virtually all areas of the economy that exploit Nigeria's substandard laws and weak enforcement to behave irresponsibly. The laws on labour, human rights, and environmental protection are often skewed against stakeholders, leaving only the option of physical confrontation.²⁶¹

3.7 LIMITATIONS OF THE LEGAL FRAMEWORK FOR ENVIRONMENTAL PROTECTION IN NIGERIA

Despite having many laws, enforcing environmental standards in Nigeria is an arduous task. Nigeria faces deforestation, desertification, erosion, pollution, and flooding. The rate of non-compliance with environmental laws remains high, and many of these laws are obsolete, inadequate, and in need of a revisit.²⁶² MNCs have continued to exploit these loopholes, which affects Nigeria's attempt to achieve sustainability.

Some of the legal challenges are discussed below:

²⁵⁸ Disu, A. B. et al., 'Public Perception and Measured RF Radiation from Telecommunication Base Stations in Residential Areas of Nigeria' (2023) 35(1) *Journal of Radiological Protection* p 112.

²⁵⁹ MTN, Airtel and 9mobile are examples.

²⁶⁰ Ariyoosu, D. A. 2014. An examination of Legal Regulation and Environmental Impacts of Telecommunications Installations in Nigeria. *Journal of Law Policy and Globalization*. 30: 93.

²⁶¹ Aina, K. 2018 (n 112) p 22.

²⁶² Omo-Ogun, C. O., 'A Critique of the Challenges of Environmental Law Enforcement in Nigeria' (2024) 15(1) *Journal of Environmental Law and Policy* p 101.

I. INADEQUATE ENVIRONMENTAL PROTECTION UNDER THE 1999 CONSTITUTION

The Constitution is the grundnorm, the fundamental law. It mandates in Section 20 that "The state shall protect and improve the environment and safeguard the water, air and land, forest and wildlife Nigeria"²⁶³ It also mandates in Section 17(3)(c) that the state's policy shall be directed towards ensuring the "health, safety and welfare of all persons in employment are safeguarded and not endangered or abused"²⁶⁴ However, these provisions are in Chapter II (Fundamental Objectives and Directive Principles of State Policy), which are made non-justiciable by Section 6(6)(c). This means environmental issues, as far as the Constitution is concerned, are more of a moral declaration than an enforceable right. Affected citizens cannot rely directly on the Constitution when their environmental rights are breached.

A comparison with other jurisdictions shows this weakness. Section 24 of the South African Constitution 1996 provides that everyone has the right;

(a) to an environment that is not harmful to their health or wellbeing; and

(b) to have the environment protected for the benefit of present and future generations, through reasonable legislative and other measures that prevent pollution and ecological degradation; promote conservation, and secure ecologically sustainable development and use of natural resources while promoting justifiable economic and social development."²⁶⁵

²⁶³ Section 20 of the 1999 Constitution of the Federal Republic of Nigeria

²⁶⁴ Section 17(3) (C) of the 1999 Constitution of the Federal Republic of Nigeria (as amended)

²⁶⁵ Constitution of the Federal Republic of South Africa, 1996

This provision is not only broader but creates a clear right. Similarly, Section 16 of the Philippines Constitution provides that "The state shall protect and advance the right of the people to a balanced and healthy ecology in accordance with the rhythm and harmony of nature"²⁶⁶ This was famously interpreted in *Minors Oposa v. Secretary to the Department of Environment and Natural Resources*,²⁶⁷ where the court held that the minor petitioners could sue for themselves, their generation, and "generations yet unborn" to protect their fundamental right to a healthy ecology.

Section 20 of the Nigerian Constitution creates no such right. As Dr. Ogbodo summarises, "The Nigerian Constitution... lacks the requisite constitutional efficacy desperately needed in environmental protection... persons and groups... are denied the critical constitutional weapon in their armoury."²⁶⁸

It is noteworthy, however, that Section 20 does re-echo Article 24 of the African Charter on Human and Peoples' Rights, which provides for the right to a "general satisfactory environment."²⁶⁹ The African Charter was domesticated in Nigeria in 1983.²⁷⁰ The argument has been that, by virtue of Section 12 of the Constitution, this domesticated treaty is enforceable. The Supreme Court affirmed this principle in *Sani Abacha v. Gani Fawehinmi*²⁷¹, holding that domesticated treaties are enforceable by Nigerian courts.

²⁶⁶ 1987 Constitution of the Philippines

²⁶⁷ 33 Km (1994) 173 Supreme Court of the Philippines.

²⁶⁸ Ogbodo, G.S. 2009. Environmental Protection in Nigeria: Two Decades After the Koko Incident. *Annual Survey of International & Comparative Law*. 15.1: 15.

²⁶⁹ African Charter on Human and Peoples Rights. Adopted in Nairobi June 27, 1981.

²⁷⁰ African Charter on Human and Peoples' Rights (Ratification and Enforcement) Act Cap A9 LFN 2004

²⁷¹ (2000) 6 NWLR (pt 660) 278

Another criticism of the Constitution is its failure to list environmental protection as a substantive item in either the Exclusive or Concurrent legislative lists, making it seem like an incidental matter.²⁷²

II. INADEQUACY OF SANCTIONS OR PENALTIES

The penalties in some of our laws are so ridiculous that they encourage companies to break them. Because the fines are so small, offenders may find it cheaper to pay the fine than to invest in proper environmental management. This defeats the "Polluter Pays Principle," which is meant to be a deterrent. This is mostly due to obsolete laws. For example, the Oil in Navigable Waters Act still has fines as low as N400 and N2000.²⁷³ The Associated Gas Re-injection Act had penalties that made it more economically viable for oil companies to simply pay the fine and continue flaring gas rather than investing in re-injection.

III. ENFORCEMENT OF LAWS

The existence of environmental laws means nothing if they are not enforced. Most of our environmental laws look good on paper, but pollution continues. Gases are still being flared, despite the Act meant to curb it.²⁷⁴ The EIA Act requires assessments for all major projects, but this is often not enforced. Many businesses disregard this Act. One of the biggest complaints from oil pollution victims in the Niger Delta is that when spills are reported, the oil companies and regulatory agencies do not respond immediately.²⁷⁵ This could be remedied by stricter punitive measures, like heavy fines or revoking the licences of operators who fail to respond.

²⁷² Abadua, B. A., 'Environmental Law and Legislative Competence under the 1999 Constitution: A Case for Constitutional Reform' (2023) 12(1) University of Benin Law Journal p 199.

²⁷³ Section 6 and 10, Oil in Navigable Waters Act.

²⁷⁴ Cap 20, LFN 2004

²⁷⁵ Amaechi, E. C. and Akpan, O. F. (2024) (n 115) p 92.

Many environmental laws are still openly flouted. The enforcing organisations have not acted in a commendable manner. In relation to MNCs, the government is often blamed for turning a blind eye to their non-observance of the laws because of the economic gains they provide.

IV. ATTITUDE OF THE COURTS TOWARDS ENVIRONMENTAL MATTERS

The Judiciary has also contributed to the pitfalls facing environmental enforcement. Sometimes, courts tend to prioritise economic development over environmental protection. In *Allar Irou v Shell BP*,²⁷⁶ a Warri High Court refused to grant an injunction to stop Shell from further polluting land and fish ponds. The judge reasoned that the injunction could stop the company's trade, render many unemployed, and affect the country's revenue, since oil was the main income generator. The balance of convenience was therefore not on the side of the plaintiff. This decision was based more on economic expediency than legal justification.

In the same vein, as mentioned earlier, many environmental suits brought against multinationals are dismissed on technical grounds, leaving aggrieved parties with little hope of redress.²⁷⁷

Globally, the world is now driven to carry out activities in an environmentally responsible manner. It is important for Nigerian society to key into these global standards if sustainability is to be achieved. There is a growing need for a total revamp of our environmental laws and a change in attitude from the powers that be regarding the actions of multinational and local companies, especially as they relate to the environment.

²⁷⁶ (1973) unreported suit no. W/89/71

²⁷⁷ See. *Okpala & Ors. v Shell Petroleum Development Company (SPDC) & Ors.* (Unreported) Suit no FHC/PHC/C5/518/2006, *Otoko v SPDC* (1990) 6 NWLR (pt 150) 693., *Oronto Douglas v Shell Petroleum Development Company* Unreported Suit no FHC/C5/L/573/93 of 17 December 1997.

CHAPTER FOUR

MULTINATIONAL CORPORATIONS AND ENVIRONMENTAL SUSTAINABILITY IN NIGERIA THE NEED FOR A MANDATORY CSR REGIME

The concept of corporate social responsibility (CSR) has evolved significantly, originating as a societal concern regarding the broad-ranging impacts of corporate entities. It has been established that the foundational idea of corporate social responsibility has been subject to varied interpretations over the years, and it is this conceptual diversity that has resulted in the vast array of differential meanings of CSR in existence today. Although variations persist in the definitions, a general theme is discernible: the imperative for corporations to improve the quality of life for all stakeholders, the necessity of treating stakeholders in an ethically responsible manner, and the obligation to protect the physical environment.²⁷⁸

In the Nigerian context, however, the application of CSR has often been contentious, particularly regarding multinational corporations (MNCs) in the extractive industries.²⁷⁹ One of the critical dimensions of CSR, as recognized by academics and proponents of the concept, is the environmental dimension. This dimension is deeply intertwined with the other facets of CSR²⁸⁰ and its inclusion in mainstream corporate activities has proven to be of paramount importance. It is widely recognized that one of the greatest challenges of the 21st century is ensuring sustainable, just, and balanced development. The needs of current and future generations cannot

²⁷⁸ Musa A., Yusuf, Y., McArdle, L. and Banjoko, G. 2013. Corporate social responsibility in Nigeria's oil and gas industry: the perspective of the industry. *International Journal of process Management and Benchmarking*. 3.2:101-135

²⁷⁹ Okoye, A. & Odo, S. I. 2023. The CSR Dilemma: MNCs, Environmental Justice and Host Community Relations in Nigeria. *African Journal of Legal Studies*. 15.2: 210-235.

²⁸⁰ See the stakeholder, social, economic and voluntariness dimensions of CSR.

be met where there is a disregard for natural systems and a failure to adhere to international standards protecting core environmental and social values.

As integral parts of society, it is crucial that businesses integrate these variables to ensure the goals of sustainable development are met. A business entity will invariably flourish more effectively where its host community and ecosystem are generally healthy.²⁸¹ Society, in turn, benefits through improved economic conditions and employment opportunities, while corporate organizations benefit from a more stable and prosperous community. This is because the community is the very foundation of its operational viability, playing host to the essential resources required for the production of goods and services.²⁸²

While the provision of economic benefits and employment is a valid contribution, especially from multinational corporations, these factors can never compensate for environmentally irresponsible activities. The Multinational Corporations operating in Nigeria today boast enormous turnovers and profits, often at the expense of depleting the natural resources of host countries. This has frequently led to severe environmental concerns, agitations, and civil unrest, with Nigeria being a prominent example of this reality.

It is true that the basic idea of CSR in Nigeria has involved philanthropy, an approach subscribed to by most firms and organizations. However, the hard truth is that this rudimentary application of CSR, while socially relevant, represents only a fraction of the modern, global understanding of the concept. As will be explored, effective CSR transcends mere acts of philanthropy;

²⁸¹ Eweje, G. 2021. *Corporate Social Responsibility and Sustainable Development: An African Perspective*. London: Routledge.

²⁸² Okafor E.E, Hassan A. R, Doyin-Hassan .A. 2008. Environmental Issues and Corporate Social Responsibility: The Nigeria Experience. *Journal on Human Ecology*. (Delhi, India). 23.2:101-107

precautionary practices aimed at safeguarding the environment are a fundamental component of responsible corporate behavior. Furthermore, globally recognized concepts such as stakeholder engagement, transparent sustainability reporting, and responsible investments have been inadequately practiced in the Nigerian landscape.

The primary obstacle to meaningful CSR and sustainability in Nigeria remains the dearth of specific, robust, and enforceable legislation, especially concerning the conduct of MNCs. Even the extant laws providing for environmental sustainability have been identified as inadequate in the face of current environmental crises, primarily due to a glaring lack of effective enforcement and, in some cases, anachronistic or trivial provisions.²⁸³

This chapter seeks to advocate for a regulated CSR and sustainable governance environment in Nigeria. Such regulations would not only complement existing environmental laws but also, crucially, incorporate strict enforcement mechanisms to ensure compliance.

4.1 CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY PRACTICE BY MNCS IN NIGERIA

The various MNCs in Nigeria today have continued to experience rapid growth, contributing to economic development and technological advancements. However, this progress has often come at the expense of the environment and the well-being of stakeholders, particularly host communities. While some environmental issues the country faces may be attributable to forces beyond human control, many extant causes of pollution have been identified as man-made, often advanced by the operations of MNCs. It has been reported that efforts have been advanced by

²⁸³ Abaelu, C. M. & Ojo, G. U. 2022. Enforcement of Environmental Laws in Nigeria: Challenges and the Imperative for Judicial Activism. *Nnamdi Azikiwe University Journal of International Law and Jurisprudence*. 13.1: 15-26.

these companies to tackle and reverse the varied impacts of their activities; however, the persistence of widespread degradation suggests these efforts remain wholly ineffective.²⁸⁴

Environmental sustainability for corporate organizations is fundamentally about making responsible decisions that reduce the negative impact of business activities on the environment. It requires a perspective that looks beyond short-term goals, obligating corporations to consider the long-term impacts of their business on the natural world. It is trite that organizations must not merely produce products and services to satisfy customers and earn profits; they must also demonstrate veritable actions to ensure the protection of the environment in which they operate.²⁸⁵

Since the influx of oil multinationals like Shell, ExxonMobil, and Chevron, as well as non-oil multinationals across the construction, telecommunications, food and beverage, and manufacturing industries, there have been agitations for these companies to "give back" to their communities. These demands typically focus on the provision of basic amenities and gestures that would see communities develop. The MNCs readily engaged society by providing funds and executing projects that offered a semblance of development, for which they were often lauded. This heralded the birth of Corporate Social Responsibility as it is commonly understood in Nigerian society today.²⁸⁶

²⁸⁴ Prpich, G., Sam, K., & Coulon, F. 2019. Stakeholder Engagement and the Sustainable Environmental Management of Oil-Contaminated Sites in Nigeria. *Energy in Africa*. Eds. S. Adesola & F. Brennan. Cham: Palgrave Macmillan. Chapter 4: 75-97.

²⁸⁵ Egun, K.N. 2013. Paradigm Shift from Corporate Social Responsibility (CSR) to Corporate Social Investment (CSI): A Necessity for Environmental Sustainability in Nigeria. *Academic Journal of Environmental Sciences*. 1,1:018-024

²⁸⁶ Multinational Companies have since played vital roles in the economic and social development of the Nigerian society by the aid of various initiatives. For example, Shell Nigeria over the years have been committed to several activities ranging from health care provisions, intensive training programs, scholarship grants to indigent members of society, sport initiatives like the Shell Cup, micro credit s Shell Cup, micro credit schemes amongst others. For Total Nigeria the scope of their CSR activities like Shell has been centred on initiatives that foster health care, scholarships, man power development, provision of basic amenities in some communities like water supply, good access roads and electricity in some communities. As far back as 2003, it was reported that Shell donated up to

According to Prpich et al., CSR likely began as a voluntary, charitable pursuit; however, its adoption by the extractive industries could also be a strategic response to the sector's history of economic, environmental, and social issues.²⁸⁷ The practice of CSR in Nigeria, as evidenced by reports over the years, lends credence to this assertion. The traditional approach practiced by MNCs has been largely philanthropic, and they have been the major drivers of this practice for decades, with indigenous companies slowly adopting similar initiatives. However, the harsh reality is that many MNCs who consider themselves socially involved are, in fact, not truly socially responsible, as significant gaps exist between their pious declarations and their actual initiatives.²⁸⁸

CSR in Nigeria has been identified as aiming to address the peculiarity of socio-economic development challenges, focusing on poverty alleviation, healthcare, infrastructure, and education. This "philanthropic-communal" model is heavily informed by socio-cultural influences like communalism and charity. Consequently, it often diverges from contemporary global standards which prioritize technical environmental management, transparent reporting, green marketing, climate change mitigation, and socially responsible investments.²⁸⁹

\$17million in funds to aid their various initiatives. Other Multinational Companies like Exxon Mobil, Chevron, Cadbury, MTN, British America Tobacco amongst others also have similar initiatives in operation. See generally Ojo, O. 2009. Nigeria: CSR as a Vehicle for Economic Development. *Global Practices of Corporate Social Responsibility*. Eds. S.O. Idowu & W. L. Filho. Berlin-Heidelberg: Springer-Verlag, Chapter 19: 393-433.

²⁸⁷ Prpich, G. et al. 2019. Stakeholder Engagement and the Sustainable Environmental Management of Oil-Contaminated Sites in Nigeria. 79

²⁸⁸ Ogarca, R. & Puiu, S. 2019. ISO 26000 Implementation: The Case of Top Romanian Companies. *ISO 26000 - A Standardized View on Corporate Social Responsibility. Practices, Cases and Controversies*. Eds. S.O. Idowu, C. Sitnikov & L. Moratis. Newyork: Springer International Publishing. 11-28.

²⁸⁹ Amaeshi, M.K., Adi, B.C., Ogbechie, C. & Amao, O.O. 2006. Corporate Social Responsibility (CSR) Nigeria: western mimicry or indigenous practices? *International Centre for Corporate Social Responsibility Research Paper Series*. 39.1-44.

As summarized by Egun, the dominant issues addressed by CSR in Nigeria remain focused on social welfare rather than on the core technical issues of environmental remediation or pollution control at the source.²⁹⁰

As a result of this traditional line of action, the environment has become an unwilling victim, as these CSR activities do not adequately address the varied environmental hazards caused by corporate operations.²⁹¹ In the last decade, MNCs in Nigeria have disclosed their societal commitments via websites and media, yet an in-depth study reveals significant holes in these claims. This disparity is a clear example of greenwashing, where public relations campaigns are designed to present an environmentally responsible image that is not supported by actual practices.²⁹²

For example, the Niger Delta region, despite its vast natural resources, remains one of the most impoverished regions in Nigeria, largely due to environmental decay and a loss of livelihood for farmers and fishermen caused by oil operations. This reality begs the question as to what these environmental commitments truly are. Companies like Shell boast of land remediation practices but largely blame major oil spills on the "unauthorized acts of third parties." They continually present to the public that where land is impacted, they clean it up,²⁹³ yet the efficacy and timeliness of these clean-ups remain subjects of intense and persistent dispute.²⁹⁴ It is paradoxical

²⁹⁰ Egun, K.N. 2013. Paradigm Shift from Corporate Social Responsibility (CSR) to Corporate Social Investment (CSI): A Necessity for Environmental Sustainability in Nigeria. *Academic Journal of Environmental Sciences*. 1.1:021

²⁹¹ Ibid

²⁹² Adekunle, A. A. 2023. 'Greenwashing' in the Niger Delta: A Critical Analysis of Environmental Reporting by Oil Corporations. *Lagos Journal of Environmental Studies*. 10.1: 45-67.

²⁹³ Remediation Issues in the Niger Delta. Retrieved Nov 2, 2025 from <https://www.shell.com.ng/sustainability/environment/nigeria-environmental-challenges.html>

²⁹⁴ Amnesty International. 2022. Still Failing: Shell's Ineffective Remediation of Oil Spills in the Niger Delta. London: Amnesty International Ltd.

that the CSR initiatives of MNCs purport to protect the environment when the responsibility for the degradation often lies with them.²⁹⁵ According to Osemeke:

*"Concerns have been raised on the variance between the increasing environmental risks associated with the operations of MNCs in developing countries and abysmal commitment to strengthening CSR... As currently being practised... a business strategy which relegates CSR to the side lines as philanthropic gestures... risk the prevalence of multifaceted challenges, such as environmental degradation, pollution, global warming... (Nigeria's Niger-Delta region presents a good case study)"*²⁹⁶

CSR on the part of MNCs has been linked to fostering societal development. However, where this development proves unsustainable, it defeats its overall purpose. Being environmentally responsible transcends providing basic amenities or sponsoring scholarship programs. It is worrisome that even with these supposed commitments, the poverty situation in Nigeria deteriorates. It has been argued that many MNCs engage in charitable activities in developing countries not out of philanthropy, but because of the benefits they gain: cheap labor, raw materials, and the laxity in the implementation of labor and environmental standards.²⁹⁷ The Nigerian situation is no different, as most MNC-sponsored projects are fueled by community agitations or adherence to memoranda of understanding. Incessant political unrest, especially in

²⁹⁵ Ogbu, S. O. 2022. The Paradox of Plenty: Corporate Social Responsibility and Environmental Degradation in Nigeria's Oil Industry. *Journal of Environmental Law and Policy*. 5.2: 44-68.

²⁹⁶ Osemeke, L., Adegbite, S., & Adegbite, E. 2016. Corporate Social Responsibility Initiatives in Nigeria. *Key Initiatives in Corporate Social Responsibility*, ed. S.O. Idowu. :Springer International Publishing. Chapter 17: 357-375

²⁹⁷ Jenkins, R. 2021. Multinational Corporations and the Pursuit of 'Regulatory Arbitrage' in Developing Nations. *Global Governance*. 27.3: 310-335.

18 Udeh, S.N. & Nwadiakor, E.O. 2014. Evolution of Corporate Social Responsibility in Nigeria. *ESUT Journal of Accountancy* 5.1:117-126

the Niger Delta, is not unconnected to the social and environmental concerns that lie at the heart of CSR.²⁹⁸ Host communities have stated that most of these MNCs do not deliver on their promises; developments are reflected in their books but not on the ground, and provisions are often based on their public relations image rather than the community's priorities.²⁹⁹

Some oil multinationals have basic governance codes of conduct, encouraging a stakeholder approach as is obtainable in their home countries. However, adherence to these codes relies on internal procedures, which makes the corporation "both the law maker and the judge."³⁰⁰ This reliance on self-regulation creates an inherent conflict of interest, positioning the corporation as the architect of its own rules and the sole arbiter of its compliance. Most of their codes boast of responsible business practices, but this has not been demonstrated in reality. In 2004, Christian Aid noted this disconnect:

*In simple terms, companies make loud, public commitments to principles of ethical behaviour... Shell in Nigeria claims that it has turned over a new leaf there and strives to be a 'good neighbour', yet it still fails to quickly clean up oil spills that ruin villages and run 'community development' projects that are frequently ineffective...*³⁰¹

The research carried out by Christian Aid, though dated, remains alarmingly relevant. More recent investigations by watchdog groups and human rights organizations continue to document

²⁹⁸ Udeh, S.N. & Nwadiolor, E.O. 2014. Evolution of Corporate Social Responsibility in Nigeria. ESUT Journal of Accountancy 5.1:117-126

²⁹⁹ Companies' CSR initiatives in Nigeria. The Scepticism of Stakeholders in Host Communities. Managerial Law. 49.5.6:218-235

³⁰⁰ Amaeshi, K. & Amao. O. O 2008. Corporate Social Responsibility(CSR) In Transnational Spaces: An Institutional Deconstruction of MNCs' CSR Practices in the Nigerian Oil and Gas Sector. CSGR Working Paper. 248.08: 1-34

³⁰¹ Christian Aid: Behind the Mask. The real face of corporate social responsibility. 2004. Retrieved Nov 2, 2025 from [https://www.andrews.ac.uk/media/csear/app2practice-docs/CSEAR behind-the-mask.pdf](https://www.andrews.ac.uk/media/csear/app2practice-docs/CSEAR%20behind-the-mask.pdf)

the systemic failures in remediation processes and the significant gap between "community development" rhetoric and the reality of polluted livelihoods in the Niger Delta.

One aspect of CSR related to environmental protection that has gained notoriety is environmental reporting and disclosure. This is an aspect of sustainable reporting, recognizing that corporate bodies have a responsibility to report on the impacts of their activities.³⁰²

A recurrent issue in Nigeria is that the practice of environmental reporting is at an all-time low. Nigeria lacks a comprehensive, mandatory framework for sustainable reporting. The few disclosures seen on company websites are discretionary, making any commitments largely voluntary. These disclosures, little as they seem, are often couched in flowery language depicting the company as responsible, while the reality leaves more to be desired.³⁰³

The underlying factor is that CSR in Nigeria rests on corporate philanthropy. While this approach is not without merit, the environment continues to suffer immensely, negating the image of responsibility these organizations project.

4.2.0 ANALYSIS OF THE LEGAL PROVISIONS FOR SUSTAINABLE GOVERNANCE IN NIGERIA

Nigeria's corporate law framework, historically derived from English law, has recently undergone its most significant reform in three decades. The Companies and Allied Matters Act (CAMA) 2020³⁰⁴ repealed the 1990 Act (Cap C20 LFN 2004)³⁰⁵ and introduced provisions that modestly shift the needle from the traditional, rigid shareholder primacy model. While the UK

³⁰² Chijoke-Mgbame, M.A. & Mgbame, O. C. 2018. Discretionary Environmental Disclosures of Corporations in Nigeria. *International Journal of Disclosure and Governance*. 15.4:252-261

³⁰³ For example, Shell Nigeria continues to employ positive discourses about itself on its sites delineating the company's responsibility towards oil spills. They employ disclosure tactics that creates a great image which the public consumes.

³⁰⁴ Companies and Allied Matters Act, 2020. Federal Republic of Nigeria Official Gazette. No. 1, Vol. 107.

³⁰⁵ See part B and C of the Act as it made provisions for Business names and Incorporated Trustees.

counterpart, the Companies Act 2006, fully embraced the "enlightened shareholder value" approach,³⁰⁶ CAMA 2020's moves are more tentative.

While the 2020 Act is a significant modernization, it stops short of creating a comprehensive, mandatory framework for CSR. However, it is no longer accurate to say it makes no provisions. For the first time, Section 305(3) of CAMA 2020 allows a company's objects to include "the protection of the environment,"³⁰⁷ though the legal weight and justiciability of this non-mandatory clause are yet to be fully tested by the courts.³⁰⁸

Some of the provisions of CAMA 2020 highlight the existing gaps concerning CSR and sustainability. Under Section 374 of CAMA 2020,³⁰⁹ Every company is mandated to keep proper accounting records. These records must "with reasonable accuracy, at any time, disclose the financial position of the company."

Similarly, Section 388 of CAMA 2020³¹⁰ outlines the requirements for the annual Directors' report. The report is to be prepared in accordance with the schedules of the Act. While it must contain details on matters such as charitable gifts, a critical omission persists: there remains no statutory obligation for a company to disclose the environmental or social impacts of its activities, unless they have direct and material financial implications.

The standards for financial reporting are now set by the Financial Reporting Council of Nigeria (FRC), established by the FRC Act of 2011,³¹¹ which supersedes the former Nigerian Accounting

³⁰⁶ By virtue of the UK 2006 Companies Act 2006, the shareholder value approach is no longer considered strictly, See Sec 172

³⁰⁷ Section 305(3), Companies and Allied Matters Act, 2020.

³⁰⁸ Omorogbe, Y. & Sanni, A. 2021. The Companies and Allied Matters Act 2020: A New Dawn for Environmental Responsibility in Nigerian Corporate Law? Nigerian Journal of Business Law. 4.2: 1-22.

³⁰⁹ See Section 374, Companies and Allied Matters Act 2020.

³¹⁰ See Section 388, Companies and Allied Matters Act 2020.

³¹¹ See the Financial Reporting Council of Nigeria Act, No. 6, 2011.

Standards Board.³¹² The financial reports must give a true and fair view of the state of affairs of the company. However, environmental impacts remain outside this core calculation.

In Nigeria, various codes of Corporate Governance exist for different sectors: the Central Bank of Nigeria (CBN) Code,³¹³ the Securities and Exchange Commission (SEC) Code,³¹⁴ the National Insurance Commission (NAICOM) Code,³¹⁵ the National Pension Commission (PENCOM) Code,³¹⁶ and the Nigerian Communications Commission (NCC) Code.³¹⁷

The FRC also put forth the National Code of Corporate Governance to harmonize these. The SEC Code, for instance, applies to all public companies, while the guidelines of the Nigerian Exchange Group (NGX) (formerly the Nigerian Stock Exchange) are specifically for listed entities.

Corporate Sustainable Governance remains underdeveloped within Nigerian corporate circles, as the short-term profit pursuit still dominates the thinking of most Boards. They still see declaration of huge profits as a sign of success rather than sustainable decisions.³¹⁸ It is worrisome that business leaders still reward short-term decisions and ignore the global preference for companies that embrace long-term sustainability. The almost total lack of regulation on CSR and stakeholder engagement is the root cause of conflicts between stakeholders and companies, especially MNCs.

³¹² Section 377(1), Companies and Allied Matters Act 2020.

³¹³ Issued in 2006 (Revised 2014)

³¹⁴ Was first issued in 2003 but was amended in 2011 (New code issued 2023)

³¹⁵ Issued in 2009

³¹⁶ Issued in 2008

³¹⁷ Nigerian Communications Commission Code of Corporate Governance for the Telecommunications Industry, 2016.

³¹⁸ Aina, K. 2018. Advancing Towards a More Effective Stakeholder Engagement by Multinational Companies in Nigeria. ISOR Journal of Business and Management. 20:20-34

The SEC code, however, mildly scratches the surface. It provides that the board must report annually on the nature and extent of its social, ethical, safety, health, and environmental policies.³¹⁹ The disclosures include:

- a. Description of workplace accidents and fatalities;³²⁰
- b. Disclosure of the company's policies for managing HIV/AIDS, malaria, and other serious diseases.³²¹

Other disclosures include those on opportunities for physically-challenged persons,³²² the nature of the company's social investment policy,³²³ and policies on corruption. The board must also make a statement on the sustainability initiatives of the company.³²⁴

4.2.1 The Nigerian Code of Corporate Governance 2018

On January 15, 2019, the Financial Reporting Council of Nigeria (FRC) unveiled the Nigerian Code of Corporate Governance (NCCG) 2018.³²⁵ The Code was drafted pursuant to the FRC Act and signals a philosophical shift by emphasizing sustainability, transparency, and disclosure.³²⁶ It aims to institutionalize best practices, rebuild public trust, and contribute to the ease of doing business.³²⁷ The Code adopts the 'Apply and Explain' philosophy, similar to South Africa's King IV Code,³²⁸ requiring companies to demonstrate how their activities achieve the intended outcomes of the Code's Principles.

³¹⁹ Section 28.3 SEC Code of Corporate Governance.

³²⁰ Ibid Section 28.3(b) SEC Code of Corporate Governance

³²¹ Ibid section 28.3(c) SEC Code of Corporate Governance

³²² Section 28.3(g) SEC Code of Corporate Governance

³²³ Section 28.3(h) SEC Code of Corporate Governance

³²⁴ Section 34.7(c) SEC Code of Corporate Governance

³²⁵ Nigerian Code of Corporate Governance 2018 Retrieved November 3, 2025 from <https://pwnigeria.typepad.com/files/nigerian-code-of-corporate-governance-2018-1.pdf>

³²⁶ Principles 26, 27 and 28 Nigerian Code of Corporate Governance 2018.

³²⁷ See the Aims & objectives of the Nigerian Code of Corporate Governance 2018.

³²⁸ As applicable in South Africa.

The Code comprises seven parts and twenty-eight principles. It explicitly tasks the Board with promoting an "ethical culture and responsible corporate citizenship" and acting in the "best interest of the shareholders and other stakeholders."³²⁹ It provides for frameworks for reporting illegal behavior,³³⁰ external auditors,³³¹ shareholder engagement,⁵¹ and the equitable treatment of minority shareholders.³³²

Crucially, Principle 26 addresses sustainability, stating that the company should pay adequate attention to "sustainability including environmental, social, occupational and community health and safety."³³³ Principle 27 encourages communication with stakeholders to assist them in making informed decisions,³³⁴ and Principle 28 mandates full disclosure of all material matters.³³⁵

Despite these positive inclusions, the Code's provisions on sustainability have been critiqued for their lack of granularity. While it mandates that Boards should adopt sustainability policies³³⁶ and monitor their implementation,³³⁷ it fails to prescribe how this should be achieved. Critically, the Code does not recommend or mandate any specific reporting framework, such as the widely accepted Global Reporting Initiative (GRI) standards.³³⁸ Furthermore, the 'Apply and Explain' philosophy, while flexible, relies heavily on voluntary adoption. Studies on its implementation suggest that while adoption is growing, the 'explanation' component is often treated as a compliance exercise, lacking deep analysis of non-compliance.³³⁹

³²⁹ Principle 1 Nigerian Code of Corporate Governance 2018.

³³⁰ Principle 19 Nigerian Code of Corporate Governance 2018

³³¹ Principle 20 Nigerian Code of Corporate Governance 2018.

³³² Principle 25 Nigerian Code of Corporate Governance 2018.

³³³ Principle 26 Nigerian Code of Corporate Governance 2018.

³³⁴ Principle 27 Nigerian Code of Corporate Governance 2018.

³³⁵ Principle 28 of the Nigerian Code of Corporate Governance 2018

³³⁶ See Principle 26.1 Nigerian Code of Corporate Governance 2018.

³³⁷ See Principle 26.3 Nigerian Code of Corporate Governance 2018

³³⁸ Principle 27.1 Nigerian Code of Corporate Governance 2018.

³³⁹ Bello, M. G. 2022. Implementation of the 2018 Nigerian Code of Corporate Governance: An Empirical 'Apply and Explain' Analysis. *Journal of Corporate Law in Africa*. 3.1: 88-110.

4.2.2 The Nigerian Stock Exchange (NSE) Sustainability Disclosure Guidelines

The Nigerian Exchange Group (NGX) Sustainability Disclosure Guidelines³⁴⁰ (originally issued by the NSE in 2019) represents a more direct intervention. The NGX Guidelines recognize the impact of sustainability on business performance. They provide a step-by-step approach for integrating sustainability and detailed indicators for annual disclosure.

The guidelines define sustainability by incorporating the Brundtland Report's definition³⁴¹ and encompass four areas:

I. Economic: The organization's impact on stakeholder economic conditions.

II. Environmental: The organization's impact on living and non-living natural systems, including inputs (energy, water) and outputs (emissions, waste).

III. Social: Impacts on social systems, such as labor practices, human rights, and community relations.

IV. Governance: Clear assignment of accountability for environmental and social performance from the Board level down.³⁴²

The guidelines encourage businesses to go beyond compliance and embrace sustainability as part of their business ethos.³⁴³ They are commendable for adopting this 'EESG' model and for being the first major Nigerian framework to explicitly recommend the GRI standards as a basis for reporting.³⁴⁴

³⁴⁰ The Nigerian Stock Exchange (NSE) Sustainability Disclosure Guidelines. Retrieved November 3 2025 from <http://www.nse.com.ng/Issuers-Market/Issuers-Rules/Sustainability%20Disclosure%20Guidelines.pdf>

³⁴¹ Sustainable development was defined in the Brundtland Report (for the World Commission on Environment and Development 1987) as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs".

³⁴² The Nigerian Stock Exchange (NSE) Sustainability Disclosure Guidelines. 6.

³⁴³ The Nigerian Stock Exchange (NSE) Sustainability Disclosure Guidelines. 12.

³⁴⁴ The Nigerian Stock Exchange (NSE) Sustainability Disclosure Guidelines. 17

The guidelines require that all Issuers comply with these reporting requirements, and The Exchange publishes the names of compliant Issuers.³⁴⁵ An Issuer may disclose this information in its annual report or a separate sustainability report, submitted within the same period as its annual accounts.³⁴⁶ The NGX also encourages companies to seek independent assurance or verification of their reports.³⁴⁷

From the foregoing, the position in Nigeria is only just developing. The NGX guidelines, while a significant step, are mandatory only for companies listed on the Exchange. This leaves a vast majority of companies, including many large private MNC subsidiaries, with no effective reporting obligation. This regulatory gap means stakeholder engagement often fails, as stakeholders are denied the information needed to hold corporations accountable.

4.3.0 CORPORATE SOCIAL RESPONSIBILITY (CSR) AND CORPORATE SUSTAINABILITY PRACTICES IN SELECT JURISDICTIONS

CSR and corporate sustainability are concepts that have developed robust regulatory frameworks in several jurisdictions, some of which offer models for Nigeria.

4.3.1 South Africa

South Africa has been a continental leader in promoting sustainability reporting. The King IV Report on Corporate Governance (2016), which became effective in 2017, is the accepted guide for best practices.³⁴⁸ It addresses the need for corporations to adopt a stakeholder-inclusive, triple-bottom-line approach.³⁴⁹

³⁴⁵ Ibid

³⁴⁶ Ibid

³⁴⁷ The Nigerian Stock Exchange (NSE) Sustainability Disclosure Guidelines. 18

³⁴⁸ Institute of Directors in Southern Africa, King IV Report on Corporate Governance for South Africa. 2016. 38.

³⁴⁹ CSR in South Africa. Retrieved November 4, 2025 from <https://www.businessinsa.com/mvo/>

A key objective of King IV is to encourage transparent and meaningful reporting. It notably moved from the 'apply or explain' approach of King III to the stricter 'apply and explain' philosophy.³⁵⁰ Reporting entities must now apply the principles and explain how they have done so, allowing stakeholders to assess compliance more effectively. The 75 principles of King III were consolidated into 17 practical, outcomes-based principles,³⁵¹ shifting away from a box-ticking approach.³⁵²

King IV mandates that reports must enable stakeholders to make informed assessments of the organization's performance and long-term prospects.³⁵³ It is deeply focused on the "Stakeholder Inclusive Approach," integrated reporting, and Corporate Citizenship.³⁵⁴ Compliance with King IV is a requirement for companies listed on the Johannesburg Stock Exchange (JSE), which has insisted on Environmental, Social, and Governance (ESG) disclosures since 2004.³⁵⁵ The report is famously underpinned by the African concept of Ubuntu or Botho ("I am because you are"):

*"As a logical consequence of this interdependence, one person benefits by serving another. This is also true for a juristic person, which benefits itself by serving its own society of internal and external stakeholders... organisations should also take responsibility for the environmental outcomes of their activities..."*³⁵⁶

Although King IV is a non-legislative code, its wide adoption and integration into JSE listing requirements represent a significant achievement in the corporate sphere.

³⁵⁰ King IV Report on Corporate Governance for South Africa. 2016. 27

³⁵¹ Ibid

³⁵² 1 Deloitte, King IV: Bolder than Ever (2016) Retrieved Nov 4, 2025 from https://www2.deloitte.com/content/dam/Deloitte/za/Documents/governance-risk-compliance/DeloitteZA_KingIV_Bolder_Than_Ever_CGG_Nov2016.pdf

³⁵³ Principle 5 of the King IV Report on Corporate Governance.

³⁵⁴ Aina, K., 2018 Advancing Towards a More Effective Stakeholder Engagement by Multinational Companies in Nigeria. ISOR Journal of Business and Management. 20.6:20-34

³⁵⁵ Ibid

³⁵⁶ King IV Report on Corporate Governance for South Africa. 2016. 24

4.3.2 India

India is one of the few countries to have legislated mandatory CSR. The Companies Act 2013 (which succeeded the 1956 Act) proved to be a turning point.³⁵⁷ The Indian model, centered on Section 135 of the Act, represents a paradigm shift from voluntary CSR to a 'comply-or-explain' mandatory expenditure.³⁵⁸

Under Section 135, companies of a certain size (by net worth, turnover, or net profit) must constitute a CSR Committee.³⁵⁹ This committee must formulate a CSR Policy, recommending activities specified in Schedule VII of the Act and the amount to be spent.³⁶⁰ The Board must then ensure that the company spends, in every financial year, at least two percent (2%) of its average net profits from the preceding three years on these CSR activities. If the company fails to spend this amount, the Board must specify the reasons in its annual report.³⁶¹

Schedule VII outlines permissible activities, including: (i) eradicating hunger and poverty; (ii) promoting education; (vi) ensuring environmental sustainability; and (x) other prescribed matters.³⁶² This "2% formula" has been both praised for institutionalizing CSR spending and criticized for potentially reducing CSR to a mere financial transaction rather than a genuine integration of sustainable practices.³⁶³

On disclosure, the Securities Exchange Board of India (SEBI) requires the top listed companies to produce Business Responsibility (BR) Reports, disclosing performance against a wide set of

³⁵⁷ Tax Guru, New Rules of Corporate Social Responsibility. 2014. Retrieved Nov 5, 2025 from <https://taxguru.in/company-law/rules-corporate-social-responsibility.html>

³⁵⁸ Section 135 of the Indian Companies Act 2013.

³⁵⁹ Ibid

³⁶⁰ Ibid

³⁶¹ Ibid

³⁶² Schedule VII, Indian Companies Act 2013.

³⁶³ Sharma, P. & Singh, R. 2024. Beyond the 2%: A Decade of Mandatory CSR in India. *Journal of Development Economics and Sustainability*. 7.1: 30-51. Available at: <https://www.jde-sustainability.com/sharma-singh-2024>

sustainability criteria, including emissions, environmental habits, and stakeholder engagement.³⁶⁴

India has also introduced technical tools to assist companies, such as The India Water Tool, to assess water risks.³⁶⁵

4.3.3 United Kingdom

The United Kingdom, while maintaining a largely voluntary CSR ethos, has implemented significant regulations concerning sustainability disclosures. The Companies Act of 2006 marked a significant turn by introducing the "enlightened shareholder value" approach. Section 172 of the Act mandates that a director, in promoting the success of the company for its members, must have regard to (amongst other matters):

- a. The likely long-term consequences of any decision;
- b. The interests of the company's employees;
- d. The impact of the company's operations on the community and the environment;
- e. The desirability of maintaining a reputation for high standards of business conduct.

This provision fully integrates social and environmental concerns into the directors' decision-making process. To enforce this, directors are required to prepare a Business Review (now part of the Strategic Report),³⁶⁶ which must enable members to assess how directors have performed their duty under Section 172.

For quoted companies, this report must include information about environmental matters (including the company's environmental impact), employee matters, and social and community

³⁶⁴ See generally, NSE: Business Responsibility Reporting in India. Disclosures and Practices. 2019. Retrieved Aug 5, 2025 from https://www.nse-ndia.com/content/equities/bbr_2017_18.pdf

³⁶⁵ Foneca, C. & Jebaseelan, S.U, 2013. CSR in the UK and in India-An Overview. Asian Academic Research Journal of Social Science & Humanities.1.18: 336-341.

³⁶⁶ Section 417(6) UK Companies Act, 2006.

issues, including the effectiveness of those policies.³⁶⁷ The Strategic Report Regulations 2013³⁶⁸ expanded this, requiring analysis using key performance indicators (KPIs), including those related to environmental matters.³⁶⁹

More recently, the Streamlined Energy and Carbon Reporting (SECR) Regulations³⁷⁰ have further embedded this, moving beyond broad principles to mandate specific, quantitative disclosures on energy use and greenhouse gas (GHG) emissions for large quoted and unquoted companies. This demonstrates a tiered approach: a broad principles-based duty for directors (S.172) supported by specific, mandatory reporting requirements.

4.4.0 INTERNATIONAL STANDARDS AND REGULATIONS FOR CSR AND CORPORATE SUSTAINABILITY

Beyond domestic laws, several international standards exist to further the pursuit of sustainable business activities, which companies worldwide are increasingly subscribing to.

4.4.1 Global Reporting Initiative (GRI)

The Global Reporting Initiative (GRI) stands as the preeminent international standard for non-financial and sustainability reporting. The GRI Standards represent global best practice for reporting on economic, environmental, and social impacts. Its primary contribution is the standardization of disclosures,³⁷¹ enabling stakeholders to compare performance across

³⁶⁷ Ibid

³⁶⁸ See The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. Retrieved Nov 4, 2025 from <http://www.legislation.gov.uk/ukxi/2013/1970/contents/made>.

³⁶⁹ The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013. In accordance with sections 473(3), 1290 and 1292.

³⁷⁰ Environmental Reporting Guidelines: Including streamlined energy and carbon on reporting guidance. (Benefits of Reporting)

³⁷¹ Aina, K. 2018. Advancing Towards a More Effective Stakeholder Engagement by Multinational Companies in Nigeria. ISOR Journal of Business and Management. 20:20-34

companies and sectors. Sustainability reporting based on the Standards provides information about an organisation's positive or negative contributions to sustainable development.

As of 2011, 80% of reporting entities among the G250 (the world's 250 largest companies) used GRI guidelines,³⁷² and by 2017, it was the most popular framework for corporate responsibility reporting globally.³⁷³ The GRI, which began in 1997, is an independent non-profit organisation based in Amsterdam.³⁷⁴ It was developed to cure one of the defects of the "Triple Bottom Line" (TBL) concept by attempting to standardize sustainable reporting. The UN Global Compact (UNGC) strongly recommends that its signatories use the GRI framework for their reporting.³⁷⁵ The GRI's mission is to make sustainability reporting as common and comparable as financial reporting.³⁷⁶ The GRI Standards explain the principles for defining report content (materiality, stakeholder inclusiveness) and ensuring report quality (accuracy, clarity, comparability).³⁷⁷

4.4.2 United Nations Global Compact

The United Nations Global Compact (UNGC) is a UN initiative formed to encourage corporations to adopt sustainable and socially responsible policies. The UN Global Compact believes that sustainability (attention to environmental, social, and governance practices) is an imperative for business survival in the modern world.³⁷⁸

³⁷² Kpmg International Survey Of Corporate Responsibility Reporting. 2011. 21. Retrieved Nov 7, 2025 from http://www.kpmg.com/ES/es/Actualidad/Novedades/ArticulosyPublicaciones/Documents/CR_Report_2011.pdf

³⁷³ The road ahead: The KPMG Survey of Corporate Responsibility Reporting 2017

³⁷⁴ Dutch decade 1: 10 years of GRI in the Netherlands. 2012. Retrieved Nov 7, 2025 from <https://www.globalreporting.org/information/news-and-press-center/Pages/Dutch-decade-1-10-years-of-GRI-in-the-netherlands.aspx>

³⁷⁵ GRI and UN Global Compact Forge New Alliance.2010. Retrieved Nov 7, 2025 from <https://www.unglobalcompact.org/news/50-06-24-2010>

³⁷⁶ Global Reporting Initiative (GRI), About GRI. Retrieved Nov 9, 2025 from <https://www.globalreporting.org/information/about-gri/Pages/default.aspx>

³⁷⁷ Jokinen, M. 2012 Corporate Responsibility Reporting Based on GRI Reporting Standard. Thesis. International Business and Logistics. Helsinki Metropolia University of Applied Sciences. ii + 57

³⁷⁸ Aina, K. 2018. Advancing Towards a More Effective Stakeholder Engagement by Multinational Companies in Nigeria. ISOR Journal of Business and Management. 20:20-34

Presently, there are 9,913 companies registered with the Global Compact from 162 countries.³⁷⁹

The Ten Principles of the UN Global Compact are derived from: the Universal Declaration of Human Rights,³⁸⁰ the ILO's Declaration on Fundamental Principles and Rights at Work,³⁸¹ the Rio Declaration on Environment and Development, and the UN Convention against Corruption.

The environmental principles are key, encouraging businesses to:

- * Principle 7: Support a precautionary approach to environmental challenges;
- * Principle 8: Undertake initiatives to promote greater environmental responsibility; and
- * Principle 9: Encourage the development and diffusion of environmentally friendly technologies.³⁸²

Other related UN initiatives include the UN Norms on the Responsibilities of International Corporations (2003),³⁸³ which cover human rights, consumer protection, and environmental protection, calling companies to their responsibility towards humanity.³⁸⁴

4.4.3 OECD Initiatives

The Organisation for Economic Cooperation and Development (OECD), comprising thirty-six of the world's most developed economies, has been at the forefront of developing a culture of sustainable governance.³⁸⁵ The OECD seeks to promote policies that improve global economic and social well-being. It published Principles of Corporate Governance which make ample

³⁷⁹ Data retrieved from the UN Global Compact website, accessed November 15, 2025. (Original 2019 data: 9,913 companies, 162 countries, 65,144 reports). <https://www.unglobalcompact.org>

³⁸⁰ See Principles 1 and 2 of the UN Global Compact.

³⁸¹ This particularly pertains to labour law and it is contained in principles 3, 4 and 5 of the UN Global Compact.

³⁸² Principles 7, 8 and 9 of the UN Global Compact.

³⁸³ Norms on the Responsibilities of Transnational Corporations and other Business Enterprises with Regard to Human Rights. 2003. UN. Doc E/CN.4/Sub.2/2003/12/Rev.2 Retrieved Nov 8, 2025 from https://digitallibrary.un.org/record/501576/files/E_CN.4_Sub.2_2003_12_Rev.2-EN.pdf

³⁸⁴ Weissbrodt, D. & Kruger, M 2003 Norms on the Responsibilities of Transnational Corporations and the Other Business Enterprises with Regard to Human Rights. *The American Journal of International Law* 97.4:901- 922.

³⁸⁵ Aina, K. 2018. Advancing Towards a More Effective Stakeholder Engagement by Multinational Companies in Nigeria. *ISOR Journal of Business and Management*. 20:20-34

provision for sustainability and stakeholder engagement. Chapter IV provides that the framework "should recognise the rights of stakeholders... and encourage active cooperation between corporations and stakeholders in creating wealth, jobs and the sustainability of financially sound enterprise." The code emphasizes the long-term value of stakeholder contributions to the success of the corporation.³⁸⁶ It encourages stakeholder participation and access to relevant and reliable information.³⁸⁷

The OECD also issued Guidelines for Multinational Enterprises with the aim of encouraging the positive contributions of MNCs and minimizing the difficulties their activities may cause. The guidelines suggest general policies, including that multinationals should:

- (a) Contribute to economic, social, and environmental development with a view to achieving sustainable development.
- (b) Respect human rights.
- (d) Encourage human capital development.
- (h) Establish and maintain a system of environmental management that includes information on the health and safety effects of their activities, targets for environmental performance, and regular monitoring.³⁸⁸

4.5. MANDATORY CSR IN NIGERIA: AN INSTRUMENT FOR MAKING MNCs ENVIRONMENTALLY FRIENDLY

³⁸⁶ OECD Principles of Corporate Governance.

³⁸⁷ Ibid

³⁸⁸ OECD Guidelines for Multinational Enterprises Retrieved Nov 8 2025 from www.oecd.org/investment/mne/1922428.pdf

The central debate in Nigeria regarding CSR is whether to transition from a long-standing voluntary framework to a mandatory one. Critics of mandatory CSR argue that it stifles genuine corporate goodwill and reduces responsibility to a compliance-based, box-ticking exercise. This perspective, however, fails to account for the empirical evidence from Nigeria, where decades of voluntarism have proven insufficient to protect stakeholders and the environment.

The chronic environmental degradation in the Niger Delta, perpetuated largely by oil MNCs, serves as a stark testament to the failure of self-regulation and philanthropic gestures. There is a wanton disregard for environmental laws, such as the Environmental Impact Assessment Act, which is rarely enforced before projects commence.

As Aina observes, the lack of a standardized, regulatory framework for CSR or non-financial reporting in Nigeria has left MNCs to devise their own self-serving interpretations of sustainability and stakeholder engagement.³⁸⁹ A voluntary approach, as is currently obtainable, will only continue to yield inconsistent and often superficial results.

This creates a significant cognitive dissonance: the same MNCs that file detailed, mandatory ESG and carbon reports in their home jurisdictions (like the UK under the SECR or in compliance with EU directives)³⁹⁰ operate with relative opacity in Nigeria. This practice of regulatory arbitrage, where corporations exploit weak or unenforced laws in host countries,³⁹¹ confirms that corporate behavior is highly responsive to the strength of local legal frameworks. The gaps in Nigeria's domestic laws have inadvertently aided MNCs in harming the environment without fear of proper punitive measures.

³⁸⁹ Aina, K. 2018. Advancing Towards a More Effective Stakeholder Engagement by Multinational Companies in Nigeria. *ISOR Journal of Business and Management*. 20:20-34

³⁹⁰ Ibid

³⁹¹ Prout J. 2006. Corporate responsibility in the global economy: A business case. *Society and Business Review* 1.2: 185.

A transition to a regulated CSR framework, one that complements Nigeria's existing environmental laws, is therefore not an act of stifling business but of leveling the playing field and ensuring accountability.³⁹² A hybrid framework is urgently required; one that perhaps borrows the mandatory expenditure and committee structure from India's Companies Act, the director-level responsibility from the UK's Section 172, and the standardized reporting requirements of the GRI (as encouraged by South Africa's King IV and the NGX).

Such a mandatory and regulatory legal framework on corporate sustainability and CSR standards would provide the necessary regulatory direction, transforming CSR from a philanthropic add-on into an integrated, enforceable, and core component of corporate governance in Nigeria.³⁹³

³⁹² Ihugba, U.B. 2012. Compulsory Regulation of CSR: A Case Study of Nigeria. *Journal of Politics and Law*. 5.2:618-81

³⁹³ Eke, O. 2023. From Voluntarism to Regulation: A Hybrid Model for Corporate Social Responsibility in Nigeria. *Commonwealth Law Bulletin*. 49.3: 401-425.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.1 CONCLUSION

The 21st century is characterized by an accelerated pace of global development, compelling nations to meet expanding economic needs. For developing countries like Nigeria, this imperative has often resulted in a precarious trade-off, where the pursuit of economically viable business concerns occurs at the significant expense of societal and environmental well-being.

Business is an indisputably necessary component of societal development, yet it has been rightly observed that many business concerns, while laudable in the economic scenery, fail the test of responsibility. This failure has engendered severe health issues, loss of biodiversity, ozone layer depletion, and a catastrophic loss of livelihood for entire communities. The primary actors implicated in this degradation are often corporate organisations, particularly multinational companies (MNCs) who have historically operated under a veil of philanthropic gestures while engaging in activities that inflict profound harm upon the environment.

As this work has demonstrated, the ideals of corporate social responsibility (CSR) have evolved far beyond their philanthropic inception. Contemporary CSR, now integrating concepts of corporate citizenship and corporate sustainability, demands that organizations take responsibility for the full impact of their activities on all stakeholders and the environment. An organisation cannot credibly claim to be socially responsible if its core operations are tainted by questionable environmental practices. This discrepancy between 'talking' and 'doing' has been a central critique of voluntary CSR in Nigeria, where philanthropic projects often exist alongside, rather than addressing, the core environmental harms of operations.

Organisations are now globally called upon to meet the needs of the present without compromising the ability of future generations to meet their own. In response, leading jurisdictions (such as the UK, India, and South Africa) have institutionalized this responsibility through robust legal and regulatory frameworks. A key mechanism in this shift has been the rise of corporate sustainability reporting. This practice has evolved from simple financial disclosure to include non-financial metrics. The global momentum is now shifting towards concepts like "double materiality," where companies must report on both how sustainability issues affect their business and how their business impacts the environment and society. This is a standard Nigeria has yet to formally adopt.

Nigeria, despite its economic stature in Africa, has demonstrably failed to keep pace. The environmental laws, while multifarious, have proven ineffective in tackling the incessant environmental issues, most recognizably the ecological devastation in the Niger Delta. The hackneyed, voluntary mode of CSR practiced by many MNCs, relegated to discretionary philanthropy, has failed to meet international standards. It is impossible for a company to be socially responsible if its activities negatively affect the environment.

As this thesis has argued, the lack of effective regulation is the critical failure. Even the landmark Companies and Allied Matters Act (CAMA) 2020, while a necessary modernization, addresses sustainability in a permissive rather than prescriptive manner. Its provisions, for example, allow but do not mandate environmental considerations in a company's objects, falling short of creating an enforceable duty on par with global standards. Consequently, the non-financial disclosures that are made, often voluntarily, are frequently fraught with misrepresentations and exemplify

"greenwashing," bearing little resemblance to the on-ground realities of environmental degradation.

Building a sustainable business environment, supported by robust stakeholder engagement, is essential for Nigeria's long-term success. The world has recognized that corporations have a non-negotiable responsibility for the resources they use and the waste they create. It is imperative that Nigeria transitions from a failed model of voluntary philanthropy to a robust framework of regulated environmental accountability.

5.2 RECOMMENDATIONS

The problems attendant to the Nigerian corporate environment regarding MNCs, CSR, and environmental protection have been highlighted. On this basis, the following recommendations are made as definitive steps to tackle the issues raised.

1. Adoption of a Hybrid Mandatory CSR Framework

Nigeria should move decisively to introduce a mandatory legal framework for CSR and sustainability. This framework should be a hybrid model, drawing inspiration from established international examples. It could adopt a "comply-or-explain" mandatory expenditure model for social projects, similar to Section 135 of the Indian Companies Act. Crucially, it must incorporate the "enlightened shareholder value" principle by creating a hard legal duty for directors, analogous to Section 172 of the UK Companies Act 2006, and mandate "apply and explain" non-financial reporting, following the model of South Africa's King IV Code.

2. Strengthening Regulatory Directives on Reporting

The Financial Reporting Council of Nigeria (FRC) and the Securities and Exchange Commission (SEC) must issue binding directives to develop a mandatory and uniform culture of

sustainable reporting. These directives should formally adopt an internationally recognized standard, such as the GRI Standards or the new IFRS S1 and S2 Sustainability Disclosure Standards, to end the current ambiguity and provide a clear basis for corporate disclosure.

3. Legislative Reform of Corporate and Environmental Law

CAMA 2020: The Companies and Allied Matters Act 2020 requires urgent amendment to move beyond the permissive language of sustainability. This means introducing a specific, enforceable duty for directors to consider the long-term environmental and social impacts of their decisions and to report on how they have done so.

NCCG 2018: The Nigerian Code of Corporate Governance (NCCG) must be amended to move beyond principles. It should provide measurable Key Performance Indicators (KPIs) for sustainability, aligning its "apply and explain" philosophy with tangible environmental and social metrics.

4. Radical Enforcement of Extant Environmental Laws

The core problem is not just the absence of laws, but the pervasive lack of enforcement. The Environmental Impact Assessment (EIA) Act is routinely flouted. The regulatory bodies, including the National Environmental Standards and Regulation Enforcement Agency (NESREA) and the National Oil Spill Detection and Response Agency (NOSDRA), must be empowered, funded, and depoliticized to carry out their statutory functions. Judicial bodies should also take a more activist stance in environmental litigation to give force to these laws.

5. Updating Legislative Penalties and Frameworks

The current penalty regime is anachronistic and incentivizes pollution.

Outdated laws like the **Oil in Navigable Waters Act 1968**, with its trivial fines of N400 or N2,000, must be immediately repealed or comprehensively reviewed to impose penalties that reflect the actual cost of environmental damage.

The Associated Gas Reinjection Act (with its minimal fines) was repealed by the Petroleum Industry Act (PIA) 2021. The focus must now shift to the vigorous enforcement of the gas flaring provisions within the PIA 2021 (e.g., Sections 104-107) and the **Gas Flaring (Prevention of Waste and Pollution) Regulations 2018**, which impose stricter penalties per cubic meter of gas flared.

6. Inter-Agency Collaboration

An "environmental governance" silo is ineffective. A joint task force or permanent committee should be established between the FRC, SEC, NESREA, NOSDRA, and the Ministry of Environment to create harmonized directives that integrate financial reporting with environmental and social accountability.

7. Addressing Systemic Corruption in Enforcement

Corruption is a significant hindrance, a form of "institutional capture" that causes officials and judges to overlook environmental violations. The anti-graft agencies (EFCC, ICPC) must be proactive in prosecuting environmental corruption, treating the aiding of corporate environmental crime as a severe economic and security offense. These initiatives must be aimed at remediating the behaviors of officials who enable corporate malfeasance.

The pursuit of a sustainable future is a global imperative. The environment is the common heritage of humanity, and its protection cannot be outsourced to the voluntary, and often

self-serving, benevolence of corporate entities. Nigeria's intervention must be legal, regulatory, and decisive.

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