

FOUNDERS AGREEMENT (PARTNERSHIP AGREEMENT)

SCHOOL MANAGEMENT SYSTEM VENTURE - OPTION A: NEW LIMITED LIABILITY COMPANY

This Founders Agreement ("Agreement") is made on this _____ day of _____, 2025, by and between:

1. [Partner A Full Name], of [Address], hereinafter referred to as "Partner A", and 2. [Partner B Full Name], of [Address], hereinafter referred to as "Partner B".

Collectively referred to as "the Partners", and individually as a "Partner."

1. PURPOSE AND BUSINESS ENTITY

1.1 Purpose The Partners hereby agree to jointly establish and operate a School Management System venture (hereinafter referred to as "the Venture"), which will design, develop, and market digital tools for schools, including but not limited to school management software, learning management systems, and related educational technology products.

1.2 Business Structure - Limited Liability Company The Partners agree to operate this Venture through a Limited Liability Company to be incorporated with the Corporate Affairs Commission (CAC) with the following terms:

- **Company Name:** _____ Limited
- **RC Number:** _____ (to be obtained upon incorporation)
- **Registered Office:** _____
- **Share Structure:**
 - **Total Shares:** 1,000,000 ordinary shares at ₦1.00 per share
 - **Partner A:** 500,000 shares (50%)
 - **Partner B:** 500,000 shares (50%)
- **Directors:** Both Partners shall be appointed as Directors with equal voting rights
- **Date of Incorporation:** Within 30 days of signing this Agreement

1.3 Incorporation Costs The costs of incorporation (estimated ₦150,000-₦300,000) shall be borne equally by both Partners or deducted from first revenues.

1.4 Limited Liability Protection By operating through a Limited Liability Company:

- Partners' personal assets are protected from business debts and liabilities
 - Only the company's assets are at risk in case of business failure or lawsuits
 - Partners are only liable up to the amount of their share capital contribution (₦500,000 each)
-

2. ROLES AND RESPONSIBILITIES

2.1 Partner A Responsibilities:

- Manage and oversee the **operations, marketing, client relations, and business development** aspects of the Venture
- Secure clients, partnerships, and institutional agreements
- Handle client onboarding, training, and ongoing support coordination
- Develop and execute sales and marketing strategies
- Contribute to the strategic direction and financial sustainability of the business
- Maintain accurate books of accounts and financial records
- Ensure regulatory compliance (NDPR, tax filings, annual returns)

2.2 Partner B Responsibilities:

- Responsible for **technical development and maintenance** of the software, including coding, design, updates, and deployment
- Ensure the product remains functional, secure, and scalable for multiple users
- Provide technical support and manage software hosting and integration
- Implement security measures including data encryption, backups, and access controls
- Review and approve technical feasibility of custom feature requests
- Maintain system uptime and performance standards

2.3 Minimum Performance Standards

Partner A Obligations:

- Achieve minimum of **5 paying schools within first 6 months** of launch, or equity split will be reviewed
- Provide monthly sales pipeline reports showing prospects, conversions, and churn

- Respond to client inquiries within 24 business hours
- Submit monthly financial statements to Partner B within 7 days of month-end

Partner B Obligations:

- Maintain **99% system uptime** (excluding scheduled maintenance notified 48 hours in advance)
- Fix **critical bugs** (system down, data loss, security breach) within 48 hours
- Fix **major bugs** (features broken, significant UX issues) within 7 days
- Provide monthly technical status reports including system metrics, pending issues, and roadmap

Performance Review: Failure by either Partner to meet minimum obligations for 3 consecutive months triggers:

1. Formal written warning with 30-day cure period
 2. Review of equity split or compensation adjustment
 3. Potential buyout negotiation or forced exit if uncured
-

3. OWNERSHIP AND PROFIT SHARING

3.1 Equity Ownership The Partners agree that ownership of the Company shall be divided equally:

- **Partner A:** 50% (500,000 shares)
- **Partner B:** 50% (500,000 shares)

3.2 Vesting Schedule (Recommended) To ensure long-term commitment, shares shall vest over **24 months** as follows:

- **25% immediately** upon signing (125,000 shares each)
- **75% ratably monthly** over 24 months (31,250 shares/month each)

If either Partner exits before full vesting, unvested shares return to the Company.

3.3 Decision-Making Power

Day-to-Day Operational Decisions:

- **Partner A:** Client contracts <₦200,000/year, marketing spend <₦50,000/month, pricing within approved tiers
- **Partner B:** Technical architecture, hosting provider selection, feature prioritization, technology stack

Major Decisions Requiring Unanimous Consent:

- Taking on debt or loans >₦500,000
- Hiring full-time employees
- Changing profit-sharing or equity structure
- Sale of company, merger, or acquisition
- Licensing or selling intellectual property
- Adding new partners or external investors
- Changing company name or rebranding
- Entering into contracts >₦500,000/year
- Opening new lines of business outside school management

3.4 Profit Distribution

- All revenue shall be deposited into the Company's designated bank account
- **Legitimate business expenses** shall be deducted first, including:
 - Hosting and infrastructure costs (Firebase, Vercel, CDN, etc.)
 - Payment gateway fees
 - Marketing and advertising expenses (pre-approved budget)
 - Professional fees (legal, accounting)
 - Software licenses and tools
 - Taxes and regulatory fees
- **Net Profit** (Revenue minus Expenses) shall be distributed:
 - **50% to Partner A**
 - **50% to Partner B**
- Profit distributions shall occur **quarterly** within 15 days of quarter-end
- Minimum **20% of net profit** must be retained in business account as working capital reserve

3.5 Salaries and Draws (Optional) Once monthly recurring revenue exceeds ₦500,000/month, Partners may agree to draw equal monthly salaries of up to ₦_____ each, in addition to profit sharing.

4. INTELLECTUAL PROPERTY (IP)

4.1 Source Code and Technical IP

- Partner B retains sole ownership of the software source code, technical architecture, database schemas, and all technical documentation developed for the Venture
- Partner A is granted an exclusive, non-transferable license to use, market, distribute, and sell the software only while this Agreement is in effect and Partner A remains compliant with all terms
- Upon termination of this Agreement, Partner A's license automatically terminates unless:
 - Partner A purchases Partner B's equity (buyout), OR
 - Partners agree to ongoing licensing terms in writing

4.2 Code Escrow Within 60 days of signing this Agreement:

- Partner B shall deposit the complete source code with a neutral third-party escrow agent (recommended: a lawyer, Codekeeper, or Iron Mountain)
- Escrow Release Conditions: Code shall only be released to Partner A or the Company if:
 - Partner B dies or becomes legally incapacitated, OR
 - Partner B materially breaches this Agreement and fails to cure within 30 days of written notice, OR
 - Partner B voluntarily exits and triggers buyout
- Partner B shall update escrowed code quarterly or after major releases
- Escrow fees (₦50,000-₦100,000/year) shall be paid by the Company

4.3 Brand, Marketing Materials, and Business IP

- Company name, logo, website, marketing materials, client lists, and business processes shall be jointly owned by both Partners through the Company
- Neither Partner may use company branding for personal projects or competing businesses
- Upon dissolution, brand assets shall be sold as part of company valuation or assigned to the purchasing Partner

4.4 Client Data and Relationships

- All client contracts, data, and relationships belong to the Company, not individual Partners
- Partners agree to maintain strict confidentiality of all client information
- Upon exit, neither Partner may solicit clients without written consent (see Non-Compete clause)

4.5 Transfer and Licensing Restrictions

- Neither Partner may assign, sell, license, or transfer any part of the intellectual property without the **written consent** of the other Partner
- Neither Partner may use the IP for side projects, competing ventures, or personal benefit outside the Venture
- If either Partner receives an offer to acquire any IP, the other Partner has **Right of First Refusal** to match the offer

4.6 Derivative Works and Improvements

- Any improvements, updates, or derivative works created during the term of this Agreement shall be subject to the same ownership and licensing terms above
- Partner B owns technical improvements; Partner A owns marketing and business process improvements; both jointly own product features

4.7 IP Protection and Registration

- Partners agree to jointly pursue trademark registration for the company name and logo within 90 days
- Patent or copyright registration for unique technical innovations may be pursued with unanimous consent and shared costs

5. CAPITAL CONTRIBUTION

5.1 Initial Contributions

- **Partner A:**
 - Cash contribution: ₦_____
 - Marketing/sales efforts valued at: ₦_____
 - Business development and client acquisition
- **Partner B:**
 - Technical development (sweat equity) valued at: ₦_____
 - Software architecture, codebase, and deployment
 - Ongoing maintenance and technical support
- **Total Initial Valuation:** ₦_____

5.2 Valuation of Technical Contribution Partner B's technical development is valued based on:

- Market rate for senior full-stack developer: ₦_____ /month x _____ months = ₦_____
- OR fixed agreed valuation: ₦_____

5.3 Future Capital Requirements

- Any future monetary contribution exceeding ₦100,000 shall be agreed upon jointly in writing
- If additional capital is needed and Partners contribute unequally:

Option 1 - Equity Adjustment:

- Partner contributing more receives proportional increase in equity
- Example: If Partner A invests ₦1M and Partner B invests ₦0, Partner A's equity increases to reflect additional ownership

Option 2 - Loan to Company:

- Contributing Partner loans money to Company at agreed interest rate (_____ % annually)
- Loan repaid from profits before distributions
- No equity dilution

5.4 Operating Expense Approval

- Monthly operating budget: ₦_____
- Expenses within budget may be approved by Partner A (business) or Partner B (technical)
- Any single expense >₦50,000 requires approval from both Partners
- Monthly budget may be revised quarterly with unanimous consent

5.5 Expense Reimbursement

- Partners shall be reimbursed for legitimate business expenses within 14 days of submitting receipts
- Reimbursable expenses include: travel for client meetings, professional development, software tools, marketing materials
- Luxury expenses, personal items, and entertainment require pre-approval

6. FINANCIAL TRANSPARENCY AND REPORTING

6.1 Accounting System

Partner A shall maintain accurate and complete books of accounts using:

- Accounting Software: [QuickBooks / Xero / Wave / _____]

- Partner B shall be granted **full read-only access** to the accounting system at all times
- All business transactions must be recorded within 7 days

6.2 Monthly Financial Reporting

Partner A shall provide Partner B with the following within **7 days of each month-end:**

- Profit & Loss Statement (P&L)
- Balance Sheet
- Cash Flow Statement
- List of all new clients onboarded
- List of clients churned or canceled
- Accounts Receivable aging report
- Summary of all expenses with receipts for amounts >₦20,000

6.3 Payment Gateway Transparency

- All payment gateways (Paystack, Flutterwave, Stripe, bank transfers) must be set up in the **Company's name**
- **Partner B shall be granted direct admin or read-only access** to all payment gateway dashboards showing:
 - Real-time transaction logs
 - Successful payments and failed transactions
 - Subscriber counts and subscription status
 - Refunds and chargebacks
- Automatic settlements from payment gateways shall go **directly to the Company's bank account** (no settlements to personal accounts)

6.4 Bank Account Access

- **Primary Business Bank Account:** _____ Bank, Account Number: _____
- **Signatories:** Both Partners
- **Dual Signature Requirement:** Any withdrawal or transfer >₦200,000 requires signatures/approval from both Partners
- **Partner B Access:** Partner B shall receive monthly bank statements directly from the bank via email
- Alternative: Partner B granted online banking view-only access to monitor all transactions in real-time

6.5 Database and Analytics Access

- Partner B shall retain independent **read-only access** to:
 - Production Firebase database (to verify subscriber counts and active schools)
 - Firebase Analytics (to verify user activity and engagement)
 - Google Analytics or Vercel Analytics (to verify traffic and usage)
 - Any CRM or customer database (e.g., HubSpot, Pipedrive)
- Partner A cannot revoke Partner B's access to these systems without mutual written agreement

6.6 Audit Rights

- Either Partner may request an **independent audit** of the Company's finances at any time
- Audit costs shall be:
 - Borne 50/50 if audit reveals discrepancies >5% of reported revenue
 - Borne entirely by requesting Partner if audit confirms accuracy
- Partner A must cooperate fully with auditor and provide all requested documentation within 14 days
- Auditor shall be a licensed Chartered Accountant mutually agreed upon (or selected by coin flip if no agreement)

6.7 Quarterly Financial Review Meetings

- Partners shall meet quarterly (in person or via video call) to review:
 - Financial performance vs. targets
 - Customer acquisition and churn metrics
 - Product roadmap alignment with sales pipeline
 - Budget adjustments for next quarter
- Meetings shall be documented with written minutes signed by both Partners

7. CLIENT CONTRACTS AND COMMITMENTS

7.1 Standard Contract Terms

All client contracts entered into by Partner A must include the following protective clauses:

- **Limitation of Liability:** Company's maximum liability to any client shall not exceed 12 months of fees paid by that client
- **Termination Clause:** Either party may terminate with 30-90 days written notice
- **No Unlimited Promises:** No commitments to unlimited free support, unlimited customization, or unlimited data storage
- **Service Level Agreement (SLA):** 99% uptime target; downtime credits limited to pro-rata refund
- **Payment Terms:** Net 30 days maximum; overdue payments subject to 5% monthly late fee
- **Price Increases:** Company reserves right to increase prices annually with 60 days notice

7.2 Contract Approval Requirements

- **Partner A may independently execute** client contracts that:
 - Use standard pricing tiers per FEATURE_TIERS_PRICING_STRATEGY.md
 - Are ≤₦200,000/year in value
 - Include standard terms and SLAs
- **Partner B approval required** for contracts that:
 - Exceed ₦200,000/year in value
 - Offer discounts >30% off standard pricing
 - Commit to custom feature development
 - Require dedicated support or hosting
 - Deviate from standard terms in any material way

7.3 Contract Documentation

- Partner A must provide Partner B with a **copy of every signed client contract** within 48 hours of execution
- Contracts shall be stored in shared cloud storage accessible to both Partners (Google Drive, Dropbox, etc.)
- Verbal agreements or handshake deals are not binding unless documented and approved

7.4 Custom Development and Feature Requests

- If a client requests custom features not in the standard product:
 - Partner A must submit a written request to Partner B including client requirements and timeline
 - Partner B shall respond within 5 business days with feasibility assessment and development estimate (hours/cost)

- If development cost exceeds ₦50,000 or 40 hours, Partner B may request additional compensation or price increase for that client
- Partner B is not obligated to build custom features that compromise system architecture or security

7.5 Pricing Authority

- **Standard Pricing:** As defined in FEATURE_TIERS_PRICING_STRATEGY.md:
 - Free Tier: ₦0
 - Starter: ₦15,000/month
 - Professional: ₦35,000/month
 - Enterprise: ₦75,000/month
- **Discounts:**
 - Partner A may offer up to 20% discount independently (e.g., for annual prepayment, bulk/multi-school deals, NGOs)
 - Discounts of 21-40% require Partner B written approval
 - Discounts >40% require unanimous consent and must be time-limited (e.g., 3-month promo)

7.6 Refund and Cancellation Policy

- Standard policy: 14-day money-back guarantee for new customers
 - Refunds >₦100,000 require notification to Partner B before processing
 - Partner A shall provide monthly refund report showing all refunds issued and reasons
-

8. CONFIDENTIALITY AND NON-DISCLOSURE

8.1 Confidential Information

Both Partners agree to maintain strict confidentiality regarding:

- Proprietary information, trade secrets, and business strategies
- Client data, contracts, and pricing agreements
- Financial information, revenue, and profit figures
- Technical architecture, source code, and algorithms
- Marketing plans, growth strategies, and competitive analyses
- Any information marked as "Confidential" or reasonably understood to be confidential

8.2 Permitted Disclosures

Confidential information may only be disclosed:

- To employees, contractors, or advisors who need to know (subject to written NDAs)
- As required by law, regulation, or court order (with advance notice to other Partner if possible)
- To potential investors or acquirers (subject to written NDAs)

8.3 Return of Materials Upon termination, each Partner shall return or destroy all confidential materials belonging to the Company or the other Partner.

8.4 Duration Confidentiality obligations survive termination of this Agreement for **5 years**.

9. NON-COMPETE AND NON-SOLICITATION

9.1 Non-Compete During Partnership During the term of this Agreement, neither Partner shall:

- Develop, market, sell, or operate any competing school management software or EdTech platform in Nigeria
- Participate in any competing venture as an owner, employee, consultant, or advisor
- Use proprietary information or trade secrets to benefit any competing business

9.2 Non-Compete After Exit For **24 months** following termination of this Agreement:

- Neither Partner shall develop or market competing school management software targeting Nigerian schools
- This restriction applies within Nigeria and to any schools the Company serviced during the Partnership

Exception: If the Partnership dissolves through a mutual buyout where one Partner purchases the other's equity:

- The purchasing Partner has NO non-compete restriction
- The exiting Partner remains subject to 12-month non-compete

9.3 Non-Solicitation of Clients For **24 months** following termination:

- Neither Partner shall directly or indirectly solicit, contact, or do business with any client who was a customer during the 12 months prior to termination
- "Solicit" includes offering competing services, offering discounts to switch, or disparaging the Company

9.4 Non-Solicitation of Employees For **18 months** following termination:

- Neither Partner shall recruit, hire, or solicit any employee, contractor, or consultant who worked for the Company during the 12 months prior to termination

9.5 Liquidated Damages for Breach If either Partner breaches the non-compete or non-solicitation clauses:

- The breaching Partner shall pay liquidated damages of **N5,000,000 OR 50% of first-year revenue from the competing venture**, whichever is greater
- The non-breaching Partner may also seek injunctive relief to stop the violation

9.6 Reasonableness Partners acknowledge that these restrictions are reasonable in scope, duration, and geography given the nature of the business and the confidential information shared.

10. DURATION AND TERMINATION

10.1 Effective Date and Duration This Agreement shall become effective on the date of signing and remain in effect until:

- Terminated by mutual written consent of both Partners, OR
- Dissolution of the Company, OR
- Buyout of one Partner by the other

10.2 Voluntary Exit If either Partner wishes to exit the Partnership:

- Must provide **90 days written notice** to the other Partner
- Exiting Partner must offer their shares to the remaining Partner first (**Right of First Refusal**)
- If remaining Partner declines, exiting Partner may seek external buyer (subject to remaining Partner approval)
- Valuation and buyout process per Section 10.5 below

10.3 Forced Exit / Termination for Cause Either Partner may force the exit of the other Partner for **Material Breach**, including:

- Fraud, embezzlement, or misappropriation of Company funds
- Sharing confidential information with competitors
- Breach of non-compete or fiduciary duties
- Gross negligence or willful misconduct causing material harm to the Company
- Failure to perform minimum obligations after written warning and 30-day cure period
- Criminal conviction related to fraud, theft, or moral turpitude

Procedure:

1. Non-breaching Partner provides written notice specifying the breach
2. Breaching Partner has **30 days to cure** (if curable)
3. If not cured, non-breaching Partner may force buyout at **50% discount** to fair market value (see Section 10.5)

10.4 Death or Incapacity

If either Partner dies or becomes permanently incapacitated:

- Deceased/incapacitated Partner's estate is entitled to **50% of company valuation** (per Section 10.5)
- Remaining Partner has **first right to purchase** the deceased Partner's shares at fair market value
- **Payment Terms:**
 - 40% of purchase price paid upfront within 60 days
 - 60% paid in equal monthly installments over 24 months at _____% annual interest
- If remaining Partner declines to purchase, estate may sell to external buyer (subject to remaining Partner approval)

10.5 Company Valuation Methods

Upon exit or buyout, the Company shall be valued using one of the following methods (Partners to agree or default to Method 1):

Method 1 - Revenue Multiple (Preferred for SaaS):

- Valuation = **12 × Monthly Recurring Revenue (MRR)** at time of valuation
- Example: If MRR = ₦500,000, valuation = ₦6,000,000
- Exiting Partner receives 50% = ₦3,000,000

Method 2 - Subscriber Count Formula:

- Valuation = (Annual Revenue × 2) + (Active Subscriber Count × ₦10,000)
- Example: Annual Revenue = ₦6M, 50 schools = ₦12M + ₦500K = ₦12.5M
- Exiting Partner receives 50% = ₦6,250,000

Method 3 - Independent Chartered Accountant:

- If Partners cannot agree on Methods 1 or 2, hire independent valuator
- Valuator selected by mutual agreement (or each Partner picks one, and they pick a third as tiebreaker)
- Valuation costs split 50/50

- Valuator's decision is final and binding

Forced Exit Discount:

- If Partner is exited for cause (Material Breach), buyout price is 50% of fair market valuation

10.6 Payment Terms for Buyout Unless otherwise agreed:

- **Lump Sum** (if <₦1,000,000): Paid within 30 days
- **Installments** (if >₦1,000,000):
 - 30% down payment within 30 days
 - Remaining 70% paid in equal monthly installments over 12-24 months
 - Interest rate: _____% annually (or prime rate + 2%)
 - Security: Purchasing Partner's shares held in escrow until fully paid

10.7 IP and Asset Transfer Upon Exit

If Partner A Exits:

- Must transfer all client contracts, contact information, and marketing materials to Partner B or buyer
- Loses license to use the software (unless licensing agreement negotiated)
- Must return all company property, documents, and credentials
- Non-compete and confidentiality obligations remain in effect

If Partner B Exits:

- Must transfer source code from escrow to Partner A or buyer (OR)
- May retain source code ownership and license it to Partner A at negotiated terms (e.g., ₦_____ /month royalty)
- Must provide 90 days of technical transition support to ensure continuity
- Must return all company property, documents, and credentials
- Non-compete and confidentiality obligations remain in effect

10.8 Wind-Down and Dissolution If both Partners agree to dissolve the Company:

- Client contracts shall be honored or transitioned with 60 days notice
- Assets (including IP, cash, equipment) shall be liquidated
- Liabilities and debts shall be paid from proceeds
- Remaining proceeds distributed 50/50 to Partners
- Company formally dissolved with CAC

11. DEADLOCK RESOLUTION

11.1 Deadlock Definition A deadlock occurs when Partners cannot agree on a Major Decision (Section 3.3) after good faith negotiation for 14 consecutive days.

11.2 Mediation If deadlock persists for 14 days:

- Partners shall submit the matter to a neutral mediator mutually agreed upon
- Mediation costs split 50/50
- Mediator has 30 days to facilitate resolution

11.3 Shotgun Clause / Buy-Sell Provision If mediation fails after 30 days, either Partner may trigger the **Shotgun Clause**:

How It Works:

1. **Triggering Partner makes an offer** to buy the other Partner's 50% equity at a specific price per share
2. **Receiving Partner has 30 days** to either:
 - Accept the offer and sell their shares at that price, OR
 - Reverse the offer and buy the Triggering Partner's shares at the exact same price per share
3. This ensures the offer is fair (you must be willing to be on either side)
4. Payment terms per Section 10.6

Example:

- Partner A offers to buy Partner B's 500,000 shares at ₦10/share (**₦5M total**)
- Partner B can either:
 - Sell to Partner A for ₦5M, OR
 - Buy Partner A's shares for ₦5M

11.4 Arbitration as Last Resort If Shotgun Clause is not triggered or fails, deadlock shall be resolved through binding arbitration in Lagos, Nigeria under the Arbitration and Conciliation Act.

12. LIABILITY AND INDEMNIFICATION

12.1 Limited Liability By operating through a Limited Liability Company, Partners' personal liability is limited to their share capital contribution (**₦500,000 each**). Personal assets are protected from business debts and lawsuits.

12.2 Mutual Indemnification Each Partner shall indemnify and hold harmless the other Partner from:

- Liabilities arising from their own gross negligence, willful misconduct, or fraud
- Debts or commitments made without the other Partner's written consent (where consent was required)
- Legal claims arising from their specific area of responsibility

12.3 Partner A Specific Indemnification Partner A shall be solely responsible for and indemnify Partner B from:

- Misrepresentation to clients, false advertising, or deceptive marketing claims
- Breach of client contracts due to overpromising or unauthorized commitments
- Payment disputes or billing errors
- Violations of consumer protection laws or regulatory requirements (CAC, FIRS, NDPR)
- Unauthorized expenses or financial commitments

Exception: Partner A is NOT liable if acting on Partner B's explicit written instructions.

12.4 Partner B Specific Indemnification Partner B shall be solely responsible for and indemnify Partner A from:

- Software failures, bugs, or security breaches caused by gross negligence or failure to follow industry standards
- Data loss or corruption due to inadequate backups or security measures
- Copyright or patent infringement related to code or technical implementation
- Downtime exceeding 5% per month (below 95% uptime) without valid justification

Exception: Partner B is NOT liable for issues caused by:

- Third-party service failures (Firebase, Vercel, etc.) beyond Partner B's control
- Client misuse or failure to follow documentation
- Partner A's failure to inform Partner B of infrastructure needs

12.5 Authorized Commitments

- Neither Partner may enter into contracts, loans, or commitments exceeding ₦200,000 without the other Partner's **written approval**
- Any such unauthorized commitment is the sole responsibility of the Partner who made it
- The other Partner and the Company are not bound by unauthorized commitments

12.6 Insurance When annual revenue exceeds ₦5,000,000/year, Partners agree to obtain:

- **Professional Indemnity Insurance** (E&O Insurance) covering software errors and omissions
- **Cyber Liability Insurance** covering data breaches and cyber attacks
- **Public Liability Insurance** if applicable
- Premiums paid from Company funds before profit distribution

12.7 No Personal Guarantees Neither Partner shall provide a personal guarantee for Company debts without the other Partner's written consent. If one Partner provides a personal guarantee without consent, they bear sole responsibility.

13. DATA PROTECTION AND REGULATORY COMPLIANCE

13.1 NDPR Compliance Responsibility Partner A shall be responsible for:

- Registering the Company with NITDA (Nigeria Data Protection Bureau) as a Data Controller
- Ensuring all client contracts include GDPR/NDPR-compliant data processing agreements
- Maintaining accurate and compliant Privacy Policy and Terms of Service
- Responding to Data Subject Access Requests (DSARs) within legal timeframes
- Obtaining proper consent for marketing communications
- Training any employees on data protection obligations

13.2 Technical Security Responsibility Partner B shall be responsible for:

- Implementing industry-standard security measures including:
 - Data encryption in transit (HTTPS/TLS) and at rest (Firebase encryption)
 - Regular backups (at least daily) with offsite storage
 - Access controls and authentication (multi-factor authentication for admin accounts)
 - Firewall and intrusion detection systems
 - Regular security audits and penetration testing (annually or after major releases)
- Notifying Partner A within **24 hours** of discovering any security incident or data breach
- Cooperating with Partner A on breach notification to clients and authorities

13.3 Data Breach Liability

- **Partner A liable** for breaches caused by improper marketing consent, unauthorized data sharing, or failure to register with NITDA
- **Partner B liable** for breaches caused by failure to implement reasonable security measures or ignoring known vulnerabilities

- If breach results from third-party service failure (e.g., Firebase hacked), Partners share liability equally

13.4 Tax and Corporate Compliance

Partner A shall ensure:

- Annual returns filed with CAC on time
 - Corporate income tax returns filed with FIRS
 - VAT registration and remittance if applicable (when turnover exceeds ₦25M/year)
 - Proper invoicing and receipt documentation
-

14. BANKING AND FINANCIAL CONTROLS

14.1 Business Bank Account

- **Primary Account:** _____ Bank
- **Account Name:** [Company Name] Limited
- **Account Number:** _____
- **Signatories:** Both Partners (dual signature required for withdrawals >₦200,000)
- **Online Banking Access:** Both Partners shall have online banking access to view transactions in real-time

14.2 Bank Statement Distribution

- Partner B shall receive **monthly bank statements** directly from the bank via email (not filtered through Partner A)
- Both Partners added as authorized contact persons with the bank

14.3 Payment Gateway Configuration

- All payment gateway accounts (Paystack, Flutterwave, Stripe) shall be set up in the **Company's name**
- **Partner B shall be granted admin or read-only access** to all payment dashboards
- Automatic settlements shall go **directly to the Company bank account only**
- No settlements to personal accounts permitted

14.4 Petty Cash and Mobile Money

- Maximum ₦100,000 may be held as petty cash or mobile money by Partner A for operational expenses
- Full accounting with receipts required monthly

- Replenishment from bank account only with documented expenses

14.5 Expense Card / Corporate Card

- If Partners obtain a corporate debit/credit card, spending limit per transaction: ₦50,000
 - Monthly statement reviewed jointly
 - Large purchases >₦100,000 require advance approval
-

15. OBLIGATIONS OF GOOD FAITH

15.1 Fiduciary Duties

Both Partners owe fiduciary duties to each other and the Company, including:

- Duty of loyalty (act in the best interest of the Company, not personal interests)
- Duty of care (make informed business decisions)
- Duty of good faith and fair dealing
- Duty of disclosure (communicate material information promptly)

15.2 Communication Requirements

Partners agree to:

- Communicate material business developments within **48 hours** (e.g., major client win/loss, security incident, cash flow crisis)
- Hold **monthly partnership review meetings** (in person or video call) to discuss progress, challenges, and alignment
- Document meetings with written minutes signed by both Partners
- Respond to each other's reasonable requests for information within 3 business days

15.3 Availability and Leave

- Partners are expected to be reasonably available for business matters during normal business hours
- If taking extended leave >14 consecutive days, must provide **30 days advance notice**
- During leave, Partner must ensure responsibilities are covered or delegated

15.4 Conflict of Interest

- Partners must disclose any potential conflicts of interest (e.g., competing investments, family relationships with clients/vendors)
- If conflict exists, conflicted Partner must recuse themselves from related decisions

15.5 Outside Employment and Projects

- Partners may engage in outside employment or side projects **that do not compete** with the Venture and do not interfere with their Partnership obligations
- If outside work consumes >10 hours/week, must notify other Partner
- No use of Company resources (time, equipment, contacts) for outside projects

16. DISPUTE RESOLUTION

16.1 Good Faith Negotiation Any disputes arising from this Agreement shall first be resolved amicably through good faith discussion between the Partners for **14 days**.

16.2 Mediation If unresolved after 14 days, the matter shall be referred to **mediation** with a neutral mediator agreed upon by both Partners. Mediation costs split 50/50.

16.3 Arbitration If mediation fails after 30 days, the dispute shall be resolved through **binding arbitration** in Lagos, Nigeria, in accordance with the Arbitration and Conciliation Act.

- Each Partner selects one arbitrator; those two arbitrators select a third neutral arbitrator (3-person panel)
- Arbitrator's decision is final and binding
- Costs borne by losing party or split as arbitrator decides

16.4 Exception for Injunctive Relief Either Partner may seek immediate injunctive relief in court for:

- Breach of confidentiality or IP theft
- Violation of non-compete clause
- Misappropriation of Company funds
- Imminent harm to the business

17. MISCELLANEOUS PROVISIONS

17.1 Governing Law This Agreement shall be governed by and construed in accordance with the laws of the **Federal Republic of Nigeria**.

17.2 Entire Agreement This Agreement constitutes the entire agreement between the Partners and supersedes all prior negotiations, understandings, and agreements, whether written or oral.

17.3 Amendments No amendments or modifications to this Agreement are valid unless made **in writing and signed by both Partners**.

17.4 Severability If any provision of this Agreement is found to be invalid or unenforceable, the remaining provisions shall remain in full force and effect.

17.5 Waiver Failure to enforce any provision of this Agreement does not constitute a waiver of that provision or any other provision.

17.6 Notices All notices required under this Agreement shall be in writing and delivered via:

- Email to the Partner's designated email address (with read receipt)
- WhatsApp message (with confirmation)
- Registered mail to the Partner's address listed in this Agreement

17.7 Assignment Neither Partner may assign their rights or obligations under this Agreement without the written consent of the other Partner.

17.8 Counterparts This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

17.9 Force Majeure Neither Partner shall be liable for failure to perform obligations due to circumstances beyond their reasonable control (natural disasters, war, government action, etc.), provided they notify the other Partner within 7 days and make reasonable efforts to resume performance.

17.10 Survival The following provisions survive termination of this Agreement:

- Intellectual Property (Section 4)
 - Confidentiality (Section 8)
 - Non-Compete and Non-Solicitation (Section 9)
 - Indemnification (Section 12)
 - Dispute Resolution (Section 16)
-

18. SIGNATURES

IN WITNESS WHEREOF, the Partners have executed this Agreement as of the date first written above.

PARTNER A

Full Name: _____

Signature: _____

Date: _____

Address: _____

Email: _____

Phone: _____

PARTNER B

Full Name: _____

Signature: _____

Date: _____

Address: _____

Email: _____

Phone: _____

WITNESSES (Recommended)

WITNESS 1 (for Partner A)

Full Name: _____

Signature: _____

Date: _____

Address: _____

WITNESS 2 (for Partner B)

Full Name: _____

Signature: _____

Date: _____

Address: _____

PARTNER B'S CRITICAL PROTECTIONS CHECKLIST

Use this checklist to ensure all protections are in place before signing:

Financial Transparency ✓

- [] Direct read-only access to payment gateway dashboards (Paystack, Flutterwave)
- [] Direct access to accounting software showing all Venture transactions
- [] Monthly bank statements sent directly to Partner B's email
- [] Both Partners are bank signatories (dual signature for >₦200K)
- [] Monthly financial reports within 7 days of month-end
- [] Audit rights clearly defined

Technical & IP Protection ✓

- [] Source code ownership clearly stated (Partner B retains 100% ownership)
- [] Code escrow arrangement established within 60 days
- [] Database and analytics access cannot be revoked
- [] Technical verification mechanisms in place (automated reports, dashboards)

Revenue Verification ✓

- [] Firebase/analytics access to verify subscriber counts
- [] Payment webhooks sending notifications to Partner B's email
- [] CRM/customer database access to verify active clients

Contract Controls ✓

- [] Approval rights for contracts >₦200,000/year
- [] Approval rights for discounts >30%
- [] Copy of every signed contract within 48 hours

- [] Custom development requires feasibility review and approval

Exit Protection ✓

- [] Clear valuation method defined (revenue multiple preferred)
- [] Right of First Refusal if Partner A wants to sell
- [] Buyout payment terms clearly stated (installments acceptable)
- [] Code escrow release conditions defined
- [] Non-compete terms are reasonable (12-24 months max)

Liability Limitation ✓

- [] Limited liability via Ltd company structure
- [] Partner B NOT required to provide personal guarantees
- [] Insurance requirements when revenue exceeds ₦5M/year
- [] Indemnification for unauthorized commitments by Partner A

Termination for Cause ✓

- [] Can force exit for fraud, embezzlement, or breach of fiduciary duties
- [] Can force exit if Partner A fails minimum performance for 3 months
- [] 30-day cure period before forced exit
- [] 50% discount on forced buyout valuation

Decision-Making Balance ✓

- [] Major decisions require unanimous consent
- [] Deadlock resolution mechanism in place (mediation → shotgun → arbitration)
- [] Partner B has final say on technical decisions

BEFORE SIGNING, PARTNER B SHOULD:

1. Have a lawyer review this agreement (budget ₦150K-₦300K for legal fees)
2. Incorporate the Ltd company with CAC (₦150K-₦300K)
3. Get payment gateway access set up on Day 1
4. Get accounting software access set up on Day 1

5. Establish code escrow within 60 days
6. Document current codebase value and hours invested
7. Keep personal copies of all client contracts and financial reports