

ZA-EMPcon19

## **Directors service agreement (employment contract)**

### **Service Contract**

**Dated:** [date]

**Name:** [name]

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Schedule 1 Bonus system

**This contract is dated:** [ ]

**Your employer is:** [Company name] (“the ” “ / ”)

**Your employer’s address is:** [ ]

**You are:** [ ]

**Your address is:** [ ]

**The contract terms are:**

The terms and conditions set out herein will constitute your employment contract with the Company with effect from [date]. Where a basic condition of employment is not specifically mentioned, the relevant legislation will be applicable (eg. the Basic , 66 1995 , 75 1997 , ).

## 1. Definitions

In this agreement:

“Board” means the board of directors of the Company.

## 2. Entire understanding

2.1. Except as noted below, this agreement contains the entire understanding between you and us and supersedes all previous agreements and arrangements (if any) relating to your employment.

2.2. In agreeing this contract we have relied on certain documents and information you have provided to us. If we discover that any of that information is inaccurate, you will be in

2.2.1 Your curriculum vitae / resume, sent to [ ] ;

2.2.2 certificates of education showing school and university qualifications and in particular that you have achieved a [master of arts] [ ]

;

2.2.3 your statement that you have qualified as a [trade or profession] [ ].

### 3. Start and continuity

3.1. Your employment with the Company starts / [ ].

3.2. [Your employment is for a fixed term of [number] [ ].]

3.3. No employment with any other employer counts towards your continuous .

OR

3.4. Previous employment with [name of employer] from [date] to [date] counts as .]

AND, in both cases,

3.5. This contract is conditional on approval by the shareholders of .

### 4. Job title and job description

4.1. Your job title is [job title]

4.2. Your main tasks and responsibilities are set out .

4.3. You now agree that we may change your job description or ask you to do a different job of a similar status and requiring similar skills. We may also ask you to perform duties additional to those now envisaged or those actually undertaken at , .

- 4.4. Your duty is to perform your job to the best of your ability and to comply with the .
- :
- 4.4.1 hold any office and/or other appointment in or on behalf of ;
- 4.4.2 report to the [title / chief executive / Board] as often as necessary to keep them fully
- 4.4.3 You agree to do all in your power to promote develop and extend the business of the Company and in all respects conform to and comply with the proper and reasonable directions [ / / , , ].
- 4.4.4 comply with all rules or codes of conduct required by any regulatory body in .

## 5. Place of work

- 5.1. Your normal place of work is [address] but we reserve the right to change 25 .
- 5.2. You agree to work anywhere in the South Africa as the Company may require .
- 5.3. If the Company requires you to work permanently at a place which necessitates a move from your present .

## 6. Hours of work

- 6.1. Your normal hours of work are [9.00 am to 5.30 pm] Monday to Friday, excluding public holidays. However owing to the nature of your job your working time
- 6.2. It is in the nature of your job that the task on hand may frequently be more important than the specific hours. Accordingly, you are required

## 7. Salary

- 7.1. Your salary is R [0000] per annum payable in equal monthly instalments [by credit transfer] on the 28th day of each month, 28th ,
- 7.2. You will receive no additional payment .
- 7.3. Your salary will be reviewed annually by the Remuneration Committee. We will tell you of any change. The Company shall
- 7.4. [The Company operates a [ ] 1.]
- OR*
- 7.5. The Company may pay you a ,
- 7.6. The Company may at any time during your employment and after

## 8. Expenses

- 8.1. The Company will reimburse to you all reasonable expenses ,
- 8.2. The Company reserves the right to change this arrangement so

8.3. So far as the Company provides credit

:

8.3.1 keep the card safe at all times;

8.3.2 notify the issuing company and

8.3.3 comply with

8.3.4 avoid using the card for any service

8.4. The Company will re-imburse

## 9. Leave for holidays and other reasons

9.1. In this paragraph we refer to holidays,

9.2. Your entitlement to leave for holidays and all other [ 21  
- ] [ ] /

9.3. The Company's holiday year runs from [\[January 1 to December 31\]](#).  
Your entitlement to leave days is calculated

9.4. [\[We ask you to agree the dates of your holidays at least 28](#)

.]

9.5. At a minimum, you must give us notice of twice as many days as

.(

- ).
- 9.6. We may also give you similar ( )
- 9.7. You can take your holidays ( ).
- 9.8. Holidays you take for religious reasons
- 9.9. A day's holiday pay for  
1 / 260th
- 9.10. You may not carry holiday forward from one

OR

- 9.11. You will be entitled to carry [ ]
- 9.12. If either of us terminates your employment by notice, then any holiday entitlement which will have accrued at the date
- 9.13. During the first three months of employment we request that you do not take

## 10. Sickness or other absence

- 10.1. You can [ ]
- 10.2. If you are unexpectedly absent from work for any reason you must inform us of the reason for your absence and likely duration



## **12. Health insurance**

12.1. The Company will pay the premiums on a

12.2. The Company reserves the right to

12.3. The Company is not itself liable

## **13. Liability insurance**

The Company will take out insurance against liabilities in connection

## **14. Company Car**

14.1. The Company will provide a car for your business

14.2. You must comply with Company car

14.3. When your employment terminates, you agree to return

14.4. You agree to take good care

14.5. [You agree that the final payment](#)

OR

14.6. The Company will not provide you with a car. Instead the Company will pay you a monthly car allowance of R [n]

14.7. Your car allowance will be

14.8. Your car allowance is fully

## **15. Staff handbook and Company policies**

15.1. You now acknowledge that you have been given a

:

15.1.1 health and safety;

15.1.2 equal opportunities and non-harassment;

15.1.3 computers, email, Internet and communications;

15.1.4 company vehicles;

15.1.5 data protection.

15.2. You may not smoke anywhere during working hours. Outside working hours, you may

15.3. Insofar as any of these policies imposes an expectation of behaviour on you

15.4. You accept the importance for the Company in maintaining and enforcing fully up-

## 16. Director's responsibilities

16.1. Whilst ever you

:

16.1.1 not do anything that would

;

16.1.2 acquire and retain any qualification

;

16.1.3 not directly or indirectly receive or obtain any discount, rebate, commission or other (

)

,

,

,

;

16.1.4 not at any time

;

16.1.5 fully acquaint yourself with, then, for yourself and so far as possible for your spouse and

,

;

16.2. [If at any time you believe it is necessary to take independent legal advice as to

,

-

[ 5 ,

0000 ]

.]

## 17. Other business or employment

- 17.1. You must devote the whole of your ,
- 17.2. You may not under any circumstances do
- 17.3. You may not do other work (even voluntary work), or engage in any other business
- 17.4. You may not take or retain ownership of any interest in any business whether or not competitive with the business of ,

[ 5 ] %

## 18. Disciplinary and grievance procedures

- 18.1. The formal grievance procedure need not be your first step in bringing to our ,
- 18.2. If you believe something we do or fail to do entitle ,

## 19. Confidentiality

This paragraph is very important to our Company. You should read it carefully and ask

- 19.1. In this paragraph, "Confidential Information" means:
- 19.1.1 information about staff, names, titles, addresses, telephone numbers, e-mail addresses, and other contact information;
  - 19.1.2 our businesses, methods, processes, procedures, systems, software, and other confidential information;
  - 19.1.3 information about suppliers agents distributors and customers;
  - 19.1.4 information about the Intellectual Property of either party.

19.2. "Intellectual Property" means "Intellectual Property"

- 19.2.1 Intellectual Property
- 19.2.2 patents, trademarks, unregistered marks, designs, copyrights, trade secrets, and other confidential information.

19.3. You now promise that you will:

- 19.3.1 keep all records of Confidential Information only at ( ) ;
- 19.3.2 use your best endeavours to protect Confidential Information.

19.4. You now promise that you will not :

- 19.4.1 use for yourself nor divulge nor disclose to ( ) ;
- 19.4.2 store, copy, or use the Confidential Information.

19.4.3 remove from Company's premises or copy or allow anyone

19.5. This paragraph does not apply to disclosure:

19.5.1

19.5.2

19.5.3

19.6.

[ 5 ]

## 20. New Intellectual Property

20.1.

20.2. You now agree that you will:

20.2.1

20.2.2

20.2.3

20.3.

20.4.

## **21. Garden leave**

21.1.

21.2. You will cease to carry out your duties.

21.3.

21.4.

21.5.

## **22. Termination of employment**

22.1. [ ] [ ]

22.2.

OR

22.3.

:  
: [ 1 ];  
: [ 3 ];

22.4.

22.5.

## 23. Arrangements during notice period

23.1.

23.2.

:-

23.2.1

( );

23.2.2

;

23.2.3

## 24. Summary termination

24.1. , ;

24.2. physical violence; or

24.3. serious bullying or harassment; or

24.4. deliberate damage to property; or

24.5. serious insubordination; or

24.6. misuse of the Company's property or name; or

24.7. bringing the Company into disrepute; or

24.8.

24.9.

;

24.10.

;

24.11. serious infringement of health and safety rules; or

24.12. breach of confidentiality; or

24.13.

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24.14.

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24.15.

## **25. Procedure after termination**

25.1. , ,

:

25.1.1

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25.1.2

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;

25.1.3

;

25.1.4

;

25.1.5

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25.1.6

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25.1.7

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;

25.2. If requested by the Company, you will

25.2.1

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25.2.2

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25.3.

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(

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25.4.

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25.5.

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25.6.

## 26. No competition

26.1.

26.2.

26.3.

26.4.

26.5.

26.6.

26.7.

## 27. Reconstruction or Amalgamation

## 28. Data protection

## 29. Miscellaneous matters

29.1.

29.2.

29.3.

29.4.

[ 72 ]

[ 24 ]

29.5.

29.6.

Signed by [\[name\]](#) for [\[the Company\]](#)

Signed by you to confirm you agree to all the terms:

Witness to your signature:

name:

Address:

## Schedule 1 - Bonus system

Here explain the system, including:

- to whom it applies
- what triggers the bonus payment
- how the payment is calculated
- when the payment becomes due, and is made
-

# Explanatory notes:

## Directors service agreement (employment contract)

### Paragraph specific notes

Notes following the numbered paragraphs

**1. Definitions**

We have no comment.

**2. Entire understanding**

This paragraph prevents a party from later saying he was relying on some other document or

**3. Start and continuity**

It may be necessary to calculate the period of employment for any of several reasons. By stating it clearly,

**4. Job title and job description**

A job title is not strictly required; a job description is. If the description is short, it can be stated in the contract. If it is contained in another document, then that document must be

We advise that for a director it is best to make the job description specific on the question of exact responsibilities but otherwise general. For example, it is not necessary to list all his statutory responsibilities. One area to cover

Provision for change is important. If it is not included in the contract, then any attempt by you to change the place or type

**5. Place of work**

The main purpose of this paragraph is to give the employer the right to move the director around. If frequent moves may be

**6. Hours of work**

An employee may not be made to:

- Work more than 45 hours a week;
- Work more than nine hours per day for a five ;
- Work more than eight hours a day for a six ;
- work more than three hours of overtime per day or 10

## 7. Salary

Necessary provisions. The last enables deductions which would

## 8. Expenses

We have no comment.

## 9. Leave for holidays and other reasons

Annual leave may not be less than 21 consecutive days for full-time workers or by agreement, one day for every 17 days worked or one hour for every 17 hours worked. The leave must be granted not later

12

## 10. Sickness and sick pay

Sick leave works in a three-year cycle. A sick leave cycle is a period of 36 months employment with the same employer immediately following the date of commencement of employment. During the first 6 months of employment, the employee is entitled to 1 day sick leave for every 26 days worked. On the first working day of month number 7, the 30

6  
30 ( /  
) 36 (  
)

## 11. Pension

We have not attempted to set out

**12. Health insurance**

We have no comment.

**13. Liability insurance**

We have no comment.

**14. Company car**

We have no comment.

**15. Staff handbook and company policies**

It is an excellent idea to have and maintain a comprehensive staff handbook as a bible of procedures and policies. Good practice is to hand a personal

**16. Director's responsibilities**

There are many matters which you could include here if important to you. We advise that you include only those matters which relate strictly to this employment, and use a

**17. Other business or employment**

Edit to your exact requirement

**18. Disciplinary and grievance procedures**

Schedule 8 of the Labour Relations Act stipulates in section 3 that all employers should adopt disciplinary rules that establish the standard of conduct required of their employees. The form and content of disciplinary rules will obviously vary according to the size and nature of the employer's business. In general, a larger business will require a more formal approach to discipline. An employer's rules must create certainty and consistency in the application of discipline. This requires that the standards of conduct are clear and made available to employees in a manner that is easily understood. Some rules or standards may

## 19. Confidentiality

Because this provision is so important to most organisations, your employees must be left in no doubt as

## 20. New intellectual property

This is an area which may be irrelevant or may be essential immediately.

## 21. Garden leave

If you need to enforce this provision it is likely to

## 22. Termination of employment

This and the next

Edit to your requirement.

<https://www.labour.gov.uk/2015/07/23/employment-termination-notice-period>

## 23. Arrangements during notice period

When a director is under notice, the relationship suffers,

## **24. Summary termination**

At Net Lawman we hate lists in legal documents.

‘  
”

Despite this precise list, it is still essential to investigate in

## **25. Procedure after termination**

Care should be taken in looking to future to consider what this director might be doing in a matter

## **26. No competition**

Provisions against competition are contrary to national policy. To be effective they must not be unreasonable. Reasonableness depends on the circumstances. We cannot therefore say that

## **27. Reconstruction or amalgamation**

This

## **28. Data protection**

This

## **29. Miscellaneous**

A number of technically important

.

Contract signature - a witness to

,

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**End of notes**