

CHARTER OF BEST PRACTICES IN SUBCONTRACTING IN CAMEROON

For subcontracting, supply and industrial partnership relations in Cameroon.

Explanatory Note:

The increasing use of subcontracting companies has encouraged the development of a new concept in subcontracting relationships and has demonstrated the importance of, but also the need to transform originally unbalanced and unequal relationships into more sustainable and balanced relationships between the various industrial partners. The outsourcing of certain activities allows the ordering companies to concentrate on their own vocation and to facilitate their adaptation to technical changes, while guaranteeing adequate quality. It allows subcontracting companies to concentrate on their core business, to improve their technology and to access new markets or customers. Moreover, in a modern industrial economy, subject to rapid change, this concept constitutes an indispensable element of flexibility, which is a key

factor of competitiveness and progress, particularly necessary in the context of globalisation. It is therefore important to frame and secure the contractual relations between Buyers and suppliers, in order to guarantee a positive outcome to the different contracts. This is what justifies the putting in place of a Charter of best Practices in subcontracting in Cameroon.

Far from imposing themselves on stakeholders, these principles will constitute non-binding guidelines that will fuel the reflection to constantly improve and adapt to any subcontracting company and industrial partnership relations. Some internationally renowned companies will undertake the commitment to push the moral strength of this charter by supporting it thereby encouraging smaller companies to follow suit.

PART I : COMMON OBLIGATIONS

In order to develop a genuine partnership between the project owner and the subcontractor, based on common objectives and interests, within the framework of equity, mutual trust and mutual benefit, with knowledge of and respect for the rights and duties of each party, the parties shall endeavour to implement the following recommendations

A. AT THE TIME OF NEGOTIATION OF THE CONTRACT

Article 1 : Definition of the general framework of the subcontracting relationship :

The contracting parties shall :

- Ensure that they have a common understanding of the issues involved and a clear limit, for each resulting subcontracting activity, of the rights and obligations of both parties;
- Draw up an appropriate action plan (including time a table) for the common execution of work;
- Draw up a long-term development plan of ongoing collaboration;
- Define all the elements and conditions of the future procurement, quantities (max. and min.) to be delivered, deadlines and rates; specifications (standards) and quality requirements; inspection and acceptance conditions; payment and support conditions.
- Attach to the contract all the technical documents necessary for the proper execution of the product (drawings, parts lists, etc.) and, countersigned by both parties;
- Define the final terms of reference so that they are as precise as possible
- Seek a "fair price", i.e. a remuneration which, for the best possible quality, ensures that the partners are treated fairly according to their respective contributions.

Article 2: Determination of the main

contractual terms :

(a) Regardless of the nature of the contractual relationship, the parties shall ensure that the contract contains, on pain of nullity, the following elements

- Date of contract (start and end of contract);
- Duration of contract
 - Fixed term (unless the parties have provided for an extension clause, the contract ends at the end of the term as agreed by the parties);
 - indefinite duration (either party may unilaterally terminate, the contract at any time);
 - indicate a notification deadline
- Identity the parties;
 - Preamble: clearly indicate the title of the contract, the reason and the purpose of the subcontracting operation.
 - Definition of services, products and/or services (see point 1 devoted on the definition of the general subcontracting framework);
 - Purpose of the contract: clearly stipulate the contract.
 - Obligations of the client;
 - Obligations of the subcontractor;
 - Delivery deadline;
 - Deadline to determine the state of affairs;
 - Delivery and reception deadline.
 - Determine the periodicity of delivery and product reception;
 - Delivery and reception modalities: determine frequency (up to and including "just in time");
 - Define mode of transport and type of packaging to be used, as well as the type of handling (if applicable);
 - Ownership and risk transfer
 - The risk is borne by the contractor at the time the product is in his possession.
 - The risks are transferred to the client upon reception of the product by his company or enterprise
 - Sanctions and penalties
 - Any delay in execution, delivery or reception shall be subject to a penalty agreed by

the parties and payable by the default party;

- Price: price determination/adjustment of the price (reference to a possible index clause)
 - The price setting shall indicate, where applicable, payment currency and the exchange rate applicable at the time of payment.
- Payment terms and instruments:
 - Payment is due according to the execution rate of work;
 - Advance Payments shall be agreed by the parties;
 - The payment instrument is agreed by both parties
 - The parties may use IVAs (irrevocable transfer orders)
 - The parties can make use of agreements with banks, employers' associations and insurers.
- Payment guarantees (retention of title clause; pledge, etc.);
- Tax system
- Export scheme;
- Regime of models, manufacturing moulds and special tools :
 - Definition of the state of the equipment at the end of the contract (who owns it?)
 - Definition of the state of residues, waste and unused stock at the end of the contract.
 - Trademarks of the client.
 - Patents and know-how of the subcontractor.
 - Confidentiality.
 - Unforeseen cases and "force majeure".
 - Termination of the contract.
 - Unilateral termination: in case of unforeseen event and/or force majeure the new arrangements must be agreed by the parties
 - Transmission of the contract.
 - Notification.
 - Applicable law
 - Dispute resolution: arbitration and mediation will be preferred by the parties

- Effective take off : the parties shall jointly determine the date of entry into effect of the contract
- Contractual documents.
- Identification of the signatories to the contract and verification of powers.

B. DURING THE EXECUTION OF THE CONTRACT

Article 3: Development of a relationship of trust between the va-

rious partners based on:

The parties undertake the duty to:

- Mutual information, in order to improve on the products or services subcontracted on the one hand and the quality-price ratio on the other. Within the framework of this mutual information, the subcontractor shall propose the technical solutions which he considers most appropriate.
- Greater cooperation: collaboration between design offices and manufacturing control departments.
- More consultation:

- On the technical specifications;
- On all points enabling the subcontractor to define and direct its investment policy: initial investments; new investments; future investments...

Article 4: Development of independent and secure relationships

- (a) Subcontractors shall ensure that they have sufficiently diverse clients
- (b) Customers should endeavour, as far as possible, to share their orders among several subcontractors.

PART II : OBLIGATIONS OF THE CLIENT (PRINCIPAL) IN RELATION TO THE SUPPLIER (SUBCONTRACTOR)

Article 5: Selection criteria

In a situation where the subcontracting relationship creates a very close link, and even interdependence, between the ordering company and the subcontracting company, the managers of the former shall be particularly vigilant and attentive when selecting subcontractors. Only those subcontractors capable of meeting the requirements of the client in terms of quantity and quality should be selected.

Article 6: Right to information

The Clients shall undertake to inform the contractors of the following aspects:

a) Technical aspects of the order:

The clients undertake to give a precise description, recorded in writing, of the service or product (technical specifications; possible modifications).

They will make a forward-looking effort to distribute the quantities according to the orders (in order to avoid piecemeal orders, leading to risks of either overloading or reduced workload for the subcontracting company).

They undertake to inform the subcontractor, in good time in the event of unforeseen changes with the orders.

(b) Financial aspects:

At the request of the subcontractor, the client will provide the documents attesting to its good financial situation, subject to the confidentiality of

the information received by the subcontractor.

Article 7: Obligation of sustainability, consistency

In order to encourage the development in the long term (medium or long term) of a sustainable industrial policy, the client will try to guarantee the subcontractor a relative stability of orders

Moreover, the achievement of this objective may be reinforced, from a legal point of view, by the insertion of a preference clause; its purpose is to give the subcontractor priority, provided that, for equal quality, his last offer is equal in price to the best offer from the other companies consulted.

Article 8: Duty to supervise

The client will undertake to:

- Define the control criteria for the subcontractor's production: jointly define control criteria or intervention of third party organisations;
- Draw up a "specification sheet" (information sheet on the product, standards, specifications standards, specifications and other detailed conditions of its manufacture)

Article 9: Obligation of confidentiality with regard to the techniques (patents)

and know-how used by the subcontractor.

The clients undertake to respect the confidentiality of any technique or know-how, patented or not, used by the subcontractor. This confidentiality may, if necessary, be ensured by means of a bilateral confidentiality undertaking, either in the form of a separate agreement or in the form of a specific clause inserted in the main contract.

Article 10: Obligation to pay within a reasonable time frame to be determined in advance.

Considering the damage that unreasonable payment periods can cause to subcontractors, the client undertakes to execute the agreed payment schedule in accordance with the terms of the contract, with the balance being paid within a maximum of 30 days after acceptance of the work.

Article 11: Participation of the client in the development and investments.

As far as possible, the client will endeavour to provide the subcontractor with technical assistance (by setting up a quality management system or by providing him with the appropriate tools) and financial assistance (investments; credit guarantees, etc.), while avoiding Interference, however.

PART III : OBLIGATIONS OF THE SUPPLIER (SUBCONTRACTOR) IN RELATION TO THE CLIENT (PRINCIPAL)

Article 12: Obligation of judicious decision

In the same way as the ordering company, the subcontracting company undertakes to exercise caution and, in this perspective, on the one hand examine its ability to respond to the offer (depending particular of its financial means, in order to be able to withstand, if necessary, certain economic fluctuations of activity) and, on the other hand, to measure both the advantages and the obligations which may result from it.

Where appropriate, subcontractors must refuse orders for which they are poorly placed technically, financially or in terms of the quantities and deadlines requested.

Article 13: Proper performance of the contract

(a) Quality

Subcontractors shall undertake, under penalty of payment, if any, specified in the contract, to comply with the quality of orders in terms of specifi-

cations, technical specifications and normative references.

(b) Deadline

The subcontractors undertake, against the payment of a penalty, if any, specified in the contract, to meet the prescribed deadlines for manufacturing and delivery

Article 14: Duty of confidentiality

The subcontractors undertake to respect the confidentiality of the plans, tools and technical

specifications, patented or not, obtained from the client.

Article 15: Obligation to provide advice and technical assistance.

As subcontractors have generally developed specific know-how, they will undertake to pass on this know-how to the principals, particularly when they are responsible for the design of tests or the development of prototypes, for example by drawing the latter's attention to possible difficulties in carrying out the project.

Article 16: Obligation to keep up to

date with technical developments.

In order to produce a product of the highest possible quality, subcontractors shall endeavour to take account of technical developments.

Article 17: Obligation to develop an independent corporate industrial policy

In order to avoid technical dependence, which could lead to technological, then economic and finally financial dependence on the client (thus jeopardising the development of a specialised, long-term or structural subcontracting relationship), the subcontractor will endeavour to develop a strategy that will enable him to meet the needs

of his clients. The subcontractor will strive to develop a specific and independent industrial and investment policy. In this way, it will develop other activities and succeed in progressively integrating techniques that are better adapted or even new ones.

Article 18: Co-contracting obligation

In the case of complex orders, subcontractors shall work together to achieve greater efficiency by means of co-contracting. In this case, all the obligations of the subcontractor will be imposed on the chain of co-contractors.

PART IV : OBLIGATIONS OF NATIONAL ADMINISTRATIONS

Article 19: Obligations to promote

The administrations in charge of subcontracting (MINPMEESA, MINMIDT, MINFI, MINEPAT, MINTP, MINMAP, MINEE, MINTRANSPORT, MINPOSTEL, ARMP, ...) undertake to:

- (a) Prepare and implement the necessary regulations for the development of subcontracting (e.g. legislation to improve inter-company credit systems and payment conditions; customs legislation to encourage subcontracting operations; and facilitate access to supplies, legislation on subcontracting)
- (b) Promote the subcontracting potential avail-

able in local companies: technical directories; specialised fairs; seminars; technical days; promotional films;

- (c) Encourage public enterprises to subcontract part of their activities to small and medium-sized enterprises;
- (d) Facilitate access to the subcontracting market by adopting measures to increase transparency and to open up public procurement to small and medium-sized enterprises or to offer them special facilities for this purpose
- (e) Adopt appropriate measures and programmes to increase the integration of locally produced products and/or services ("local content");

Article 20: Technical assistance obligations

The administrations in charge of subcontracting (MINPMEESA, MINMIDT, MINFI, MINEPAT, MINTP, MINMAP, MINEE, MINTRANSPORT, MINPOSTEL, ARMP, ...) are committed to assisting technically (with the support of technical centres, standards and quality control offices) and financially (by means of tax breaks: preferential customs and indirect duties; subsidised export credits; concessional credit and financing guarantees; legislation to avoid double taxation; etc.) local companies in the subcontracting sector in order to enable them to improve their competitiveness.

PART V : OBLIGATIONS OF THE SUBCONTRACTING AND PARTNERSHIP EXCHANGE (SPX)

Article 21: obligations to respect the code of ethics

In order to effectively fulfil the missions assigned to it, the SPX relies on a code of ethics which it must establish with its member companies or correspondents a relationship of integrity and neutrality (treating all members equally) in a context of confidentiality.

Article 22: Obligation to promote

In addition to complying with this code of ethics, the SPX shall also ensure:

Promote the application of this charter as well as any other national charter of best practice in subcontracting and partnership and guiding principles on the legal aspects of subcontracting and industrial supplies.

Article 23: Duty to advice

The Subcontracting Board undertakes to offer subcontracting companies technical and legal advice, training and information services. Furthermore, through its permanent innovations, it undertakes to present, by category of skills,

the subcontracting companies to the client in order to guide the latter towards a judicious and objective selection.

Article 24: Information obligations

The subcontracting Board, subject to the presentation of a contract or draft contract by a commissioning member, undertakes to communicate to the latter any financial information in its possession, not subject to confidentiality, concerning the commissioning member in the context of the contract or draft contract.

PART VI : OBLIGATIONS OF EMPLOYERS' AND PROFESSIONAL ORGANISATIONS

Article 25: Obligation to promote

The employer and professional organisations undertake to promote the charter among their members and to ensure its application.

Article 26: Accompanying obligation

The employers' organisations undertake to:

- (a) Improve the competitiveness of SMEs (train-

ing on management, project and tender preparation, upgrading);

- (b) To provide SMEs with information, coaching, quality improvement, economic and legal monitoring.

Article 27: Duty to facilitate regulation

The employers' organisations undertake to:

Establish alternative dispute resolution procedures through arbitration and mediation centres. These centres shall appoint mediators for the amicable settlement of disputes, or assigning the dispute to arbitrators (appointed by mutual agreement by the parties) for the litigation

Annex I: Standard subcontracting agreement

BETWEEN THE PARTIES

Company XXXXX

A company with a capital of having its registered office at Registered in the Trade Register under number, represented by Mr. in his capacity as duly authorised for this purpose;
Hereinafter referred to as the client

Company YYYYY

A company with a capital of having its registered office at Registered in the Trade Register under number, represented by Mr. in his capacity as duly authorised for this purpose;
Hereinafter referred to as the subcontractor

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GENERAL TERMS AND CONDITIONS

ARTICLE 1 : PURPOSE OF THE CONTRACT - CONTRACTUAL DOCUMENTS

1-1: The work covered by this contract is defined in the special conditions.

1-2: The subcontracted work shall be performed in accordance with the terms of the contract documents defined and numbered in the Special Conditions.

1-3: In the event of a contradiction between two or more specific documents or between two or more general documents of this contract, the indications of the document with the lowest number in the list shall prevail over the others. In case of contradiction between a general document and a specific document, the latter shall prevail. For any situation not covered by this contract, the regulations in force shall prevail over any other document.

1-4: Computation of deadlines

In the context of this contract, any period expressed in days shall be understood to be in calendar days, unless otherwise specified in the special conditions.

ARTICLE 2 : APPLICATION OF LEGAL AND CONTRACTUAL PROVISIONS

2-1: When entering into this contract, the subcontractor must:

- Prove that it is registered in the Trade Register;
- Attach a certificate of social declarations not less than one year
- Certify that it employs all its employees in accordance with the rules of the Labour Code. To this effect, he/she must sign a declaration attached to the special conditions,
- Provide evidence of professional competence by any means of its choice;
- Provide the insurance certificates as provided for in article 10.6 of present conditions.

2-2: The subcontractor who intends to subcontract in turn must obtain authorisation from the client as indicated in article 4-3.2. He must justify that his own subcontractor applies the provisions mentioned above. This rule applies to the entire subcontracting chain.

2-3: Hygiene, safety, health protection and working conditions.

2-3.1: General obligations of the subcontractor

The client shall inform the subcontractor of the provisions applicable to health and safety;

The Subcontractor shall be responsible for taking or respecting all measures to ensure the safety, hygiene, health and security of its workers and public safety, by fulfilling all the obligations imposed on it by the regulations in force; The subcontractor is responsible for all accidents or damage caused to any person

and resulting from a fault in the execution of its work or from the actions of its workers.

ARTICLE 3 : EXECUTION OF WORK

3-1: The Subcontractor shall act as a contractor and shall therefore bear all the costs of the subcontracted work, including the recruitment of labour, payment of wages and related charges, preparation of execution plans and calculation notes, supply and implementation of materials and equipment, payment of taxes, insurance premiums, etc., this list not being exhaustive,
Any services and supplies to be provided by the client are specified in the special conditions.

3-2: The subcontractor must comply with the rules of the profession, the legal and regulatory provisions and regulations and the requirements set out in the Special Conditions.

3-3: The Subcontractor agrees to accept increases or decreases resulting from a change in the volume of work or the nature of the work provided for in the quotation specification within the deadline set out in the Special Conditions of this Contract.

In the event of an increase or decrease exceeding the limits provided for, this contract may be terminated by either party; In this case, termination is effected by letter with proof of receipt and in the event of a reduction, the subcontractor is entitled to reimbursement of the expenses incurred in carrying out the work.

3-4: Additional or reduced work and alterations shall be assessed and paid for as stated in the Special Conditions, or by means of an amendment to this contract.

ARTICLE 4: LIAISON AND COORDINATION

4-1: Transmission by letter with acknowledgement of receipt, by electronic mail, by fax or by any other means of transmission that leaves a trace as provided for in this contract may be replaced, unless otherwise provided by law, by any other means of proof specified in the special conditions

4-2: Obligations of the client

4-2.1: The client undertakes to provide the subcontractor in good time with all the plans and documents specified in the special conditions and to give him free access to the different areas of intervention.

4-2.2: The client or the person he appoints shall draw up, in agreement with the subcontractor, a provisional work schedule using the information provided by the latter, taking into consideration the daily and weekly hourly.

4-3: Obligations of the subcontractor

4-3.1: The Subcontractor shall complete the execution of its work and, in this case; he shall in particular:

4-3.1.1: Provide the client in record time with documents listed in the special conditions.

4-3.1.2: make any observations which he/she deems necessary with regard to the rules of his trade on the design or execution studies that are communicated to him; report on all the problems concerning the organisation and execution of work on the site

4-3.1.3: If this contract is signed before a main contract, provide the client with all the elements and information needed to process the main contract and which are within his professional competence;

4-3.1.4: In case of foreclosure, notify the client in writing within a maximum of xxx days (contract duration) from the date of their discovery by the subcontractor of all facts that may justify a request or claim;

4-3.1.5: If necessary, designate a representative authorised to make all arrangements relating to the progress of the work, to coordination meetings between the contractors concerned and, at the client's request, to site meetings between the parties concerned;

4-3.1.6: In case of necessity, designate a new representative; the subcontractor shall give prior notice of this replacement to the client,

4-3.1.7: Carry out the controls diligently for the proper execution of the work.

4-3.2: except otherwise specified in the special conditions, the subcontractor may not assign, contribute or subcontract all or part of the work; subject of this contract, without the prior written authorisation of the project owner.

If the subcontractor fails to comply with the obligation imposed on him, the client may require the subcontractor to carry on with the work in full or, failing such performance, terminate the present contract in accordance with article 13-2 below.

4-3.3: In order to meet the quality assurance requirements that may be defined in the special conditions, the subcontractor shall provide the project owner with the elements, such as those extracted from its quality manual, the quality assurance plan, enabling the client to check whether the measures taken by the subcontractor, in accordance with the procedures defined in the special conditions, meet the requirements of the quality assurance system that the client has taken the initiative to implement and which, consequently, he undertakes to apply to himself the corresponding requirements

ARTICLE 5 : PRICES

5-1: The prices set forth in the Special Conditions are for the performance and completion of all work under subcontract, as described and defined in the Contract Documents listed in the Special Conditions, and shall be deemed to take into account all circumstances of the location, the specifics of the Subcontract, and the time limits, and shall compensate the Subcontractor for all disbursements, charges, and obligations normally foreseeable.

5-2: For lump sum contracts, the parties may not invoke the price estimate to contest the nature of this price.

5-3: The terms and conditions for updating and revising prices are set out in the special conditions.

5-4: Prior to any additional work entrusted to the subcontractor by the project owner, a written order or an amendment to this contract must be formulated.

5-5: The subcontractor shall benefit, if he fulfils the conditions of his own work, from any safeguard or compensation measures decided by the public authorities and granted to the client to take account of an exceptional and unforeseeable variation in one or more elements of the cost price of the work.

5-6: The special conditions shall provide for the conditions under which the subcontractor avails himself of the safeguard or compensation measures.

ARTICLE 6 : PAYMENTS

6-1: The special conditions shall specify:

- The terms of payment (monthly instalments, balance, possibly advances, payment deadlines, etc.)

- The specific terms of payment for the services which the main contractor acknowledges that he is personally responsible for them.

Unless otherwise provided for in the Special Conditions, the time limit for payment is the 30th day following each payment request. In the event that the sums due to the subcontractor are paid after the date of payment shown on the request for payment, interest on arrears shall be payable from the day following that date until the date of actual payment.

Interest for late payment shall be calculated, without the need for a reminder, at the legal interest rate in force plus seven points. The special conditions of this contract may fix a lower rate, without fixing a rate lower than one and a half times the legal interest rate.

6-2: The subcontractor undertakes to provide, within the deadline stipulated in the special conditions, all the documents required for payment of the work done.

6-3: The client undertakes to endorse its acceptance, after verification within 15 days of their receipt, the documents to be produced by the subcontractor in support of its request for payment.

In the event of rejection or modification of the above documents, the client shall be obliged within 07 days of receipt of the request for payment, to inform the subcontractor of the reasons. A copy of the corrected payment application shall then be sent to the subcontractor.

ARTICLE 7 : IMPLEMENTATION DEADLINES AND SCHEDULES

7-1: The preparation period on the one hand, the overall execution period or the partial execution periods on the other hand, the phases, dates and duration of the work which may fall within this period or these periods in the third place, are defined or modified under the conditions of this article.

7-2: Pre-job meeting

7-2.1: The preparation period, if provided for in the special conditions, is to allow the work to start as far as is necessary, in particular:

- Carrying out studies;
- Establishing a provisional work schedule;
- The supply, installation and setting up of materials;
- Definition of health and safety measures, installations of protective devices and safety measures on the site.

7-2.2: The starting point and duration of the preparation period are set by the special conditions.

7-2.3: Unless otherwise stipulated in the special conditions, the execution period includes the preparation period.

The duration of this must be specified in the special conditions.

7-3: Execution schedules.

7-3.1: The work covered by this contract must be carried out within the period(s) specified in the special conditions or by amendment.

The provisional schedule of work drawn up by the project owner in agreement with the Subcontractor during the period of the contract shall be as follows with the Subcontractor during the preparation period, or in the absence thereof in good time, shall set out, in accordance with the deadlines laid down in the special conditions, the dates, tasks and duration of the work which shall become contractual. Then, on the date set by the client, the subcontractor submits for approval a detailed schedule of execution which becomes contractual after the latter's approval; it is updated under the same conditions.

In accordance with the latest schedule, the client gives written authorisation to start the work.

The implementation of such a timetable must be based on the daily working hours as well as on working days and public holidays.

7-3.2: Pre-acceptance inspection visits in the presence of the subcontractor must be included in the detailed execution schedule.

7-4: Extension of the execution period

The time limit(s) shall only be extended in the cases specified in the special conditions. As soon as he is aware of them, the client must inform the subcon-

tractor of any delays not attributable to the subcontractor that may affect its execution time. He shall draw up a new execution schedule including the execution time initially agreed, unless the parties agree to a modification of the parties on a modification of the said period.

The subcontractor shall, under penalty of foreclosure, inform the client through a registered letter with proof of receipt, a period of four working days from the first day of their occurrence, the facts likely to give rise to an extension of the deadline. A decision to extend the deadline will then be notified by the client within 48 hours of receipt. The absence of a response from the client means that the extension of the deadline is deemed to have been granted.

7-5: Delays by the subcontractor - Penalties and deductions

7-5.1: Delays in the overall execution time

In the event that one or more of the dates or durations of execution fixed by the schedule referred to in 7-3 -otherwise, in the special conditions - is/are not respected, penalties shall be applied after sending a letter with proof of receipt. Unless otherwise stipulated in the special conditions, the rate of these penalties is the legal rate plus three points.

The amount of the penalties must be subject to a ceiling, the percentage of which is set out in the Special Terms and Conditions. If the percentage of this ceiling is not specified in the special conditions, it shall be 5% of the amount of the subcontract.

7-5.2: Delays in partial performance periods.

In addition, the special conditions may provide for deductions for delays during the course of the work, assessed on the date of drawing up the work statements based on the detailed execution schedule that the Subcontractor has not complied with.

These deductions for delays attributable to the subcontractor are deducted from the corresponding statements of work.

The number of days of delay shall be established by mutual agreement.

In case of any disagreement, the subcontractor shall express his reservations on this within xxx days (duration of the contract). Any abusive withholding shall give rise to compensation.

If the subcontractor who is penalised makes up for his delay without this resulting in a prejudice or additional expenditure in the work of the client or of the other trades, the amount of the deductions applied shall be reimbursed to him on the following situation:

If this is not the case, this amount shall be deducted from the amount of the penalties.

When a delay by the subcontractor, even if it is caught up on completion, causes damage which is ascertained and proven by the client or his other subcontractors, the party concerned shall be liable for compensation.

7-5.3: The client shall notify the subcontractor by letter with proof of receipt as soon as the subcontractor exceeds the contractual deadlines.

7-6: Delays by the Project Owner

A delay in the execution of the Client's work shall entitle the Subcontractor to a modification of its detailed execution schedule, if it is affected by the delay. If a delay in the work carried out by the client causes the subcontractor to suffer a proven loss, the subcontractor shall claim compensation from the client.

7-7: Default of the parties.

7-7.1: Consultation.

If, during the course of the work, it appears that the execution schedule is not being respected due to the fault of one of the parties, the other party must summon or invite him to discuss the measures to be taken. The agreed measures shall be made known to the defaulting party by any means that leaves a trace of formal notice.

7-7.2: Final measures if the defaulting party does not comply with the summons or invitation provided for in 7-7.1, or if, xxx days (contract duration) after the date of presentation of the notice of receipt as provided in 7-

7.1, the defaulting Party has not complied with the decisions; the other Party may exercise the right to terminate the contract in its favour.

ARTICLE 8: RECEPTION

8-1: Acceptance of the work must give rise to one or more acceptance reports, which will contain any reservations of the client.

8-2: The subcontractor shall carry out the necessary work to remove the reservations within the deadline set out in the special conditions. If the subcontractor fails to do so, the client may, after formal notice with proof of receipt, which has remained unsuccessful for more than xxx days (duration of the contract), have the work carried out by another company at the subcontractor's expense, without the latter being able to object.

ARTICLE 9 : RETENTION OF GUARANTEE

9-1: If the special conditions so provide, retention of guarantee of a maximum of 5% of the amount of the present contract shall be applied to the payment on account. This retention of guarantee shall be deposited or replaced, at the subcontractor's discretion by a personal or joint and several guarantee from a financial institution. The deduction shall be returned or the bond released xxx months after acceptance of the work with or without reservation, unless objected is made on the grounds of non-performance of the Subcontractor's obligations.

ARTICLE 10: RESPONSIBILITIES – INSURANCE

10-1: The parties shall be liable for damage caused to others in the performance of their obligations under this contract and shall indemnify each other against all claims and actions brought against either party for as long as either party may be held liable.

10-2: The Subcontractor shall be responsible for its work, materials and equipment until acceptance, as defined in Article 8 above. It shall be responsible for all replacements and repairs independently of any insurance, even if it is entitled to exercise any claim that it deems useful in order to obtain any compensation.

10-3: During the period of the guarantee known as the "perfect completion" guarantee, which runs from the date of acceptance, the Subcontractor shall be required to repair any defects observed, in accordance with the usual conditions and procedures.

10-4: In addition to the above obligations, the Subcontractor shall indemnify the client for its work against all claims and actions brought against the client.

10-5: For the application of Articles 10-1 and 10-4 above, it is specified that any amicable settlements and transactions made by the client or its insurers without the agreement of the Subcontractor shall not be enforceable against the latter.

In addition, the Project owner shall immediately notify the Subcontractor of any legal action brought against him.

10-6: The Subcontractor shall be required to take an insurance policy before the commencement of the work as stipulated in the Special Conditions. The subcontractor undertakes to provide all useful proof to the project owner on request, leaving a written evidence of the latter.

ARTICLE 11 : COMMON EXPENSES

11-1: Any expenses of common interest shall be defined and borne as specified in the Special Conditions.

ARTICLE 12 : CONFIDENTIALITY AND INDUSTRIAL PROPERTY

12-1: The subcontractor undertakes not to communicate to third parties, not related to the work covered by this contract, the plans, calculation elements, written documents and, in general, all documents and information given to him to enable him to carry out his study or his work.

He also undertakes not to use them for other operations.

More generally, he undertakes to respect the industrial property of the processes whose implementation is entrusted to him.

12-2: The client has the same obligations towards the subcontractor.

12-3: The subcontractor guarantees the client against any recourse in the event of its use of a patented process and undertakes to pay any compensation to the owner of the patent so that the client cannot be sued or the work delayed or interrupted.

12-4: Should the present contract be terminated in favour of the client, the subcontractor undertakes from now on, in return for compensation to be agreed between the parties, to allow the immediate use of the particular processes, patented or not, of which he is the owner or user and which are necessary for the completion of the work.

ARTICLE 13: TERMINATION

13-1: This contract is terminated by operation of law and without the need for any judicial formality; when the main contract, if any, is itself terminated through no fault of the project owner.

In this case, no compensation is due on either side.

However, if compensation is paid by the client to the project executor, the latter is obliged to distribute among the subcontractors concerned, in proportion to the loss they have suffered, the share of the compensation corresponding to the loss retained by the client for the subcontracted work, when the main contract is terminated to the detriment of the client.

In this case, the client must compensate any loss suffered by the subcontractor.

13-2: The contractual default of the subcontractor, duly established, may automatically lead to the termination of the contract after formal notice sent by letter with proof of receipt. This formal notice shall include:

- An indication of the breaches to be terminated;
- The reference to the provisions of this article;
- Where appropriate, the measures to be implemented by the subcontractor.

Where the formal notice has remained unfruitful at the end of a period of ten days, the client may terminate the contract in its entirety or only in respect of those obligations for which the subcontractor's failure to perform is established.

The client shall notify the subcontractor by letter with proof of receipt.

The decision to terminate and the date on which a joint inspection of the state of the site and the progress of the work will be carried out. In the absence of a representative of the Subcontractor, the inspection and progress report shall be deemed to be contradictory and enforceable against the Subcontractor.

Such termination shall be without prejudice to the Subcontractor's liability for all costs, delays and harmful consequences due to its default.

In the event of complete or partial termination of the contract, the client may replace the subcontractor. The additional costs, including the effects of the delay resulting from this replacement, shall be borne by the subcontractor.

Materials in the factory and on the building site which are used for the purpose of the contract and which are not yet the property of the client shall, at the client's request, become the property of the client, who shall be responsible for including the right to payment in the final account.

The equipment needed for the continuation of the work shall be left or made available to the client until the work is completed, unless otherwise agreed, under the same conditions as in the previous paragraph.

13-3: Adjudication or liquidation of the subcontractor

In case of any adjudication, the client shall, as soon as he is aware of such proceedings, give formal notice by letter with proof of receipt to the person with legal right to continue with the current contracts (the receiver or the debtor authorised by the official receiver) to inform him within a period of one month (unless a different period is set by the official receiver) whether it intends to demand performance of the present contract by the official receiver) whether he intends to require the continuation of the performance of the present contract.

The present contract shall be terminated if the administrator (or the debtor authorised by the official receiver) has expressed the willingness not to continue its execution or has not taken a stand within the legal time limit or the time

limit set by the official receiver.

In the event of the judicial liquidation of the subcontractor, the administrator or, failing that, the liquidator, shall have the right to demand the execution of the current contract under the same conditions as in the case of judicial recovery.

In the event of termination, a joint statement shall be drawn up of the work carried out by the defaulting subcontractor, of its supplies, installations and equipment, of the advance payments made and of the consequences of its default, for which it shall remain contractually liable to the project owner.

13-4: The present contract may be terminated in favour of the subcontractor after formal notice has remained unsuccessful for a period of one month, for failure to respect the payment requests accepted and due by the project owner and which have not been settled in accordance with the provisions of article 6-1, without prejudice to the damages which, in this case, would be due to the subcontractor by the project owner.

ARTICLE 14: SETTLEMENT OF DISPUTES

14-1: The Parties agree that in the event of any dispute arising out of the interpretation, performance or termination of this contract or any of its clauses, such dispute shall be finally settled by arbitration. The arbitration institution shall be designated later with the consent of the parties involved.

The arbitration shall take place in Douala, Cameroon or in any other place agreed upon by the parties;

The parties shall decide later on the seat of arbitration;

The Arbitration Tribunal shall consist of three Arbitrators. Each of the Parties shall appoint one Arbitrator and the two so appointed shall choose the third Arbitrator and Judge of the Arbitration Panel within a period of 15 days, failure of which the said Arbitrator shall be appointed by the designated arbitration institution;

The arbitration shall be carried out in French and/or English;

The Parties do not grant the Arbitration Tribunal powers of amicable settlement;

The Parties agree to voluntarily (i.e. spontaneously, and without the need for the winning Party to obtain an Exequatur for compulsory execution of the award) execute the arbitration decision;

The law applicable to the merits of the dispute shall be Cameroonian law, the OHADA UNIFORM Act on Commercial Company Law and the Uniform Act on General Commercial Law, as well as the Cameroonian Civil Code;

The law applicable to the procedure of the dispute shall be the Arbitration Rules of the designated arbitration institution.