

COMMODITIES COVID-19 CONTRACT STRESS TEST MODEL



Agents

- Office closures
- Service levels

Ports

- Capacity
- Financial Status
- Closure
- Restrictions
- Quarantine

Inspectors

• LOIs Availability of

testing and

certificates

SALE AND

PURCHASE

CONTRACTS

• Demurrage (are sale contracts back to back?)

Delays

Shipowners

- Vessel availability
- Crew availability Failure to follow
- orders/diversion Financial status

Risk & Insurance

- Cover issues
- Managing risk Fraud – cyber/ remote signatures

- Staff infections Service levels
- Demand for storage

Warehousing &

Storage

Contract Labour

 Shortfalls Duty of care

Government Actions & Quarantine Increased regulatory

Government FM restrictions

Physical & IT Infrastructure Capacity/Continuity

Service restrictions

Suppliers

- Financial status
- Availability of supply
- Availability of workforce
- Amending GTCs post-Covid

Purchasers

- Financial status
- Allocation of cargoes
- Amending GTCs post-Covid

IT/Systems/Outsourcing **Business Continuity**

- · Hardware & software
- · Quality & remote access

Fraud

- Remote signings
- Cyber fraud

Risk & Insurance

- Cover conditions/exclusions
- Risk management

Contractual risks

- FM/frustration
- Price volatility
- Documentation problems
- · Cross defaults
- · Back to back?
- · Notice provisions

TRANSPORT **CONTRACTS**

COMMODITIES TRADERS

- Brand/reputation
- · Culture/morale
- Financials
- Risk
- Business Continuity
- Competition
- Solutions

ISSUES

GOVERNMENT

REGULATORY

Food and medicine

Ports, rail & roads Data networks

scrutiny

Society & Economic Measures

Export Controls

 Support for customers. suppliers and citizens

Banks & Liquidity

- Support for customers and suppliers
- Coronavirus business interruption loan scheme

Government and regulatory relief

- Relief from performance of certain contracts
- Amendments to insolvency
- Delayed implementation of regulatory requirements.

Letters of credit

- Documentation problems
- Practical challenges

Availability

Sourcing finance

Sectors

- Highly exposed
- Volatile

Cash

FINANCE

CONTRACTS

- Critical
- Govt support

Processes

- Reliance on hard copy documents
- Use of couriers
- LOIs

Risk & Insurance

- Cover conditions/ exclusions
- Fraud cyber/wet ink signatures

Contracts & claims

Force majeure