



## NATIONAL POWER CORPORATION

### DISCLOSURE

#### **A. GCG-administered Internet-Based Performance Evaluation for Directors (IPED)**

The Board of Directors of National Power Corporation annually evaluates and assesses its performance through a self-evaluation process that is administered by the Governance Commission for GOCCs (GCG). Consistent with the thrust of ensuring that the National Power Board observes the highest degree of professionalism in fulfilling its fiduciary duties, both Ex-Officio/Alternate and Appointive Directors rate themselves and their peers on a scale of 1 to 9, with '9' being the highest. For the Appointive Director, the rating of his/her peers serves as the incentive factor in determining the performance-based incentives.

The self-evaluation/performance assessment has the following dimensions/criteria:

1. Knowledge and Personal Development;
2. Teamwork and Communication;
3. Board Management;
4. Managerial Competency;
5. Leadership Competency;
6. Board Relationship;
7. Financial Management;
8. Product/Service Competency; and
9. Human Resource Management

The results of the performance evaluation are confidentially communicated to the Members of the Governing Board upon receipt of the scores/ratings from the GCG. The evaluation is also included as an agenda item in the Governance Committee Meeting of the Whole prior to the annual nomination and re-election of the Corporation's President and Chief Executive Officer.

For **CY 2018**, the results of the annual performance assessment were duly communicated to and were discussed in an executive session attended by all Members of the Governing Board.



For **CY 2019**, the PED results were already requested from GCG. However, per letter dated 09 February 2021, the Governance Commission informed the Office of the Corporate Secretary that the results are not yet available as one of its components have yet to be evaluated by GCG.

For **CY 2020**, the DAS platform has just been opened and as soon as the entries are validated by GCG, the qualified Members of the Governing Board shall be granted access to complete the online PED forms.

## **B. In-house Board and Committee Appraisal**

Conscious of the fact that the Performance Evaluation for Directors (PED) is director-centric (i.e. focuses on the *contribution of the Director* to strategic thinking; and leadership, commitment and participation of the *Director* to Board and Committee proceedings and discussions), the Office of the Corporate Secretary is also administering a parallel *in-house* Board Committee Appraisal covering the Performance and Activities of the National Power Board and its standing committees.

The Governing Board of NPC has agreed that the in-house Board and Committee Appraisal are to be administered *one week* after the closure of the annual PED of GCG to ensure that all members can fully participate the assessment process.

For the CY 2020 performance assessment, the questionnaires were finalized and migrated to a *Google Survey Form* as the accomplishment of the survey through paper and pencil is discouraged to help contain the transmission and spread of the COVID19 virus.

For the *in-house* Board and Committee appraisal, members of the Governing Board provide ratings on a scale of 1 to 5, with 5 being the highest on questions involving the following sections:

- a. Composition and Quality
- b. Meetings and Procedures
- c. Function and Duties
- d. Capacity Development
- e. Strategy and Risk Management
- f. Board and Management Relations
- g. Succession Planning

At the end of each question is an inquiry on how the Board or its Committee can do things better or differently. This would allow the participating Member/Director to recommend specific measures or to explicate the assessment made on a particular section.

In sum, the *in-house* Board and Committee appraisal seeks to continuously improve corporate governance practices in National Power Corporation. The results of the assessment are hoped to improve how the Board and its standing Committees oversee corporate performance and protect the interest of all stakeholders of the Corporation.

01 March 2021.



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Corporate Secretary