



**BOARD OF DIRECTORS SELECTION,
APPOINTMENT, ROTATION AND DIVERSITY
POLICY**

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INTRODUCTION

The board of directors of SUNU Assurances Nigeria Plc acknowledge the need for a policy detailing the procedures for the appointment to the Board as recommended in NAICOM's Code of Corporate Governance, SEC's Code of Corporate Governance, Nigerian Code of Corporate Governance and the provisions of the Companies and Allied Matters Act, 2004 , Company's Memorandum and Articles of Association and any other applicable law or regulatory provision.

It is recognised that directors should be appointed through a formal and transparent process and should be assisted by the Board Enterprise Risk Management and Governance Committee, subject to shareholders' approval. It is in the best interest of the shareholders that the board be properly constituted from the viewpoint of skills and representivity.

OBJECTIVES

The procedures for the selection, appointment and rotation of the Board of Directors shall be aimed at attaining a composition of experienced professionals which will enable an adequate performance of the powers conferred by law and the Company's internal regulations, in the Company's best interest. To this effect, the Board of Directors shall ensure that these procedures enable to identify the most suitable candidates at any time, based on the needs of the company, and that they favour diversity in experience, knowledge, skills and gender and, in general, do not suffer from implicit biases that may imply any kind of discrimination.

Specifically, the company shall ensure that the selection procedures do not entail any discrimination that may hinder the selection of female directors. It shall also ensure that the composition of the Board of Directors has an appropriate balance between the different categories of board members.

BOARD STRUCTURE

There shall be a chairman who will have the responsibility of ensuring that the Board directs the company effectively and that it retains the confidence of the shareholders and management. The following shall apply to ensure balance of power and authority:

- a. The Board shall not be dominated by any one person.
- b. No one person shall occupy the position of Chairman and Chief Executive Officer at the same time to avoid concentration of power.

- c. No two members of the same family (immediate or extended) shall occupy the position of the Chairman and Managing Director/Chief Executive of the company at the same time.
- d. To safeguard the independence of the Board, not more than two members of the same family should sit on the Board of the company.
- e. Responsibilities at the top Management of the company shall be well defined by the Board.
- f. The Chairman shall be a Non-Executive Director of the Company and shall not draw remunerations beyond the normal entitlements as a Non-Executive Director.
- g. There should be at least 2 Executive Directors and one of them must be for Technical Division.
- h. There shall be no Principal Officer of the Company that reports directly to the Board/Chairman other than the CEO and the Internal Auditor.
- i. All Non-Executive Directors shall not be engaged in daily activities of the Company.
- j. The Board shall not allow cross-memberships on the boards of two or more Companies (unless within a Group) where this will lead to a conflict of interest among competing Companies.

COMPOSITION OF THE BOARD OF DIRECTORS

The Board should be of a sufficient size relative to the scale and complexity of the company's operations and composed in such a way as to ensure diversity of experience without compromising independence, compatibility, integrity and availability of members to attend meetings.

- a. The Company shall have not less than seven (7) and not more than fifteen (15) members on its Board.
- b. At least two (2) Non-Executive Board Members should be Independent Directors who do not represent any particular shareholder interest and hold no significant business interest with the company and must be appointed by the company on merit.
- c. An Independent Non-Executive Director is a member of the Board who:
 - i. Does not hold any financial interest, directly or indirectly in the Company
 - ii. Has not been in the employment of the company or group within the last seven (7) years, in whatever capacity.
 - iii. Is not related either by birth or business affinity to the Company and its Associates.
- d. The Boards shall have clear succession plan for its members and top Executive officers of the Company.

- e. The Board shall consist of Executive and Non-Executive Directors out of which not more than 40% of the members shall be in the Executive capacity. The forty percent (40%) maximum stipulated for Executive Management must include Managing Director (MD)/Chief Executive Officer (CEO) and at least one Executive Director (ED), to be responsible for Technical/Operational matters.
- f. The Executive Director Technical/Operation shall have the qualifications and experience as required in law for that of the MD/CEO (on meeting the requirements, Company may have other Executive Directors up to the limit of the forty percent). For the avoidance of doubt, any position that is next in responsibility and authority to the MD/CEO, regardless of the nomenclature, must have the qualification and experience required of a Managing Director.
- g. The Independent Director is critical in the evaluation of the performance of the Board and Management; mediate where interests of Management, the Company and its Shareholders may differ, such as executive remuneration, succession planning, changes of corporate control, take-over defences, large acquisitions and audit function.
- h. The Company shall recommend names of prospective Directors for the consideration and ratification of the Commission.
- i. All nominated members of the Board shall complete and file with the Commission, Personal History Statement (PHS) Form not later than four (4) weeks after nomination.
- j. The Chief Executive Officer of the Company shall be the person approved by the Commission and shall be a member of the Board throughout his/her tenure.
- k. Any individual taking major action in the running of the Company must either be a member of the Board, the Management or paid consultant.
- l. No objection of the Commission is required prior to obtaining a global management consulting agreement with consultants outside Nigeria.

TENURE OF BOARD MEMBERS

- a. Tenure of MD/CEO shall be for a maximum of two (2) terms of five (5) years each within the same Company or Group.
- b. Tenure of other Executive Directors shall be a maximum of three (3) terms of four (4) years each within the same Company or Group.
- c. In order to ensure both continuity and injection of fresh ideas, Non-Executive Directors should not remain on the board of the company continuously for more than 3 terms of three (3) years each, i.e. 9 years.
- d. Where an Executive Director is subsequently appointed as the Managing Director/Chief Executive Officer of the Company, his tenure of office in that new capacity starts from the date he assumed the position of Managing Director/Chief Executive Officer and he is entitled to two terms of five years each PROVIDED

that no person shall serve as an Executive Director of a company for a combined period of more than 15 years in total.

- e. No Managing Director/CEO shall be appointed as the Chairman of the same Company, until after three years of his/her exit as the Managing Director/CEO and his tenure of office in that new capacity starts from the date he assumed the position of Chairman and his/her tenure shall not exceed three (3) terms of three years each.
- f. No Chairman shall be appointed as the Managing Director/CEO of the same Company, until after three years of his/her exit as the Chairman and his tenure of office in that new capacity starts from the date he assumed the position of Managing Director/CEO and his/her tenure shall not exceed two (2) terms of five (5) years each.
- g. Managing Directors/CEOs who have less than twelve months to complete his/her tenure as stipulated in NAICOM's Guidelines shall exit the Company not later than one (1) year from the effective date of NAICOM's Guidelines.
- h. A Director who is serving on the Board of an Insurance Institution is not eligible to serve on the Board of the Company.

PROCEDURE FOR THE SELECTION AND APPOINTMENT OF DIRECTORS

The following are the procedure for the selection and appointment of directors: The Board Enterprise Risk Management and Governance Committee shall:

- a. Assess the current Board's skills, experience and expertise to identify the skills that would best increase Board effectiveness.
- b. Assess the needs of the business currently and going forward. The Board should be structured in a way that it:
 - i. Has a proper understanding of, and competence to deal with, the current and emerging issues of the business
 - ii. Exercises independent judgement
 - iii. Encourages enhanced performance of the Company
 - iv. Can effectively review and challenge the performance of management.
- c. Develop selection criteria for potential board candidate(s).
- d. Informal discussion by the Board to generate a list of potential candidates who may fill the stated criteria.
- e. Where considered necessary, use the services of an independent executive search firm to assess the appropriateness of potential candidates or to supplement a candidate list provided by directors.
- f. Measure the final potential candidate(s) against the selection criteria.
- g. The Board examines the final list of candidate(s) and agrees an order of preference.

- h. Chairman approaches desired candidate(s).
- i. Candidate is appointed to the Board. Non-executive directors should be appointed for specific terms subject to re-election, the Company's Memorandum and Articles of Association and to the Companies and Allied Matters Act provisions concerning removal of a director. The terms and conditions of appointment of non-executive directors should be made available for inspection. The letter of appointment should set out:
 - i. the expected time commitment
 - ii. term of appointment, powers and duties of directors
 - iii. duties attaching to the position, circumstances in which an office of director becomes vacant
 - iv. expectations regarding involvement with committee work, remuneration including superannuation, and expenses
 - v. requirement to disclose directors interests and any matters which affect the directors independence
 - vi. fellow directors
 - vii. trading policy governing dealings in securities and related financial instruments by directors, including notification requirements, induction training and continuing education arrangements
 - viii. board policy on access to independent professional advice, indemnity and insurance arrangements
 - ix. confidentiality and rights of access to corporate information
 - x. a copy of the Memorandum and Articles of Association
 - xi. organisational chart of management structure
 - xii. induction procedures in place
- j. Non-executive directors should undertake that they will have sufficient time to meet what is expected of them. Their other significant commitments should be disclosed to the board before appointment, with a broad indication of the time involved and the board should be informed of subsequent changes.
- k. Notice of nominations shall be submitted to the National Insurance Commission for approval.
- l. Appointment is announced to the Nigerian stock exchange and the Securities and Exchange Commission
- m. Appointment is ratified by Shareholders at the following AGM. The names of candidates submitted for election as directors should be accompanied by the following information to enable shareholders to make an informed decision:
 - i. biographical details, including competencies and qualifications and information sufficient to enable an assessment of the independence of the candidate

- ii. details of relationships between & the candidate and the company & the candidate and the directors of the company
- iii. directorships held
- iv. particulars of other positions which involve significant time commitments
- v. the term of office currently served by any directors subject to re-election
- vi. any other particulars required by law.

PROCEDURE FOR THE RE-APPOINTMENT OF DIRECTORS

The re-appointment of directors will not be automatic. Two third of Directors shall retire from office at each annual general meeting. A Director who retires at an annual general meeting may, if willing to act, be reappointed. If he is not reappointed or deemed reappointed, he may retain office until the meeting appoints someone in his place or, if it does not do so, until the end of the meeting. The Enterprise Risk Management and Governance Committee shall:

- a. Assess the current Board's skills and qualities
- b. Assess the needs of the business currently and going forward
- c. Develop criteria required
- d. Measure each retiring director's skills against the criteria. In support for their re-election, non-executive directors should provide the Board Enterprise Risk Management and Governance Committee with details of other commitments and an indication of time involved. The Board Enterprise Risk Management and Governance Committee should regularly review the time required from a non-executive director and whether directors are meeting that requirement.
- e. Discuss and agree whether each retiring director should stand for re-election at the next Annual General Meeting. Non-executive directors should specifically acknowledge to the Company that they will have sufficient time to meet what is expected of them.
- f. If recommended for re-appointment, each retiring director stands for re-election at the shareholder meeting in accordance with the Memorandum and Articles of Association of the Company and the listing rules. Otherwise the new director selection process commences.
- g. The names of candidates submitted for election as directors should be accompanied by the following information to enable shareholders to make an informed decision:
 - i. biographical details, including competencies and qualifications and information sufficient to enable an assessment of the independence of the candidate
 - ii. details of relationships between the candidate and the company the candidate and the directors of the company

- iii. directorships held particulars of other positions which involve significant time commitments
- iv. the term of office currently served by any directors subject to re-election
- v. any other particulars required by law

PROCESS FOR EVALUATION

The Board:

- a. The Board operates in accordance with a Board Charter and Code of Conduct.
- b. The Code of Conduct sets out the ethics and values in accordance with which the Board performs its duties.
- c. The Enterprise Risk Management and Governance Committee of the Board is responsible for the evaluation of Board performance.
- d. The performance of the Board and each of its Committees is reviewed annually.
- e. Individual Directors shall carry out their duties in accordance with the values set out in Company's Code of Conduct.
- f. The Board as a whole reviews the performance of individual Directors annually.
- g. Director performance review consists of structured interviews with individual Directors.

APPROVED BY THE BOARD OF DIRECTORS