

Commercial contracts

Building resilience in an era of supply chain disruption

Supply chains face unprecedented challenges – from shortages and cost volatility to compliance risks and geopolitical uncertainty. Businesses must act now to secure resilience and maintain continuity, profitability, and comply with many new layers of regulatory obligations.

Main risks that contracts can help mitigate

Risks include shortage, stoppage, quality issues, delays, violations of laws, cost volatility, compliance, litigation, margin leakage, reputational harm.

Compliance is a moving target due to changing laws and ESG obligations. Contracts can help navigate the challenge of compliance.

Key points to consider

Map your entire supply chain, understand your financial, products, legal and data flows.

Identify your exact role in the supply chain, identify legal, operational, and ESG risks. Diversify suppliers and implement robust due diligence.

Work on your specs, SLAs, liability clauses, review your price clauses, watch out for tariffs, be acutely aware of what renegotiation rights might be embedded in your contracts, polish your change control clauses, master and control your data, ensure performance, keep your freedom to terminate.

Ensure transparency through audits, reporting and governance.

What should you do now?

Conduct supply chain mapping and risk assessment. Review, update, renegotiate contracts. Implement real-time monitoring tools and contingency plans. Foster collaboration and governance across your supply chain, in cross-functional teams.

How we can help

DLA Piper's Commercial Advisory and Contracts team supports businesses with supply chain structuring, contract drafting, negotiation, management, due diligence, and risk mitigation strategies.

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