Zone Kisumu

Recode Our World

Lake Basin Mall,
Kisumu-Vihiga Road,
+254 748 902 779
P.O. Box 2117-40100
info@zone01kisumu.ke
www.zone01kisumu.ke

Apprentice No: Date: **Tuesday, 26th August, 2025.**

Dear **{Apprentice's Full Name as per ID/Passport}**
{ID/Passport Number No}
{Postal Address}
{Email Address}

RE: <u>Mutually Agreed Variation to Your Apprenticeship and Bonding Agreement</u>

Further to our many fruitful discussions, including the most recent Town Hall held on **Friday, 22nd August, 2025**, we are writing to follow up on the collective reflections shared around the structure and long-term sustainability of our Apprenticeship and Bonding Program, as outlined in your **Learning and Apprenticeship (Bonding) Agreement** signed previously.

Thanks to your invaluable feedback and that of your peers, we've reached a mutual consensus on enhancing certain terms of your current Agreement. These changes are now formally captured in the **enclosed Deed of Variation**, which we are pleased to share with you.

These updates represent a meaningful step forward in aligning your apprenticeship experience with fairness, opportunity and real-world readiness as well as the recent funding changes made to the program by our funding partners.

Highlights include:

1. **Extended Financial Support**
   The KES. 15,000/- monthly study stipend will now continue beyond the previously capped 18th month to the 24th month. This gives you an extended runway of guaranteed income as you grow through the learning journey.

2. **Higher Income Potential With Shared Upside**
   In response to your feedback, we've replaced the earlier fixed-pay structure with a dynamic income-share model that more directly rewards contribution. For paid client assignments, the total apprentice share now reaches, in some instances, in the upwards of 50% of the net income, with an additional 10% allocated to the collective Mentor Pot.

   This structure ensures that income reflects actual project involvement, while the Mentor Pot cushions your stipend during quieter months and also rewards exceptional performance through periodic bonuses—creating a transparent, motivating, and sustainable earning framework.

3. **A More Flexible and Supportive Exit Pathway**
   You now have the freedom to exit the program at any point—during or after the 24-month learning period—**without incurring any penalties**, provided you give **30 days' written notice** and complete a proper handover. Should you wish to return later, we'll be happy to consider your re-entry based on space and prevailing Program needs, through a new agreement aligned to the current structure.

These enhancements have been shaped with input from you and your peers and benchmarked against leading models in tech talent development and venture-backed training institutes. They reflect our shared desire to reward effort, honour creativity and allow greater autonomy, while safeguarding the integrity and future viability of the Program.

We sincerely believe that this refreshed structure will empower you with **greater freedom, higher upside potential, earlier client exposure** and a clearer path toward personal growth and professional achievement.

Please take a moment to review the enclosed **Deed of Variation** setting out all the revised terms and conditions. **If you are in agreement, kindly sign and email it to the Program Office/Sender on or before Sunday, 31st August, 2025.**

Should you have any questions, feel free to reach out to your **Team Lead** or **Legal Support Contact**. We're here to support you at every step.

Sincerely,
FOR: **ZONE 01 KISUMU**

Signed by:
nyoirocaleb
4D1EB666B2EC419...

CALEB NYOIRO
Site Director

Acknowledgement

I …………………………………………………………………………………..acknowledge having read,understood and consent to the contents of this letter.

Signature………………………… Date………………………..

DEED OF VARIATION

THIS DEED OF VARIATION is made this day **_26th__** of **_August_ 2025**

Between:

1. **ZONE ZERO ONE KISUMU,** for purposes hereof of P. O. Box 2117 – 40100 Kisumu in the

Republic of Kenya (hereinafter referred to as **'the Employer'** which expression shall where the context so admits include their legal representatives, assigns and successors in title, on the one part);

And

2. ________________________________of Kenyan National Identity Card **No.** and for purposes hereof of Apprentice Number ______________(hereinafter referred to as **'the Apprentice"** which expression shall where the context so admits include their legal representatives, assigns and successors in title, on the other part);

<u>RECITALS AND BACKGROUND</u>

A. **WHEREAS**, the Parties previously entered into a Learning and Apprenticeship (Bonding) Agreement (the "Principal Agreement"), which has guided our shared journey thus far;

B. **AND WHEREAS**, during our ongoing engagements, including the most recent Meeting held on **Friday, 22nd August, 2025**, both Parties expressed a shared desire to refresh and refine certain aspects of the Principal Agreement to better reflect evolving goals, shifts in the funding landscape and the practical realities of modern, project-based engagement in the technology sector;

C. **AND WHEREAS**, with mutual understanding and goodwill, the Parties have agreed to enhance the Principal Agreement through this Deed of Variation, introducing extended stipend support, transitioning from fixed salaries to a more empowering project income-share framework (reflecting shared contribution across project teams), and embedding flexible exit options to support diverse growth paths; all with a view to building a stronger, more agile, and rewarding Apprenticeship experience.

NOW THIS DEED WITNESSES AS FOLLOWS:

1. <u>VARIATION OF STIPEND CLAUSE</u>

Clause 4.1 of the Principal Agreement and all subclauses therein are hereby deleted in their entirety and replaced with the following:

"**4.1 *Learning Investment/Training Amount***

The Parties acknowledge that the Apprenticeship is fundamentally a learning-based engagement in which the Employer commits substantial resources—time, finance, tools, equipment, learner space, supporting infrastructure, consumables, mentorship, project exposure, coordination support and technical supervision—towards the Apprentice's development. These resources represent a significant investment in the Apprentice's *growth, and form the foundation upon which this relationship is built. This investment shall be ongoing and continuous throughout the Apprentice's active participation in the Program. In addition to this:*

4.1.1. ***Monthly Stipend****: In further support of this learning journey, and to ease the Apprentice's financial obligations during this period of growth, the Apprentice shall receive a monthly* **base stipend** *of* ***Kenya Shillings Fifteen Thousand (KES. 15,000/-)****, paid in arrears at the end of each month. This stipend remains payable for as long as the Apprentice is actively engaged in the Program, subject to assignment of a revenue-generating project under Clause 4.2 below. All applicable statutory deductions (if any) shall apply.*

4.1.2 **Stipend Review:** *The Employer may, from time to time and depending on the availability of funds, review and increase the monthly stipend above the KES. 15,000/- baseline. Any such upward review, if implemented, shall be communicated to the Apprentice in writing and shall take effect from the date stated in the notification.*"

2. INTRODUCTION OF INCOME-BASED COMPENSATION

Clause 4.2 of the Principal Agreement is hereby deleted in its entirety and A new Clause 4.2 is inserted into the Principal Agreement as follows:

"***4.2 Income-Based Compensation***

Where the Apprentice is engaged in any paid income-generating engagement that is sourced and assigned by the Employer, including but not limited to project work, process or portfolio assignments or client placements; the following income-based compensation framework shall apply:

4.2.1 ***Revenue Share Principle***

To promote fairness and transparency in compensating apprentices for their real-world contributions, the Program adopts a responsive and tiered income-sharing framework. This model is designed to reflect the scale and nature of paid engagements while supporting collaboration and overall Program sustainability. The applicable revenue share percentages shall be governed by the following tiered model:

4.2.1.1 Projects Below KES. 1,000,000/- (smaller projects)

For any paid engagement whose total net value is less than ***Kenya Shillings One***

***Million (KES. 1,000,000)**, income from the project will be shared according to the structure below, with a strong emphasis on **transparency**, **teamwork**, and **apprentice empowerment**:*

- ***Apprentices: Fifty percent (50%)** - This portion is set aside for the benefit of all Apprentices who are actively assigned to a particular project team. Most client engagements require a blend of talents thus comprising a multidisciplinary team — for example, **full-stack developers, UI/UX designers, QA testers** and others — each playing a **distinct but quantifiable role**. To ensure fair and equitable distribution, the specific share allocated to each Apprentice from this 50% pool will be outlined in a clear onboarding brief at the start of the project. This brief will highlight the roles and contributions expected of each team member, giving everyone visibility into how their effort translates into value.*
- ***Mentor Pot: Ten percent (10%)** — a fund established solely for the benefit of Apprentices (as per clause 4.2.2 below) to provide (i) a fallback for monthly stipends during low-season or downtime periods, and (ii) performance-linked bonuses where justified and fund availability allows, as outlined in Clause 4.2.2 below.*
- ***Employer: Forty percent (40%)***

4.2.1.2 Projects Between KES. 1,000,000 and KES. 10,000,000 (mid-sized projects)

*For projects whose total net value falls between **Kenya Shillings One Million (KES. 1,000,000/-)** and **Kenya Shillings Ten Million (KES. 10,000,000/-)**, a tiered income distribution model is applied to ensure that value creation is fairly rewarded, while also safeguarding the resources needed to run and grow the Program.*

- ***Apprentices: Forty percent (40%)** - This share is collectively allocated to all Apprentices who are part of each assigned project team. As with smaller projects, roles will be scoped at onboarding, with responsibilities and contributions clearly outlined. Each team member's individual share will be drawn from this cumulative allocation, guided by the function they serve (e.g. full-stack development, product design, QA), level of effort and input where applicable. The goal is to foster teamwork while maintaining fairness and transparency.*
- ***Mentor Pot: Ten percent (10%)** - Consistent with the approach in smaller projects, a portion of income is reserved to support the Apprentice community as*

a whole. The Mentor Pot helps keep stipends flowing even in slow months and provides an avenue for performance bonuses when the fund allows.

- ***Employer: Fifty percent (50%).***

This structure strikes a thoughtful balance between individual earnings and the collective good, while ensuring that our apprenticeships remain scalable, rewarding, and impactful across all project sizes.

4.2.1.3 Projects Above KES. 10,000,000 (Larger Projects)

For projects whose total net value exceeds ***Kenya Shillings Ten Million (KES. 10,000,000)****, the following revenue-share structure shall apply:*

- ***Apprentices - Forty percent (40%) on the first KES. 10,000,000:*** *The participating Apprentices will collectively be entitled to a cumulative share of forty percent (40%) on the first KES. 10,000,000. As with other project categories, this share will be distributed internally based on roles scoped during project onboarding.*
- ***Any amount above KES. 10,000,000 – Subject to mutual structuring prior to commencement****: For the portion of project value exceeding KES. 10,000,000, the Parties shall engage in good-faith discussions to agree on a fair and reasonable income-sharing structure* ***prior to the commencement of the project or relevant workstream****. These mutual arrangements will take into account the scale, complexity, and scope of the engagement — while ensuring that the voices of all involved Apprentices are heard and considered early, not as an afterthought.*
- ***Mentor Pot – Ten percent (10%) on the full amount:*** *Ten percent (10%) of the* ***entire net value of the project*** *shall be set aside for the Mentor Pot, sustaining monthly stipends and bonus incentives for Apprentices across the Program.*
- ***Employer – Residual Share:*** *The Employer shall retain the balance of the project proceeds after all Apprentice entitlements and the Mentor Pot allocation have been accounted for, to cover institutional overheads, administrative support, and investment in long-term sustainability.*

This income-sharing model is adapted to reflect the increased complexity, higher delivery risk and more substantial institutional involvement typically required for larger/high value projects.

4.2.1.4 Clarifications on Net Value and Project Costs

To keep things fair and transparent, and to help Apprentices clearly understand how income shares shall be worked out, the following definitions and clarifications will apply throughout this Deed:

a. Net Value

*Any reference to "**Net Value**" in this Deed, means the actual amount of money the Employer receives from a client for a specific project, **after deducting only**:*

***(i)** Essential third-party project costs that are directly tied to that specific project (like hiring a specialised subcontractor, paying for transport during a site visit, or buying special materials or important accesses that the Employer does not usually stock or hold); and*

***(ii)** Any statutory taxes or government deductions that must be paid out of the project gross income revenue. **Importantly**, Net Value **does not** include any deductions for day-to-day running costs like office operations, administration, coordination or infrastructure. Those kinds of expenses are already considered to be covered by the Employer's share under the revenue-sharing model.*

(b) Project Costs & Transparency
At the start of every paid project, during on-boarding, the Employer will share a clear project onboarding brief with all participating Apprentices. This brief will explain the overall value of the project, highlight any third-party costs that affect the revenue share, and set out the Net Value that will be used for both cumulative and specific Apprentice compensation.

By sharing this information upfront, it is ensured that everyone is on the same page — and that Apprentices have full visibility of how the revenue share is calculated for each project they contribute to.

4.2.2 ***Mentor Pot***

*A **fixed ten percent (10%)** of the **net value of every project**, regardless of size or type, shall be set aside into a dedicated pool known as the **Mentor Pot**. This fund exists entirely and exclusively for the **benefit of Apprentices**.*

The Mentor Pot serves two important roles within the Program:

(a) Stipend Continuity
First, it provides a financial cushion to help sustain the monthly base stipend

prescribed in clause 4.1.1 above for Apprentices, especially during periods where income-generating opportunities may be limited. This helps ensure that Apprentices can remain supported even in slower work cycles or learning-heavy phases.

(b) Performance Bonuses
*Second, whenever the Mentor Pot has a sufficient surplus after meeting stipend needs, it may be used to provide **performance-based bonuses** to Apprentices who consistently demonstrate exceptional effort, growth, and teamwork. These bonuses are not guaranteed, but when available, they serve as a way of recognising and celebrating outstanding contributions.*

To keep things fair and balanced:

- ***All eligible Apprentices** will share in the bonus pool in **approximately equal portions**,*
- *Small adjustments — not exceeding **10% above or below the average share** — may apply to reflect clear, documented differences in effort or impact,*
- *The default approach is one of **fairness and parity**, with any differences being minimal and openly explained.*

*At the end of each bonus cycle, a **brief, transparent breakdown** of how the Mentor Pot was shared will be provided, so that all Apprentices remain informed and assured of its fair use.*

*4.2.3 **Payment Contingent on Receipt and Interim Interventions in the Event of Delay***

*a) All income-based payments to Apprentices shall generally be made **within seven (7) days of the Employer receiving payment** from the relevant client for the corresponding project or milestone.*

b) To support personal planning and transparency, the Employer shall, at the beginning of each project, provide the Apprentices assigned to that project with key financial details including:
   - *The invoice amount (or milestone value) and submission dates,*
   - *The expected payment schedule or cycle, and*
   - *Any known factors that may affect timing of payment.*

c) In the event of a delay in payment by the client after a project milestone or deliverable has been duly completed and submitted, the Apprentices shall be *promptly informed. Following such notification, the Apprentices and the Employer shall jointly discuss possible interim arrangements. Subject to availability of internal resources or bridging funds, the Employer* ***may*** *pay all or part of the expected amount as an advance within 15-days of when the client payment was due, and to be* ***recovered upon actual receipt*** *of the funds from the client.*

d) *While this support is not guaranteed, the Employer shall* ***act in good faith*** *to cushion Apprentices from undue hardship caused by external payment delays, especially where delivery timelines have been met. As such, the monthly base stipend prescribed in clause 4.1.1 shall apply during such periods of delay where interim interventions are not implemented.*

e) *To maintain open communication,* ***Apprentices may at any time request updates*** *on the payment status of their assigned projects. The Employer shall, to the extent reasonably possible, provide a candid and timely response to such inquiries — including sharing current status of invoices, any pending approvals, and anticipated payment timelines.*

4.2.4 ***Seasonal Low Work or Apprentice Downtime***

In months where the Apprentice is not engaged in active project work due to low workflow or where the Apprentice is off-duty (e.g. on leave or exempted from project work), the Apprentice shall be entitled to the continuity of the base monthly stipend as specified under Clause 4.1. of the Principal Agreement.

4.2.5 ***Satisfaction and Acceptance of Work***

a. *In line with prevailing industry norms, particularly in innovation and technology consulting, most client engagements operate under a* ***"no-cure, no-pay"*** *principle. This means that the Employer only receives payment from a client if the deliverables meet agreed standards and expectations.*

b. *Accordingly, all Apprentices acknowledge that client contracts may allow* ***payment to be withheld or delayed*** *where the client reasonably deems the submitted work to fall short of contractual obligations or quality thresholds. In such instances,* ***rectification of the deliverables shall take priority****, with all participating Apprentices and project contributors working collaboratively — and where necessary, under the guidance of mentors or additional experts — to align the work to client expectations and unlock the funds.*

c. *Clients shall retain the contractual right to request the removal or substitution of any Apprentice or team member from a project team where justified,* *including but not limited to reasons of performance, conduct or alignment with project needs.*

d. *Where an apprentice is removed from a project team at the call of the Client or where alternate or additional Apprentices or third-party professionals are brought in (as a direct project cost) to support the revision process, the initial revenue share between the Employer and Apprentice and also within the Apprentice group may be adjusted, commensurate with the cost of rectification support. The Employer shall ensure fairness and transparency in this redistribution. Clause 4.2.7 below applies.*

e. *Importantly, a delay in payment due to* ***client-side rejection or requested revisions*** *shall not be considered a breach of this Apprenticeship Agreement by the Employer.*

f. *Further, where an Apprentice is* ***removed from a specific project*** *due to a client request or internal realignment, this shall* ***not amount to termination of the Apprenticeship****. It shall instead be deemed a* ***project-level rescoping****, which may or may not impact earnings from that specific engagement, depending on the timing and basis of the rescoping.*

g. *Notwithstanding the above, this Agreement remains subject to* ***Kenyan employment laws****, which place a duty on the Employer to support and guide Apprentices to succeed. The Employer shall adhere to standard performance management practices where concerns arise, starting with:*

    i. ***Periodic performance appraisals****,* ***Structured Performance Improvement Plans (PIPs)*** *where needed, and*

    ii. ***A fair and lawful disciplinary process*** *in line with employment law and principles of natural justice, commencing with a Notice to Show Cause, Disciplinary Hearing, Outcome (which may range from exoneration, warning, removal from a project or even termination, if meritting) and appeal process (if necessary).*

4.2.6 ***Stipend Adjustment in Low-Earning Projects***

In any month where the Apprentice's project share culminates in less than KES. *15,000/- per participating apprentice, the Employer shall pay the Apprentice the difference to ensure a minimum monthly base earning of KES. 15,000/-.*

4.2.7 ***Forfeiture of Earnings Upon Removal from a Project***

4.2.7.1 From time to time, it may become necessary for an Apprentice to exit or be withdrawn from a project. This may occur under the following *circumstances:*

(a) ***Client-Initiated Removal:*** *Where a client communicates justified dissatisfaction with the Apprentice's performance (or work directly attributable to the specific Apprentice) in terms set out in Clause 4.2.5 and requests a replacement, the Apprentice's withdrawal shall take immediate effect without amounting to any breach or wrongdoing on the part of the Employer towards the Apprentice;*

(b) ***Voluntary Withdrawal:*** *Where an Apprentice chooses to step away from a project for personal or other reasons;*

(c) ***Internal Performance Concerns:*** *Where, following an internal performance review by the employer pursuant to Clause 4.2.5 (g) above, it is reasonably determined that the Apprentice has not met the project(s) performance standards and expectations.*

4.2.7.2 Where any of the above scenarios apply, the Apprentice may forfeit part or all of their entitlement to income-based compensation for that project. This includes earnings linked to:

a. *Incomplete milestones (proration and valuation for work input by the outgoing apprentice will be conducted by the Apprentice's immediate supervisor or technical lead. Where dissatisfied with the valuation, the apprentice may escalate to the Site Director for review.*
b. *Deliverables that were not accepted by the client and cannot reasonably be remedied by the affected apprentice at all or alone thereby necessitating onboarding of alternative or additional apprentices or other personnel.*
c. *Participation that has been assessed as materially below expectations.*

4.2.7.3 Even after removal from a project, the Apprentice shall remain eligible for the monthly base stipend provided under this Deed, unless or until they are reassigned to a new income-generating engagement. This ensures continuity of support while awaiting redeployment.

4.2.8 ***Statutory Deductions and Withholding***

Just like with any formal work setup, all earnings - whether from projects, stipends, or bonuses - will be subject to the usual statutory deductions such as PAYE, NSSF, SHA and any other legal requirements. These are standard and *help keep everyone on the right side of the law and if ever in doubt, the Apprentice reserves the right to ask for a breakdown to understand how their net payments are arrived at.*

4.2.10 ***Eligibility and Assignment for Paid Projects***

4.2.10.1. Every paid client project ***automatically qualifies for revenue sharing*** *under the model described in this Agreement. This means that once a client engagement generates income, all participating Apprentices will earn their share based on the agreed framework, no extra negotiations needed, but the procedure set-forth below applies.*

4.2.10.2. To ensure fairness and transparency in assigning Apprentices to these projects, the Employer will follow a clear, structured selection process:

- ***Internal announcement****: All new project opportunities will be shared internally so that interested Apprentices can express their interest.*
- ***Assessments and interviews****: Interested Apprentices may be invited to participate in brief internal interviews or technical assessments to determine fit.*
- ***Performance consideration****: Previous performance—whether on internal tasks or past client projects—will be taken into account to help guide selection.*
- ***Client review and approval****: A shortlist of suitable candidates will be prepared and shared with the client (where applicable) for final approval, as guided by the project's contractual terms. In the absence of such a requirement from the Client or where the Client refuses to select, the employer will constitute an internal work allocation committee of not less than five technical and management representatives to issue such allocation approvals.*

The goal is always to match the right skills to the right opportunity; while making sure every Apprentice has a fair shot at growth, visibility and earnings.

4. <u>FLEXIBLE EXIT</u>

Clause 5.5 of the Principal Agreement is hereby deleted in full, and the accompanying Schedule A prescribing penalty-based exits is also expunged. All voluntary exits shall now be governed under Clause 5.1, which requires either party to give **thirty (30) days' written notice** or make payment in lieu equivalent to **one (1) month's stipend**. All references to Clause 5.5 and Schedule A of the Principal Agreement elsewhere in the said Principal Agreement are accordingly rendered null and void. **For the**

avoidance of doubt, all prior bonding obligations or restrictions previously applicable to the Apprentice are hereby fully vacated and shall no longer have any effect.

New Clauses 5.5.A, 5.5.B and 5.5.C are inserted as follows:

"5.5.A. Voluntary Exit and Transition Process:

*By virtue of Clause 5.1, Apprentices who wish to exit the Program voluntarily may do so by providing at least **thirty (30) days' written notice**. During this period, they shall:*

- *Cooperate fully in the handover of any ongoing project work, including documentation and knowledge transfer;*
- *Return all Program assets, materials, or equipment in their possession on or before the exit date; and*
- *Engage respectfully with the Employer and team to ensure a smooth and professional transition.*

The Employer values each Apprentice's growth journey and, in good faith, commits to supporting such exits in a collaborative and respectful manner.

5.5.B. Re-engagement After Exit:

*An Apprentice who exits under this Clause and later expresses interest in rejoining the Program shall be required to **reapply afresh** and may only be readmitted **subject to space availability** and on terms prevailing at the time of return—including any revised income-sharing model or updated Program structures. The Employer retains full discretion over re-engagement decisions.*

5.5.C. Post-Exit Opportunities Support:

*As part of its commitment to long-term development, the Employer shall—**for a period of up to two (2) years from the date of exit**—make reasonable efforts to **share information about external employment, fellowship** or **select project opportunities** with former Apprentices. While this is not a guaranteed placement service, it is a gesture of ongoing goodwill and recognition of the relationship built during the Apprenticeship. In addition to this, the Apprentice also commits to share their placement progress post-exit to support effective reporting on the impact of the Program.*

5. REAFFIRMATION OF REMAINING TERMS

Except as expressly varied by this Deed, all other provisions of the Principal Agreement shall remain in full force and effect and shall continue to bind the parties.

6. GOVERNING LAW

This Deed shall be governed by and construed in accordance with the laws of the Republic of Kenya.

IN WITNESS WHEREOF, the parties have executed this Deed of Variation on the date first above written.

SIGNED for and on behalf of

ZONE ZERO ONE KISUMU LIMITED

Name: Caleb Nyoiro

Designation: Site Director

Signature: Signed by: nyoirocaleb 4D1EB666B2EC419...

SIGNED by the **APPRENTICE**

Name: ______________________________

ID/Passport No: ______________________

Signature: ___________________________