

SOP: Contract Review, Negotiation, and Renewal

This SOP provides detailed **instructions for contract review, negotiation, and renewal** to ensure all agreements are systematically evaluated, terms are clearly negotiated, and renewals are handled efficiently. It covers the identification of contract requirements, risk assessment, legal compliance verification, stakeholder consultations, negotiation strategies, approval workflows, and timely renewal processes to maintain strong business relationships and minimize contractual risks.

1. Purpose

Establish a standardized process for reviewing, negotiating, and renewing contracts to ensure compliance, manage risks, and optimize business value.

2. Scope

This SOP applies to all employees involved in preparing, reviewing, negotiating, or renewing contracts on behalf of the organization.

3. Responsibilities

- **Contract Owner:** Initiates and manages the contract process.
- **Legal Team:** Reviews for legal compliance and risk assessment.
- **Stakeholders:** Provide input and approve terms as necessary.
- **Approval Authorities:** Grant final approval for execution or renewal.

4. Procedure

- 1. Identification of Contract Requirements**
 - Define contract objectives, deliverables, and parties involved.
 - Gather previous contracts and relevant documentation.
- 2. Risk Assessment**
 - Identify potential risks (financial, operational, legal, reputational).
 - Address risk mitigation strategies in draft terms.
- 3. Legal Compliance Review**
 - Verify adherence to applicable laws, regulations, and company policies.
 - Legal team reviews and provides recommendations.
- 4. Stakeholder Consultation**
 - Engage relevant internal and external stakeholders for feedback.
 - Document and incorporate feedback into contract drafts.
- 5. Negotiation Strategy**
 - Prepare a negotiation plan outlining priorities, concessions, and desired outcomes.
 - Conduct negotiations with counterparties, documenting changes.
- 6. Approval Workflow**
 - Route the finalized contract through the defined approval hierarchy.
 - Obtain signatures from authorized signatories.
- 7. Execution & Storage**
 - Distribute executed copies to all parties.
 - Archive digital and/or physical copies per company policy.
- 8. Renewal and Termination Tracking**
 - Monitor contract expiration and renewal dates using a tracking system.
 - Initiate renewal discussion at least 90 days prior to the expiration date.
- 9. Renewal Process**
 - Review contract performance and identify areas for modification.
 - Negotiate and process amendments or renewals as necessary.
 - Complete approval and execution steps as per the new/renewed agreement.

5. Documentation

- Maintain all review notes, negotiation records, and approval documentation.
- Ensure updated versions are accessible for auditing and reference.

6. References

- Company Contract Policy
- Legal Compliance Manual
- Risk Management Guidelines

7. Revision History

Version	Date	Description	Author
1.0	2024-06-01	Initial SOP release	[Author Name]