



# GLOBAL DUE DILIGENCE Documents to examine

Once an offer has been accepted on a corporate deal, an exhaustive due diligence process begins. Depending on the type and scope of the transaction, attorneys will review documents to help verify the health of the target company, identify any risks, and make sound recommendations on the deal at hand. Here, we break down the category of information and common documents searched in each.

## Company/Organizational

To understand how a company is structured.

- > Certificate of incorporation
- > Company by-laws and amendments
- > Limited liability agreement
- > Stockholder agreement
- > Certificates of Good Standing
- > Directors list
- > Organizational chart
- > Shareholders/percentages owned
- > State of incorporation status reports
- > Assumed names
- > Company minutes book
- > Annual reports



## Financial

To understand the company's current financial state and future projections.

- > Balance sheets
- > Accounts payable and receivable
- > Income statements
- > Credit reports
- > Tax returns
- > Audit and revenue reports
- > List of all physical assets
- > Gross margins analysis
- > Details of company investments
- > Capital structure
- > Projections, capital budgets, and strategic plans
- > Up to date tax and pension liabilities
- > List of collateral for debt



## Legal

To understand legal compliance obligations and outcomes of past or ongoing litigations.

- > Shareholder certificates
- > Local/state/federal business licenses
- > Occupational licenses
- > Building, zonal, and land use permits
- > Tax registration
- > Insurance coverage
- > Power of attorney
- > Previous or outstanding legal cases
- > Lien searches
- > Pending litigation and judgements



## Human Resources

To understand all employee roles and local employment regulations.

- > A list of employees and independent contractors, and terms of employment
- > Contracts, benefits, and severance agreements
- > Employee handbook and safety policies
- > Past employee disputes (if any)
- > Labor union policies (if any)
- > Worker's compensation/unemployment claims history
- > Bonuses, incentives, and commissions policies
- > Sick days, vacation, and overtime pay policies



## Contracts

To understand current and future obligations based on active contracts or agreements.

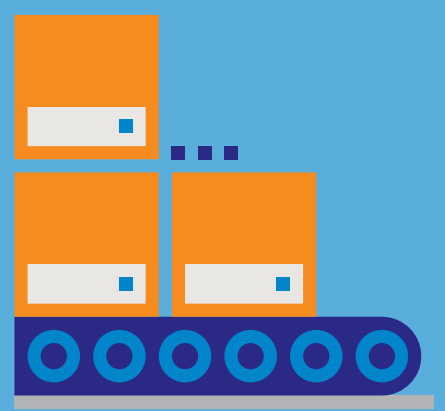
- > Customer contracts
- > Supply contracts
- > Operating contracts
- > Copies of loans and credit agreements
- > Details on contract and lease renewals



## Products and Services

To understand what is produced for sale and the production costs associated.

- > All services and products
- > Production costs
- > Production margins
- > Past and predicted growth rates
- > Local suppliers



## Customer Information

To understand key customer segments and targeting strategies.

- > Customer database
- > Marketing strategies
- > Customer communication
- > Purchasing agreements
- > Refund policies
- > Litigation and/or threats of litigation



## Sales

To understand sales performance and outlook.

- > Revenue listed by customer
- > Details of existing sales contracts
- > List of top 10 suppliers
- > Sales reports by category of product or service
- > Details of credit terms with customers
- > Current market share (if possible)



## Intellectual Property Documents

To examine all patents, copyrights, and trademarks the company has registered in each jurisdiction.

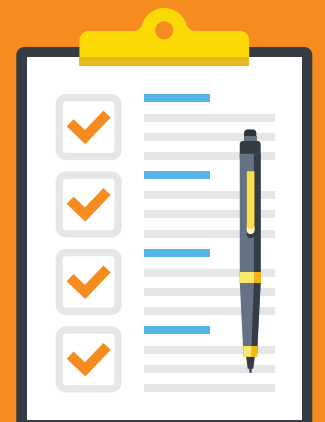
- > Trade secrets
- > IP claims and litigation
- > Issued patents
- > Design patents and applications
- > Industrial designs and applications
- > Liens on intellectual property
- > Copyrights and trademarks
- > Licenses and licensing agreements
- > Rights for use of advertising, trademarks, logos, and slogans



## Physical Assets

While some of this information may arise in the financial category, it's important to do a deep dive into the specifics of each.

- > Equipment
- > All forms of real estate (including furniture)
- > Technology
- > Inventory



## Other Information

May or may not be applicable depending on the deal.

- > Health and safety notices and information related to hazardous substances
- > New product development and benefits/risks of new product

Attorneys assisting clients on global transactions have the added challenge of completing this work in foreign jurisdictions. CT has the local expertise and boots on the ground in over 150 countries, and with the convenience of a dedicated U.S.-based single point of contact who coordinates and manages your due diligence project from beginning to end, no matter where your clients do business.

Contact us at 855.444.5358 or visit [ctcorporation.com](http://ctcorporation.com).