

# NAMPOWER

  

# BOARD PERFORMANCE ASSESSMENT POLICY



<b>Business Unit:</b>	Office of The Managing Director
<b>Division / Section:</b>	Chief Legal, Compliance & Company Secretariat
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## 1. DEFINITIONS

- 1.1 “**Board**” means the NamPower Board of Directors;
- 1.2 “**NamPower**” means Namibia Power Corporation (Pty) Ltd established in terms of the Companies Act, 2004 (Act 28 of 2004);
- 1.3 “**Directors**” means a NamPower board member;
- 1.4 “**Business Unit**” means the top functional units within NamPower;
- 1.5 “**Governance Agreement**” means the agreement entered into between the Minister and the NamPower Board of Directors, as contemplated in section 11(1) of the Public Enterprises Governance Act of 2019 (Act No. 1 of 2019);
- 1.6 “**King Code**” means the Code of Corporate Practices and Conduct representing the principles of good governance as set out in King IV;
- 1.7 “**Minister**” means the Minister of Public Enterprises;
- 1.8 “**NamCode**” means the Corporate Governance Code for Namibia;
- 1.9 “**Performance Agreement**” means the agreement entered into between the Minister and the NamPower board member, as contemplated in Section 12(2) of the Public Enterprises Governance Act of 2019 (Act No.1 of 2019).

## 2. PURPOSE

As entrenched in the NamCode and the King Code, improved board performance and effectiveness is achieved through regular and timely appraisals of the Board of Directors (the “Board”). It is based on the good governance principle that the Board Performance Assessment Policy (the “Policy”) is developed, with the purpose of establishing a framework constituting of principles, processes, methods, and guidelines, which regulate the performance assessment of the Board.

## 3. POLICY STATEMENT

- 3.1 The Board provides strategic leadership that influences the financial position and future direction of NamPower. As such, directors should have the necessary qualities, competencies and experience that will allow them to perform the duties and carry out the responsibilities required of the position in the most effective manner.
- 3.2 The Board is committed to the highest standards of good corporate governance and strives for continuous improvement by seeking to identify and close any loopholes and gaps in its own structure, policies and

functioning. The Board has thus recognised that it is important to continually assess how effectively they are performing their roles against the objectives and goals which they have set for themselves.

- 3.3 It is on this premise that the Board shall conduct an annual Board performance assessment in order to ensure that the Board's focus, structure and operations are consistent with the latest developments in corporate governance, applicable laws, and that NamPower has adopted the best practices in corporate governance, as a means of ensuring sustainability.

## 4. POLICY OBJECTIVES

- 4.1 The objectives of the Policy are to enable the Board:
- 4.1.1 To establish the prevailing level of Board performance.
  - 4.1.2 To provide greater clarity about Board Member's roles and responsibilities.
  - 4.1.3 To identify ways to improve the Board's functioning and operations.
  - 4.1.4 To identify areas where training, development and capacity buildings is required to add value to Board performance.
  - 4.1.5 To identify opportunities to implement more effective structures and procedures that would enhance Board performance.
  - 4.1.6 To determine where current Board practices are detrimental to good corporate governance, and to introduce appropriate remedial interventions.
  - 4.1.7 To identify areas/aspects where support functions, such as the Company Secretary and the Executive Committee ("EXCO"), can be enhanced so that the Board support system is improved.
- 4.2 This Policy further aims to ensure that the committees to which the Board has delegated specific responsibilities are performing efficiently in conformity with the prescribed functions and duties, as set out in the applicable terms of reference.

## 5. POLICY PRINCIPLES

- 5.1 The Policy is based on the following principles:
- 5.1.1 **Responsibility:** The Board is ultimately responsible for its own performance assessment.

- 5.1.2 **Accountability:** The Board is accountable to the line Minister for its decisions and that each Director is jointly and severally accountable for the Board decisions.
- 5.1.3 **Credibility:** The performance assessment assures the shareholder and stakeholders that the Board is focused and proactive in attending to its own performance and continuous improvement.
- 5.1.4 **Value-Add:** The performance assessment enables the Board to ascertain its value proposition to shareholder and stakeholders.
- 5.1.5 **Transparency:** The disclosure of performance assessment results provides evidence of how the Board creates sustainable value to NamPower and beyond.

## 6. SCOPE

- 6.1 The performance assessment shall cover the following:
  - 6.1.1 The Board as collective
  - 6.1.2 The individual Director(s)
  - 6.1.3 The chairperson of the Board
  - 6.1.4 The four (4) Board Committees, namely:
    - 6.1.4.1 The Audit and Risk Management Committee
    - 6.1.4.2 The Remuneration Committee
    - 6.1.4.3 The Investment Committee
    - 6.1.4.4 The Board Procurement Committee
  - 6.1.5 The Managing Director
  - 6.1.6 The Company Secretary

## 7. BOARD PERFORMANCE ASSESSMENT FOCAL AREAS

- 7.1 The annual assessment of the Board, the Chairperson, individual Directors, Board Committees, the Managing Director (“MD”) and the Company Secretary shall aim to identify their strengths, collective skills gaps, effectiveness and areas of improvement.
- 7.2 The performance assessment process will take the form of a self-evaluation through a detailed questionnaire and peer reviews. The questionnaires shall

take into consideration the applicable legal and corporate governance framework.

- 7.3 The Board performance assessment shall concentrate on the following focal areas:

#### **7.3.1 THE BOARD**

- (a) Performance relative to its objectives;
- (b) Fulfilment of responsibilities as set out in its Charter and the Performance and Governance Agreements as executed between the Board and the Line Minister;
- (c) Structure and skills;
- (d) Strategic direction and planning;
- (e) Policy development;
- (f) Monitoring and supervision;
- (g) Accountability;
- (h) Succession planning of Executives;
- (i) Interaction and relationships with the MD and management;
- (j) Leadership, teamwork and culture;
- (k) Composition; and
- (l) Management of agenda, papers, meetings and minutes.

#### **7.3.2 THE CHAIRPERSON**

- (a) Competence and diligence in leading the Board;
- (b) Facilitating and guiding strategy development;
- (c) Relationships with other directors;
- (d) Relationship with the MD;
- (e) Relationship with stakeholders;
- (f) Promoting constructive and respectful relations between directors and between directors and management; and
- (g) Conducting of meetings.

#### **7.3.3 INDIVIDUAL DIRECTORS**

- (a) Competence and judgement;

- (b) Knowledge and experience relevant to the activities of NamPower;
- (c) Ethics and values; and
- (d) Diligence and contribution.

#### **7.3.4 BOARD COMMITTEES**

- (a) Performance against terms of reference;
- (b) Skills and experience;
- (c) Management of agendas, papers, meetings and minutes;
- (d) Communication with and reporting to the Board;
- (e) Relationship with management; and
- (f) Relationship with relevant stakeholders.

#### **7.3.5 MANAGING DIRECTOR**

- (a) Effective and ethical leadership;
- (b) Strategy and Board resolution execution;
- (c) Stakeholder relations management;
- (d) Effective Board reporting and support;
- (e) Financial management and reporting; and
- (f) Innovation and sustainability.

#### **7.3.6 COMPANY SECRETARY**

- (a) Governance advisory and guidance;
- (b) Efficient meetings administration;
- (c) Internal facilitation of Board performance management; and
- (d) Governance documentation development and review.



## 8. FREQUENCY OF BOARD PERFORMANCE ASSESSMENT

The Board shall undertake a performance assessment on an annual basis.

## 9. FACILITATION OF THE BOARD PERFORMANCE ASSESSMENT

The Board performance assessment shall be facilitated by an independent external facilitator which shall be appointed following a procurement process in line with applicable procurement procedures and processes within the organisation.

## 10. METHODOLOGY AND PROCESS FLOW

10.1 The performance assessment of the Board shall be conducted in accordance with the processes set out below:

### 10.1.1. PHASE 1: PROCUREMENT OF EXTERNAL INDEPENDENT ASSESSMENT FACILITATOR

The Company Secretary shall, after consultation with the Chairperson of the Board, procure the services of the External Independent Assessment Facilitator.

### 10.1.2. PHASE 2: UNDERTAKING THE STATE OF GOVERNANCE AFFAIRS.

During this phase, an initial engagement shall take place between the facilitator and the Company Secretary.

The aim of the engagement shall be,

- (i) to clarify to the facilitator the role of the key players in the governance of the NamPower (Board of Directors, Board Committees, the Chairperson and the Company Secretary); and
- (ii) to afford the facilitator an opportunity to get a full overview of the whole governance system of NamPower.

### 10.1.3. PHASE 3: DESIGN, DEVELOPMENT AND DISTRIBUTION OF ASSESSMENT TOOLS

- (i) The facilitator shall, design and develop the performance assessment tools;

- (ii) The primary appraisal tool in NamPower shall be questionnaires, developed by the facilitator, which can be administered manually or electronically.
- (iii) The questionnaires should include thought provoking questions, encourage commentary, and help identify the root cause of any governance challenge. The responses to the Board assessment questionnaires should be treated confidentially in order to ensure honest and frank input; and
- (iv) The secondary Board performance assessment tools shall be the Board and Committee meeting observations, document review as well as face-to-face interviews.

#### **10.1.4. PHASE 4: ANALYSIS, INTERPRETATION AND COLLATION OF DATA RESULTS**

During this phase, the facilitator shall analyse, interpret, and collate results obtained under phase 3. The analysed results shall be interpreted to provide for response patterns, discrepancies and outliers. These will be consolidated into a formal report under phase 5.

#### **10.1.5. PHASE 5: REPORT-BACK WORKSHOP**

In phase 5, the facilitator shall present the Board performance report for consideration by the Board. This will ideally be done at a workshop so that Directors can freely reflect on the performance outcomes. The report shall contain findings in respect of all assessed items, highlighting areas of good and satisfactory performance as well as those that require corrective action.

#### **10.1.6. PHASE 6: ACTION PLAN**

Under phase 6, the Company Secretary in consultation with the facilitator will develop an Action Plan document, guided by the outcome(s) of the Report-back workshop. The document will highlight the following:

- (i) matters requiring attention;
- (ii) recommended corrective actions;
- (iii) persons responsible for executing corrective actions; and
- (iv) timelines for carrying out corrective actions.

## 11. DISCLOSURE

- 11.1 NamPower shall formally disclose the findings of the Board Performance Assessment with the Minister of Public Enterprises.
- 11.2 NamPower shall also disclose that the Board has undergone a performance assessment in accordance with this Policy, in the corporate governance section of its Annual Report.
- 11.3 The Annual Report shall further indicate the methodology used as well as that corrective action that has been taken to address previously identified deficiencies.

## 12. REVIEW

The policy shall be reviewed as and when the need arises, but not later than once every three (3) years.

## 13. APPROVAL

This policy was recommended for approval by EXCO.

On the ..... day of ..... 2021.

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Kahenge Simson Haulofu  
**Managing Director on behalf of EXCO**

This policy was recommended for approval by the Board of Directors.

On the ..... day of ..... 2021.

.....  
Daniel Motinga  
**Chairperson on behalf of the Board**