

**UNDERSTANDING THE CORPORATE GOVERNANCE  
GUIDELINES FOR THE COMMUNICATIONS INDUSTRY AND  
THEIR IMPLICATIONS FOR TELECOMMUNICATIONS OPERATORS**



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## INTRODUCTION



On the 6<sup>th</sup> of August 2025, the Nigerian Communications Commission (the “Commission” or “NCC”) issued the Corporate Governance Guidelines for the Communications Industry (the “Guidelines”). The Guidelines rescinds the Code of Corporate Governance for the Telecommunications Industry 2016 (the “2016 Code”) and seeks to complement the Nigerian Code of Corporate Governance 2018 as it applies to organizations under the purview of the NCC. The Guidelines also seek to eliminate unfair and unethical practices within the communications industry and promote sound corporate governance culture in communications companies.

### KEY PROVISIONS OF THE GUIDELINES

The Guidelines introduce stricter governance mechanisms to foster a culture of sound operational standards in organizations operating in the communications sector.

The key provisions of the Guidelines are as follows:

#### 1. Scope of the Guidelines

All individual licensees of the Commission who are obliged to pay Annual Operating Levies (“AOL”) to the Commission pursuant to the AOL Regulations, 2022 as may be amended from time to time (“Applicable Licensees”) are mandatorily required to comply with the Guidelines. All other Licensees that are not obliged to pay AOL are exempted from the application of Parts II – VII of the Guidelines, which provide for Board of

Directors, performance evaluation, Board and corporate value system, officers of the Board and their respective duties, shareholders and stakeholders and risk management and internal control. This marks a shift from the 2016 Code that mainly applied to telecommunications operators meeting certain thresholds (i.e. turnover, geographic spread, number of employees and subscribers). All licensees are required to apply the principles of the NCCG 2018 as the minimum corporate governance benchmark in the conduct of their operations.<sup>1</sup>

#### 2. The Board, Composition, Size and Structure

All Applicable Licensees are mandated to have a Board of Directors that stands in a fiduciary relationship with the Licensees in line with the provisions of the Companies and Allied Matters Act 2020 (“CAMA”) and are collectively and individually responsible for directing and controlling the Licensees’ affairs.<sup>2</sup> The Board is mandated to ensure that all its deliberations, decisions and actions are founded on the value-based principles of good governance and accountability, transparency, openness, honesty, responsibility, independence, integrity, justice, equity and fairness.<sup>3</sup>

The Board of an Applicable Licensee should be comprised of at least five directors comprising of a minimum of two Executive Directors (“ED”) (of which one shall be the Managing Director/Chief Executive Officer) and one-third of the Board shall be Independent Non-Executive Directors (“INED”).<sup>4</sup> The number of Non-Executive Directors (“NED”) on the Board shall at the minimum be equal to the number of EDs. The Guidelines require that at least two NEDs, one of whom shall be an INED should have

<sup>1</sup> Section 4(5) of the Guidelines

<sup>2</sup> Section 6(1) of the Guidelines

<sup>3</sup> Ibid.

<sup>4</sup> Section 7(1)(2) of the Guidelines

requisite knowledge and experience in information communication technology and/or cybersecurity.<sup>5</sup> The Chairman or any NED of an Applicable Licensee is not eligible to be appointed the MD/CEO or take up any executive role in the same Licensee or any of its affiliates within five years from the date that he ceases to hold office.<sup>6</sup> There is also a restriction on family memberships on Boards as the Guidelines provides that not more than two members of the same family shall be on the Board of a Licensee simultaneously.<sup>7</sup> The Chairman of an Applicable Licensee shall be a NED.

The Guidelines mandates the Boards of all Applicable Licensees to meet at least once every quarter and directors are required to attend at least two-thirds of all Board and Board Committee meetings to qualify for re-election to the Board.

### 3. Board Committees

The Board of an Applicable Licensee is authorized to establish appropriate Board Committees to assist in its governance functions. As a minimum, the Board is required to establish the Audit Committee, Risk Management Committee and the Governance, Remuneration and Nomination Committee.<sup>8</sup> The Board has the option to create a single Committee that combines both the Audit and Risk Management functions.<sup>9</sup> The Chairman of the Board and the MD/CEO are precluded from chairing or membership of any Board Committee but they may attend Committee meetings by invitation.<sup>10</sup> Each Board Committee shall comprise of at least three directors and a

director cannot be a member of more than two Committees.<sup>11</sup> All Committees must have a Board approved Charter/Code of Operation and hold meetings at least twice a year or as many times as appropriate to discharge their duties.<sup>12</sup>

### 4. Board Appointment Processes

The Board of an Applicable Licensee is required to establish a Committee that will be charged with assisting the Board in the process of identifying suitable persons to be appointed as directors of the Licensee.<sup>13</sup> This Committee is mandated to carry out background reference checks before nominating any individual for the position of a director and submit the report of the background checks to all members of the Board and Shareholders of the Licensee prior to their election to the Board.<sup>14</sup> A director who has concerns about the management/administration of a Licensee that cannot be resolved and elects to resign because of such concerns is required to make a written statement to the Board Chairman detailing the concerns for circulation to the Board with a copy sent to the Commission.<sup>15</sup>

### 5. Board Evaluation

To foster transparency, accountability and integrity in corporate governance, the Guidelines mandates the Boards of Applicable Licensees to undergo an annual Board evaluation which should be facilitated by an independent external consultant. The Board evaluation should be carried out prior to directors' re-election and the evaluation report should be instrumental in Board

<sup>5</sup> Section 7(4) of the Guidelines

<sup>6</sup> Section 7(7) of the Guidelines

<sup>7</sup> Section 7(8) of the Guidelines

<sup>8</sup> Section 8(1) of the Guidelines

<sup>9</sup> Section 8(3) of the Guidelines

<sup>10</sup> Section 8(4) of the Guidelines

<sup>11</sup> Section 8(5) of the Guidelines

<sup>12</sup> Section 8(6) of the Guidelines

<sup>13</sup> Section 9(1) of the Guidelines

<sup>14</sup> Section 9(4) of the Guidelines

<sup>15</sup> Section 9(7) of the Guidelines

members re-election process. Applicable Licensees are required to include the external consultant’s evaluation report as well as steps taken following the Board evaluation in their annual reports.<sup>16</sup>

debts owed to creditor networks especially interconnected indebtedness and adhere to extant laws, regulations, policies and standards as determined from time to time by the Commission.<sup>21</sup>

## 6. Board and Corporate Value System

The Guidelines mandates the Board of Applicable Licensees to establish a workable and realistic vision and mission statement for the Licensee. The Board is also required to establish a Code of Ethics and Business that contains professional and ethical values that will protect and enhance the Licensees’ reputation which should be reviewed at least once every twelve months.<sup>17</sup> The Board has the responsibility to ensure that the Code of Ethics and Business is sufficiently detailed and give clear guidelines to users. The Board of an Applicable Licensee is required to establish a Whistle-blowing Policy, and a Corporate Social Responsibility Policy that will positively impact society.<sup>18</sup> The Board is also required to ensure that the Licensee pays adequate attention to sustainability issues including environmental, social, occupational and community health and safety issues.<sup>19</sup>

Applicable Licensees are required to submit a Sustainability and Corporate Social Responsibility Report to the NCC at the end of every financial year which details the environmental, social and governance goals of the Licensee and the steps being taken to achieve them.<sup>20</sup> Applicable Licensees are also required to adopt renewable energy sources in their operations, honour commitments and contractual obligations, promptly settle

## 7. Tenure and Re-election of Directors

The Guidelines provide that the tenure of directors of Applicable Licensees is two terms of five years each subject to outstanding performance and re-election and the tenure for INEDs is two terms of four years each.<sup>22</sup> Any director, including the MD and Chairman of an Applicable Licensee who has served for the maximum period of ten years shall not be eligible for re-appointment in the Licensee or its subsidiaries in any capacity until after a cooling-off period of three years after the expiration of his/her tenure as a director.<sup>23</sup> However, an ED may be appointed as CEO and any period served as ED shall not be included in calculating the tenure that the individual served as CEO.<sup>24</sup>

All directors of Applicable Licensees are required to participate in relevant continuing education programmes to update their knowledge and skills and keep them informed on new developments in the Licensee’s business and operating environment on a bi-annual basis.<sup>25</sup> Directors participation in the bi-annual trainings will form part of the criteria for their re-election.<sup>26</sup>

<sup>16</sup> Section 12 of the Guidelines

<sup>17</sup> Section 14(1) of the Guidelines

<sup>18</sup> Section 14(7) of the Guidelines

<sup>19</sup> Section 14(9) of the Guidelines

<sup>20</sup> Section 14(10) of the Guidelines

<sup>21</sup> Section 14 (11 and 12) of the Guidelines

<sup>22</sup> Section 22(2) of the Guidelines

<sup>23</sup> Section 22(4) of the Guidelines

<sup>24</sup> Ibid.

<sup>25</sup> Section 22(7) of the Guidelines

<sup>26</sup> Ibid.

## 8. Shareholder and Stakeholder Communication

The Guidelines provide that the Board shall establish and implement a Stakeholder Management and Communication Policy and every Applicable Licensee is required to appoint a Regulatory Officer who will have the primary responsibility of ensuring that the Applicable Licensee complies with the provisions of the Nigerian Communications Act and the subsidiary regulations made under the Act. To foster a culture of integrity and accountability in the Applicable Licensee, the Regulatory Officer shall be accountable for regulatory filings and reporting, and handling inquiries from the NCC.<sup>27</sup> The Board is required to ensure that reports and other communication issued to stakeholders are posted in the Applicable Licensee’s website.

The Guidelines stipulate that a shareholder shall not have controlling interest in more than one communications company of a similar license category.

## 9. Risk Management and Internal Control

The Guidelines places primary responsibility for risk governance and risk management process on the Board of an Applicable Licensee and mandates the Board to put risk management systems in place.<sup>28</sup> The Board is responsible for ensuring that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Licensee during each financial year.<sup>29</sup> The Board also has the responsibility to form its opinion on the effectiveness of the Applicable Licensee’s risk management process and is required to periodically identify and assess

key risks and satisfy itself as to the effectiveness of the risk management system.<sup>30</sup>

The Board of an Applicable Licensee is required to establish a dedicated internal audit team to strengthen the Licensee’s system of internal controls and establish an effective internal control system that ensures a transparent system for financial reporting and compliance.<sup>31</sup> The Guidelines also mandates a robust whistleblowing mechanism for Applicable Licensees which should be reviewed at least once every twelve months. Applicable Licensees are required to establish an Ethics and Disciplinary Committee (“EDC”) that comprises designated senior officers and the EDC should be charged with the responsibility to reviewing reported cases and initiating appropriate actions.

## 10. Compliance Reports

All Licensees are required to submit reports on compliance with the Guidelines using the reporting template on the NCC’s website.<sup>32</sup> Licensees are also required to submit to the NCC, a mid-year Compliance Report not later than 31<sup>st</sup> of July every year.<sup>33</sup> Licensees are required to submit an Annual Compliance Report to the NCC not later than 31<sup>st</sup> of January each year. The NCC may request a Licensee to submit clarifications on a Compliance Report and may conduct compliance checks on Licensees at its discretion.<sup>34</sup>

<sup>27</sup> Section 26(4) of the Guidelines

<sup>28</sup> Section 27(1) of the Guidelines

<sup>29</sup> Section 27(3) of the Guidelines

<sup>30</sup> Section 27(4) of the Guidelines

<sup>31</sup> Section 28 of the Guidelines

<sup>32</sup> Section 37(1) of the Guidelines

<sup>33</sup> Section 37(2) of the Guidelines

<sup>34</sup> Section 37(5)

## CONCLUSION

The Guidelines marks a calculated move toward stricter regulatory oversight, greater accountability, and renewed transparency in Nigeria’s communications sector. By providing clear governance frameworks, robust reporting requirements, and stronger enforcement mechanisms, the Commission has established a standard that aligns with global best practices. Telecom operators must, therefore adapt quickly to ensure compliance, as non-adherence could attract severe consequences, including but not limited to license revocation. In the long run, these reforms are expected to boost investor confidence, enhance operational discipline, and position Nigeria’s telecom industry for sustainable, long-term growth.

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