**TEMPORARY COVID-19 ADDENDUM [including comments]**

**THIS ADDENDUM, WHICH AMENDS THE [•] AGREEMENT (“AGREEMENT”), IS EFFECTIVE AS OF [•] (“EFFECTIVE DATE”)**

**BETWEEN**

[•], a [•] company incorporated under the laws of [•], and registered with the [•] Register of Commerce and Companies under number [•] and whose registered office is at [•], in this matter represented by [•], acting as [•],

Hereinafter referred to as the “**Party 1**”;

**AND**,

[•], a [•] company incorporated under the laws of [•], and registered with the [•] Register of Commerce and Companies under number [•] and whose registered office is at [•], in this matter represented by [•], acting as [•],

Hereinafter referred to as the “**Party 2**”;

Party 1 and Party 2 are hereinafter collectively referred to as the “**Parties**” and individually referred to as “**Party**”.

**WHEREAS**

1. The Covid-19 pandemic is considered to be an unforeseeable exceptional situation impacting personal and professional lives significantly. More in particular, the Codiv-19 pandemic is assumed to be an effectively significant danger for the world economy for which the actual magnitude of the negative impact on the economy as a whole is still unknown.
2. Large parts of the world economy are put on-hold due to several measures taken by governments worldwide in order to defeat and overcome the Covid-19 outbreak in first instance from a healthcare perspective, coinciding with major consequences from an economic and financial perspective such as (non-limiting) ceasing of various business activities (be it production, assembly, distribution, etc.) in affected countries, impacting the continuity of supply chains across the world, limited movements of goods, increased (temporary) unemployment coinciding with a steep drop in consumption together with a breakdown of customer confidence, potentially resulting in liquidity and solvability issues for many companies.
3. Business partners worldwide, both in a non-related and related party context, are in direct need to re-evaluate their agreed upon terms and conditions and are assessing which reasonable measures to take in order to temporarily alter these terms and conditions on a short term in order to be able to survive this crisis on the longer run, even though the actual impact of the crisis will only become fully known in the longer run.
4. Parties acknowledge that the Covid-19 pandemic currently has, and for a period of time will continue to have, a material impact both on the economies in which Parties are active, their respective business operations, but also on their respective responsibilities and consequently the commercial and financial relation between the Parties, in a manner that was unanticipated when concluding the Agreement.
5. In this respect, Parties have assessed - in good faith and within their best abilities at the time this Addendum was concluded - the impact of the Covid-19 on their respective activities, on their commercial and financial relation, on their respective responsibilities under the Agreement, and have agreed to conclude with due respect to their current options realistically available, to amend certain stipulations of the Agreement in their mutual interest, for which this Addendum to the Agreement lays down in writing the changed stipulations of the Agreement agreed upon.
6. [Optional in case ***force majeure*** clause has been included in the original agreement:]

OR: Parties acknowledge that force majeure clauses could have been invoked, however   
 Parties agree that considerations included in this Addendum are in their best interests   
 and in line with arm’s length conditions.

OR: Parties acknowledge that this Covid-19 pandemic constitutes a force majeure as   
 stipulated in the Agreement, which forms the basis on which this Addendum has been   
 prepared.

**NOW THEREFORE**, Parties hereby agree to amend the Agreement as follows, applicable as from the Effective Date, whereas the terms and conditions of the Agreement remain in force unless specified specifically below:

**AMENDED STIPULATIONS**

**Article 1**

Following articles of the Agreement will cease to be applicable for the period this Addendum is effectively applicable, as stipulated in this Addendum in Article [•]

* 1. Article [•] of the Agreement [if applicable: , and replaced by Article [•] of this Addendum]
  2. Article [•] of the Agreement
  3. Article [•] of the Agreement
  4. Etc.

**Article 2**

Following articles will be applicable for the period this Addendum is effectively applicable, as stipulated in this Addendum in Article [•]:

* 1. PRICING - Party 1 will no longer be entitled to its stable routine remuneration as determined in the Agreement. As of the Effective Date, Parties agree in line with the arm’s length principle and prevailing circumstances, that Party 1 will be remunerated as follows:
     1. Only costs will be remunerated in order to ensure that Party 1 will reach a level of break-even (ex-post) at the end of financial year [•]
     2. Party 1 will incur certain level of losses determined based on [•]
     3. Etc.
  2. PAYMENT TERMS - Parties agree in line with the arm’s length principle and prevailing circumstances, that payment terms are as follows:
     1. [•] days
     2. Extended until the termination of this Addendum
     3. Etc.
  3. PRE-FINANCING - Parties agree, in line with the arm’s length principle and prevailing circumstances, that in consideration of the incremental working capital requirements of Party 2, Party 1 will:
     1. Make available pre-financing … for which no interest payments are due given the overall reviewed pricing arrangement as stipulated in article 2.1 of this Addendum
     2. Repayment is made over time by means of the transfer pricing policy as applied between both parties.
     3. Etc.
  4. VOLUME / DEMAND & DELIVERY – In contrast to the level of volume / demand as agreed upon in the Agreement, Parties agree, in line with the arm’s length principle and prevailing circumstances, that:
     1. The failure of not reaching aforementioned committed levels will not constitute a breach of obligations for the respective party
     2. Consistent with the aforementioned, the same applies to the non-delivery of goods due to the Covid-19 pandemic which will not constitute a breach of obligations for the respective Party.
     3. The committed level will be reduced to [•]
     4. Etc.

**TERM AND TERMINATION OF THE ADDENDUM**

**Article 3**

Parties acknowledge that this Addendum is only effectively applicable temporarily in order to conclude on urgent measures needed to continue their business relationship in uncertain and severe economic times, accordingly serving the mutual interest of Parties.

**Article 4**

Parties will agree in mutual consent and in writing the timing of the ending of this temporary Addendum and to reinstate the Agreement as originally agreed upon, or to renegotiate a new intercompany agreement once Parties are in the possibility to have a more holistic view on the economic impact of Covid-19 on their business activities and their future commercial and financial relations.

**MISCELLANEOUS**

**Article 5**

This Addendum is considered to be an integral part of the final and entire Agreement between both parties with respect to the subject matter thereof.

**Article 6**

Clause and paragraph headings are inserted for ease of reference only and shall not affect construction.

**COUNTERPARTS**

**Article 7**

This Addendum may be executed in any number of counterparts and by each Party on separate counterparts, each of which shall be deemed an original.

**IN WITNESS WHEREOF**, Parties hereto have caused their duly empowered representatives to execute the present Addendum as of the Effective Date.

**FOR PARTY 1**

Signed by:

For and on behalf of **Party 1.**

**FOR PARTY 2**

Signed by:

For and on behalf of **Party 2**

**VERSION DATE OF TEMPLATE: 1 APRIL 2020**

This template for inspiration has been provided to you by WTS Global. In case of further questions, in order to operationalize COVID-19 measures, please do not hesitate to contact your WTS Global transfer pricing contacts.

Sincerely,

Andy Neuteleers

Partner Transfer Pricing & Valuations  
T/A economics – member of WTS Global

+32 471 89 23 16  
[andy@TAeconomics.com](mailto:andy@TAeconomics.com)   
[www.TAeconomics.com](http://www.TAeconomics.com)   
[www.wts.com/global](http://www.wts.com/global)