

CHANGE ORDER PROTOCOL

1. CHANGE ORDER PROTOCOL

- 1.1** Changes to the Work (hereinafter referred to as “Change Order”) may occur during the normal course of a Project. Contractor shall respond promptly to any change requests for estimates of the effects, if any, which the proposed change will have on the Project Budget or a Lump Sum Separated Price Contract and the Scheduled Mechanical Completion Date. The detailed procedures to be followed in the processing of Change Requests shall be agreed between Braskem and Contractor. Those procedures should be compatible with Contractor’s normal methods, including use of standard forms, etc., provided these meet the minimum requirements and establish appropriate control measures for handling changes. The procedures, which are to be documented by Contractor, shall include details on the following:
- 1.1.1 Initiation and tracking of Change Requests. Contractor shall maintain a Change Order summary log that is to include the following in tabular form: Change Order number, brief description of change, date Change Order is submitted to Braskem, date approved or rejected action on change (approval or rejection), effects on Approved Budget, Scheduled Completion Date and remarks.
 - 1.1.2 Preparation, insurance, and tracking of Change Order.
 - 1.1.3 Implementing Scope of Work and Specification revisions, as appropriate.
 - 1.1.4 Distribution list for Change Orders per Project Distribution matrix or as agreed to by the Parties.
 - 1.1.5 Tracking of all deviations or errors from the Budget will be documented as deviation trends to the Forecasted Project Budget.
- 1.2** Each Change Order Request shall be assigned a change number and be entered on the summary at the time it is requested. Subsequent entries shall be made at appropriate times to ensure that the summary is current. Contractor’s Project Manager or its authorized representative shall countersign all Change Order Requests issued by Braskem. If Braskem has not granted authorization to proceed with the change, the Change Order shall include a statement defining the latest date such authorization can be given without further affecting the Scheduled Project Completion Date. Braskem reserves the right to approve or reject all Change Orders.
- 1.3** Contractor shall respond to Change Requests by submitting a Change Order to Braskem within seven (7) Days of the initial request. If Contractor determines that the schedule cannot be met, it shall promptly advise Braskem, state the reason for the delay and the date the Change Order will be available for review. However, if the Contract Release is under a Lump Sum Contract Strategy than Contractor shall not be entitled to a Change Order unless there were circumstances beyond its control that are well documented prior to the event.
- 1.4** Contractor shall submit Change Order that it believes is a Change Order for Braskem review and approval. However, if Contractor proceeds with any Change Order without Braskem approval, the cost and impact of such unapproved Change Order will be to Contractor’s account and not reimbursable by Braskem.
- 1.5** The Change Order shall include:
- 1.5.1 A detailed description of revisions to the Project specification and/or Work involved, including appropriate identifying references, drawings and other details, as required.

- 1.5.2 Effect on an Approved Project Budget, with cost subtotals reflecting estimated increases/decreases in direct material, direct labor, subcontracts, indirect field costs, home office support cost, freight and duty, other costs (to be identified), fee and cost of preparing the Change Order. Accompanying back-up data that clearly defines how subtotals were developed shall support the estimates. An estimate basis letter shall include in detail the differential cost for labor, material, equipment, and construction indirect(s). Contractor shall state impacts, if any, on Work already performed or on process or utility requirements. If applicable, a statement on the effect of the change on Contractor's or a Supplier's warranty or guarantees.
- 1.5.3 Effect on Scheduled Project Completion Date, if any, with appropriate back-up. The basic workweek for all Change Orders shall be based on standard time for all Contractors' personnel and its subcontractors. Overtime in excess of the 40-hour workweek shall be worked only upon written authorization of Braskem. If a Change Order requires Contractor to perform the changed Work on an overtime basis, it should be stated clearly on the Change Order signed by Braskem. Braskem must initial the estimated cost for overtime on each Change Order.
- 1.5.4 An indication of who initiated the Change Request (Braskem or Contractor) and reason therefor (safety, operability, Braskem preference, investment return).
- 1.5.5 Contractor's submission of the written Change Order for performing a change shall include as a part of the total price of the Change, a sum representing the actual costs incurred by Contractor, in the preparation of such change. Such costs shall be determined in accordance with Time and Material Compensation For Field Services.
- 1.5.6 If Contractor wishes to initiate a Change Request, it shall obtain Braskem's approval before expending any engineering, cost estimating, scheduling or other effort in support of the request. Braskem's approval is required for all Change Requests and Change Orders.
- 1.5.7 All invoices and payments related to Change Orders shall be made pursuant to the Contract, and submitted together with the regular invoices or as directed by Braskem. Upon Completion of the Work and prior to final payment under this Contract, all Change Orders as approved will be incorporated into the final Project Budget Cost.

1.6 Mechanical Completion Date

- 1.6.1 Contractor shall notify Braskem and Braskem shall approve any Change Order adjusting the Mechanical Completion date. Contractor Change Order estimates shall not contain costs for Project management, key personnel assigned on a full time basis to the Work unless Contractor can support the man-hour increase for the schedule extension beyond the agreed to Mechanical Completion Date.

2. CHANGE ORDER FORM

Contractor shall use its own format for Change Orders. The minimum requirements for Change Order forms must have the following information:

- Contract Number, Project Number and Date
- Sequential Change Order Number
- Original Contract Amount (Lump Sum) or Control Project Budget showing the Change Order and impact on the total cost
- Original Project Completion Date or Mechanical Completion Date showing the Change Order and impact on Project Schedule
- Detailed explanation clearly stating the reason for Change Order and Scope of Work
- Signature block for both Parties to approve the Change Order