

Earth Day 2026: What Environmental Compliance Means for Nigerian Businesses

Here is what Nigerian businesses need to understand in 2026.



WRITTEN BY

Corporate Commercial Advisory Practice, Goldsmiths Solicitors

Background

Earth Day is a global reminder that environmental responsibility is no longer an ethical or reputational concern for businesses; it is a commercial one. For Nigerian businesses seeking international investment, Development Finance Institution (DFI) financing, or partnerships with multinational corporates, environmental compliance has become a fundamental prerequisite. For businesses in sectors with huge physical or operational footprints, it is a regulatory obligation backed by meaningful enforcement powers.

In Nigeria, the intersection of environmental regulation and corporate legal obligations is more consequential than most businesses appreciate. This article sets out the key environmental compliance requirements that Nigerian businesses need to understand going forward

1. National Environmental Standards and Regulations Enforcement Agency (NESREA): Nigeria's Primary Environmental Enforcement Agency

NESREA is the primary federal agency responsible for environmental standards and enforcement in Nigeria. It operates under the National Environmental Standards and Regulations Enforcement Agency (Establishment) (Amendment) Act, 2018 and has the authority to inspect business premises, issue compliance notices, levy fines, and institute criminal proceedings against companies and individual officers for environmental breaches.



NESREA's regulations apply across a wide range of industries including manufacturing, construction, food processing, hospitality, waste management, and any industry that generates effluents, emissions or waste. The regulations cover: ambient air quality standards; water quality standards for industrial effluents; soil contamination limits; noise pollution limits; and chemical and hazardous waste handling requirements.

In 2026, NESREA has moved decisively from voluntary compliance to mandatory enforcement. The Agency is now actively implementing the Polluter Pays Principle and the Extended Producer Responsibility (EPR) programme for packaging and plastics. Producers, importers, and brand owners are required to take responsibility for the full lifecycle of their products, including end-of-life management. Non-compliance is attracting stricter inspections, facility sealings, and higher penalties.

NESREA conducts thousands of compliance monitoring visits annually and has sealed numerous facilities for violations (including repeat offenders in quarrying and manufacturing). Many Nigerian businesses particularly those that have grown rapidly and not updated their compliance frameworks are operating in breach of one or more of these standards without being aware of it. A NESREA inspection that reveals non-compliance can result in fines, operational shutdowns, and in serious cases, criminal liability for individual directors and officers.





3. Environmental Impact Assessments

The Environmental Impact Assessment Act, 1992 requires that an EIA be conducted for all projects likely to have consequential effects on the environment before those projects are approved and commenced. Both public and private projects require EIA including manufacturing, agriculture, mining, petroleum and construction.

Nigerian businesses that have commenced projects that require an EIA without obtaining one face both regulatory exposure and practical risks. A project subsequently found to require an EIA can be shut down and required to undergo the process before it can recommence regardless of how much has been invested. The EIA process now emphasises early screening, public consultation, and ongoing monitoring. Note that the Federal Ministry of Environment and NESREA increasingly require Environmental Audits for existing facilities in addition to EIAs for new projects.

3. Environmental & Social Compliance as an Investment Prerequisite

For Nigerian businesses seeking financing from Development Finance Institutions such as the Africa Finance Corporation (AFC), African Development Bank (AfDB), Proparco: Société de promotion et de participation pour la coopération économique (Private sector financing arm of the AFD Group - Agence Française de Développement) and Deutsche Investitions-und Entwicklungsgesellschaft (DEG – German development finance institution), environmental and social (E&S) compliance is not optional. DFI loan agreements incorporate E&S standards (typically the International Finance Corporation (IFC) Performance Standards or the Equator Principles) as binding contractual obligations, breach of which constitutes an event of default.

These E&S standards go beyond basic regulatory compliance to address: the assessment and management of environmental and social risks; labour and working conditions; resource efficiency and pollution prevention; community health, safety, and security; land acquisition and involuntary resettlement; and biodiversity conservation. A Nigerian business seeking DFI financing that has not invested in understanding and meeting these standards is unlikely to close a transaction.

3. Environmental Liability in Corporate Transactions

Environmental compliance or the lack of it plays a big role in corporate due diligence. A business that is acquiring another Nigerian business, entering into a joint venture, or accepting a private equity investment needs to understand the target company's environmental liability position.



Environmental liabilities can include: historic contamination of land or water; outstanding NESREA enforcement notices; EIA conditions that have not been complied with; and obligations arising from historical operations that have not been properly remediated.

A buyer or investor who discovers a material environmental liability after closing a transaction will find that the remediation costs and the attendant regulatory exposure are theirs to bear.

3. Corporate Affairs Commission (CAC) Filings Do Not Capture Environmental Liability Exposure

One of the most important things to understand about environmental compliance in a corporate context is that standard CAC and regulatory filings do not capture or disclose environmental liability.

A company that appears fully compliant from a Companies and Allied Matters Act (CAMA), 2020 perspective may nonetheless have an enormous environmental liability that becomes apparent in a specific environmental audit or due diligence exercise.

This is a particular risk for businesses that have scaled rapidly without an update to their environmental compliance framework. It is therefore very important for potential investors or buyers to engage professionals to assist with due diligence exercises before closing transactions to avoid any eventual liabilities that may be undisclosed by the seller.



CONCLUSION

In today's Nigeria, environmental compliance is no longer optional, it is a fundamental requirement for sustainable growth and access to capital. With stricter NESREA enforcement, mandatory Extended Producer Responsibility, and heightened E&S expectations from investors and DFIs, businesses that ignore these obligations do so at their own detriment.

Forward-looking companies that integrate robust environmental management systems into their operations will not only avoid costly penalties and disruptions, but will also enhance their reputation, attract quality investment, and secure long-term commercial success.

Whether your business is in manufacturing, construction, energy, or technology, environmental compliance is a legal issue and the businesses that treat it proactively create commercial advantage.

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Colin Egemonye

Partner
T: (+234) 0201 291 7913
E: colin@goldsmithslp.com



Shola Adekunle

Senior Associate
T: (+234) 0201 291 7913
E: shola@goldsmithslp.com



Uzoamaka Ugoh

Senior Associate
T: (+234) 0201 291 7913
E: uzoamaka@goldsmithslp.com