



GOVERNANCE MODEL

Model Title	Governance Model
Responsible Department	Office of the CEO
Target Implementation Date	01 January 2026
Current Review Date	September 2025
Next Review Date	September 2028

1. INTERPRETATIONS AND DEFINITIONS

1.1 The headings in this Model are provided for the purpose of convenience only and shall not affect the interpretation of this Model or its provisions.

1.2 Unless the context clearly indicates otherwise, words importing

(a) any one gender shall be deemed to include all genders;

(b) the singular shall be deemed to include the plural and vice versa; and

(c) persons shall be deemed to include natural persons as well as juristic persons, whether corporate or unincorporated, and the State.

1.3 Unless the context otherwise requires, the following terms shall have the following meanings:

“Act” means the Payment System Management Act, 2023 (Act No 14 of 2023).

“Affiliate member” means an institution or entity admitted to PAN membership in terms of section 8. (1) (c) or 8 (2) of the Act.

“AGM” means the Annual General Meeting of PAN.

“Bank” means the Bank of Namibia as referred to in section 2 of the Bank of Namibia Act, 2020 (Act No. 1 of 2020).

“banking institution” means a banking institution as defined in section 1 of the Banking Institutions Act, 2023 (Act No. 13 of 2023)

“Ex-officio member” means an individual who holds membership on the PMB, by reason of the office or role they occupy, and not by individual designation or election.

“Member bloc” means a distinct group or category of members of PAN who share common characteristics, rights, or interests and are formally recognized as a collective constituency for governance purposes;

“NPS” means the National Payment System of Namibia.

“PAN” means the Payments Association of Namibia;

“Payment service provider (PSP)”, means a person including a banking institution, licensed under the Act to provide payment services as specified under the Schedule of the Act.

“Payment System Operator (PSO)” means a person authorised under the Act to operate a payment system.

“PMB” means the PAN Management Board;

“System Participant” means a member of a payment system that is authorised and recognised in the rules of that payment system or is otherwise recognised by the operator of that payment system.

2. INTRODUCTION

This Governance Model sets out the organizational framework of PAN and defines the roles and responsibilities of the PMB, its Chairperson, the PAN Executive Office and the CEO of PAN.

PAN continues to exist as a juristic person under the Act and operates in terms of a constitution approved by the Bank.

PAN’s mandate, as provided for by the Act, is to:

- (a) Act as a collaborative platform for its members.
- (b) Subject to the approval of the Bank, set standards for member participation in payment systems and forums.
- (c) Participate in relevant regional and international initiatives and platforms in the promotion of regional and international integration of payment systems.
- (d) Report to the Bank on matters affecting the NPS; and
- (e) Perform such further functions relating to payment, clearing or settlement systems as the Bank may assign to it.

In fulfilling its mandate, PAN must ensure that its standards and criteria and conditions, advance efficiency, transparency, interoperability, effectiveness safety, fair access, cooperation, and competition in the NPS.

This Governance Model provides the foundation for PAN’s accountability, transparency, and effective governance oversight in line with its statutory mandate.

3. GOVERNANCE PRINCIPLES

3.1 PAN AS AN ASSOCIATION

PAN is recognized as an Association in terms of the Act. Its responsibilities are further defined in the Memorandum of Agreement (MOA) with the Bank. As the PSMB, PAN must act in the best interests of the NPS and support its safety, efficiency, and integrity. PAN’s governing body, the PMB, is entrusted with the fiduciary responsibility to prioritise the interests of the NPS above the individual or commercial interests of any member or stakeholder.

3.2 TRANSPARENCY, FAIRNESS AND EQUITABILITY

The governance structure of PAN shall be transparent and easily understood by all stakeholders. All governance policies and practices shall be fair and equitable, recognizing that stakeholders may have differing capacities and levels of participation in the NPS.

3.3 EFFICIENCY AND SAFETY

The governance structure of PAN shall promote operational efficiency, minimizing unnecessary costs and avoiding excessive operational or administrative overheads. The admission of new PAN members shall be managed in a manner that safeguards the safety, security, and integrity of the NPS in accordance with the provision of the Act.

3.4 ACCESS AND PARTICIPATION

Membership in PAN shall be mandatory for all payment service providers, system participants, and other stakeholders as defined in the Act, and may be extended to other parties only with the approval of the Bank.

All members are required to act in the best interest of the NPS and comply with the duties, responsibilities, and conduct requirements set out in PAN's Constitution, governance framework, and other governing documents and any other relevant laws, including the Bank's legal frameworks.

The governance model shall ensure that membership structures, representation, and decision-making processes are transparent, fair, and inclusive, without creating barriers to participation, particularly for smaller or emerging stakeholders. It shall also accommodate the inclusion of new participants, whether joining directly or via sponsoring arrangements, while safeguarding the integrity, safety, and efficiency of the NPS.

3.5 RISK MANAGEMENT

PAN shall maintain a robust risk management framework to identify, monitor, and mitigate risks that may affect the integrity, safety, and efficiency of the NPS. All members, governing bodies, and PAN staff are required to proactively disclose and manage any real, perceived, or potential conflicts of interest, ensuring that decisions are made in the best interests of the NPS rather than for individual or commercial gain.

3.6 COLLABORATION

As a collaborative platform, PAN shall balance healthy competition among members with the benefits of cooperation, promoting interoperable, efficient, and safe payment solutions while ensuring that no participant unfairly dominates or undermines the collective objectives of the NPS. The PMB, together with PAN's Risk and Compliance function, shall monitor adherence to these principles, regularly assessing risks, reporting incidents, and recommending corrective

actions, with members held accountable for compliance with PAN's risk management framework and governance policies.

3.7 ACCOUNTABILITY

PAN shall uphold strict accountability at all levels, ensuring that all members, governing bodies, and staff act in the best interests of the NPS. Decisions and actions shall be transparent, with clear responsibilities assigned and mechanisms in place to monitor compliance with PAN's governance framework, policies, and relevant legal obligations. Members and governing bodies shall be held responsible for their conduct, and any breaches, disputes, or unethical practices shall be addressed promptly and appropriately to maintain the integrity, safety, and efficiency of the NPS.

4. PMB STRUCTURE, MEMBERSHIP AND OPERATIONS

4.1 COMPOSITION AND COMMITTEES

4.1.1 PMB Composition

- (a) The PMB shall consist of the following 11 members:
- i. An independent non-executive chairperson.
 - ii. Two (2) independent non-executive directors.
 - iii. The Deputy Director of Payments Oversight Department of the Bank (ex-officio member).
 - iv. One (1) executive director, being the CEO of PAN.
 - v. Three (3) non-executive directors representing system (direct) participants, of whom two (2) shall represent banking institutions and one (1) shall represent non-bank financial institutions involved in clearing through PSOs.
 - vi. One (1) non-executive director representing payment system operators (PSOs).
 - vii. One (1) non-executive director representing PSPs that are indirect participants; and
 - viii. One (1) non-executive director representing affiliate members.
- (b) Non-executive directors nominated by banking institutions, non-bank financial institutions, PSPs that are indirect participants, and PSOs shall be individuals holding executive-level positions within their respective organizations, possessing the authority and capacity to make decisions on behalf of their institutions.

4.1.2 PMB Committees

- (a) The PMB shall maintain the following three standing PMB committees, each operating in accordance with its own approved terms of reference:
- i. **Governance, Nomination and Remuneration Committee** – oversees PMB and senior management appointments, succession planning, governance practices, and remuneration policies, ensuring alignment with PAN’s strategic objectives and governance standards.
 - ii. **Audit and Risk Committee** – provides enterprise-wide risk oversight, covering compliance, operational, financial, strategic and reputational risks; and ensures independent oversight of financial reporting, internal controls, and the integrity of both internal and external audit processes.
 - iii. **Prioritization Committee** – guides the prioritization of strategic projects, maintains a centralized project repository, and promotes stakeholder-inclusive governance of initiatives within the PAN ecosystem.
- (b) Each committee shall report to the PMB on its activities, findings, and recommendations.
- (c) Committees shall coordinate with PAN management to obtain necessary information and support for the execution of their responsibilities.
- (d) Committee decisions and recommendations are subject to approval by the PMB, unless explicitly delegated otherwise in their terms of reference.
- (e) The Audit and Risk Committee, and the Governance, Nomination and Remuneration Committee shall be chaired by an independent non-executive director who is not the Independent Chairperson, while the Prioritization Committee shall be chaired by a non-executive director of the PMB.

4.2 RESPONSIBILITIES OF THE PMB

The PMB shall serve as the custodian of governance and shall be collectively accountable for the organisation’s effective direction, control, and sustainability. In fulfilling its mandate, the PMB shall ensure that PAN operates with integrity, transparency, and accountability while advancing the efficiency, safety, and inclusivity of the NPS. The PMB shall collectively assume responsibility for the following:

4.2.1 Custodianship of Governance

- (a) Act as the focal point and custodian of governance by upholding ethical leadership, integrity, accountability and transparency.

- (b) Approve and review the PMB Charter, governance framework and organisational values.

4.2.2 Oversight of NPS Strategy, Risk, Performance and Sustainability

- (a) Define, approve and oversee the implementation of PAN's strategy, ensuring alignment with its mandate and long-term sustainability.
- (b) Integrate oversight of risk, performance, technology and sustainability into decision-making.

4.2.3 Oversight of Stakeholder Inclusivity and Legitimacy

- (a) Adopt a stakeholder-inclusive approach that balances the interests of members, regulators, service providers and end-users.
- (b) Guide PAN's engagement with stakeholders to strengthen legitimacy, trust and system-wide credibility.

4.2.4 Oversight of Management and Delegation

- (a) Appoint, support and oversee the CEO, ensuring accountability for operational and strategic delivery.
- (b) Establish clear delegations of authority while retaining ultimate accountability for performance and compliance.

4.2.5 Financial Oversight

- (a) Approve the annual budget, fees and financial plan.
- (b) Oversee financial reporting, audit processes and internal controls to safeguard PAN's financial sustainability.

4.2.6 PMB Composition, Committees and Succession

- (a) Ensure the PMB's composition reflects appropriate skills, diversity, expertise and independence.
- (b) Establish committees with clear terms of reference and oversee succession planning for directors and management.

4.2.7 Performance Evaluation and Conduct

- (a) Ensure that the performance of the PMB, its committees and directors is regularly evaluated.

- (b) Ensure directors uphold fiduciary duties, act in PAN's best interests, manage conflicts of interest and commit to ongoing development.

4.2.8 Independent advice

In the execution of its mandate, the PMB shall have the authority to engage legal, accounting, or other professional advisors, and to authorize the payment of such advisors by PAN, as it considers necessary for the proper discharge of its duties.

4.3 ROLE AND DUTY OF DIRECTORS

Directors shall act honestly, transparently, and in good faith, with a view to advancing the best interests of the PAN. They shall exercise the care, diligence, and skill that a reasonably prudent person would exercise in comparable circumstances.

In fulfilling their responsibilities, directors shall:

- (a) Familiarize themselves with the Act, the PAN Constitution, and any related legislation or governance documents.
- (b) Attend meetings of the PMB and its committees diligently and consistently. In accordance with the PMB Charter, members are required to attend all meetings. Failure to do so constitutes a ground for removal from office. In such cases, the matter shall be tabled at the Annual General Meeting (AGM), where the respective member bloc shall be required to recall the affected representative and nominate a replacement for election.
- (c) Come to meetings fully prepared, having reviewed all materials circulated in advance, and identify any additional information reasonably required to participate meaningfully in deliberations.
- (d) Participate actively and constructively in discussions, seeking clarification from management or external advisors where necessary to fully understand the issues under consideration.
- (e) Think, speak, and act independently, while respecting and constructively considering the perspectives of fellow directors.
- (f) Review meeting minutes to ensure they accurately reflect deliberations and decisions.
- (g) Annually review and confirm compliance with PAN's Code of Conduct; proactively disclose to the Chair any actual or potential conflict of interest before a meeting; and recuse themselves from deliberations or decisions where such conflicts exist.
- (h) Maintain strict confidentiality of PMB and committee deliberations.

- (i) Communicate externally with a unified voice, channelled through the Chairperson, CEO, or other duly authorized spokespersons when engaging with members, stakeholders, or government bodies.

Directors shall have full access to PAN's management. However, engagement on substantive matters should be coordinated through the CEO, while administrative queries may be directed to the Compliance and Risk Department.

4.4 PMB APPOINTMENT AND ELECTION PROCESSES

4.4.1 Appointment of Independent Non-Executive Directors

- (a) The Governance, Nomination and Remuneration Committee shall invite applications from qualified candidates or, where appropriate, undertake an external search process (including headhunting).
- (b) Candidates shall be evaluated against a skills and experience matrix, as well as applicable fit-and-proper requirements as determined by the Governance, Nomination and Remuneration Committee and approved by the PMB.
- (c) Through the Executive Office, the Governance, Nomination and Remuneration Committee shall prepare a shortlist and recommend suitable candidates to the PMB.
- (d) The PMB shall appoint independent non-executive directors with the approval of the Bank.

4.4.2 Election of Non-Executive Directors at the AGM

- (a) Each member institution shall send a nominated representative to the AGM who should be an employee at senior management level. These representatives shall be entitled to vote on matters presented at the AGM, including the election of PMB members.
- (b) For member representatives on the PMB:
 - i. Each member shall nominate a candidate in advance following a call for nominations issued by the PAN Executive Office.
 - ii. At the AGM, the nominees shall be formally presented, and elections shall be conducted within each member bloc.
 - iii. The elected individuals then serve as the representatives of their respective member blocs on the PMB.
 - iv. Institutions whose nominated candidates are not elected shall retain those individuals as their official representatives for voting and participation at the AGM. This arrangement ensures full member representation at the AGM, while

only candidates elected through the member bloc voting process shall serve on the PMB.

4.5 SKILLS, KNOWLEDGE AND EXPERIENCE OF PMB MEMBERS

- (a) The PMB shall ensure that its members collectively possess the following minimum core competencies:
 - i. Expertise in payments and financial services.
 - ii. Governance and board experience.
 - iii. Legal and regulatory knowledge.
 - iv. Expertise in human capital management.
 - v. Financial acumen.
- (b) Individual members shall not be required to possess all core competencies; however, the PMB must demonstrate an appropriate balance across these areas.
- (c) Additional competencies, including ICT, risk management, strategy, and program management, shall be encouraged and considered supplementary to the core competencies
- (d) Individual members must be at executive or senior (divisional head) management level, with decision-making authority for payments, regulatory compliance and risk on behalf of their institution. Delegates lacking authority will not be accepted.

4.6 TENURE OF PMB MEMBERS

- (a) Independent non-executive directors shall serve for a term of three (3) years, renewable once, subject to a maximum cumulative tenure of six (6) years.
- (b) Non-executive directors shall be appointed for a term of three (3) years, renewable twice, subject to a maximum cumulative tenure of nine (9) years.
- (c) Renewal of a director's term shall be subject to a satisfactory assessment of the director's performance.

4.7 PMB MEETINGS AND DECISION-MAKING PROCESSES

4.7.1 Meetings and extraordinary meetings

- (a) PMB meetings shall be held quarterly.

- (b) The Chairperson shall preside over all PMB meetings. In the absence of the Chairperson, an independent non-executive director shall act as Chairperson for that meeting.
- (c) Minutes of all PMB meetings shall be accurately recorded, approved, and securely filed in accordance with PAN’s record-keeping policies.
- (d) The Chairperson may convene extraordinary PMB meetings with the approval of the Bank to address urgent matters requiring PMB attention.

4.7.2 Decision-making

- (a) Decisions at PMB meetings shall, wherever possible, be made by consensus. Consensus is achieved when all members present either agree with a proposal or, having raised their concerns, are willing to support the decision in the best interests of PAN.
- (b) If consensus cannot be reached, decisions shall be made by a majority vote of the members present. For this purpose, a majority is defined as more than half of the voting members present, provided that a quorum has been established in accordance with the PAN Constitution.

4.7.3 Voting entitlements

The following voting entitlements shall apply to each type of PMB member:

Director type	Voting rights
Independent Chairperson	Casting vote
Director appointed by the Bank (ex-officio)	None
Executive director (CEO)	None
Independent non-executive directors (2)	1 vote each
Non-executive directors (representing members) (6)	1 vote each

4.7.4 Quorum

A quorum for PMB meetings shall be 75% of all voting PMB members. No business shall be transacted at a meeting unless a quorum is present.

4.8 REMUNERATION OF PMB MEMBERS

4.8.1 Scope of remuneration

- (a) Independent non-executive directors shall be remunerated in accordance with the provisions of their Terms of Reference, as approved by the Bank.

(b) Other non-executive directors shall be entitled to a sitting allowance of N\$5,000.00 for each quarterly and extraordinary meeting attended. Any proposed annual adjustment to this allowance, aligned to inflationary trends, shall be tabled for consideration and approval at the AGM.

(c) The executive director (CEO) and ex-officio member shall not be entitled to remuneration.

4.9 EVALUATION OF PMB PERFORMANCE

4.9.1 Hybrid evaluation approach

The PMB shall adopt a hybrid evaluation approach consisting of:

- (a) Annual internal assessments to evaluate the performance of:
 - i. The PMB as a group;
 - ii. Each PMB committee; and
 - iii. Individual directors.
- (b) An external evaluation every three years, conducted by an independent facilitator, to provide an objective assessment of the same areas.

4.9.2 Purpose

The hybrid evaluation shall:

- (a) Identify strengths, areas for improvement, and skills or knowledge gaps.
- (b) Inform PMB development, training, succession planning, and future appointments; and
- (c) Ensure both continuous internal oversight and periodic independent validation of PMB performance.

4.9.3 Process

- (a) The annual internal evaluation may be conducted by the Governance, Nomination and Remuneration Committee or an independent facilitator appointed by the PMB.
- (b) The external evaluation every three years shall be conducted and overseen by the appointed independent facilitator, with coordination provided by the Governance, Nomination and Remuneration Committee.

4.10 INDUCTION AND ONGOING TRAINING OF PMB MEMBERS

4.10.1 Induction programme

A structured induction programme shall be established for all newly appointed PMB directors to ensure they are adequately prepared to fulfill their roles, understand PAN's strategic objectives, and contribute effectively to the PMB from the outset.

4.10.2 Ongoing training and professional development

PMB directors shall participate in ongoing training and professional development programmes to maintain and enhance their effectiveness throughout their tenure, ensuring they remain current with industry developments, regulatory changes, and best practices in governance in accordance with the approved budget.

5. INDEPENDENT CHAIRPERSON

5.1 APPOINTMENT

The Chairperson is appointed independently by PAN's members, subject to the endorsement of such decision by the Bank. The Chairperson shall be appointed for a term of three (3) years, renewable once, subject to a maximum cumulative tenure of six (6) years.

5.2 RESIGNATION OR REMOVAL

In the event of a resignation, the Chairperson shall provide the PMB with three (3) months' written notice. Should the PMB wish to terminate the Chairperson's appointment, removal may be effected by a simple majority vote of the PMB members, subject to prior approval by the Bank. In such cases, the Chairperson shall be provided one (1) month's written notice by the PMB.

5.3 DUTIES AND RESPONSIBILITIES

5.3.1 Leading the PMB

The Chairperson is responsible for providing leadership to the PMB in the following areas:

- (a) Fostering relationships in the best interests of PAN and its stakeholders and providing leadership in guiding the PMB and coordinating its activities.
- (b) Safeguarding the interests of all participants and other stakeholders who may not be represented on the PMB.
- (c) Leading the PMB, setting its agenda and ensuring its efficiency and effectiveness.

- (d) Promoting a culture of openness, debate, and effective communication, and ensuring that all PMB members receive accurate, timely, and clear information.
- (e) As far as possible, striving to ensure that all decisions are reached through consensus. Where consensus cannot be achieved, the majority vote shall prevail. If neither consensus nor a majority is reached, the Chairperson shall exercise a casting vote on any issue at PMB meetings or as set out in the PAN Constitution.
- (f) Ensuring that submissions to the PMB are well researched and reviewed to shorten time spent on discussions, resulting in effective decision-making.
- (g) Ensuring that the PMB functions properly by encouraging full participation, facilitating the discussion of all relevant matters, and overseeing that decisions are effectively implemented, in accordance with the PAN Constitution.
- (h) Ensuring strategic and innovative drive, and ensuring successful execution of the NPS vision and the PAN strategy

5.3.2 Directing and leading the operations of the PAN Executive Office

The Chairperson shall direct and lead the operations of the PAN Executive Office in the following manner:

- (a) Steering and setting the strategic direction, purpose, and governance of the Association.
- (b) Approving policies and strategic operational plans aligned with the NPS Vision and Strategy.
- (c) Assessing the accountability and performance of the Association through reporting and disclosure.
- (d) Delegating responsibilities to management, while overseeing and monitoring the implementation and execution of decisions.
- (e) Regularly reviewing PAN's financial statements to remain familiar with its financial status.
- (f) While working closely with the PAN Executive Office, maintaining independence in representing the best interests of the NPS, PAN, and its stakeholders.
- (g) Consulting with the PAN Executive Office prior to meetings regarding business matters to be discussed and ensuring that resolutions are implemented.

5.3.3 Supervising and providing support to the CEO

As the direct supervisor of the CEO, the Chairperson shall:

Office Use Only\General

- (a) Liaise with the CEO, as appropriate, to maintain oversight of PAN's affairs.
- (b) Provide advice and support to the CEO in implementing PAN's strategic plans, annual budgets, policies, and succession planning.
- (c) Conduct bi-annual performance reviews of the CEO and recommend development opportunities where necessary.

5.3.4 Representing PAN

From time to time, the Chairperson may represent PAN and act as its spokesperson at functions, meetings, or other engagements. In this capacity, the Chairperson shall effectively communicate the vision and purpose of PAN and remain informed of issues that may affect PAN.

5.3.5 General duties

In addition to the responsibilities above, the Chairperson shall:

- a) Ensure compliance with human resource and financial management policies and procedures.
- b) Participate in and encourage the participation of PMB members in industry strategic meetings.
- c) Review and sign the minutes of PMB meetings to confirm their accuracy.
- d) Review and sign required documents.

5.3.6 Serving on PMB committees

The Independent Chairperson may serve on PMB committees but shall not chair such committees. Such service shall be in accordance with the committees' terms of reference, with the understanding that ultimate accountability for all delegated matters shall remain with the PMB.

6. PAN EXECUTIVE OFFICE AND CEO

6.1 ROLE OF THE CEO

The CEO of the PAN is appointed by the PMB with the approval of the Bank and shall be responsible for the following functions:

6.1.1 Strategic Leadership and Governance

- a) Develop and implement a three/five-year NPS Vision and Strategy to be reviewed twice annually to ensure a safe, efficient, and internationally competitive NPS, by 30th November
- b) Provide strategic guidance to align PAN's objectives with industry standards and regulatory expectations.

6.1.2 Operational and Financial Oversight

- a) Oversee PAN's operational and financial management, including staffing, audit and risk management, and technology-driven improvements.
- b) Prepare and submit budgets, financial reports, and operational updates to the PMB.

6.1.3 Stakeholder Engagement and Regulatory Compliance

- a) Foster strong relationships with local and international stakeholders.
- b) Ensure compliance with relevant laws and regulations, propose legislative changes as needed, and contribute to shaping NPS policy in collaboration with the Bank.

6.1.4 Governance and Committee Oversight

- a) Oversee the functioning of PAN's Forums, PMB sub-committees and any other committees and ensure adherence to governance standards.
- b) Manage organizational risk and maintain the business plan, annual budget, and annual report in accordance with the PMB's directives.

6.1.5 Representation and Industry Leadership

- a) Mediate industry issues and act as a industry resolution body; and
- b) Act as a collaborative platform for industry in terms of regional initiatives.
- c) Represent PAN on local and regional PSMBs or Associations, committees, and industry Forums.

Further details of the CEO's responsibilities are set out in the job description and performance expectations documents, as amended from time to time.

The PMB shall define specific financial limits to the CEO's authority, which shall be detailed in the Financial Management Policy.

6.2 PAN EXECUTIVE OFFICE

6.2.1 Administrative responsibilities

The PAN Executive Office shall be responsible for the following administrative functions:

- (a) Perform secretarial functions for the PMB and maintain confidentiality in all dealings with stakeholders' information.
- (b) Prepare and present the annual budget to the PMB and serve as the central point of contact for all payment system-related issues and initiatives.
- (c) Submit the Association's annual report to the Bank, particularly the Department responsible for the National Payment System, and other stakeholders within six (6) months after the end of the Association's financial year.
- (d) Prepare and distribute meeting documentation and minute packages, including position papers, project progress reports, agendas, and feedback from forum chairpersons to PMB members at least ten (10) business days in advance of PMB meetings.
- (e) Facilitate, in consultation with Forums, committees, and relevant Forums, the development of industry positions on payment system evolution and regulation, and communicate these positions to the Bank, PMB, and other stakeholders as needed.
- (f) Ensure that Forums, under the leadership of their respective Chairpersons, carry out tasks and functions related to the NPS, as agreed or delegated by the PMB.
- (g) Facilitate, coordinate, and monitor payment system development programs and projects required by Members, in line with the NPS vision and any other directives, and provide project updates to the PMB and the Bank in consultation with PCH members.
- (h) Perform additional functions related to payment, clearing, or settlement systems as assigned by the Bank or PMB.
- (i) Draft criteria and conditions for the appointment of PMB members and the Association's Chairperson, subject to the Bank's approval.
- (j) Systematically manage and report risks related to governance, operations, and the NPS, including providing updates to the Bank on current risk profiles, significant exposures, and mitigation outcomes.

6.2.2 Other responsibilities

The PAN Executive Office shall perform the following functions on behalf of the Association:

- (a) Submit bi-annual reports to the Bank, as required under Section 6(1)(d) of the Act, detailing matters affecting the NPS, PAN operations, Members' compliance with the Constitution, PAN policies, directives, and regulatory requirements, as well as updates

on industry projects and operational matters. Reports shall cover the periods 1 January to 30 June and 1 July to 31 December and must be submitted by 31 July and 31 January, respectively.

- (b) Timely submission of the member annual subscription fees to the Bank for approval
- (c) Subject to the Bank's approval, establish and administer technical rules relating to payment instructions and payment instruments.
- (d) Facilitate the Bank's oversight of PAN and its Members in fulfilling monitoring, regulation, and supervision responsibilities over payment, clearing, and settlement systems.
- (e) Operationalize the Association's strategic plan and provide bi-annual progress reports to the Bank and PMB until full implementation is achieved.

Establish and manage PAN Forum rules, agreements, constitutions, and procedures, subject to the Bank's approval, to ensure that the forum representatives are fit and proper and comply with applicable standards.

7. AUDITORS OF PAN

7.1 INTERNAL AUDIT FUNCTION

7.1.1 Establishment

PAN shall outsource the Internal Audit function to an independent firm or consultant with the requisite expertise to provide independent assurance on the effectiveness of governance, risk management, and internal controls.

7.1.2 Reporting Line

The outsourced Internal Audit provider shall report directly to the Audit and Risk Committee, ensuring independence from management in the execution of its duties.

7.1.3 Audit Plan

The Internal Audit function shall operate in accordance with a risk-based audit plan, approved by the Audit and Risk Committee, and aligned with PAN's strategic objectives.

7.2 EXTERNAL AUDIT

7.2.1 Appointment and Removal

The appointment and removal of the external auditors shall be approved by the PMB, based on the recommendations of the Audit and Risk Committee, with subsequent reporting to the members at the AGM.

7.2.2 Committee Role

The Audit and Risk Committee shall evaluate the performance, independence, and suitability of the external auditors and submit its recommendations to the PMB for consideration.

7.2.3 Rotation

To preserve auditor independence, the audit firm shall be rotated at least every three years in line with applicable laws, regulations, and best practice standards.

8. TRANSITIONAL ARRANGEMENTS

8.1 The current PAN Management Council (PMC) shall continue to exercise its functions until the PMB is duly constituted.

8.2 The PMC shall continue to perform its responsibilities to ensure continuity of governance, including facilitating the nomination, appointment and election of members of the initial PMB.


8.3 Upon the formal constitution of the PMB, the PMC shall be automatically dissolved.

9. APPROVAL AND EFFECTIVE DATE

This Governance Model of PAN was reviewed by the PMB in accordance with the Constitution of PAN and the requirements of the Act.

This Model shall take effect on 1 January 2026 and shall remain in force until amended, replaced, or revoked by resolution of the PMB, subject to the approval of the Bank where required.

For and on behalf of the PMB:

Name	Signature	Date
Adrianus Vugs Chairperson – PMB		<u>12/12/2025</u>
Annette Rathenam Chief Executive Officer – PAN		<u>05.12.2025</u>