

# COVID-19: Important legal considerations

In light of the health emergency derived from propagation of the Coronavirus ("COVID-19"), it is important to take into consideration various legal aspects to mitigate the negative effects of COVID-19, given that suspensions or delays in government procedures, production, supply or provision of services are likely to occur, they could affect the closing of a transaction and / or derive in contractual breaches and, even, in the payment of conventional penalties or liquidated damages.



## M&A:

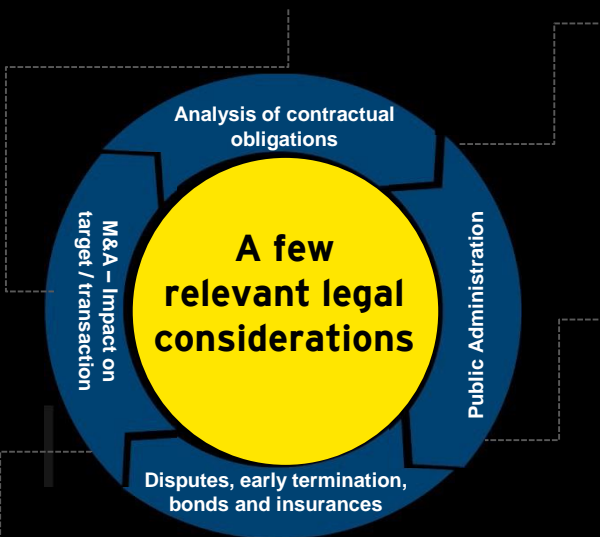
- Pre-closing: review of the material adverse effect clause to determinate its applicability, risk distribution and exit clauses for the buyer. Timeline review due to possible delays
- Negotiation: review the potential impact on the target, price and/or transaction structure, consider possible government delays in authorizations, registrations and procedures in general

## Analysis of contractual obligations regarding several factors:

- Identify the obligations that may be affected, impact levels, compliance dates and possible extensions
- Review of the force majeure and acts of God clauses (FM/AG) to determine the application of any provision allowing the release of liability or mitigates risks derived from a breach of contract
- Focus on working conditions and governmental actions that may trigger a FM/AG, i.e., transportation restrictions, closing of facilities, suspensions
- Identification of contract mechanism before FM/AG: i.e, notifications and following procedures
- Pre-default event negotiations (waivers). Document negotiations and agreements made
- Analysis of pricing and adjustment clauses
- Negotiation/termination

## Public Administration:

- Agreements concluded with the public administration: review of the applicable legal framework (i.e., Law of Acquisition, Law of Public Works) to determine the origin of suspension of services, regulation of payments for services rendered, unamortized advances, non-compliance due to fortuitous event or force majeure, exception to the imposition of administrative sanctions
- Containment measures: suspension of work and/or procedural deadlines



- Review of dispute resolution mechanisms and causes of early termination
- Mitigation: prior negotiations, extensions, insurances, bonds, among others
- Agreements for joint purchase or sale of products or "emergency measures" taken at the guild level
- Mitigate potential losses for cancelations from consumers or by not being provided in the agreements

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