



June 2017

Are your commercial contracts "Brexit-ready"?

Why act now?

Given the uncertainty created by the General Election result, it may be tempting to delay Brexit planning. However, certainty over the outcome is unlikely to emerge for some time. As a result, it is all the more important to take practical steps **now** in areas over which you have at least some control – such as your contractual arrangements with key suppliers and customers.

What should you be doing?

The first step is to assess the risks and opportunities posed by Brexit for your commercial contracts. In our view, a tailored approach is essential. For example, it will not always make sense to conduct a systematic review of large numbers of contracts; in particular, simply searching documents for references to the EU or EU legislation is unlikely to yield particularly useful results.

Questions to consider

The sooner you have risk assessed your contracts portfolio, the more time you will have to plan ahead to mitigate Brexit risks and to make the most of any opportunities. For example:

- Can your customers or suppliers suspend, terminate or demand significant variations to key contracts in response to Brexit-related events, such as regulatory changes?
- If costs rise because of Brexit, how far do your existing contracts enable you to pass those costs on to your customers?
- What protection do you have against your suppliers seeking to raise prices in response to Brexit-related changes?
- Will some of your key contracts become more difficult to enforce as a result of Brexit?



You may well be better off concentrating on a more limited number of key contracts, with the analysis being driven primarily by an assessment of the surrounding commercial risks, rather than by a narrow focus on the terms of the contract.

Where a major contract review involving large numbers of documents is appropriate, we can work with our providers of AI tools to streamline the process and home in on key risk areas.

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How we can help?

We can help you to:

- identify the key Brexit risks in your current contracts and future-proof new contracts against Brexit changes;
- assess the risks of Brexit to your supply chain and embed Brexit risk identification and management procedures into your procurement processes; and
- plan effectively for changes in legislation and to use flexible pricing models which may be more suited to the more uncertain post-Brexit trading environment.

Our market-leading commercial contracts team and dedicated sector specialists can help you to formulate an approach to your commercial contracts portfolio which is tailored to the needs of your business.

The bigger picture

It's also important not to lose sight of the bigger picture. Our multi-disciplinary specialists and international network of leading independent firms can also guide you through wider Brexit ramifications which may be relevant to your business, including in relation to:

- trade and customs arrangements (such as the impact of tariffs, quotas and other trade barriers)
- World Trade Organisation (WTO) rules
- VAT and other tax implications
- employment law and immigration
- data and cyber-security

More information

For more detail on the potential implications of Brexit for your business, see our website:

www.traverssmith.com/news-publications/brexit

"I find them extremely responsive – if I ask them to do something, it happens and to a very high standard. They also take time to understand the client"

Chambers (2017)

FOR FURTHER INFORMATION, PLEASE CONTACT

10 Snow Hill
London EC1A 2AL
T: +44 (0)20 7295 3000
F: +44 (0)20 7295 3500
www.traverssmith.com



Tom Purton

Partner, Head of Commercial, IP & Technology

E: tom.purton@traverssmith.com
T: +44 (0)20 7295 3277



Richard Brown

Partner, Commercial, IP & Technology

E: richard.brown@traverssmith.com
T: +44 (0)20 7295 3254



Ben Chivers

Partner, Commercial, IP & Technology

E: ben.chivers@traverssmith.com
T: +44 (0)20 7295 3370