PERFORMANCE AGREEMENT

Made and entered into by and between:

CENTLEC (SOC) Ltd

As represented by the Chairperson of the Board,

MODISE CASALIS MOKITLANE

("the **Employer**")

And

KGOMOTSO COMFORT TSITSI

In his capacity as the Company Secretary of CENTLEC (SOC) Ltd

("the **Employee**")

For The Financial Year:

01 July 2025 – 30 June 2026

THIS PERFORMANCE AGREEMENT IS ENTERED INTO BY AND BETWEEN:

CENTLEC (SOC) Ltd (hereafter referred to as the **Employer),** herein represented by **MODISE CASALIS MOKITLANE** in his capacity as the **Chairperson of the Board**, and **KGOMOTSO COMFORT TSITSI, Company Secretary** of **CENTLEC (SOC) Ltd** (hereafter referred to as the **Employee**).

Whereby it is agreed as follows:

1. INTRODUCTION

1.1 The **Employer** has entered into a contract of employment with the **Employee** in terms of section 57(1)(a) and section 57(1)(b) of the Local Government: Municipal Systems Act 32 of 2000 ("the Systems Act"). The **Employer** and the **Employee** are hereinafter referred to as "**the Parties**".

1.2 The contract of employment concluded between **the Parties**, as referred to in paragraph 1.1 above, requires **the Parties** to conclude an annual performance agreement. **The Parties** hereby agree to have this contract developed by application of the principles of Section 57(2)(a)(ii) of the Municipal Systems Act 32 of 2000 ("the Systems Act") as amended from time to time, and the Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly accountable to Municipal Managers, 2006, as well as Local Government: Regulations of Appointment and Conditions of Employment of Senior Managers, 2014 and all applicable legislations but not limited to the abovementioned.

1.3 **The Parties** wish to ensure that they are clear about the goals to be achieved and secure the commitment of the **Company Secretary,** reporting to the **Chairperson of the Board,** to a set of actions that will secure performance goals.

1.4 This performance agreement is between **KGOMOTSO COMFORT TSITSI,** Company Secretary, and **CENTLEC (SOC) Ltd**. It is for the **2025/26 financial year** only. The expected performance reflected in this contract is based on the **Employer's** Service Delivery and Budget Implementation Plan (SDBIP) for the **2025/26 financial year** and therefore shall be the basis of the performance assessment.

2. PURPOSE OF THIS AGREEMENT

The Parties agree that the purpose of this Agreement is to:

2.1 Comply with the provisions of Section 57(1) and (2), 57(4); 57(4A); 57(4B); 57(4C) and 57(5) of the Municipal Systems Act as well as the employment contract entered into between **the Parties**;

2.2 Specify objectives and targets defined and agreed with the **Employee** and to communicate to the **Employee** the **Employer's** expectations of the **Employee's** performance and accountabilities in alignment with the Service Delivery and Budget Implementation Plan (SDBIP) and the **Employer's** Budget for **2025/26** financial year.

2.3 Specify the accountabilities as set out in the Performance Plan, which forms **Annexure A** to this performance agreement.

2.4 Monitor and measure performance against set targeted outputs.

2.5 Use the performance agreement as a barometer to assess the **Employee's** performance.

2.6 In the event of outstanding performance, to reward the **Employee** appropriately; and

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2.7 Give effect to the **Employer's** commitment to a performance-oriented relationship with its **Employee** in attaining equitable and improved service delivery.

3. COMMENCEMENT AND DURATION

3.1 This Agreement will commence on **1st of July 2025** until **30th June 2026** thereafter a new Performance Agreement, Performance Plan **(Annexure A),** Personal Development Plan **(Annexure B),** Financial Disclosure **(Annexure C)** and Code of Conduct **(Annexure D)** for Municipal Staff Members as per Schedule 2 of the Municipal Systems Act shall be concluded between **the Parties** for the next financial year or any portion thereof.

3.2 **The Parties** must review the provisions of this agreement during June each year and conclude a new performance agreement that replaces the previous agreement at least once a year within one month after the commencement of the new financial year.

3.3 This Agreement will terminate on the termination of the **Employee's** contract of employment for any reason.

3.4 The content of this Agreement may be revised at any time during the above-mentioned period to determine the applicability of the matters agreed upon.

3.5 If at any time during the validity of this Agreement, the work environment alters (whether resulting from the Board of Directors' decision, the Council of the parent municipality resolution or otherwise) to the extent that the contents of this Agreement are no longer appropriate, the contents shall be revised within 7 days.

4. PERFORMANCE OBJECTIVES

4.1 The Performance Plan **(Annexure A)** sets out:

a) The Key Performance Area, Key Performance Indicator and targets that must be met by the **Employee**; and

b) The timeframes within which those performance objectives and targets must be met.

4.2 The Key Performance Area, Key Performance Indicator and targets reflected in **Annexure A** are set by the **Employer** in consultation with the Employee and based on the Service Delivery and Budget Implementation Plan (SDBIP) and the Budget of the **Employer,** and shall include key objectives, key performance indicators, target dates and weightings:

a) The Key Performance Objectives describe the main tasks that need to be done.

b) The Key Performance Indicators provide the details of the evidence that must be provided to show that a Key Performance Objective has been achieved.

c) The Target Date describes the timeframe in which the work must be achieved.

d) The Weightings show the relative importance of the Key Performance Objectives to each other.

4.3 The key objectives describe the main tasks that need to be done. The key performance indicators provide the details of the evidence that must be provided to show that a key objective has been achieved. The target dates describe the timeframe in which the work must be achieved. The weightings show the relative importance of the key objectives to each other.

4.4 The **Employee**'s performance will, in addition, be measured in terms of contributions to the goals and strategies set out in the **Employer**'s Integrated Development Plan (IDP).

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5. PERFORMANCE MANAGEMENT SYSTEM

5.1 The **Employee** agrees to participate in the Performance Management System (PMS) that the **Employer** approves and introduces for the Entity.

5.2 The **Employee** accepts that the purpose of the Performance Management System is to provide a comprehensive system with specific performance standards to assist the **Employer**, its management, and staff to perform to the standards required.

5.3 The **Employer** will consult the **Employee** about the specific performance standards that will be included in the Performance Management System as applicable to the **Employee**.

5.4 The **Employee** undertakes to focus actively on the promotion and implementation of the Key Performance Areas (KPAs) (including special projects relevant to the **Employee**'s responsibilities) within the Service Delivery and Budget Implementation Plan.

5.5 The criteria upon which the performance of the **Employee** must be assessed consist of two components, both of which must be contained in the performance agreement.

5.6 The **Employee** must be assessed against both components, with a weighting of 80:20 allocated to the Key Performance Areas (KPAs) and the Competency Framework, respectively.

5.7 Each area of assessment will be weighted and will contribute a specific part to the total score.

5.8 KPAs covering the main areas of work will account for 80% and Competency Framework will account for 20% of the final assessment.

5.9 Personal growth and development needs identified during any performance review discussion must be documented in a Personal Development Plan (PDP) as well as the actions agreed to and implemented that must take place within set timeframes.

5.10 The **Employee**'s assessment will be based on his performance in terms of the outputs/outcomes (performance indicators) identified as per the attached Performance Plan **(Annexure A)**, which are linked to the KPAs, and will constitute 80% of the overall assessment result as per the weightings agreed to between the **Employer** and **Employee**:

No.	Key Performance Areas (KPAs) = *80% of the total Score*	Weighting
1	Transformation and Organisational Development	0
2	Basic Service Delivery and Infrastructure Development	0
3	Local Economic Development	0
4	Financial Management & Viability	0
5	Good Governance & Public Participation	80
TOTAL *(NB: the sum total of weighted KPAs must always add up to 80)*		80

Key performance areas related to the **Employee**, must be subject to negotiation between the **Employer** and **Employee**.

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Annexure A: Performance Plan

Key Performance Area	Weighting	Ref.	Key Performance Indicator	Baseline Information	Target			
					Timeframes	Output	Unit of measure	Portfolio of Evidence
Good Governance & Public Participation	15	2.1	Submit the 2025 Statutory Annual Return of the company to CIPC as required by the Companies Act No. 71 of 2008 by 03 July 2026.	2024/25 Statutory Annual Return	03 July 2026	Annual Statutory Return	1 Annual Statutory Return	Proof of submission
	15	2.2	Company policies including Board Charter and Terms of Reference for Board Committees are approved by CENTLEC Board by 30 June 2026.	New KPI	30 June 2026	Reviewed	1 approval by the Board	Approved Board Charter & Terms Of Reference
	10	2.3	Board procedures are followed and regularly reviewed by 30 June 2026.	New KPI	1 July 2025 – 30 June 2026	Scheduled Board meeting	Number	Approved Board procedures
	10	2.4	Training for Board members by 30 June 2026.	Training conducted for Board members	1 July 2025 – 30 June - 2026	Training report	Number One annual training provided for Board members	Invoice booking from service provider
	5		% of Risk Management action plans for 2024/25	2024/25	Quarterly	Recommended Action Plans aligned to the root cause analysis	Dependant on the Action Plan items relevant to P&C	Updated action plan
	10		% of Risk Management action plans implemented	2023/24	As per the Audit Plan	Recommended Action Plans aligned to the root cause analysis	3 days	Updated action plan
	10		% of AGSA and Internal Audit findings related to the directorate resolved	2023/24 AGSA and Internal Audit Action Plans	Quarterly	External evidence	Annual	Audited Annual financial statements AGSA management letter Audit report
	5	MFMA Circular 88 G3.11	Zero (0) repeatable internal and external audit findings	2023/24 AGSA and Internal Audit Action Plans	Quarterly	External evidence	Annual	Internal &AGSA Report Management letter Annual/Quarterly dashboard.
TOTAL	**80**							

6. COMPETENCY FRAMEWORK

6.1 The Competency Framework will make up the other 20% of the **Employee**'s assessment score. The Competency Framework consists of:

a) "core competencies" are competencies that cut across all levels of work in a municipality and enhance contextualised leadership that guarantees service delivery impact; and

b) "leading competencies" means competencies that are required to develop clear institutional strategy, initiate, drive and implement programs to achieve long-term sustainable and measurable service delivery performance results.

Competency Framework	
Leading Competencies	**Weighting**
Strategic direction and Leadership	2
People Management	2
Programme and Project Management	2
Financial Management	1.5
Change Leadership	1.5
Governance Leadership	2
Core Competencies	**Weighting**
Moral Competence	1.5
Planning and Organising	1.5
Analysis and Innovation	1.5
Knowledge and Information Management	1.5
Communication	1.5
Results and Quality Focus	1.5
TOTAL	**20**

7. EVALUATING PERFORMANCE

7.1 The **Employee** shall submit the quarterly performance report after the end of the quarter, which will be supported by relevant and sufficient documentary evidence.

7.2 The quarterly performance reports, including the supporting evidence, shall be subject to both internal and external audit.

7.3 The evaluation of the **Employee's** performance will form the basis for rewarding outstanding performance or correcting unacceptable performance.

7.4 The annual performance appraisal will involve:

7.4.1 Assessment of the achievement of results as outlined in the Performance Plan:

a) Each KPA shall be assessed according to the extent to which the specified standards or performance indicators have been met and with due regard to *ad hoc* tasks that had to be performed under the KPA;

b) An indicative rating on the five-point scale shall be provided for each KPA; and

c) The applicable assessment-rating calculator must then be used to add the scores and calculate a final KPA score.

7.4.2 Assessment of the Competency Framework

a) Each Leading and Core Competency shall be assessed according to the extent to which the specified standards have been met. There is no hierarchical connotation to the structure and all competencies are essential to the role of a senior manager to influence high performance. All competencies must therefore be considered as measurable and critical in assessing the level of a senior manager's performance.

b) An indicative rating on the five-point scale shall be provided for each Leading and Core Competencies.

c) This rating shall be multiplied by the weighting given to each Leading and Core Competencies during the contracting process, to provide a score.

d) The applicable assessment-rating calculator must then be used to add the scores and calculate a final Competency Framework.

7.4.3 Overall rating

a) An overall rating shall be calculated using the applicable assessment-rating calculator. Such overall rating shall represent the outcome of the performance appraisal.

7.5 The assessment of the performance of the **Employee** will be based on the following five-point rating scale for both KPAs and Competency Framework:

Level	Terminology	Description	Rating				
			1	2	3	4	5
5	Outstanding Performance	Performance far exceeds the standard expected of an **Employee** at this level. The key appraisal indicates that the **Employee** has achieved above fully effective results against all performance criteria and indicators as specified in the Performance Agreement (PA) and Performance Plan and maintained this in all areas of responsibility throughout the year.					
4	Performance significantly above expectations	Performance is significantly higher than the standard expected in the job. The appraisal indicates that the **Employee** has achieved above fully effective results against more than half of the performance criteria and indicators and fully achieved all others throughout the year.					
3	Fully effective	Performance fully meets the standards expected in all areas of the job. The appraisal indicates that the **Employee** has fully achieved effective results against all significant performance criteria and indicators as specified in the PA and Performance Plan.					
2	Performance not fully effective	Performance is below the standard required for the job in key areas. Performance meets some of the standards expected for the job. The review/assessment indicates that the **Employee** has achieved below fully					

Level	Terminology	Description	Rating
			1 2 3 4 5
		effective results against more than half the key performance criteria and indicators as specified in the PA and Performance Plan.	
1	Unacceptable performance	Performance does not meet the standard expected for the job. The review/assessment indicates that the **Employee** has achieved below fully effective results against almost all the performance criteria and indicators as specified in the PA and Performance Plan. The **Employee** has failed to demonstrate the commitment or ability to bring performance up to the level expected in the job despite management efforts to encourage improvement.	

7.6 The evaluation will be done between the **Employer** and the **Employee.**

7.6.1 For purposes of evaluating the annual performance of the **Employee**, an evaluation panel constituted of the following persons must be established—

a) Chairperson of the Board;

b) Chairperson of the performance audit committee or the audit committee in the absence of a performance audit committee;

c) Chairperson of the Human Resources and Remuneration Committee; and

d) Shareholder Representative.

7.6 The Manager responsible for Human Resources of the **Employer** must provide secretarial services to the evaluation panel.

7.8 Despite the establishment of agreed intervals of evaluation, the **Employer** may in addition review the **Employee's** performance at any stage while the contract of employment remains in force.

8. SCHEDULE OF PERFORMANCE REVIEWS

8.1 The performance of the **Employee** in relation to his performance agreement shall be reviewed on the following dates with the understanding that reviews in the first and third quarter may be verbal if performance is satisfactory:

Quarter	Timeframe	Due date
First Quarter	1 July 2025 – 30 September 2025	31 December 2025
Second Quarter	1 October 2025 – 31 December 2025	31 March 2026
Third Quarter	1 January 2026 – 31 March 2026	30 June 2026
Fourth Quarter	1 April 2026 – 30 June 2026	31 December 2026

8.2 The **Employer** shall keep a record of the mid-year review and annual assessment meetings.

8.3 Performance feedback shall be based on the **Employer's** assessment of the **Employee's** performance.

8.4 The **Employer** will be entitled to review and make reasonable changes to the provisions of the performance plan from time to time for operational reasons on agreement between both parties.

8.5 The **Employer** may amend the provisions of the performance plan whenever the performance management system is adopted, implemented and / or amended as the case may be on agreement between both parties.

9. DEVELOPMENTAL REQUIREMENTS

9.1 A personal development plan (PDP) for addressing developmental gaps must form part of the performance agreement as **Annexure B**.

10. OBLIGATIONS OF THE EMPLOYER

10.1 The **Employer** must:

a) create an enabling environment to facilitate effective performance by the **Employee;**

b) provide access to skills development and capacity building opportunities;

c) work collaboratively with the **Employee** to solve problems and generate solutions to common problems that may impact on the performance of the **Employee;**

d) on the request of the **Employee** delegate such powers reasonably required by the **Employee** to enable him to meet the performance objectives and targets established in terms of the agreement; and

e) make available to the **Employee** such resources as the **Employee** may reasonably require from time to time to assist him to meet the performance objectives and targets established in terms of the agreement.

11. CONSULTATION

11.1 The **Employer** agrees to consult the **Employee** timeously where the exercising of the powers will have, amongst others—

a) a direct effect on the performance of any of the **Employee's** functions;

b) commit the employee to implement or to give effect to a decision made by the **Employer**; and

c) a substantial financial effect on the **Employer.**

11.2 The **Employer** agrees to inform the **Employee** of the outcome of any decisions taken pursuant to the exercise of powers contemplated in 10.1 above, as soon as is practicable to enable the **Employee** to take any necessary action without delay.

12. MANAGEMENT OF EVALUATION OUTCOMES

12.1 The evaluation of the **Employee's** performance will form the basis for rewarding outstanding performance or correcting unacceptable performance.

12.2 A performance bonus ranging from 5% to 14% of the all-inclusive remuneration package may be paid to an **Employee** in recognition of outstanding performance.

12.3 In accordance with regulation 32 of the Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to Municipal Managers of 2006, a performance bonus, based on affordability, may be paid to the Employee, after—

a) the annual report for the financial year under review has been tabled and adopted by the municipal council;

b) an evaluation of performance in accordance with the provisions of regulation 23; and

c) approval of such evaluation by the municipal council as a reward for outstanding performance.

12.4 In determining the performance bonus the relevant percentage is based on the overall rating, calculated by using the applicable assessment rating calculator; provided that—

a) a score of 130% to 149% is awarded a performance bonus ranging from 5% to 9%; and

b) a score of 150% and above is awarded a performance bonus ranging from 10% to 14%.

12.3. In the case of unacceptable performance, the **Employer** shall:

a) Provide systematic remedial or developmental support to assist the **Employee** to improve his performance; and

b) After appropriate performance counselling and having provided the necessary guidance and / or support and reasonable time for improvement in performance, and performance does not improve, the **Employer** may consider steps to terminate the contract of employment of the **Employee** on grounds of unfitness or incapacity to carry out his duties.

13. DISPUTE RESOLUTION

13.1 Any disputes about the nature of the **Employee's** performance agreement, whether it relates to key responsibilities, priorities, methods of assessment in the agreement, must be mediated by:

a) The MEC for local government in the province within 30 days of receipt of a formal dispute from the **Employee**, or any other person designated by the MEC.

13.2 Any disputes about the outcome of the **Employee's** performance evaluation, must be mediated by—

a) The MEC for local government in the province within 30 days of receipt of a formal dispute from the employee, or any other person designated by the MEC.

14. GENERAL

14.1 The contents of the performance agreement must be made available to the public by the **Employer** in accordance with the Municipal Finance Management Act, 2003 and Section 21 of the Municipal Systems Act.

14.2 Nothing in this agreement diminishes the obligations, duties, or accountabilities of the **Employee** in terms of his employment contract, or the effects of existing or new regulations, circulars, policies, directives, or other instruments.

Thus, done and signed as follows:

EMPLOYEE:

Name: Kgomotso C Tsotsi Signature: _____ Date: 24/07/2025

WITNESSES:

1. Name: Dingo Mokoena Signature: _____ Date: 24/07/2025

2. Name: Velencia Motsedi Signature: _____ Date: 24/07/2025

FOR AND ON BEHALF OF CENTLEC (SOC) Ltd (EMPLOYER):

Name: MODISE MOKITLANE Signature: _____ Date: 29/07/2025

WITNESSES:

1. Name: M.S Molomo Signature: _____ Date: 29/07/2025

2. Name: SC Shopane Signature: _____ Date: 29/07/2025