

International Comparative Legal Guides

# Employment & Labour Law 2026

A practical cross-border resource to inform legal minds

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# Nigeria



Jumoke  
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Agomuo



Ayooluwa  
Osigwe

Udo Udoma & Belo-Osagie

## 1 Terms and Conditions of Employment

### 1.1 What are the main sources of employment law?

The main sources of employment law in Nigeria are as follows:

- (a) the 1999 Constitution of the Federal Republic of Nigeria (as amended) (the “Constitution”);
- (b) the Labour Act, Chapter L1, Laws of the Federation of Nigeria (“LFN”) 2004 (the “Labour Act”);
- (c) the Federal laws enacted by the National Assembly (Nigeria’s national legislative houses) and the State laws enacted by the House of Assembly (the State legislative authority) of each State that relate to labour and employment, pension, and workplace compensation, including the following:
  - Employees’ Compensation Act 2010;
  - HIV and AIDS (Anti-Discrimination) Act 2014;
  - Immigration Act 2015;
  - Industrial Training Fund Act, Chapter 19, LFN 2004 (as amended);
  - National Health Insurance Authority Act 2022;
  - National Housing Fund Act, Chapter N45, LFN 2004 (as amended);
  - Pension Reform Act 2014;
  - Trade Disputes Act, Chapter T8, LFN 2004;
  - Trade Unions Act, Chapter T14, LFN 2004, as amended by the Trade Union (Amendment) Act 2005 (the “TUA”);
  - National Minimum Wage (Amendment) Act 2024;
  - National Industrial Court Act 2006;
  - Factories Act, Chapter F1, LFN 2004;
  - Finance Act 2021;
  - Nigeria Tax Act 2025;
  - Discrimination against Persons with Disabilities (Prohibition) Act 2018;
  - Lagos State Special Peoples Law 2011;
  - Nigerian Oil and Gas Industry Content Development Act 2010;
  - Guidelines for the Release of Staff in the Nigerian Oil and Gas Industry 2019 (the “Staff Release Guidelines”);
  - General Application and Implementation Directive 2025 (the “GAID”);
  - Nigeria Data Protection Act 2023 (the “NDPA”); and
  - Business Facilitation (Miscellaneous Provisions) Act 2022, etc.;
- (d) decisions of the Nigerian courts – case laws; and
- (e) international conventions, treaties and protocols relating to labour, employment, workplace, industrial relations

or matters connected therewith that have been ratified by Nigeria.

### 1.2 What types of worker are protected by employment law? How are different types of worker distinguished?

There are, from a legal perspective, two broad categories of employees in Nigeria: “Workers”, who are defined under the Labour Act as “employees who perform manual labour or clerical work”; and “Employees” who perform administrative, executive, technical or professional functions (referred to as “Non-Workers”). The Labour Act, which is the principal legislation that regulates the employment of persons in Nigeria, prescribes the minimum terms and conditions of employment and is limited in its scope as it applies only to Workers. The terms and conditions of employment of Non-Workers are primarily subject to the terms of their respective contracts of employment. The other laws, which regulate the employment of persons in Nigeria, do not make a distinction between different categories of employees.

### 1.3 Do contracts of employment have to be in writing? If not, are employers required to give employees specific information in writing?

Although the Labour Act recognises that an employment contract could be oral or written, express or implied, section 7 of the Labour Act requires every employer to issue a written contract to the employee within three months of the commencement of the employment relationship. With respect to Non-Workers, there is no statutory requirement for their employment contracts to be in writing. It is, however, advisable that contracts be made in writing for ease of reference and clarity of the employment terms.

### 1.4 Are there any minimum employment terms and conditions that employers have to observe?

Yes. The Labour Act prescribes the minimum terms and conditions of employment that employers must comply with in relation to Workers. These minimum terms include giving the employee a written statement outlining details of the employment, including the nature of the employment, the appropriate notice period, the rates of wages and calculation thereof and the manner and periodicity of payment of wages, terms and conditions relating to hours of work, holiday and holiday

pay, sick leave requirements and any provisions for sick pay, and maternity leave for female Workers, etc.

**1.5 Are terms and conditions of employment normally agreed through collective bargaining? Does bargaining usually take place at company or industry level?**

The use of collective bargaining agreements (“CBAs”) is very common in sectors where the employees are members of trade unions. Collective bargaining usually takes place at the industry level between the recognised trade union of the relevant sector and the employers’ association. It is, however, not uncommon for the CBA to indicate that certain matters (usually matters not covered in the CBA) may be negotiated at the company level.

## 2 Employee Representation and Industrial Relations

**2.1 What are the rules relating to trade union recognition?**

We have assumed that the word “recognition” here means the act of an employer acknowledging a trade union for the purposes of collective bargaining. The TUA primarily governs the activities of trade unions in Nigeria. The TUA makes recognition of registered trade unions obligatory for an employer. In relation to collective bargaining, the TUA provides that all registered trade unions with members in the employment of an employer shall constitute an electoral college so as to elect members who will represent their unions in negotiations with the employer.

**2.2 What rights do trade unions have?**

The rights of trade unions in Nigeria include:

- to negotiate the terms and conditions of employment with employers on behalf of employees who are members of the trade union;
- to embark on industrial actions; and
- to engage in peaceful picketing.

**2.3 Are there any rules governing a trade union’s right to take industrial action?**

Yes. The TUA prohibits trade unions from carrying out a strike or lock-out, or engaging in any conduct in contemplation or furtherance of a strike or lock-out, unless:

- the trade union is not engaged in the provision of essential services;
- the strike or lock-out is in relation to a labour dispute that constitutes a dispute of right;
- the strike or lock-out concerns a dispute arising from a collective and fundamental breach of contract of employment or collective agreement on the part of an employee, the trade union or an employer;
- the provisions for arbitration in the TUA have first been complied with; and
- a simple majority of all registered members voted to go on strike.

**2.4 Are employers required to set up works councils? If so, what are the main rights and responsibilities of such bodies and do they have co-determination rights?**

We do not have the concept of works councils under Nigerian law.

**2.5 Are employees entitled to representation at board level?**

There is currently no general statutory right that entitles employees to be represented at board level.

## 3 Discrimination

**3.1 Are employees protected against discrimination? What types of discrimination are unlawful and on what grounds?**

Yes, employees are protected against discrimination. The Constitution prohibits all forms of discrimination against Nigerian citizens on the basis of their community, ethnic group, place of origin, sex, religion, political opinion or the circumstances of their birth. In addition, the HIV and AIDS (Anti-Discrimination) Act 2014 prohibits employers from discriminating directly or indirectly against employees on the basis of their HIV status or HIV-related illness. The Discrimination against Persons with Disabilities (Prohibition) Act 2018 prohibits discrimination against persons with disabilities. The Lagos State Special Peoples Law 2011, which only applies in Lagos State, also prohibits discrimination on the basis of an employee’s disability.

**3.2 Are there any special rules relating to sexual harassment (such as mandatory training requirements)?**

We do not currently have any special rules relating to sexual harassment. The National Industrial Court of Nigeria (Civil Procedure) Rules 2017 (the “NICN Rules”), however, provide for the category of acts that constitute sexual harassment. The Lagos State Criminal Law also makes sexual harassment a criminal offence. While there is no statutory requirement for training, an employer that becomes aware of sexual harassment in the workplace is required to take administrative action to investigate and address it, otherwise, the employer may be liable for breaching the duty of care owed to the employee. In the case of *Ejike Maduka vs. Microsoft & Ors* NICN/LA/492/2012, the court held that the refusal of the employer to conclude investigations of the alleged case of sexual harassment made the employer liable for the acts of harassment against the employee.

It is also advisable that employers develop a workplace policy on sexual harassment. The policy should clearly indicate acts that constitute sexual harassment, provide a mechanism for employees to report such actions, the procedure for investigating any allegations and the consequences of breaching the provisions of the policy. In addition, it is recommended that training on this topic be conducted periodically for all employees.

We should also mention that Nigeria has ratified the Violence and Harassment Convention 2019 – ILO Convention No. 190 (the “Convention”). The Convention, among other things, seeks to ensure that employers and workers and their organisation, and relevant authorities, are provided with guidance,

resources, training or other tools, in accessible formats as appropriate, on violence and harassment in the world of work, including gender-based violence and harassment.

### 3.3 Are there any defences to a discrimination claim?

As most discrimination claims are initiated within the context of wrongful termination of employment claims, an employer may be able to defend itself by proving that the termination of the employee's contract was carried out in accordance with the terms of his/her employment contract and any applicable law.

### 3.4 How do employees enforce their discrimination rights and what remedies are available? Can employers settle claims before or after they are initiated?

In Nigeria, the most common avenue available to employees to enforce their rights (including discrimination rights) in an employment relationship is by initiating an action in the National Industrial Court of Nigeria (the "NICN") – the court vested with original exclusive jurisdiction in respect of all labour and employment matters in Nigeria. The NICN Rules provide that where a Claimant alleges workplace discrimination, such Claimant shall state the grounds of the alleged workplace discrimination, including grounds of ancestry, religion, gender, marital status, family situation, etc.

Where a claim of discrimination is successfully proven, the remedy available to employees in most cases is compensation for wrongful or unfair termination. The court may also award damages to the employee.

Employers can settle claims at any time before or after they are initiated until the final judgment of the court is delivered.

### 3.5 Are there any specific rules or requirements in relation to whistleblowing/employees who raise concerns about corporate malpractice?

We do not have a specific or comprehensive law that regulates whistleblowing requirements. We do, however, have sector-specific legislation on this issue. Under the Whistleblowing Guidelines for Pensions 2008 (the "Pencom Guidelines") issued by the National Pension Commission (the "Pencom" – the body responsible for the regulation of the pension industry in Nigeria), pension fund administrators and pension fund custodians are obliged to not victimise any employee that blows the whistle. If they do victimise the employee, the Pencom Guidelines would employ appropriate regulatory tools to offer redress to the affected employee. Some of the protections offered to employees under the Pencom Guidelines include prohibition from dismissal, suspension or termination of the employee's appointment, or the demotion or redeployment of the whistleblower, without the prior consent of the Pencom. The employer is also prohibited from denying promotions, salary increases or training to such employees and must obtain the approval of the Pencom before implementing any adverse salary/incentive review that would impact the whistleblower.

In the banking sector, the Central Bank of Nigeria's Guidelines for Whistleblowing for Banks and other Financial Institutions in Nigeria 2014 (the "CBN Guidelines") offer protection to whistleblowers who disclose concerns, provided the disclosure is made (a) in the reasonable belief that it is intended to show malpractice or impropriety, and (b) to an

appropriate person or authority. The CBN Guidelines require banks and other financial institutions ("OFIs") to treat all whistleblowing disclosures in a confidential manner and to keep the whistleblower's identity confidential. The banks and OFIs are prohibited from subjecting a whistleblower to any detriment and if the employee suffers any detriment by reason of the disclosure, such employee shall be entitled to compensation and/or reinstatement. Where the employee is to be compensated, the employee's entitlement shall be computed as if he/she had attained the maximum age of retirement or had completed the maximum period of service, in accordance with his/her conditions of service.

The Investment and Securities Act 2025 (the "ISA") further provides that no employer shall subject an employee to any detriment by any act or failure to act on the ground that the employee has made a disclosure in accordance with the provisions of the ISA.

### 3.6 Are employers required to publish information about their gender, ethnicity or disability pay gap, or salary or other diversity information?

There is no statutory requirement for employers to publish information on the gender, ethnicity, disability pay gap, salary or other diversity information of their employees. Information relating to ethnicity, tribe or race of employees are classified as sensitive personal data under the NDPA. Such information can only be processed based on the specified conditions stipulated in the NDPA.

## 4 Maternity and Family Leave Rights

### 4.1 How long does maternity leave last? Is a woman entitled to return to the same job after maternity leave?

The Labour Act provides that a pregnant female Worker is entitled to six weeks of leave before the expected delivery date and another six weeks after the delivery. In relation to Non-Workers, employers tend to use the provisions of the Labour Act as a benchmark for determining an employee's maternity entitlement; however, the specific duration of the maternity leave is determined by the provisions of the Non-Worker's contract of employment. A woman returning from maternity leave is entitled to return to her job after maternity leave.

### 4.2 What rights, including rights to pay and benefits, does a woman have during maternity leave?

The Labour Act provides that a female Worker who has been in employment for a period of six months or more immediately before the maternity leave shall be entitled to at least 50% of her salary during the duration of the maternity leave. There is no corresponding provision in relation to Non-Workers and the benefits accruing to a Non-Worker is subject to the provisions of her contract of employment.

### 4.3 Do fathers have the right to take paternity leave?

The Labour Act does not make any provisions for paternity leave and any employee entitlement in this respect will be subject to the terms and conditions of such employee's contract of employment. The Federal Government of Nigeria

approved a 14-day paternity leave for male employees in the Federal Civil Service. Some State Governments (Enugu and Lagos States) also offer paternity leave to male employees in the service of the State Governments.

#### 4.4 Are employees entitled to other types of parental leave or time off for caring responsibilities?

No, employees are not entitled to any other statutory parental leave or time off for caring responsibilities.

#### 4.5 Are employees entitled to work flexibly or remotely, for example if they have responsibility for caring for dependants?

The Labour Act does not contain any provisions to this effect, and any employee entitlement in this respect will be subject to the terms and conditions of such employee's contract of employment.

## 5 Business Sales

#### 5.1 On a business sale (either a share sale or asset transfer), do employees automatically transfer to the buyer?

Employees do not transfer automatically in the context of an asset sale, as the consent of each employee is required in order to transfer from one employer to another. Where the employee is a Worker, in addition to obtaining such Worker's consent, the contract pursuant to which the Worker is transferred to the new employer must be endorsed by an authorised labour officer. A labour officer is a public officer serving in the Ministry of Labour and Employment who is authorised by the Minister of Labour and Employment to act as an authorised labour officer, for the purposes of the Labour Act.

In relation to a share sale, other than the changes to the beneficial ownership of the shares of the employer, the employer remains the same. There is, therefore, no requirement to transfer the employees or to obtain their consent to the share acquisition.

#### 5.2 What employee rights transfer on a business sale? How does a business sale affect collective agreements?

In an asset sale, where the employment contracts are novated to the buyer, all the rights of the employees under the existing contracts of employment transfer to the buyer. The buyer may also elect to engage the services of the employees directly, in which case the contracts of employment between the seller and the employees are terminated, and the buyer, thereafter, enters into new contracts with the employees.

In the same manner as the novation of employment contracts, collective agreements may also be novated to the transferee entity on the same terms and conditions. Alternatively, the existing collective agreement may be terminated, and a new collective agreement can be negotiated with the new employer.

In a share sale, employees continue to be employed by the same employer and their rights under the terms and conditions of their employment contracts do not change. CBAs also

continue to run in this circumstance as the identity of the employer does not change.

#### 5.3 Are there any information and consultation rights on a business sale? How long does the process typically take and what are the sanctions for failing to inform and consult?

There is generally no statutory requirement for employers to mandatorily inform or consult employees or their representatives before making any business decisions unless such consultation is specifically required by the terms of the employees' employment contracts. In practice, however, employers would usually notify employees of a proposed business transfer.

In the context of a share sale, as the employer on record does not change, there is no requirement to inform the employees of the share sale.

#### 5.4 Can employees be dismissed in connection with a business sale?

In responding to this question, it is important to distinguish between the use of the term "dismissal" and the term "termination of employment". Under Nigerian law, the term "dismissal" typically refers to the termination of a contract of employment due to the employee's misconduct. Where the employer merely brings the employment relationship to an end, not owing to any fault of the employee, this is referred to as a "termination of employment". A termination must be carried out in accordance with the provisions of the employee's contract of employment and any applicable severance payments, and accrued benefits must be paid to the employee.

In the context of an asset sale, therefore, employees are unlikely to be dismissed, but their contracts of employment may be terminated where the transferee entity chooses not to employ them or where the employees refuse to give their consent to the transfer of their employment contracts to the buyer. In this case, a redundancy will be triggered and as such, employees will be entitled to receive any applicable severance payments in addition to the accrued but unpaid terminal benefits from the transferor entity as well as a redundancy pay.

In a share sale, the buyer (i.e., the new employer) may decide to terminate the employment of certain employees. This must be carried out in accordance with the terms of their respective employment contracts, and any applicable severance payments, contractual payments and terminal benefits must be paid to such employees.

#### 5.5 Are employers free to change terms and conditions of employment in connection with a business sale?

Generally, an employer can only vary the terms and conditions of an employee's contract of employment with the consent of the affected employee.

In an asset sale, where the transfer of the employees is effected by means of a termination of the existing contract and the re-employment by the new employer, the new employer may propose changes to the terms of employment on which it engages the employees. However, the consent of the employees will still be required.

## 6 Termination of Employment

### 6.1 Do employees have to be given notice of termination of their employment? How is the notice period determined?

Yes, employees must be given notice of termination of their employment or salary *in lieu* of such notice. In relation to Workers, the minimum notice periods to be given to the employees pursuant to section 11 of the Labour Act are:

- one day, if the length of service is up to three months;
- one week, if the length of service is up to two years;
- two weeks, if the length of service is up to five years; and
- one month, if the length of service is five years or more.

Parties may, however, agree to longer notice periods in their contracts of employment. Sections 11 (6) and (9) of the Labour Act also permit either party to an employment contract to terminate the contract by paying the other party's salary *in lieu* of notice.

With respect to Non-Workers, the applicable notice period is determined by the terms of their respective contracts of employment.

### 6.2 What protection do employees have against dismissal? Do employers have to get consent from a third party before dismissing an employee?

Employees may challenge their dismissal by initiating an action at the NICN. An employer who holds an oil mining lease, licence or permit (or an interest therein) issued under the Petroleum Act or under regulations made pursuant to the Petroleum Act, and desires to terminate the employment of an employee, is required under the Staff Release Guidelines to obtain approval from the Minister of Petroleum Resources (the "Minister") through the erstwhile Department of Petroleum Resources (the "DPR", now the Nigerian Upstream Petroleum Regulatory Commission) for the release of any such employee. The Staff Release Guidelines define "staff release" as the removal of a worker in a manner that permanently separates the said employee from the employer, which includes dismissal, release on medical grounds, redundancy, etc. The DPR will conduct an inquiry into the circumstances of the proposed staff release and make a decision on whether to convey the Minister's approval or otherwise. The Staff Release Guidelines stipulate a penalty, not exceeding the sum of US\$250,000, for failure to comply with the Guidelines.

### 6.3 Do any categories of employee enjoy special protection against dismissal?

Yes, under section 54 (4) of the Labour Act, employers are prohibited from terminating the contract of any female Worker who is absent due to maternity leave, or who remains absent from her work for a longer period as a result of illness that arose out of her pregnancy or confinement and renders her unfit for work.

Also, employees with mental health conditions enjoy special protection against termination under the National Mental Health Act 2021. Section 13 of the law prohibits employers from terminating an employee solely on the basis of a present or past mental health condition or while the employee is undergoing treatment.

### 6.4 When will an employer be entitled to dismiss for: 1) reasons related to the individual employee; or 2) business-related reasons? Are employees entitled to compensation on dismissal and if so, how is compensation calculated?

The general position is that Nigerian employers are entitled to terminate a contract of employment at any time and without stating the reason or cause for doing so, provided that the appropriate notice of termination is given to the employee or the employee is paid a salary *in lieu* of such notice. The NICN has, however, indicated that the best practice, in accordance with international standards, is that an employer must state the reason(s) for terminating an employee's contract.

Where an employee is dismissed for reasons relating solely to the individual employee, the employee's entitlement to compensation is subject to the provisions of his/her contract of employment. Typically, an employee is entitled to receive any accrued contractual payments, such as accrued salaries, until the effective termination date and such other payments that may be due to the employee, under the terms of his/her employment contract.

Where the termination is for business-related reasons, such termination may be treated as being a redundancy. The Labour Act defines the term "redundancy" as "an involuntary and permanent loss of employment caused by an excess of manpower". Typically, in the event of a redundancy, a Worker is entitled to the following payments at the termination of his/her employment:

- (a) agreed redundancy or severance payment;
- (b) salary *in lieu* of contractual notice (if the company elects not to give the contractual notice);
- (c) accrued salary up until the effective termination date;
- (d) monetary value of any accrued but unutilised annual leave entitlement as at the effective termination date;
- (e) any accrued but unpaid incentives awards or bonuses (if applicable);
- (f) any other payments due to any of the employees, under any of the company's employment and operational policies, such as redundancy or gratuity payments; and
- (g) reimbursement of any out-of-pocket expense incurred by any employee in connection with the performance of his/her duties prior to the effective termination date.

There is no corresponding statutory obligation for Non-Workers in relation to the computation of redundancy payments. In practice, however, Non-Workers receive redundancy payments in addition to the payments listed in (b) to (g) above.

### 6.5 What claims can an employee bring if they are dismissed? What are the remedies for a successful claim and can employers settle claims?

If an employer terminates an employee's contract of employment without following the procedure laid out in the contract, the employee could initiate an action for wrongful termination. If the employee is successful, the NICN has been known to award significant damages to such an employee and in some cases has ordered the employer to reinstate the appointment of the affected employee.

Employers can settle claims before or after they are initiated, but this must be done before the judgment of the court is entered in respect of the claims.

### 6.6 Does an employer have any additional obligations if it is dismissing several employees at the same time?

If the several employees to be dismissed are Workers under the Labour Act, and the dismissals are not connected to the conduct of the employees, such dismissals would usually be regarded as a redundancy, and the employer must:

- (a) inform the trade union or Workers' representative concerned of the reasons for and the extent of the anticipated dismissal;
- (b) adopt the principle of "last in, first out", subject to a consideration of the factors of relative merit, skill, ability and reliability; and
- (c) use its best endeavours to negotiate payments and entitlements.

There is no corresponding statutory requirement for Non-Workers. For employers in the oil and gas sector, please refer to our response to question 6.2.

### 6.7 How do employees enforce their rights in relation to mass dismissals and what are the consequences if an employer breaches its obligations?

In relation to Workers, if the employer does not comply with its statutory obligation, this could be a ground on which the Workers may challenge the validity of the mass dismissals. If the Workers initiate an action before the disengagement, this will delay the process until the completion of the action. There is a likelihood that if the Workers are members of a trade union, the officials of the trade union will initiate an action on behalf of the Workers.

With respect to Non-Workers, if any of them are members of a trade union, the officials of the trade union may initiate an action challenging the process. Non-Workers may also initiate an action themselves challenging the process.

## 7 Protecting Business Interests Following Termination

### 7.1 What types of restrictive covenants are recognised?

Under Nigerian law, restrictive covenants are *prima facie* unenforceable; however, the courts may enforce such covenants if they are reasonable with reference to the interest of the parties concerned and the general public, and if there is a proprietary interest that is sought to be protected. In deciding the question of reasonableness, the courts will take into account the nature of the business, trade or occupation, the area over which the restraint is to be imposed and the length of time for which it is to continue. Additionally, section 68 (1)(e) of the Federal Competition and Consumer Protection Act 2018 permits a covenant in restraint of trade of not more than two years.

### 7.2 When are restrictive covenants enforceable and for what period?

Please see our response to question 7.1 above.

### 7.3 Do employees have to be provided with financial compensation in return for covenants?

Employees do not necessarily have to be provided with financial compensation in return for covenants. The employer may,

however, agree to provide financial compensation in return for the employee's agreement to be bound by the covenants. Nigerian courts are also more likely to uphold the covenants against the employee if the employee received compensation in exchange for their consent to be bound by the covenants.

### 7.4 How are restrictive covenants enforced?

A party that wishes to enforce the terms of a restrictive covenant would initiate an action in court for this purpose.

## 8 Data Protection and Employee Privacy

### 8.1 How do employee data protection rights affect the employment relationship? Can an employer transfer employee data freely to other countries?

Section 37 of the Constitution guarantees and protects the privacy of citizens, their homes, correspondence, telephone conversations and telegraphic communications. The provisions of this section are very wide, and employers are deemed to be caught by it and are, therefore, required to respect the employee's right to privacy. With respect to the transfer of employee data outside Nigeria, the NDPA prescribes minimum data protection standards for all organisations or persons that control, collect, store or process the personal data of Nigerian citizens. The NDPR provides that personal data cannot be transferred outside Nigeria except where such transfer is carried out with the approval of the Nigeria Data Protection Commission (the "NDPC"). One of the exceptions to the requirement to obtain the NDPC's consent for the transfer of personal data is where the data subject (in this case, the employee) consents to the transfer of his/her personal data after being notified that adequate provisions for the protection of the personal data exist in the country to which the data is sought to be transferred.

### 8.2 Are employers entitled to carry out pre-employment checks on prospective employees (such as criminal record checks)?

There are no prohibitions against pre-employment checks; however, an employer that intends to carry out such checks must ensure that it does not do so in a manner that breaches the employee's constitutional right to privacy. In practice, this requires an employer to obtain the consent of the prospective employee before carrying out such background checks.

The HIV and AIDS (Anti-Discrimination) Act 2014, however, prohibits employers from carrying out HIV and AIDS tests on employees or prospective employees without the prior consent of such persons.

### 8.3 Are there any restrictions on how employers use AI in the employment relationship (such as during recruitment or for monitoring an employee's performance or productivity)?

There are no legal restrictions that apply to the use of artificial intelligence by employers during employee recruitment or during the course of the employee's employment.

## 9 The Future

### 9.1 What are the most significant labour market developments on the horizon in the next 12 months?

#### **In-house artificial intelligence (“AI”) development**

One of the most significant labour market developments expected in the next 12 months is the increasing adoption of in-house AI solutions within Nigerian workplaces. Rather than relying exclusively on external AI platforms, organisations are beginning to invest in proprietary systems tailored to their operational needs, sectoral realities, and local regulatory environment. This trend is driven by the desire for greater control over sensitive employee and customer data, the need to customise solutions for Nigerian market conditions, and the long-term cost advantages associated with owning internal AI infrastructure.

Further to the above, we anticipate heightened regulatory focus on the responsible use of AI in employment. Nigeria’s evolving data protection regime, including the NDPA and the GAID will play a central role in shaping how employers design and deploy AI tools. These laws emphasise transparency,

accountability and data security, and employers are required to adopt “privacy by design and by default” methodologies when developing workplace technologies. As a result, HR systems, productivity-tracking tools and automated decision-making platforms will need to embed robust data-protection safeguards from inception.

#### **Proposed enactment of the Nigeria Social Security Trust Fund Bill**

The Nigeria Social Security Trust Fund Bill (“NSSTF Bill”) is expected to be enacted into law in 2026, having passed its second reading in the Nigerian Senate as of the date of this publication, February 2026. The NSSTF Bill proposes the repeal of the Nigeria Social Insurance Trust Fund Act, Cap N88, LFN 2004, and the Employees’ Compensation Act, Cap E17, LFN 2004, and seeks to harmonise their provisions within a unified statutory framework. Its objective is to establish a comprehensive compensation regime for workers in respect of death, injury, disease, or disability arising out of, or in the course of, employment, while also addressing other related matters. If enacted, the NSSTF Bill is expected to substantially minimise the fragmentation currently characterising Nigeria’s worker compensation legislation.



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