

**CONTRACT DRAFTING AND EXECUTION**  
**SCOPE OF SERVICES**  
**REXOR INTERNATIONAL.**

**We can consider 3 distinct areas of Contract Management.** The most effective scenario is for the 3 areas to be linked contiguously with End-to-End contract management.

- 1. Risk assessment, Drafting & Signature**
- 2. Permission to proceed & Execution**
- 3. Final payment & Closure**

Rexor expertise will be utilized to assess and mitigate all risks and bring them to a commercial treatment.

If we understand that a *Risk is the effect of the unknown on objectives*, then expertise is required to be able to assess the unknown and decide whether to *accept, transfer, reject, or reduce the risk.*

Risk treatment must minimize financial impact but not *by default* jeopardize winning the project. *An expert risk assessment is fundamental for the management to take a Go-NoGo decision.*

Changes to the contract **MUST** be paid for, i.e., Rexor will ensure your **RIGHTS** are enforceable by having the right clauses in the contract.

The financial and business environment can be described as volatile for a number of reasons, and it is important to have a raw material escalation clause and Force Majeure clause.

**Introduction**

The CONTRACT MANAGER (CM) can be assigned directly to one project, or manage a number of contracts depending on the phase of works activity.

- **The CM can be deeply engaged during the sales process and provide continuity into the mobilization phase enabling effective negotiations with the customer on early deliverables and key dates.**
- **E.g. on oil and gas projects the customer will require early use of the radio systems as an aid to his construction personnel.**

The CM will provide the overall contract strategy with your company’s management (e.g., Project, Procurement Manager, Program Office), drafting LD avoidance plans, and therein highlight risk mitigation plans that affect profitability forecast. Additionally, the claims strategy will be managed by the CM with reference to the country’s Law as necessary.

- **Procurement is a key process, and the CM will work closely with all involved parties (e.g., PPM- Project Procurement Manager) to ensure suppliers are qualified, terms and conditions are managed under a cost benefit analysis, and a detailed costed bill of materials is available for the service life of the equipment.**
- **As mentioned, the need for raw material price escalation clauses will be assessed.**

**Head (Leadership) of Contract & Sub-Contract Execution.**

Working with project teams and bringing expert knowledge in CM discipline and reviewing terms & conditions of main and sub-contracts to improve your company’s competitive position with risks clarified, and co-ordination with account managers to include contract technical annexes, and procurement/subcontractor contracts-PO’s.

- **Risk analysis of unknowns and constraints on new/existing contracts and change orders.**
- **Establish a Claims discipline and LD avoidance strategy.**

Presentation of Main Contract significant terms and conditions to team, for clarification of contractual obligations and responsibilities.

Ensure payments and revenue recognition is secured as per contract terms and aligned project plan. Management and support and training of local contract administrative staff.

Day to day responsibility with project management for “fit for purpose” contemporary records, reporting and communications resulting in a solid CLAIMS process.

The CM will establish a procedure for quantity assessment/measurement and authorization of any third-party invoices, or preparation of own company invoice. It is important to fully justify stage payments and ensure cash flow is not compromised.

Set up project/contract scheduling discipline and ensure all parties receive and acknowledge project schedules.

### **Pre-Sales Support**

Essentially REXOR shall advise on financial instruments required to under write the cash flow plan. This will link formal acceptance certificates to invoicing procedure.

- **REXOR will advise on the acceptance procedure required in the contract to ensure works completion certificates for invoicing are not delayed.**

Ensure the formal Communications Plan is part of submission to Client. Assist legal, Commercial and Procurement manager in development of new contracts & agreements.

Work with procurement to pre-qualify a supplier’s contractual terms and conditions for best fit with any particular contract to minimize the life cycle risks to your company.

Ensure adequate warehousing with material management to minimize inventories in liaison with procurement.

For materials that have high price fluctuation put in place orders that ensure buying and selling values do not change nor affect profitability.

### **Contract Management**

REXOR will take an authoritative role as part of the contract steering group, led by the project manager.

- **Control the contract and ensure the technical and commercial aspects are fully aligned for contract closing on time with full payments, to include claims and variations.**
- **Ensure (daily) contemporary records are maintained and acceptances are pushed through asap. The customer goes bankrupt/taken over/stops the project how to prove the work done if no records?**

List and communicate for delivery of miscellaneous contract deliverables.

Contractual interpretation and advice to all project team members.  
Liquidated damages avoidance plan, and as necessary have counter balance and credit back strategy.  
Establish formal and auditable control logs and repositories.

### **Change Order and Claim Management**

Working with the design team implement the Request for Information procedure as part of communications plan.

- **Identification of Change Order (CO) and/or Claim scope (e.g., Delay Claims assessment as per Delay Claims procedure) and identification of scope variation contractual requirements.**

Ensure a formal record keeping system is in place, to include formal contemporary site records in diary format.

- **As necessary in discussion with the customer draft contract variations and co-ordination with other parties and management for approval.**

Provide leadership or other as agreed for contract extensions, Variations, renewals, potential disputes, penalties.  
Working with the Document Controller (or Rexor can provide this service), validate the procedure for formal document submission + clarification, negotiation & client sign-off.

### **Client Liaison and Official Correspondence**

Direct liaison with Client in the resolution of project and contract issues.

- **Force Majeure decision need to be taken carefully.**

Management of official in/out correspondence to client, assessing actions and required response.

- **Working with the project manager, establish formal meetings with Client and Sub-cons/suppliers.**
- **Monitoring correspondence open issues and follow-up with project team on action points.**
- **Project closing preparation, negotiation and contract close-out.**

Ensure the project team keeps all records and communications to support any future claims negotiations for extra work done, delays, suspensions, force

majeure etc.

### **Payments**

- **Working with the commercial and financial management in your company, prepare and execute invoicing plan to align technical and commercial activity.**
- **Ensure certificates from technical performance are agreed in Clients Commercial as payment triggers.**

Manage the quantity assessment and measurement of materials consumed procedure as necessary

Working with Procurement, ensure positive cash flow and control of third-party payments in line with cash flow plan.

Agree pro rata payment procedure with Client to minimize cash flow issues.

Working with Finance agree a white paper for revenue recognition, and align with the milestones that can be realized through the contract.

### **Finance, Guarantees and Bonds, Insurances.**

Apply your company guidelines to contract payment triggers.

- **Secure payment guarantees from customer, e.g., LC.**
- **Secure performance guarantees as necessary from suppliers/sub cons.**
- **Review and validation of the terms of Performance & Warranty Bonds and Bank Guarantees.**

Monitoring and extensions of Bonds with the Finance Dept. as required.

Retention monitoring with PFC.

Ensure contractual insurance and indemnity requirements are fulfilled, to include Professional Indemnity insurance (errors and omissions) from sub-system suppliers.

### **Reporting and Steering Committee**

- **Project report preparation and presentations as required.**

Assist project manager and others in the preparation of project performance reports and analytics.

Recording official minutes of Project and Steering Committee meetings.

### **Procurement**

Work with procurement and push the back-to-back terms and conditions, and

receive a ‘service life costed bill of materials’ (pro-forma available) from each subsystem supplier.

- **Validate warranty, support and all necessary services are aligned with main contract, and that the complete range of services required during the project life cycle are included in a priced vendors submission; to include manuals, extended warranty, repair and return, spares availability in years, hot-line support, in-country support, bugs and fixes, upgrades, Escrow, PI insurance. Create Gap analysis report on the former.**

Assist the Supply Chain manager with ordering, shipping, customs clearance, warehouse co-ordination and BoQ / shipment reconciliation (latter needed in Change Order preparation and Project closeout amendments).

**Project Cost and Planning Management**

Assist the company Project Cost Controller to prepare budget & cost reports + sales and order forecasts.

Financial risk management & preparation / monitoring of Reserves files.

Cash flow, payment & headcount forecasts alignment

Assist the Project Scheduler with tracking/reporting project performance.

Review of project performance and income statement risk/penalty analysis.

**Contract Closing**

Ensure all commitments are met.

Ensure claims and liabilities are closed.

Ensure no outstanding warranty obligations.

Confirm any last time order terms and conditions with Sales.

**Key Deliverables**

Realisation of the cash flow and profitability plan according to the contractual terms and conditions; due payments fully invoiced including Claims & Change Orders for additional works and delays.

Contract closure on time,

No unforeseen warranty obligations.

| Notes |
|-------|
|       |