

Contractual Agreement on Financial Penalties

The contractual agreement specifies that in the event of non-compliance with the agreed terms, a financial penalty of up to 15% of the total contract value will be imposed. Additionally, delays in project milestones may result in compounded penalties, increasing the overall financial exposure of the company.

In the event of force majeure or unforeseen circumstances, the client holds the right to withhold payments, leading to significant liquidity risks. Financial risk assessments conducted last year also highlighted exposure to currency exchange fluctuations impacting cross-border payments.

Recommendation: Implement strict monitoring of payment schedules and consider hedging mechanisms to mitigate currency-related financial risks.