

Reconfiguring Corporate Governance in Uganda: Legal Perspectives on Adaptation to Digital Innovation

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Abstract

The fast pace of digital trends evolution creates opportunities as well as challenges for corporate governance in Uganda. Innovations such as shareholder meetings conducted remotely, digital reporting, cloud accounting, fintech solutions, virtual statutory compliance and AI decision-support have revolutionised the operations of corporates, yet the Ugandan corporate governance regime is lagging. This research analyses whether the Companies Act, the Electronic Transactions Act and associated regulations sufficiently facilitate accountability, transparency, protection of stakeholders and cybersecurity in this dynamic environment. Through a doctrinal research methodology, findings demonstrate that although the laws in existence lay a minimal foundation of governance, they are scattered, antiquated and inconsistent with global best practice. Transparency, decision-making, risk management, regulatory compliance, stakeholder engagement, innovation and sustainability still need to be addressed. In addition, shareholders have a limited role in influencing the development of corporate strategies for digital trends, thereby lessening investor trust, protection, and engagement with the company over time. The research recommends the revision of Uganda's governance regime to integrate norms responsive to digital innovations, strengthen participation of stakeholders, and be harmonised with regional and international instruments, including the AU Malabo Convention, thus promoting a flexible corporate governance regime that can adequately respond to emergent digital trends.

Keywords: Corporate Governance, Digital Innovation, Legal, Uganda

1. Introduction

The law functions like architecture because its true strength becomes visible when it handles operational disruptions, which create new challenges for the digital era¹. The law functions like architecture because its true power remains hidden until it survives the shocks brought by changing circumstances, which require new governance methods for contemporary society². The observation shows how emerging economies like Uganda face corporate governance challenges, which exist because their existing systems require more effective solutions³. The traditional corporate governance system, which combines accountability and transparency with fiduciary responsibility, now faces disruptions because digital innovations introduce new challenges for its implementation⁴. The introduction of artificial intelligence, blockchain, and digital financial systems technologies has transformed business operations while creating new challenges for current legal systems and regulatory frameworks⁵. The organization needs new governance systems because both legal requirements and business goals demand it.

Ugandan corporate governance has developed within a legal system which combines common law principles with statutory laws. The Capital Markets Authority Uganda and the Companies Act 2012 establish fundamental rules which govern corporate operations by requiring boards to answer to their shareholders and reveal necessary information⁶. Corporate governance codes have developed into soft law tools which direct company practices, especially in the case of public companies and financial institutions. The frameworks were created during a time when companies operated their work through physical means and followed straightforward processes, which makes them unsuitable for today's digital business world⁷. Corporate governance in Uganda faces ongoing systemic difficulties, which arise from the existing enforcement weak spots, the inadequate

¹ Sarah & Audrey, cited in Zikusooka Enock and Ntirandekura Moses, 'Corporate Governance and Financial Performance: A Case Study of Uganda Development Bank' (2025) 4 *Metropolitan Journal of Academic Multidisciplinary Research* 103, 104.

² Valentine T Mbeli, *Legal Perspectives on corporate Governance in Cameroon and Nigeria* (Lamber Academic Publishing, 2016) 58-59.

³ Organisation for Economic Co-operation and Development (OECD), *G20/OECD Principles of Corporate Governance* (OECD Publishing 2015) 9.

⁴ Ronald Jjagwe, John Baptist Kirabira, Norbert Mukasa and Mackay Okure, 'National Innovation System for Resilience, Transformation and Sustainable Development in Uganda: Contextual Analysis of the Factors, Actors and Associated Linkages' (2026) 18(2) *International Journal of Innovation Science* 386-416.

⁵ Papi Mwanga, 'Impact of Corporate Governance Mechanisms on Firm Performance in Uganda' (2024) 9(1) *American Journal of Finance* 27-39.

⁶ Bharti Malukani, Ashima Joshi and Satnam Ubeja, 'Corporate Governance in the Digital Age: Insights and Recommendations' (2024) 23(3) *IUP Journal of Corporate Governance* 50-58.

⁷ Turyatamba Christopher and Benson Turyasingura, 'Adoption of Digital Revolution in Government Ministries, Departments, and Agencies (MDAs) in Uganda: Reflection on Uganda Revenue Authority Digital Strategy Integration' (2024) 8(1) *International Journal of Academic Multidisciplinary Research* 43-58.

institutional resources and the increasing complexity of corporate operations⁸. Digital platforms and fintech companies and international e-commerce activities have brought about new governance challenges, which include cybersecurity vulnerabilities, data protection issues and problems with transparent algorithm-based decision-making processes⁹. The existing situation has revealed regulatory deficiencies while showing the urgent requirement for a governance system which can adapt to technological advancements. Uganda has made significant improvements in its corporate governance system, yet it faces challenges because digital technology is developing at an increasing speed.

Digital innovation in Uganda's corporate governance system brings both advantages and disadvantages to businesses. Digital tools create better visibility through their ability to record information more efficiently while enabling organizations to monitor compliance status throughout the entire day¹⁰. Blockchain technology enhances audit documentation security, while digital reporting solutions enable companies to connect with stakeholders and share their information. Organizations must solve challenging legal challenges which deal with accountability issues, territorial matters and enforcement procedures when they use these technologies¹¹. The implementation of automated decision-making systems through organizations creates challenges for established legal frameworks, which define directors' obligations and fiduciary responsibilities¹². Uganda has started its digital transformation efforts through new legal and policy frameworks, which include the Data Protection and Privacy Act 2019 and the Computer Misuse Act 2011 that establishes rules for digital behavior and cybersecurity protection¹³. The laws establish basic digital governance standards, but they lack specific application to corporate governance situations, which results in regulatory confusion and

⁸ Nai Lee Kalema, 'The "Digital Transformation for Development" Anti-Politics Machine: A Case Study on Global Digital Development Governance and Public-Sector Digital Transformation in Uganda' (2024) 16(4) *Policy & Internet* 750–763.

⁹ Sweetline Sujee Lawrence and others, 'Navigating Corporate Governance in the Digital Age: Challenges and Opportunities' in *Digital Disruption and Business Innovation: Navigating the New Technological Era (ICBT 2024, vol 2, 2025)* 267.

¹⁰ Eliud Owalo and others, *Strategic Leadership for Adaptive and Innovative Organizations* (IPR Journals and Book Publishers 2025); Lillian Kobusingye, Yuchun Xiao and Jean-Claude Ntizoyimana, 'Digital Transformation, Innovation and Market Expansion Capabilities: Exploring Pathways to Organizational Growth in SMEs across East African Countries' (2025) *Business Process Management Journal* 1–24.

¹¹ Mahadih Kyambade and others, 'Exploring the Role of Institutional Governance in Enhancing Sustainability Performance of Health and Sanitation Projects in Uganda: A Qualitative Inquiry' (2026) *Social Responsibility Journal* 1–19.

¹² Peter Adoko Obicci, 'The Decentralisation-Recentralisation Paradox in Uganda's Local Governance' (2025) 25(2) *Ugandan Journal of Management and Public Policy Studies* 25–52.

¹³ Sachithra Lokuge and others, 'A Global Perspective of Rural Innovation and Entrepreneurship in the Digital Era: A Panel Report' (2025) 56(1) *Communications of the Association for Information Systems* 42.

enforcement problems¹⁴. The existing problem shows itself through unconnected legal systems, which treat digital regulations as separate entities from corporate governance requirements¹⁵. The existing gap prevents businesses from managing digital threats while they follow governance regulations.

The study aims to assess how Uganda's corporate governance system can be transformed to support digital technological advancements. The study aims to find legal and institutional deficiencies, evaluate current regulatory systems, and create a unified framework which connects corporate governance standards with digital business practices. The study develops a corporate governance framework which combines traditional governance practices and new technological developments to create an effective system that will help Uganda achieve sustainable economic development.

2. Method

This research is predominantly qualitative, whose focus will be on gathering, reading and critically analyzing the primary and secondary legal materials. The primary sources will be Uganda's relevant corporate governance statutory instruments, including the Companies Act 2012, the Financial Institutions Act 2004, guidelines issued by the Capital Markets Authority, corporate governance codes and applicable case law on the interpretation of these statutes. Secondary materials will include academic papers, legal commentaries, reports of regulatory bodies, corporate governance models, policy briefs and publications from international organisations on the digitalisation of corporate governance. The comparative doctrinal analysis will be a panel consisting of systematic reading, categorisation about purposes, methods and tools, and comparison of these legal instruments, comparing how far Uganda's structures for corporate governance can extend to allow for new digital developments such as fintech integration, digital reporting, cybersecurity compliance and digital stakeholder participation. Gaps, overlaps and contradictions of the existing legislation will be considered, as will the strength of the mechanisms for regulatory enforcement. Other good practices and comparative analyses from other jurisdictions will also be explored to test whether Uganda is able to keep up with change and to identify areas for reform. The study will be a critical-analytical exercise to read between the lines of the law and policy documents, as well as the judicial pronouncements, to determine the extent to which Uganda's corporate governance regime is responsive, flexible, and adequate in the

¹⁴ Dedrix Stephenson Bindeeba, Eddy Kurobuza Tukamushaba and Rennie Bakashaba, 'How Digital Capabilities and Credit Access Influence Green Innovation Performance in Small and Medium Enterprises in Resource-Constrained Settings' (2025) 6(1) *Discover Sustainability* 955.

¹⁵ Julião Cumbe, 'Transformation of Conventional Business Strategy to Digital Model: Literature Study in Africa' (2025) 6(4) *Journal Dimensie Management and Public Sector* 1–15; Hassan Alghamdi, 'Assessing the Impact of Enterprise Architecture on Digital Transformation Success: A Global Perspective' (2024) 16(20) *Sustainability* 8865.

face of challenges and opportunities brought about by rapid digital (r)evolution. Using this method, the resulting analysis will be an in-depth assessment of the extent to which the legal framework demonstrates the means to facilitate technological adoption in corporate governance while maintaining accountability and transparency and meeting evolving technological standards.

This research employs a doctrinal methodology to analyse the Mental Health Act 2021, a comprehensive law enacted to protect the rights of PWMHC in Nigeria. The research focused on primary sources like national statutes for example, the Lunacy Act 1958 and the Mental Health Act 2021 and international legal framework like the Universal Declaration of Human Rights 1948 and the Convention on the Rights of Persons with Disabilities 2006. Furthermore, it interpreted and contextually reviewed secondary sources including books, journal articles, policy papers and credible documents from the internet that are relevant to the domain of mental health law. The above-stated methodological approach promotes knowledge on the rights of PWMHC and the complexities that limit the implementation of these rights in Nigeria.

3. Analysis or Discussion

3.1. Conceptual Clarification on Current Digital Trends in Corporate Governance in Uganda

The rapid development of digital technology is transforming corporate governance globally. Digital platforms, fintech solutions, cloud accounting, artificial intelligence (AI) and other innovations are transforming how companies in Uganda deal with shareholders, reporting, financial management and regulatory compliance. This paper essentially uncovers six major digital trends ahead that already have immediate impacts on the environment for corporate governance in Uganda, namely: remote shareholder meetings, digital reporting, cloud accounting, fintech solutions, virtual statutory compliance and AI-driven decision-support. These current digital trends include remote shareholder meetings, wherein virtual meetings of shareholders are conducted remotely by using technology and the Internet, which improves participation and inclusiveness. Uganda's High Court has, during the COVID-19 period, recommended an amendment of the company law to permit electronic or hybrid AGMs in light of the COVID-19 restrictions, and companies got judicial consent to hold AGMs electronically in the absence of an express provision in their articles of association for such a holding¹⁶. In other cases, the COVID-19 pandemic sped up the adoption of online tools like these, causing many companies to amend their bylaws to allow for virtual AGMs. This

¹⁶ Change company law to allow virtual AGMs, Uganda High Court urges, African LII (4 September 2020)

development mirrors a more general global trajectory towards virtual shareholder engagement, although the old system persists after the pandemic.

Digital reporting, which is another critical trend, is a means of reporting financial and governance information by way of electronic transmission and dissemination of such information to promote transparency and efficiency. Annual returns and accounts have to be filed with the Uganda Registration Services Bureau (URSB) as well companies in Uganda are obliged by law to file annual returns and accounts with the URSB¹⁷. But the system remains largely paper-based, and many agencies have been reticent to embrace electronic systems. This study argues that full migration to digital reporting would improve compliance, reduce administrative burden for all stakeholders, and increase trust among stakeholders. Cloud accounting, an innovative trend, adopts internet software to perform financial transactions with the convenience of real-time, collaboration, and scalability¹⁸. The implementation of cloud accounting systems would enhance the financial management and business efficiency of Ugandan firms resulting in prompt financial reporting and facilitation in meeting regulatory requirements, while financial technology (fintech) encompasses digital innovations that enhance and automate financial services. In Uganda, fintech, particularly through mobile money platforms, has revolutionised access to banking, payments, and credit services.¹⁹ The regulatory environment, particularly the oversight of the Bank of Uganda, has supported this growth, thereby fostering a more inclusive financial sector.

Virtual statutory compliance on the one hand, involves the use of digital platforms to meet legal obligations, including tax filings and regulatory submissions.²⁰ The Uganda Revenue Authority (URA) has introduced electronic systems such as the Electronic Fiscal Receipting and Invoicing System (EFRIS), which aims to enhance compliance and reduce fraud.²¹ These innovations simplify compliance processes for businesses and strengthen regulatory oversight, while Artificial Intelligence (AI) can process large datasets to generate insights for strategic decision-making. Governance professionals are increasingly encouraged to incorporate AI tools into

¹⁷ Companies Act, Cap 106, s 133

¹⁸ Hussein K and Joshua T, 'Cloud Computing and Operational Efficiency: A Case Study of SMEs in Kampala' (2024) 3(10) *Metropolitan Journal of Science & Technology* 711..

¹⁹ Bank of Uganda, *Annual Supervision Report 2022* (BoU 2023) 25.

²⁰ Uganda Revenue Authority (URA), 'Electronic Fiscal Receipting and Invoicing System (EFRIS)' <https://www.ura.go.ug> accessed 21 September 2025.

²¹ Ibid.

their practices.²² AI-driven systems can assist boards in areas such as risk management, financial performance analysis, and market trend forecasting, thereby strengthening informed and evidence-based decision-making in corporate governance. The above technological trends in corporate governance have since been provided for by various international, regional and domestic instruments, but challenges still persist in domestication and enforcement of the same in Uganda, as reflected hereunder.

3.2. Global Laws on Corporate Governance Adaptation to Digital Innovation

The rapid digitalisation of corporate operations has triggered a variety of international and regional regulatory responses, each designed to enhance accountability, transparency, and resilience in the digital era. At the international level, the OECD Principles of Corporate Governance constitute the recognition standard for disclosure, board responsibility, and protection of shareholders, and it is the underlying principle of several national reform measures.²³ Within the European Union, the adoption of the General Data Protection Regulation (GDPR) and the European Single Electronic Format (ESEF) demonstrates a move towards binding standards on data governance and digital financial reporting.²⁴ Meanwhile, the UK has updated its UK Corporate Governance Code to enhance accountability and board oversight, including oversight of the management of risks related to tech transformation.²⁵ In United States law, the Sarbanes-Oxley Act of 2002 (SOX) continues to be a landmark statute, and it imposes stringent internal control and disclosure requirements that apply to digital record-keeping.²⁶ On the African continent, the Malabo Convention of the African Union establishes a regional framework for unifying cybersecurity and data protection laws, which is a significant point of reference for countries on the rise like Uganda.²⁷ as well as the Organisation for the Harmonisation of Business Law in Africa (OHADA) and the King IV Report on Corporate Governance for South Africa (2016) discussed under.

²² Göktürk Kalkan, 'The Impact of Artificial Intelligence on Corporate Governance' (2024) 18(2) *Journal of Corporate Finance Research* 17 - 25..

²³ OECD, *G20/OECD Principles of Corporate Governance* (OECD Publishing 2015)

²⁴ Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data [2016] OJ L119/1 (GDPR).

²⁵ Financial Reporting Council, *UK Corporate Governance Code* (July 2018, updated 2020)

²⁶ Sarbanes - Oxley Act of 2002, Pub L No 107 - 204, 116 Stat 745.

²⁷ African Union Convention on Cyber Security and Personal Data Protection (Malabo Convention, 2014)

The GDPR, adopted in 2016 and applicable since 2018,²⁸ has become the international benchmark for data governance and offers important lessons for Uganda. Article 5 establishes core principles requiring that personal data be processed lawfully, fairly, and transparently, and only for specified legitimate purposes.²⁹ These provisions mirror the principles provided in the Uganda's Data Protection and Privacy Act 2019, however, their specific application to corporate governance would strengthen the directors fiduciary duties as contained under section 198 of the Companies Act 2012, by requiring that boards of directors balance transparency with the collection and use of data from shareholders and employees. Lawful processing of personal data is dealt with in Article 6, whilst Articles 12–14 impose obligations on organisations when communicating with data subjects.³⁰ These duties, in particular, are highly pertinent for Ugandan companies given that shareholder registers, human resource databases and client details are migrating onto digital-based platforms. In a similar vein, Articles 15-17 grant rights of access, rectification and erasure (commonly referred to as the right to be forgotten), which, if transposed, would further enhance shareholder protection by allowing them to ensure accuracy and individual control over corporate-related data.

The GDPR also builds data security into governance. Articles 24 and 32-34 lay down, respectively, accountability mechanisms and the obligation to implement suitable technical and organizational security measures and to notify a breach within 72 hours³¹. Uganda's existing law provides for safeguards but doesn't impose obligations for prompt notification of breaches, which is a crucial omission. Furthermore, Article 37 requires designated bodies to designate Data Protection Officers (DPOs).³² A similar mandate for large Ugandan companies, listed entities, banks and telecoms may bolster compliance monitoring and also ensure that boards are provided with expert advice on emerging risks. Articles 44-50 concerning cross-border data transfers further underscore the need for adequate safeguards when availing foreign cloud-hosting services, an increasingly common challenge for Ugandan businesses.³³ Uganda has adopted the Data Protection and Privacy Act 2019; however, gaps remain, including the absence of statutory breach notification timelines, no mandatory DPO requirement, weak enforcement capacity, and unclear cross-border transfer mechanisms. An inclusion of provisions in the law that reflect the GDPR type obligations would increase responsibility at the board level, fill up regulatory voids and put Uganda on par with international norms of digital governance.

²⁸ GDPR (n 12) art 99

²⁹ Ibid art 5

³⁰ Ibid arts 6, 12-14

³¹ Ibid arts 24, 32-34.

³² Ibid art 37

³³ Ibid arts 44-50

The ESEF, mandated by the European Securities and Markets Authority under the Transparency Directive (2013/50/EU),³⁴ obliges EU-listed companies to prepare their annual financial reports in Inline XBRL. This computer-readable language fosters comparability, transparency, and efficiency in corporate reporting. In the case of Uganda, the significance of ESEF is its promise to enhance digital reporting and investor confidence. Section 17 of the Companies Act (Cap 106) in Uganda requires that directors take responsibility for the preparation of financial statements that present a true and fair view of the company's affairs.³⁵ Consequently, an ESEF-style regime for Uganda would enable regulators and shareholders to obtain tagged, validated financial information in a way that is readable both by humans and machines, enhancing oversight and minimising the potential for manipulation. This could work alongside the existing electronic filing systems operated by the Uganda Registration Services Bureau (URSB), as Uganda's existing legislation does not require reports to be in a machine-readable format or tagged and validated according to standards. Introducing structured digital reporting would not only facilitate compliance but would also bring Uganda in line with the expectations of global investors.

The *UK Corporate Governance Code 2020* emphasises board accountability, risk management, and transparency.³⁶ While Uganda is yet to develop a national corporate governance code specifically on digitalisation, the UK Code is a source of guidance. Principle B.1 sets out the need for effective board leadership and this can be interpreted as including the monitoring of digital activities such as virtual meetings, e-filing, and digital reporting, however principle C.2 emphasises risk management and internal control which is closely related with cyber security and technology risk.³⁷ The UK Code itself also promotes clear shareholder engagement, which in the digital era is understood to include through the use of real-time electronic communications and by-way of machine-readable reporting. Board committees (audit, risk, etc.) may expand their scope to include data governance and cybersecurity. Although the principles-based nature of Code permits some flexibility, the relatively nascent regulatory environment in Uganda is such that detailed statutory guidance may be necessary. Therefore, the recommendation is that the development of a Ugandan corporate governance code embedded with digital accountability, oversight of cybersecurity and data governance should be in tandem with existing laws and regulations such as the Companies Act, the Electronic Transactions Act and the Data Protection and Privacy Act. That would help

³⁴ Directive 2013/50/EU of the European Parliament and of the Council of 22 October 2013 amending Directive 2004/109/EC on the harmonisation of transparency requirements [2013] OJ L294/13

³⁵ Companies Act Cap 106 (Uganda) s 17 and 133.

³⁶ UK Corporate Governance Code (n 13)

³⁷ Ibid principles B.1 and C.2.

corporate boards ensure they have the right leaders in place to lead digital transformation responsibly.

The Sarbanes-Oxley Act of 2002 was passed as a result of corporate scandals like Enron and WorldCom to regain trust in financial reporting.³⁸ For Uganda, SOX serves as a demonstration of how legal requirements and technological protections can enhance accountability in a virtual environment. Section 302 mandates that CEOs and CFOs attest to the accuracy and completeness of financial statements,³⁹ which today implies responsibility for ensuring the integrity of cloud-based systems and e-filing platforms. Section 404 requires management and external auditors to attest to the effectiveness of internal controls over financial reporting, which is crucial where records are maintained electronically.⁴⁰ Section 409 mandates real-time disclosure of material changes, reinforcing the role of digital communications in ensuring timely transparency.⁴¹ Section 802 criminalises the falsification or destruction of records, highlighting the importance of secure digital record-keeping.⁴² While Uganda confronts infrastructural and institutional limitations, the adoption of SOX-based elements-such as board training on digital risk management, the introduction of internal digital audit functions, and the alignment of statutes through strengthened compliance requirements-could enhance corporate governance and shield technology-related risks.

At the regional level, the African Union Convention on Cyber Security and Personal Data Protection is the most developed legal instrument⁴³. It develops a continental framework for a policy on cybersecurity, e-commerce and protection of personal data akin to the initiatives being undertaken by Uganda to harmonize corporate governance with digitalization. and the requirement under its Article 8 concerning the protection of personal data, which imposes on Member States the duty to establish the necessary legal measures to ensure that privacy is respected and that the processing of data is conducted lawfully. ⁴⁴ This aligns with Uganda's Data Protection and Privacy Act⁴⁵ which sets out principles of fairness, transparency and purpose-oriented processing. In a corporate governance context, Article 8 is especially pertinent to digital shareholder registers, employee records and electronic communications, which must be processed in a manner that enhances accountability and the trust of stakeholders. The incorporation of this provision would bolster board-level responsibilities for data governance, bringing Uganda's

³⁸ Sarbanes-Oxley Act (n 3).

³⁹ Ibid s 302.

⁴⁰ Ibid s 404.

⁴¹ Ibid s 409.

⁴² Ibid s 802.

⁴³ AUC, Convention on Cyber Security and Personal Data Protection (Malabo Convention) (adopted 27 June 2014, not yet in force)

⁴⁴ Ibid art 8

⁴⁵ Data Protection and Privacy Act Cap 97 (Uganda)

practice in line with such frameworks as the EU General Data Protection Regulation (GDPR).⁴⁶

The Article 10 imposes on Member States the obligation to take technical and organisational measures to protect against the accidental or unauthorised destruction or disclosure of data. This is in line with Uganda moving towards digital corporate regimes, with the URSB e-filing system, cloud-based reporting and virtual AGMs. Incorporating this into corporate governance law would require encryption, strong authentication mechanisms and independent cybersecurity audits, conducted under the supervision of board committees. Such obligations would mitigate the risks of fraud and cyberattacks and increase investor confidence.⁴⁷ Article 25 highlights cross-border cooperation in cybercrime investigations and information-sharing.⁴⁸ This is increasingly relevant as Ugandan companies engage in cross-border investments and digital transactions within the EAC and beyond. Adoption of Article 25 could foster bilateral and multilateral agreements on cybercrime, regional early-warning systems, and harmonised cyber-response strategies.⁴⁹ This would provide legal certainty and improved protection for Ugandan corporates operating regionally. Despite its relevance, the Malabo Convention has not been widely ratified or domesticated across Africa, including Uganda, limiting its normative impact.⁵⁰ Its broad provisions also lack specific technical standards, posing implementation challenges without supplementary regulation. To maximise its utility, Uganda could:

- (i) integrate Article 8 into the Companies Act 2012 by mandating board oversight of data protection;
- (ii) operationalise Article 10 by imposing statutory cybersecurity standards, aligned with ISO/IEC 27001;
- (iii) implement Article 25 through a national cyber coordination centre linked to AU structures; and
- (iv) harmonise Malabo principles with international standards such as the GDPR and the Sarbanes-Oxley Act (SOX, 2002).⁵¹

The principles based King IV Report, developed in South Africa, offers a model that focuses on ethical leadership, stakeholder inclusiveness and sustainable

⁴⁶ Regulation (EU) 2016/679 (General Data Protection Regulation) [2016] OJ L119/1

⁴⁷ Uganda Registration Services Bureau (URSB), 'E-Services' <https://ursb.go.ug/> accessed 20 September 2025.

⁴⁸ Malabo Convention (n 31), art 25

⁴⁹ East African Community (EAC), *Regional Cybersecurity Strategy* (2019).

⁵⁰ African Union, 'Status of Signature and Ratification of AU Treaties' (AU, 2025)

⁵¹ Sarbanes-Oxley Act of 2002 (SOX), Pub L No 107-204, 116 Stat 745 (US); Directive (EU) 2022/2555 (NIS2 Directive).

governance.⁵² Rather than prescribe how the laws should be, it encourages the practices that focus on results, allowing for a great amount of flexibility to accommodate new digital developments and places emphasis on the responsibility of the boards to act with integrity and be transparent and accountable.[Ibid, Principle 1] In a digital world, that means watching over cybersecurity, electronic record-keeping, and decisions made by artificial intelligence. This is directly relevant to Uganda, whose Companies Act Cap 106 does not expressly impose duties at board level for digital governance. .

Stakeholder inclusivity is another cornerstone of King IV,⁵³ where boards are urged to safeguard the legitimate interests of shareholders, employees, customers, and regulators. Applied in Uganda, this supports stronger data protection, transparent e-reporting, and accessible communication channels, consistent with the Electronic Transactions Act and the Data Protection and Privacy Act.⁵⁴ As well, the King IV report strengthens risk governance, requiring boards to anticipate and manage material risks, including digital fraud and cybersecurity threats.⁵⁵ For Uganda, adopting this principle would reinforce oversight of IT systems, virtual shareholder meetings, and cloud-based corporate processes. Similarly, its emphasis on integrated reporting-combining financial and non-financial disclosures in transparent, often digital formats-could complement Uganda's reporting requirements, especially if integrated with machine-readable standards such as European Single Electronic Format (ESEF).⁵⁶ Uganda could therefore benefit from selectively domesticating King IV principles to complement statutory obligations, embedding proactive digital oversight, and advancing technologically resilient governance.

The Organisation for the Harmonisation of Business Law in Africa (OHADA) harmonises commercial and corporate laws across 17 African states.⁵⁷ While Uganda is not yet a member, OHADA offers valuable insights for aligning governance frameworks with digital accountability. In accordance therewith, the directors' duties, shareholder rights and financial reporting duties are regulated under the Uniform Act on Commercial Companies and Economic Interest Groups (2014).⁵⁸ This enhances predictability and accountability. Uganda may wish to adapt such

⁵² Institute of Directors Southern Africa (IoDSA), *King IV Report on Corporate Governance for South Africa* (2016).

⁵³ Ibid, Principle 5

⁵⁴ Electronic Transactions Act Cap 99 (Uganda)

⁵⁵ King IV Report (n 40) Principle 11.

⁵⁶ European Securities and Markets Authority (ESMA), *European Single Electronic Format (ESEF) Regulation* (2019).

⁵⁷ Organisation pour l'Harmonisation en Afrique du Droit des Affaires (OHADA), *Treaty on the Harmonisation of Business Law in Africa* (1993, revised 2008).

⁵⁸ Ibid.

codification to also specify duties for digital reporting, IT oversight, and data governance under the Companies Act.

OHADA also promotes transparency and protection of investors by obliging them to maintain accurate accounts and submit annual reports.⁵⁹ In Uganda, implementation of OHADA-style reforms would boost the shift to e-registries, automated compliance, and machine-readable corporate reporting. III) OHADA also provides for dispute resolution by arbitration and through the regional courts, which promotes compliance.⁶⁰ Therefore, Uganda could replicate this by strengthening the enforcement agencies like the National Information Technology Authority (NITA-U) and the Personal Data Protection Office and ensuring that they effectively monitor digital corporate obligations. Obviously, regional instruments like the Malabo Convention, the King IV Report, the OHADA regimes, etc., provide useful pointers on how Uganda's corporate governance can be made responsive to digital trends. There is, however, no limitation to their applicability in principle, and selective domestication can be a useful tool in strengthening board-level accountability, institutionalizing data and cybersecurity responsibilities, and bringing Uganda into alignment with regional and global models of digital corporate governance.

3.3. Uganda Legal Framework on Corporate Governance Adaptation to Digital Innovation

The bodies corporate in Uganda is alone subject to such laws and regulations as things. They protect the interests of their stakeholders. The applicable laws are the Companies Act Cap 106; the Electronic Transactions Act Cap 99; the Computer Misuse Act Cap 96 (CMA), and the Data Protection and Privacy Act Cap 97⁶¹. They may well be fit for all the solid prescriptive basis, but by no means all of them in all respects in the digital economy. There is a similar concern with Ugandan law keeping up with the explosion of digital platforms, fintech solutions, online reporting and remote shareholder engagement, as to whether Uganda's legal framework is sufficiently developed to deal with digital governance⁶². For the above reasons, here we will consider the degree to which Uganda's corporate governance is adapted to the digitisation of trends. It considers whether the current laws are adequate, it highlights gaps in the legislation and it discusses the implications for corporate duty, transparency and protection of stakeholders⁶³. The discussion of

⁵⁹ OHADA, *Uniform Act on Commercial Companies and Economic Interest Groups* (2014)

⁶⁰ OHADA, *Common Court of Justice and Arbitration Rules* (1996)

⁶¹ Companies Act Cap 106; Electronic Transactions Act Cap 99; Computer Misuse Act Cap 96; Data Protection and Privacy Act Cap 97

⁶² Sarah Kabanda, 'Corporate Governance in Uganda's Digital Economy' (2021) 15 Uganda Commercial LJ 45

⁶³ Tanner Bowers for Al Jazeera News July 9 2007

Uganda in relation to such global trends thus facilitates identification of avenues for reform and the possibilities for increasing response flexibility.

The Companies Act is the cornerstone of corporate governance regulation. Section 198 codifies directors' fiduciary duties, requiring them to act in good faith, in the best interests of the company and with reasonable care, skill and diligence.⁶⁴ In the digital era, this duty extends to oversight of cyber risks, data governance and technological compliance. Directors are increasingly expected to demonstrate digital literacy and integrate secure electronic systems in line with the Data Protection and Privacy Act.⁶⁵ Section 135, on the other hand, provides for the filing of annual returns, whereby the Uganda Registration Services Bureau (URSB) now requires companies to file electronically through its e-Registry platform, thereby enhancing transparency and accessibility.⁶⁶ However, this shift depends on ICT infrastructure, cybersecurity and data integrity.

Section 17 in line with s 133, obliges directors to prepare financial statements that give a true and fair view of the company's affairs.⁶⁷ Globally, this has evolved to include machine-readable formats such as Inline Extensible Business Reporting Language (iXBRL). Uganda has not yet mandated such standards, creating a gap compared to the EU's European Single Electronic Format (ESEF) and the US Sarbanes-Oxley Act 2002 (SOX).⁶⁸ Be that as it may, recent reforms, including section 266A allowing hybrid and virtual meetings, reflect adaptability.⁶⁹ However, the Act does not expressly require boards to manage digital risks, adopt machine-readable reporting, or harmonise with international standards. This leaves Uganda behind the EU and South Africa, where King IV requires explicit board oversight of information and technology governance.⁷⁰

The Electronic Transactions Act was Uganda's earliest attempt to address the digital environment. Under section 5, the Act gives legal recognition to electronic records, while section 6 validates electronic signatures, enabling online registration, board resolutions and shareholder participation.⁷¹ Section 8 further confirms that electronic data is admissible in evidence.⁷² Whereas these provisions are progressive, weaknesses persist because the Act does not prescribe secure authentication standards and fails to address emerging innovations such as

⁶⁴ Companies Act Cap 106, s 198

⁶⁵ Data Protection and Privacy Act Cap 97

⁶⁶ Ibid Uganda Registration Services Bureau, 'E-Registry Portal' <https://ursb.go.ug> accessed 21 September 2025.

⁶⁷ Companies Act Cap 106, s 17 and 133.

⁶⁸ Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 (ESEF); Sarbanes-Oxley Act 2002, Pub L No 107-204, 116 Stat 745

⁶⁹ Companies (Amendment) Act 2022, s 266A

⁷⁰ Institute of Directors Southern Africa, *King IV Report on Corporate Governance* (2016)

⁷¹ Electronic Transactions Act Cap 99, s 5.

⁷² Ibid s 8

blockchain, cloud-based governance or AI-assisted decision-making.¹² To strengthen adaptability, Uganda should align the Electronic Transactions Act with the UNCITRAL Model Law on Electronic Commerce and introduce clear security standards.⁷³ The model emphasises the following:

Legal recognition of electronic communications, providing that electronic records and data messages should not be denied validity, enforceability, or admissibility solely because they are electronic⁷⁴.

The Data Protection and Privacy Act play a pivotal role in digital corporate governance. Section 3 requires personal data to be processed fairly, lawfully and for a specified purpose.⁷⁵ This is critical for companies managing shareholder registers, employee records and board communications. Section 7 establishes the Personal Data Protection Office under NITA-U to supervise compliance⁷⁶ while section 20 obliges data controllers to adopt organisational and technical measures such as encryption and access controls.⁷⁷ This strengthens accountability for digital board communications, online voting and electronic filings. However, the Act lacks clear technical standards, and its enforcement body is underfunded, leaving compliance weak.⁷⁸ It is also silent on cross-border data flows, blockchain and AI. What remains critical is that the Act does not impose direct obligations on boards to integrate data protection into governance structures, a gap compared to the GDPR.⁷⁹ Uganda should therefore adopt sector-specific codes of practice and align them with ISO/IEC 27001 on information security, and grant the supervisory office more independence and resources.⁸⁰

The Computer Misuse Act under sections 12-21 criminalises unauthorised access, electronic fraud and cyber harassment⁸¹ and thus deters cybercrime and protects stakeholder data, thereby supporting corporate governance. However, it is punitive rather than preventative and does not impose direct compliance duties on corporate boards. This gap can be filled by introducing board-level cybersecurity duties, developing corporate cybersecurity standards, integrating preventative compliance mechanisms and strengthening regulatory coordination as suggested by the global and regional instruments.⁸²

⁷³ United Nations Commission on International Trade Law, *Model Law on Electronic Commerce with Guide to Enactment 1996, with additional article 5 bis as adopted in 1998* (United Nations 1999).

⁷⁴ *Ibid*, art 5.

⁷⁵ Data Protection and Privacy Act Cap 97

⁷⁶ *Ibid* s 20

⁷⁷ *Ibid*

⁷⁸ Personal Data Protection Office, 'Annual Report 2022' (NITA-U, 2023)

⁷⁹ Regulation (EU) 2016/679 (GDPR)

⁸⁰ International Organization for Standardization, ISO/IEC 27001:2022 Information Security Management System

⁸¹ Computer Misuse Act 2011, ss 12–21.

⁸² International Organization for Standardization, *ISO/IEC 27001: Information Security Management Systems – Requirements* (ISO/IEC 2013).

3.4. Strengths of Uganda's Legal Framework

Uganda's corporate governance framework incorporates several legal instruments that provide a foundation for digital adaptation. While gaps remain, certain aspects of the law demonstrate clear strengths in supporting efficient, transparent, and accountable governance in the digital era. The following highlights these key strengths. Legal recognition of e-documents and e-signatures; the Electronic Transactions Act validates electronic records and signatures, making digital contracts, board resolutions, and filings legally enforceable. This enhances efficiency and modernises corporate governance. Establishment of data protection and privacy regime: The Data Protection and Privacy Regulation provide the principles of lawful processing of data, security requirements, supervision by NITA-U, and promotes accountability and stakeholder confidence in the digital environment. Codified directors' duties; the Companies Act, codifies the duties of directors including how to act bona fide and with a certain standard of care, to prepare true and fair financial statements and to file returns, and extends the reach of accountability to the board with respect to the supervision of digital systems. Criminalization of cybercrime; the Computer Misuse Act, criminalises unauthorised access, electronic fraud, and cyber stalking, protecting stakeholder information and the integrity of digital governance.

3.5. Weaknesses of Uganda's Legal Framework

Uganda's corporate governance environment is not immune to challenges; its ability to keep pace with digital trends in particular has been lagging. Legal and enforcement constraints and the limited application of board-level oversight restrict the potential of governance, transparency and accountability to act as drivers of transformation in the digital era. The following are the most critical weaknesses. No specific board-level duties to oversee digital risk governance; the Companies Act does not impose any duty of care on directors regarding the management of digital-related risks, such as cybersecurity, AI or data management, and contains no responsibility of directors for overseeing these at a board level. No machine-readable reporting requirements; there is no requirement under Ugandan law to submit financial statements or any other disclosures in a machine-readable format such as Inline eXtensible Business Reporting Language (iXBRL), thereby complicating transparency, comparability and regulatory review. Observance of NITA-U and the Data Protection Office; both NITA-U and the Personal Data Protection Office are limited, they are constrained with resources, both technical and human, making it difficult for them to monitor compliance and enforce obligations about digital governance.

Non-Harmonization with AU Malabo Convention; Uganda has not fully domesticated the Malabo Convention, which has limited integration of organisational contextual solutions with regional best practice with respect to data

protection, cyber security and cross-border cooperation. The requirements for retention and audit trail of electronic records are not sufficient; the retention and security (and, where applicable, auditability) of electronic records is not specifically covered in the existing regulations, leading to a potential for greater risk of loss or alteration of records. Digital literacy is low among boards, and disclosure culture is poor: many boards simply don't possess the technical know-how to effectively interrogate digital systems, and traditional disclosure policies are actively undermining stakeholder confidence in digitally enabled governance.

3. Conclusion

Uganda has been able to borrow ASF elements from the Companies Act, the Electronic Transactions Act, the Data Protection and Privacy Act and the Computer Misuse Act, which do provide for a rudimentary level of corporate governance. Although these laws are described in rather conventional terms and do not contemplate full legal regimes for new digital trends, including machine-readable reporting, cybersecurity auditing, virtual shareholder meetings, and real-time disclosure. However, regional and international instruments - the Malabo Convention, GDPR, ESEF, ISO/IEC 27001, the UK Corporate Governance Code, and SOX - are readily available with specific examples for digital governance; Uganda is yet to domesticate and/ or fully adopt such best practices. Enhancing the statutory duties of directors, setting common digital reporting requirements, incorporating data protection and cyber security duties into governance, and resourcing the enforcement agencies to do the same will be key to ensuring that Uganda's corporate governance framework is resilient, transparent and capable of evolving in step with the digital age.

In light of the SWOT analysis, Uganda's corporate governance digital trends awareness needs to be enhanced through targeted reforms. These recommendations are aimed at strengthening board oversight, augmenting digital reporting, enhancing enforcement, and harmonizing national practices with regional and international standards. Also, there is a need to insert new cyber and data governance responsibilities on boards within the Companies Act, as directors should be under a legal obligation to oversee cybersecurity, data privacy and digital risk, and they should be responsible for digital matters at the company level to the full board. There is a need for strengthening DPA enforcement and provision of adequate resources to the Personal Data Protection Office, technical work and manpower to the PIA for efficient monitoring and supervision of data protection commitments. Also, there should be ratification and domesticate the AU Malabo Convention. The incorporation of the provisions of the Convention into the national law would bring Uganda's cybersecurity and data protection law in line with regional best practices and would promote cross-border observance and collaboration.

Improving the National Information Technology Authority (NITA-U)'s staffing and technical resources would allow for better monitoring of electronic transactions, compliance with cybersecurity, and standards of digital governance. Require cyber disclosure in directors' reports and in board education on digital risks: Boards should disclose their digital risk management and cybersecurity efforts in annual reports, and directors should receive education to improve digital literacy and decision-making in an increasingly technology-driven governance environment. And lastly, it is important to align the requirements on corporate disclosures with its international digital standards that are much in the vein of GDPR and ESEF. In the process, Uganda would not only be updating its corporate governance regime but also promoting investor confidence, cross-border comparability and accountability in the digital economy.