

COVID 19 – WHAT SHOULD WE DO NOW?

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Many businesses will be impacted by Covid-19 and the government “lockdowns” that have been imposed in many countries across the world. Across the aviation, energy, maritime and real estate sectors, it is likely that:

- Global supply chains will be severely disrupted with the result that construction and infrastructure projects may stall or be cancelled;
- Loan defaults and insolvencies will rise;
- Employment issues will arise in the context of quarantines, uncertain business needs and the availability of state support; and
- Disputes will arise as parties seek to escape from contractual and financial commitments.

"We have formed a dedicated team to assist our clients worldwide to deal with any and all of these challenges."

With this in mind, it is imperative all businesses do the following without delay to ensure they are as well placed as possible to face the challenges ahead:

- Review the terms of existing contracts and assess if there is the need to renegotiate terms or exercise contractual rights such as termination for force majeure, material adverse effect or breach;
- Check insurance policies for coverage;
- Think carefully before entering into new contracts to ensure that the terms envisage and are sufficiently flexible to deal with the uncertainties ahead;
- Check loan facility terms and approach lenders/financiers to discuss restructuring terms;
- Check lease terms and approach landlords to discuss rent free periods, rent reductions and reduced space requirements;
- Review employment arrangements and understand the availability of relevant state support and the process for seeking it;
- Establish practical policies for staff interaction with third parties including suppliers and contractors and take measures to ensure the wellbeing and protection of staff;
- Develop business continuation plans that are sufficiently sophisticated to allow businesses to adapt to rapidly changing circumstances;

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- Consider director and shareholder duties and voluntary insolvency measures; and
- Prepare for disputes and take measures to minimise risk through effective contract management, adequate record keeping and evidence preservation.

We have formed a dedicated team to assist our clients worldwide to deal with any and all of the above challenges. Please do not hesitate to get in touch with your usual Watson Farley & Williams contact or one of the contacts to the side if you require advice on any of the current and anticipated effects of Covid-19.

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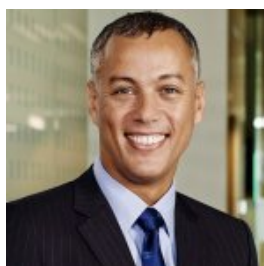
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