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		Office of the Company Secretary	

MINUTES OF THE BOARD PEOPLE & GOVERNANCE IN-COMMITTEE MEETING 07-2015/16  
HELD ON TUESDAY 9 FEBRUARY 2016 IN THE HUVO NKULU BOARD ROOM, EXECUTIVE  
FLOOR, MEGAWATT PARK

STRICTLY CONFIDENTIAL

**PRESENT**

**Members**

Ms V Klein	Chairperson
Ms N Carrim	Member
Mr B Molefe	Group Chief Executive ("GCE")
Dr B S Ngubane	Member
Mr Z Khoza	Member
Ms C Mabude	Member

**Officials**

Mr A Minnaar	Executive Support Manager
Ms S Daniels	Company Secretary

**APOLOGIES**

Mr L Giovanni	Member
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**1. OPENING AND WELCOME**

The Chairperson opened the meeting and welcomed all those present.

**2. APOLOGIES**

Apologies as above were noted.

**3. QUORUM**

A quorum being present, the Chairperson declared the meeting duly constituted.


**4. DECLARATION OF INTERESTS**

There were no declarations pertaining to items on the agenda and a declaration of interest register was circulated for signature.

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**RESOLVED THAT:**

7.4.1 the alignment of the Board fee structure between that of Eskom and Transnet be recommended to the Minister of Department of Public Enterprises for approval.

The Chairperson noted the significant efforts of the Board Chairman to date to correct the misaligned Board fee structure.

**7.5 Group Chief Executive: Conclusion of contract**

Mr Minnaar reminded the meeting that the Minister had requested that the contract be concluded for a 5 year period and that she had also requested to have oversight over the contract. In addition, Eskom was given until the end of January 2015 to conclude the matter. A letter had however been addressed to the Minister regarding the retirement of the GCE and a response was awaited.

Mr Minnaar noted that a fixed term contract of 5 years at this level was a first for Eskom and was also not aligned with best practice. He explained the negative impact of this on the retirement benefits of the relevant individuals (GCE and CFO) and proposed that approval be granted for remedial action based on past practices and precedents in Eskom to counter this impact, which could include additional pensionable service being granted and/or penalties being waived. Mr Minnaar quoted a number of examples where this had been done in Eskom in the past.

Mr Minnaar thereafter spelled out the required resolution noting the current rule that staff over 50 years of age with at least 10 years' service were entitled to retire as per the Eskom Pension and Provident Fund rules. The request was for the Eskom rules to be amended in respect of executive directors with fixed term contracts to make up the shortfall in years, waive the penalties and refund to the Pension and Provident Fund the actual cost relating to the additional service. He explained that refunding the cost would not reflect as emoluments of the executive director in question as this would constitute a transaction between Eskom and the Fund only with no money being paid to the individual.

The Chairperson summarised her understanding of the proposal as far as it would relate to the GCE. In respect of the CFO, the matter would be more complicated as he would not be 50 years of age at the time that the fixed term contract came to an end. The meeting enquired whether a proposal could be considered for the CFO and tabled for consideration in due course.

**RESOLVED THAT:**


7.5.1 the current Eskom Pension and Provident Fund (EPPF) rule that Employees may proceed on retirement from age 50 with 10 years' service, remains applicable;



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7.5.2 In cases where an Executive Director (appointed on a fixed term contract) decide to take early retirement and there is a shortfall regarding the EPPF 10 years' service rule, Eskom shall:

- i. bridge the gap to make up for the 10 years;
- ii. waive penalties applicable to early retirement; and
- iii. refund EPPF actual costs for additional service added, plus penalties applicable to early retirement; and

7.5.3 a proposal in respect of the Chief Financial Officer to be considered and submitted to the Committee in due course.

#### 8. CONFIRMATION OF MINUTES OF THE PREVIOUS MEETING

##### 8.1 Minutes of the Previous Meeting Reference Document 5.1(a)

The minutes of the In-Committee meeting No. 06-2015/16 held on 22 October 2015, having been circulated, were considered. The Chairperson requested that the minutes be carefully reviewed to ensure correctness. She noted, for example, an error in the minutes that needed to be corrected. The Company Secretary confirmed that the wording of the relevant item would be revised accordingly. The Chairperson furthermore noted that discussions around the travel policy and appointment of non-executive directors on the board of subsidiary companies had been discussed. The Company Secretary was requested to consider the matter based on the provisions of the Eskom Memorandum of Incorporation.

##### RESOLVED THAT:

- 8.1.1 the minutes of the People and Governance Committee In-Committee meeting No. 06-2015/16 held on 22 October 2015 are approved as an accurate reflection of the proceedings, subject to the proposed amendments; and
- 8.1.2 the Chairperson of this meeting is duly authorised to sign the minutes.

#### 9. MATTERS ARISING FROM PREVIOUS MINUTES

##### 9.1 Matters arising Reference Document 6.1(a)

The Action List as included in the meeting papers was NOTED.

#### 10. GENERAL

There were no further matters for discussion.

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**RESOLUTION**

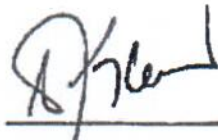
AT ITS MEETING ON 9 FEBRUARY 2016, THE PEOPLE AND GOVERNANCE COMMITTEE OF THE ESKOM BOARD RESOLVED THE FOLLOWING:

1. The current Eskom Pension and Provident Fund (EPPF) rule that Employees may proceed on retirement from age 50 with 10 years' service, remains applicable.
2. 2. cases where Executive Director's (appointed on fixed term contracts) decide to take early retirement and there is a shortfall regarding the EPPF 10 years' service rule, Eskom shall:
  - i. Bridge the gap to make up for the 10 years'
  - ii. Waive penalties applicable to early retirement
  - iii. Refund EPPF actual costs for additional service added, plus penalties applicable to early retirement



Dr B S Ngubane


CHAIRMAN: ESKOM



Ms V J Qain

CHAIRPERSON: PEOPLE AND GOVERNANCE COMMITTEE



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 Mush.

