The Contract Administration System (CAS) is the new global online system for contract requests and administration of contracts.

- Users can track the status of contract requests, contract budget, service orders, service receipts and service invoices
- Suppliers will be paid correctly and timely (if instructions are followed)

**Business Process: Contract Request**
1. FCX identifies need for a service and end user enters Contract Request
2. FCX issues Contract to the Supplier

**Business Process: Service Order (SO)**
1. FCX generates SO against the Contract and notifies Supplier to commence work
2. Supplier completes work
3. FCX confirms work has been completed and updates work completed in CAS

**Business Process: Proforma Invoice (PI)**
1. CAS generates a PI based upon Receipt of Services
2. PI is emailed to Supplier
3. Supplier receives and reviews PI prior to invoicing FCX
4. If PI matches Contractor invoice:
   • Contractor sends invoice to FCX
   • FCX reimburses PI
5. If PI does not match invoice:
   • Reconciliation required prior to invoicing
SERVICE ORDER

Once a Contract Administrator has created a Contract, FCX Users are able to create service orders against that contract. A Service Order is often referred to as a work authorization and lets the supplier know that work can commence. Suppliers must not start work unless they have received a Service order for the services to be performed.

Notifications are sent to Suppliers from CAS in the form of an email. To view a Service Order (Work Authorization):

1. Open email and review content. The Work authorization e-mail includes:
   - Service Order Number, Version Number, Contract Number
   - Contractor Information
   - Company Information (FCX)
   - Description of the service to be provided and the payment amount
   - Additional terms or comments
   - Notes to Supplier regarding service orders

   NOTE: Person listed as contract person is the Contract Responsible. Contract Responsible approves all service receipts for that Service Order.

   - Contract Administrator information

   NOTE: Contract Administrator is the person that created the contract in the system and typically negotiated the terms and conditions of contract.

The Supplier then performs the work as authorized. Following completion, a designated person, usually the Contract Responsible, confirms work is completed and creates a Service Receipt.

NOTE:
- Service Orders can be created by multiple FCX users and multiple locations based on how Contract is created.
- Supplier Email is obtained during contract creation and is the default email address; however, FCX user(s) can change the email address when each Service Order is created.
PROFORMA INVOICE (SERVICE RECEIPT)

PROFORMA INVOICE

When the work is completed, the designated person (Contract Responsible) confirms that the work is complete and creates a Service Receipt in CAS. Once the Service Receipt is entered in CAS, a Proforma Invoice is automatically generated. The Proforma Invoice is sent to the Supplier via email.

The Proforma Invoice contains a Proforma Invoice number, which is MANDATORY on all Contractor invoices. **Failure to include the Proforma Invoice number on the invoice will result in delayed payment.**

Total amount on the Contractor Invoice must match the Proforma Invoice total.

Suppliers will need to review and match the Proforma Invoice prior to invoicing Freeport-McMoRan. To view the Proforma Invoice:

1. Open email sent from FMI containing the invoice. The Proforma Invoice includes:
   - Proforma Invoice Number, Version Number, Service Order Number, Contract Number
     **NOTE:** If Version Number on the Proforma Invoice is something other than 001, that will indicate that User has modified the Service Receipt/Proforma Invoice and the latest version is the correct version.
   - Proforma Invoice Format is PI-aaaaaa-bbb
     - Always ‘PI’
     - Service Order Number
     - Sequence Number
   - Contractor Information
   - Company Information (FCX)
     **NOTE:** Person listed as contact person is the Contract Responsible. Contract Responsible approves all service receipts for that Service Order and handles invoice resolution.
   - Contract Administrator information
     **NOTE:** Contract Administrator is the person that created the contract in the system and typically negotiated terms and conditions of contract.
   - Description of the service noted as received
   - Additional terms or comments
   - Notes to Supplier regarding service orders

**NOTES:**
- FCX Users can create multiple Service Receipts against a Service Order as long as the total Service Order amount is not exceeded.
- Supplier’s email address from Service Order is the default email address for Proforma Invoice; however FCX User(s) can change the email address when each Service Receipt is created.
- Once Service Receipt is created CAS will automatically generated one Proforma Invoice, and Supplier will only be allowed to submit one invoice against the Proforma Invoice.
- If Supplier believes Proforma Invoice is incorrect. Supplier can contact person listed on the Proforma Invoice and Contract Responsible can correct the Service Receipt and generate a new PI if desired.

PROFORMA INVOICE PI-ZA001P-004

Service Order No: ZA001P
Contract No: 02600900234-001

<table>
<thead>
<tr>
<th>Description</th>
<th>Quantity</th>
<th>Unit Of Measurement</th>
<th>Unit Rate</th>
<th>Tax Rate(%)</th>
<th>Extended amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service A</td>
<td>0.10</td>
<td>Week</td>
<td>$1,000.00</td>
<td>0.00</td>
<td>$100.00</td>
</tr>
<tr>
<td>Service B</td>
<td>1.00</td>
<td>Month</td>
<td>$120.00</td>
<td>0.00</td>
<td>$120.00</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>220.00</td>
</tr>
</tbody>
</table>

Supplier’s email address from Service Order is the default email address for Proforma Invoice; however FCX User(s) can change the email address when each Service Receipt is created.
INVOICE SUBMISSION

Once the Supplier receives the Proforma Invoice, they can generate their own invoice for payment. Supplier generated invoices MUST contain the Proforma Invoice Number, Supplier email address and the total must match the Proforma Invoice. Failure to include the Proforma Invoice number on the invoice will result in delayed payment. Invoices are to be submitted electronically to Freeport-McMoRan for payment.

To submit an invoice:

1. Generate Supplier invoice via internal method, including the Proforma Invoice number and Supplier email address.
2. Submit invoice via email to fmi@metasource.com

NOTES:

- Supplier will not be able to combine several invoices into a single invoice
- The letters ‘PI’ must be included when providing the PI number

Submission Confirmation

Once the Supplier has submitted the invoice, Accounts Payable logs the invoice into CAS. If the Proforma Invoice matches the invoice submitted by the Supplier, payment is issued.

If the Proforma Invoice and Supplier Invoice do not match, the Contract Responsible is notified via email. The Contract Responsible and the Supplier will need to work together through the Invoice Discrepancy/Resolution process.
**DISCREPANCY RESOLUTION**

If there is a discrepancy between the Proforma Invoice and the Supplier Invoice, the Contract Responsible and Supplier will need to review the documentation and resolve the issue.

- Supplier should always resolve the discrepancy when they receive the Proforma Invoice and before they send FCX the Contractor Invoice.

However if a Supplier Invoice is received that does not match the Proforma Invoice, the following steps will be taken to resolve the discrepancy:

1. If a Contractor Invoice is received that does not contain a Proforma invoice, Contractor Invoice will be rejected and returned to the email listed on the Contractor Invoice.

2. If the Supplier Invoice contains a Proforma Invoice number, but there is a discrepancy the invoice will be entered into the system, but the system will not allow Contractor invoice to be paid unless Contractor invoice matches Proforma Invoice.

3. System will send an e-mail to the Contract Responsible notifying them of the discrepancy.

4. The Contract Responsible can then do two things to resolve the discrepancy. They can resolve the issue and approve the invoice, or they can reject the invoice:
   - If the Contract Responsible believes the invoice is correct, they can either, modify the original service receipt or create a new receipt to tie to the invoice. After the Contract Responsible has resolved the discrepancy, they can approve the invoice. An e-mail is then sent to the supplier notifying them of the invoice approval.

   **NOTE:** if the Contract Responsible modifies or creates a new receipt, they have the option to send a revised Proforma Invoice to the supplier. If a revised document is sent, it will contain a new version number.

   - If the Contract Responsible believes the supplier invoice is incorrect, they will reject the invoice. An e-mail will then be sent to the supplier notifying them of the invoice rejection. The e-mail will also contain a reason for rejection. It is then necessary for the supplier to either re-invoice with the correct information or contact the contract responsible in order to resolve the invoice discrepancy.

   **NOTE:** Credits, revised billing and invoices are to the sent to the contact person as listed on the Proforma Invoice.

**Inquiry**

If there is a discrepancy between the Proforma Invoice and the Supplier Invoice, the Supplier will need to work directly with the Contract Responsible listed in the Company Information section on the Service Order or Proforma Invoice documents.

Approved Invoice status can be viewed through the VIP Portal at [http://vip.fmi.com](http://vip.fmi.com)

Questions regarding unapproved invoices can directed to:

- Phone: 602-366-8200
- Email: PHX-FSS_AP@FMI.COM
- Fax: 602-453-1639
AGREEMENT NUMBERING/ ACRONYMS/ DEFINITIONS

AGREEMENT NUMBERING
Each Agreement and Amendment will have a unique number based on issuing office and type of agreement.

**Agreement Numbering**

Format is: aaaaaaaaaa-bbb

- Issuing Office
- Year Sequence Number
- Type of Agreement

**Type of Agreement**
- MSA = 000
- Supplement to MSA = 001 to 999 (Increases with each supplement)
- Stand Alone Agreement = 001

ACRONYMS

- AFE (number): Authorization for Expenditure
- CA: Contract Administrator
- CAS: Contract Administration System
- CR: Contract Request
- MSA: Master Service Agreement
- PI: Proforma Invoice
- SO: Service Order
- SR: Service Request

DEFINITIONS

- **Agreement**: See Contract.
- **Amendment**: Changed agreement to an existing contract.
- **Amendment Number**: Shows how many times the agreement has been amended (formal amendment or internal amendment).
- **Contract**: A legal agreement between two parties which define services to be provided and payment terms.
- **Contract Request**: A request made by an end user for a contract to be created, reviewed and approved for services.
- **Contract Responsible**: The person who will approve that the work on a Service Order has been completed. This person will be responsible for creating a Receipt or approving a Receipt that was created by someone else (Receipt approval - handles invoice discrepancies). Typically the person that is monitoring work and can verify that the work is completed.
- **Contract Administrator**: The person that creates the contract within CAS. Contract Administrator will create a contract after End User submits a Contract Request. Contract Administrator (only if specified on contract) approves service orders.
- **Contract Owner**: (Optional feature) Person that approves service orders against contract (only if specified on contract). Contract Owner could be the same person as the Contract Responsible.
- **Contractor**: A person or supplier who provides services.
- **Contractor Invoice**: Invoice from a contractor, supplier or vendor demanding payment for services rendered.
- **Discrepancy Resolution**: A process by which discrepancies are resolved.
- **Formal/External Amendment**: Requires a signature from the supplier.
- **Formal Amendment Number**: Shows how many times the agreement has been formally amended with supplier.
- **Proforma Invoice**: A document that is created and sent to the supplier when a service receipt is created in CAS. A Proforma Invoice includes all the details of the receipt and provides the supplier with the Proforma Invoice number, which the supplier is required to include on their invoice.
- **Service Order**: Is created in CAS by end user against a contract. Approved service orders generate a service order (work authorization) document that is sent to the supplier, notifying them that work has been authorized and can commence.
- **Service Receipt**: Transaction made in CAS, confirming receipt/completion of a service. See Proforma Invoice.
- **Supplier**: See Contractor.
- **Supplier Invoice**: See Contractor Invoice.
- **Supplement**: Contract between Company and Contractor that incorporates a Master Terms and Conditions, in which the Contractor agrees to provide services.
- **Work Authorization**: Is referred to in CAS as a Service Order and is to notify contractor that work has been authorized.