



TERMS OF REFERENCE OF
AN INDEPENDENT NON-EXECUTIVE DIRECTOR SERVING ON THE PAN
MANAGEMENT BOARD

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1. INTRODUCTION

1.1 Purpose

The primary role of an Independent Non-Executive Director of the Payments Association of Namibia (PAN) Management Board (PMB) is to assist the Independent Chairperson in providing leadership to the Board and the PAN executive office. An Independent Non-Executive Director is responsible for assisting the Independent Chairperson to effectively manage the affairs of the Board and ensure that the Association is properly organized and that it functions efficiently in line with its mandate.

1.2 Appointment

An Independent Non-Executive Director is independently appointed by PAN's members, subject to the endorsement of such decision by the Bank of Namibia. Nominations of an Independent Non-Executive Director shall be received and assessed by PAN Executive Office, approved by the Board, and endorsed by the Bank of Namibia. An Independent Non-Executive Director shall be appointed on an annual basis for a maximum of 3 consecutive years.

1.3 Notice period

In the case of a resignation, a notice period of 3 months will be required from an Independent Non-Executive Director by the Board. In case the Board wishes to terminate the contract with an Independent Non-Executive Director, the incumbent may be removed by a simple majority vote by the Members of the Board, subject to the approval of the Bank having been obtained and a notice of 1 month will be required from the Independent Non-Executive Director.

1.4 Frequency of Board Meetings

The Board holds on a minimum, quarterly meetings four (4) times a year and one Annual General Meeting. Special meetings may be scheduled in cases of urgent and/ or critical matters that require the Board's attention.

1.5 Remuneration

An Independent Non-Executive Director will receive a market related remuneration which will be agreed before commencement of duties.

2. DUTIES AND RESPONSIBILITIES

2.1. Leading the Management Board

An Independent Non-Executive Director has the responsibility to assist the Independent Chairperson with leading the Board in the following areas:

- 2.1.1. Fostering relationships in the best interests of PAN and its stakeholders and providing leadership in guiding the Board and coordinating its activities.
- 2.1.2. Safeguarding the interests of all participants and other stakeholders who may not be represented on the Board.
- 2.1.3. Leading the Board, setting its agenda, and ensuring its efficiency and effectiveness.
- 2.1.4. Promoting a culture of openness, debate, and effective communication, and ensuring that all Board members receive accurate, timely and clear information.
- 2.1.5. As far as possible, striving to ensure that all decisions are negotiated and agreed on a consensus basis, but if that is not possible, the majority vote shall count. In the event that Board fails to agree on a consensus basis and no majority vote is obtained, an Independent Non-Executive Director, acting on behalf of the Independent Chairperson, shall have a casting vote on any issue at Board meetings or as set out in the PAN Constitution.
- 2.1.6. Ensuring that submissions to the Board are well-researched and reviewed to shorten time spent on discussions which will result in effective decision making.
- 2.1.7. Ensuring that:
 - (a) the Board functions properly,
 - (b) that there is full participation at meetings,
 - (c) all relevant matters are discussed and that effective decisions are made and carried out. An Independent Non-Executive Director shall be guided by the PAN Constitution in the execution of his/her duties.

2.2. Directing and leading the operations of the PAN Executive Office

An Independent Non-Executive Director shall assist the Chairperson in directing and leading the operations of the PAN Executive Office in the following manner:

- 2.2.1. Steering and setting the strategic direction, purpose, and governance of the Association.
- 2.2.2. Approving policies and strategic operational plans in line with the National Payment System Vision and Strategy.
- 2.2.3. Assessing the accountability and performance of the Association through reporting and disclosure.
- 2.2.4. Delegating, overseeing, and monitoring implementation and execution by management.
- 2.2.5. Familiarising him/herself with the financial status of the Association by a regular review and understanding of financial statements.
- 2.2.6. Retaining an independent perspective, while working closely with the PAN Executive Office, in representing the best interests of the National Payment System, PAN, and its stakeholders.
- 2.2.7. Consulting beforehand with the PAN Executive Office on all business to be discussed at meetings and ensuring implementation of resolutions.

2.3. Providing support to and supervising the Chief Executive Officer

As the direct supervisor of the Chief Executive Officer (CEO) in the absence of the Chairperson, an Independent Non-Executive Director shall support the CEO as follows:

- 2.3.1. Liaising with the CEO, as appropriate, to keep an overview of the Association's affairs.
- 2.3.2. Providing advice and support to the CEO in the implementation of PAN's strategic plans, annual budgets, policies and succession planning.
- 2.3.3. Reviewing the performance of the CEO on a bi-annual basis and appropriately recommending development needs.

2.4. Representing the Association as its figurehead

In the absence of the Chairperson, an Independent Non-Executive Director may from time-to-time represent the Association and sometimes be its spokesperson, for example at functions or meetings. Thus, an Independent Non-Executive Director shall effectively communicate the vision and purpose of the Association. In addition, an Independent Non-Executive Director must be aware of current issues that might affect the Association.

2.5. General Duties of an Independent Non-Executive Director

An Independent Non-Executive Director will also be required to assist the Chairperson in carrying other general tasks for the Association, including but not limited to the following:

- 2.5.1. Ensuring compliance with human resources and financial management policies and procedures.
- 2.5.2. Participating and ensuring participation of all Board Members in industry strategic meetings.
- 2.5.3. Reviewing the minutes of Board meetings and signing for accuracy.
- 2.5.4. Familiarising him/herself with and signing required documents.

2.6. Committees

The Board recognises and accepts the legal principle that whilst certain powers can be delegated to individuals and/or committees, the ultimate accountability for the matters delegated remains with the Board. The Board will create certain committees which will assist the Board in the execution of its mandate. Each Committee shall have express terms of reference, which will set out the mandate given to the committee by the Board and will be reviewed and approved by the Board as and when required. Serving on these committees will attract market-related remuneration.

3. PRINCIPLES IN ENSURING GOOD GOVERNANCE BY AN INDEPENDENT NON-EXECUTIVE DIRECTOR

3.1. Independence

An Independent Non-Executive Director may not serve as a chairperson, director or ex officio of any entity that is a member of PAN. S/he must further meet the following King IV criteria or factors pertaining to independence:

- 3.1.1. Must not be a significant provider of financial capital, or ongoing funding to the Association, or be an officer, employee or a representative or such provider of financial capital or funding.
- 3.1.2. Has not been in the employment of PAN as an executive manager during the preceding three financial years, or a related party to such manager.
- 3.1.3. Has not been the designated external auditor responsible for performing the statutory audit for PAN, or a key member of the audit team of the external audit firm, during the preceding three financial years.
- 3.1.4. Must not be a significant or ongoing professional adviser to PAN, other than as a member of the governing body, or the management of a significant customer of, or supplier to PAN; or
- 3.1.5. Is not a member of the governing body or the executive management of another organisation which is a related party.

3.2. Leadership

An Independent Non-Executive Director must have:

- 3.2.1. Strong leadership qualities; knowledge of meeting procedures/protocol, good corporate governance knowledge and be in a position to guide the Board Members on all aspects of the National Payment System.
- 3.2.2. The ability to provide reassurance to shareholders, external stakeholders, and the wider society that the Association is being run in an effective manner and in pursuit of its overall mission.

3.3. Exercising Power within his/her Mandate

- 3.3.1. An Independent Non-Executive Director shall at all times:
 - a) Act within his or her powers and perform his or her functions for a proper purpose.
 - b) Act in good faith.
 - c) Act in the best interest of the Board.
 - d) Not act beyond or exceed the limitations of his or her powers or capacity, which means that an Independent Non-Executive Director should always act within the ambit of his or her authority.

3.4. Payments Knowledge

An Independent Non-Executive Director must:

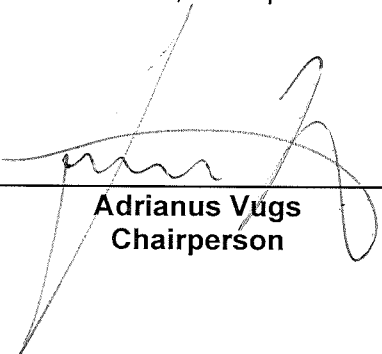
- 3.4.1. Demonstrate understanding of and support for the clear division of responsibilities between the Board and the PAN Executive Office.
- 3.4.2. Possess strong knowledge of the Namibian financial landscape, as well as experience and interest in the National Payments System, its key role players and its operations.
- 3.4.3. At least have a rudimentary understanding of the business of the Association and be familiar with the fundamentals of its core functions.

4. ANNUAL REVIEW

In recognising the above services to be rendered by an Independent Non-Executive Director, the Association will, in turn, pay him or her remuneration as agreed by the Board as documented under section 1.5 above. The terms and conditions as well as remuneration will be reviewed annually by the Board on or before the 30th of September.

5. SIGNATURE

- 5.1. The Terms of Reference is hereby authorised on behalf of the Board.
- 5.2. The Terms of Reference as contained herein may be formally reassessed or amended from time to time, as required.

 _____ Adrianus Vugs Chairperson	 19/3/2025 _____ Date
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