

SOP: Contract Drafting, Review, and Negotiation Procedures

This SOP defines the **contract drafting, review, and negotiation procedures** to ensure clear, consistent, and legally sound agreements. It includes guidelines for initial contract drafting, internal review processes, risk assessment, stakeholder consultation, negotiation strategies, approval workflows, and final documentation. The objective is to minimize risks, protect organizational interests, and establish mutually beneficial contractual relationships.

1. Purpose

To outline the procedures and responsibilities for drafting, reviewing, negotiating, and finalizing contracts to ensure legal compliance and protection of organizational interests.

2. Scope

This SOP applies to all employees and departments involved in the creation, review, and approval of commercial and operational contracts.

3. Responsibilities

Role	Responsibilities
Contract Owner	Initiates contract drafting and coordinates with stakeholders.
Legal Department	Reviews drafts, identifies legal risks, proposes amendments, and provides legal counsel.
Stakeholders	Provide input, review relevant sections, and raise concerns or requirements.
Approving Authorities	Grant final approval as per the organization's approval matrix.

4. Procedure

- Contract Initiation**
 - Identify need for contract and confirm scope.
 - Assign Contract Owner.
- Contract Drafting**
 - Use approved templates where possible.
 - Draft terms and conditions, ensuring clarity and compliance.
- Internal Review**
 - Distribute draft to relevant stakeholders for initial review and feedback.
 - Submit to Legal Department for risk assessment and compliance check.
- Risk Assessment**
 - Legal reviews contract for legal, financial, and operational risks.
 - Address and mitigate identified risks.
- Stakeholder Consultation**
 - Organize review meetings as necessary.
 - Resolve internal comments and reach consensus.

6. Negotiation with Counterparty

- Share draft with the counterparty for review.
- Conduct negotiation meetings to resolve disputed terms, maintaining records of changes.
- Escalate unresolved issues to management if required.

7. Final Approval

- Obtain final internal approvals as per the authority matrix.
- Secure counterparty approval/signature.

8. Documentation and Archiving

- Store executed contract and all drafts/versions in a designated repository.
- Update contract log and track key contract milestones.

5. Control of Documents

- All signed contracts and related correspondence must be securely stored and backed up.
- Access to contract documents should be role-based and subject to approval.

6. Revision and Review

- This SOP shall be reviewed annually or as required to ensure relevance and effectiveness.
- Changes must be approved by the Legal Department and management.

7. Appendix

- Template contract checklist
- Approval matrix
- Record of amendments