Supply Chain Risk Management and Dispute Resolution

Your risk mitigation strategies and the way you manage challenges and disputes are a key pillar of success in terms of ensuring supply chains remain resilient and undisturbed. By being proactive to rapidly resolving issues as they arise, you preserve commercial relationships, keep supply chains moving and avoid costly liquidated damages and legal disputes. Some practical tips are below.

Resolution/Termination

- **Ensure any settlements/resolutions are properly documented** – Avoid disputes around what has or has not been settled.
- **Conduct without prejudice discussions** – Enables you to talk freely to reach commercial resolution*.
- **Ensure communication channels remain open** – Keep the person with the best relationship separated from the dispute.

Disputes/Challenges

- **Be careful about what you say in written communications** –Involve in-house or external lawyers to protect privilege in internal communications and investigations. Avoid making any concessions in writing*.
- **Ensure you retain evidence and information relating to any dispute** – Keep a log of management time spent.
- **Act quickly** – Utilise contractual protections, preserve your rights swiftly and serve any necessary contractual notices required.

**Please note that the position is complex and varies between jurisdictions. Specific advice should be sought from the in-house legal team*

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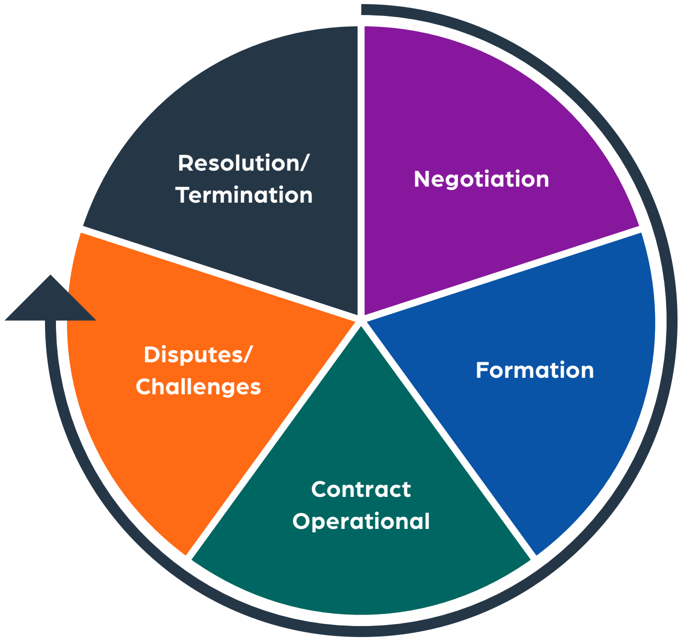

Negotiation

- **Do your due diligence** – Check finances, reputation and capability to perform etc.
- **Negotiate on a "Subject to Contract" basis** – Avoids inadvertently entering into agreements too early, before all key terms are agreed and written down.

Formation

- **Ensure all key terms are agreed and written down in advance** (e.g. price, delivery, limits of liability, audit rights, *force majeure* and wind-up or wind-down provisions).
- **Avoid exclusivity arrangements or onerous minimum purchase volumes** – Give yourself flexibility to go elsewhere if you need to!
- **Sign your contracts and store them safely** – Avoids disputes over whether terms have been agreed or not.

Contract Operational

- **Active and close contract management** – Ensure there is at least one person with day-to-day responsibility, and they have read the contract.
- **Exercise audit rights frequently** – Obtain information and be able to spot risks before issues arise.
- **Keep an eye out for financial difficulties** (e.g. late/ non-payments).

Contact

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