

Due Diligence Checklist (Detailed)

August 2, 2021

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I. CORPORATE BOOKS AND RECORDS

A. *Charter and By-laws*

1. Original certificate of incorporation of the Company and all amendments thereto
2. By-laws of the Company, as amended
3. Charter and by-laws of each wholly or partially owned subsidiary of the Company and of any joint venture involving the Company or any of its subsidiaries
4. Closing record books for any material corporate transactions (e.g., reorganization into holding company structure, joint ventures, etc.)
5. Other relevant legal documents governing the organization and management of the Company

B. *Minutes of meetings and unanimous written consents (since date of incorporation) of the Company, any of its subsidiaries and any joint venture involving the Company or any of its subsidiaries, of the following:*

1. Shareholders
2. Board of Directors
3. Executive Committee
4. Audit Committee
5. Any other committees
6. Specific authorizing resolutions
7. Material (including financial projections), if available, distributed to the Board of Directors, or any committees thereof, in connection with the most recent meetings of the Board or such committees

C. *Officers' and directors' questionnaires prepared in connection with the most recent proxy statement of the Company*

D. Shareholders

1. Shareholder list and other stock records
2. Any shareholder agreements, voting trusts, proxy agreements, escrow agreements or similar arrangements
3. Any stock purchase agreements with shareholders
4. Any agreements relating to preemptive rights or other preferential rights of shareholders
5. Any agreements restricting the sale or other disposition of capital stock
6. Any agreements or plans concerning outstanding or proposed stock options, warrants or rights, including any employee stock ownership plans
7. Any agreements relating to registration rights of shareholders
8. Any trust agreements or other documents if shares are held in fiduciary capacity

E. Qualifications and Registrations

1. List of jurisdictions where qualified as foreign corporation or licensed to do business
2. Any other material governmental qualifications, registrations, business licenses, permits, authorizations, exemptions or security clearances, including those pursuant to Federal or state antitrust, environmental, nuclear regulatory, public utility or public service or securities laws and regulations

F. Reports to Shareholders

1. Annual reports
2. Quarterly and special interim reports since most recent annual report

II. FINANCIAL INFORMATION

A. Financial Statements

1. Consolidated financial statements for all years and interim periods subsequent to the most recent fiscal year end
2. Monthly income statements for most recent 12 months
3. Internal financial (profit and loss, capital expenditures, etc.) projections, and all supporting information
4. Most recent business plan
5. List of any off-balance sheet liabilities not appearing in most recent financial statements (including the notes thereto)
6. Auditors reports ("management letters") and management responses
7. Summary of accounting policies to the extent not disclosed in financial statements

B. Tax Materials

1. Federal, state and municipal returns
2. Description of and documentation relating to any pending issues with tax authorities
3. Tax basis of assets of the Company and of capital stock and assets of its subsidiaries
4. Tax sharing or indemnity agreements
5. Closing letters and closing agreements, appeals reports, tax litigation status, Internal Revenue Service ("IRS") rulings and technical advice memoranda, and any other material IRS documents and tax assessments documents

C. Indebtedness

1. All instruments evidencing debt obligations or lines of credit and all agreements and material correspondence relating thereto
2. Any other actual or contingent indebtedness (e.g., loan guarantees, letters of credit, banker's acceptances, swaps) not reflected in most recent financial statements and all agreements and material correspondence relating thereto

3. List of existing key financing institutions

D. Miscellaneous

1. Schedule of current notes payable/receivable, intercompany advances and description of cash management system
2. Description and listing of current reserves
3. Description of revenue/cost recognition policies
4. Breakdown of selling, distribution, marketing and administrative expenses
5. Explanation of foreign exchange accounting policies, if any
6. Information regarding any indebtedness to the Company or any of its subsidiaries of directors and senior officers
7. Cost of sales breakdown

III. EMPLOYEE MATERIALS

A. Agreements

1. Employment agreements (including, but not limited to, contracts with management personnel or entities affiliated with management personnel)
2. Collective bargaining agreements
3. Consulting agreements
4. Employee handbooks, summaries, guidelines and bulletins
5. Schedules of salaried and hourly employees showing their current compensation rates and breaking out employees by:
 - a. Geographic location
 - b. Function
 - c. Age
 - d. Years with company
 - e. Union vs. non-union
 - f. Participation in employee benefit plans
 - g. Part-time vs. full-time
6. Description of labor disputes, requests for arbitration or mediation, grievance proceedings, etc.
7. Description of negotiations with any unit or group seeking to become the bargaining unit for employees
8. Employee turnover, absentee history and severance policy
9. Description of any union representation elections

B. Benefit Plans

1. Any pension, supplemental pension, retirement, post-retirement, stock option, severance, incentive, profit-sharing, executive compensation, bonus and other employee benefit plans (and any related trust agreements and insurance or annuity contracts), including information regarding employer stock held thereunder, a schedule of plan assets, a detailed description of the plan (including structure, etc.) and a list of trustees
2. Audit and actuarial studies and reports including summary plan descriptions, annual returns and IRS filings, concerning pension and retirement plans and details of any accrued liabilities not reflected therein
3. List of any asset transfers or other withdrawals, partial wind-ups or contribution holidays with respect to all pension plans

C. Organizational Information

1. Detailed organization chart
2. List of all directors and officers
3. Biographies of senior management and any outside directors
4. Schedule showing number of employees for each year and interim periods
5. List and description of current operations of each key business unit showing:
 - a. Business purpose
 - b. Key manager
 - c. Key markets served
 - d. Key facilities

IV. CONTINGENT LIABILITIES

A. *Litigation*

1. List of all pending or threatened litigation, arbitration, administrative or other proceedings involving the Company, any subsidiary or any joint venture involving the Company or any subsidiary, or any officer or director (including parties, remedies sought and nature of action)
2. List and description of all pending or threatened government or other investigations involving the Company, any subsidiary or any officer or director
3. Pleadings and other material documents in material litigation, arbitration and investigations and other proceedings
4. Consent decrees, judgments, etc., under which there are continuing or contingent obligations
5. Letters from lawyers to auditors concerning litigation and other legal proceedings

B. *Regulatory Compliance*

1. Description of any violations of governmental laws or regulations
2. Material reports to governmental agencies
3. Reports, notices or other correspondence concerning any known or alleged violation of Federal or state antitrust, environmental, nuclear regulatory, public utility or public service or securities laws and regulations
4. Agreements or commitments with governmental entities or other persons relating to clean-up obligations or other environmental liabilities
5. Copies of correspondence between Federal or state government agencies and the Company
6. List of all governmental filings and consents required for a purchase of the stock of the Company

V. CONTRACTS, AGREEMENTS AND OTHER ARRANGEMENTS

A. *Not in the Ordinary Course of Business*

1. Partnership agreements
2. Joint venture agreements
3. Contracts relating to material business acquisitions or dispositions (by transfer of capital stock or assets), including any separate tax or environmental agreements
4. Stand-still agreements
5. Confidentiality and trade secret agreements
6. Agreements limiting the ability to compete with any other person or to engage in any line of business
7. Corporate transactions with management or directors or affiliates

8. Agreements to provide goods or services at below cost (other than promotional arrangements entered into in the ordinary course of business)
9. Indemnification agreements for directors and officers
10. Any other existing or pending material contracts not in the ordinary course of business
11. Any material correspondence related to the above
12. Closing record books with respect to each transaction

B. In the Ordinary Course of Business

1. Listing and description of key customer contracts
2. Listing and description of key supply contracts
3. Material sales representative, marketing, agency or distributorship agreements
4. Material advertising agreements
5. Material government contracts
6. Agreements entered into or expected to be entered into for material capital expenditures
7. Guarantee agreements
8. Any agreement which contain change-of-control provisions
9. Any contracts or agreements similar to the above which are presently under negotiation
10. Any material correspondence related to the above

VI. PROPRIETARY RIGHTS

A. General

1. List and details of any material intellectual property rights registered or for which applications for registration have been, including, patents, licenses, trademarks, trade names, domain names, copyrights and other intellectual property rights (including technology transfers)
2. Particulars of any license, royalty and other intellectual property agreements (where the Company, any subsidiary or any joint venture involving the Company or any of its subsidiaries is licensor or licensee)
3. List and description of any pending or threatened claims for infringement or other violations of proprietary rights owned or used in the business of the Company, any subsidiary or any joint venture involving the Company or any of its subsidiaries, including any challenges as to the validity, subsistence or ownership of such rights
4. List and description of any suspected or alleged infringement by third parties of intellectual property rights owned by the Company, any subsidiary or any joint venture involving the Company or any of its subsidiaries, or used in their business
5. Arrangements for the disclosure of confidential information (which includes technical and commercial information and know-how which is not in the public domain) either by or to the Company, any subsidiary or any joint venture involving the Company or any of its subsidiaries
6. Details of any agreements with employees and consultants regarding their use of the confidential information of the Company, any subsidiary or any joint venture involving the Company or any of its subsidiaries
7. Agreements, policies or other arrangements relating to proprietary rights of employees in products of the Company, any subsidiary or any joint venture involving the Company or any of its subsidiaries (including royalty or other fee arrangements)

VII. PLANT, PROPERTY AND EQUIPMENT

A. Real Property

1. Description, location and character of all real property owned
2. Material deeds, surveys and other real property title documents

3. List of any material real property mortgages which are not disclosed in most recent financial statements
 4. List of all leased real property, including descriptions, terms of leases, sale and leaseback arrangements, options, annual costs, etc.
 5. Reporting letters and opinions regarding the acquisition of any material real property
 6. List of title insurance policies
- B. Personal Property*
1. Description, location and character of all personal property owned
 2. List of all material leased personal property, including descriptions, terms of leases, options, annual costs, etc.
- C. Miscellaneous*
1. Description of facilities and plant, including listing of all material fixed assets and accumulated depreciation
 2. Any available appraisals

VIII. INSURANCE

- A. List and description of all material property, casualty, liability and other insurance policies*
- B. Any directors' and officers' liability insurance policies*
- C. Description of present reserves for, and all potential claims with respect to, any self-insurance*
- D. History of all insured claims including paid, reserved, and related expense amounts (first dollar loss run)*
- E. Loss runs for workers' compensation and general liability*
- F. Loss history for any self-insurance (first dollar loss run)*
- G. Loss prevention/control recommendations made by insurers, brokers or consultants*

IX. SALES/MARKETING

- A. Description of the markets in which the Company, its subsidiaries or any joint venture involving the Company or any of its subsidiaries operate, identifying the type of customers and the size of the overall market (by value)*
- B. Identify any customers which account for more than 1% of annual sales of the Company, its subsidiaries or any joint venture involving the Company or any of its subsidiaries or, if there are more than ten such customers, the ten largest customers*
 1. The quarterly totals of sales
 2. Details of current sales order statistics available to management
 3. Sales comparison with the industry
 4. Copies of standard sales correspondence, returns and allowance material together with samples of all forms of purchase orders, invoices, warranty agreements, guarantees, etc
 5. Details of pricing policies and fluctuations
 6. Copies of all printed price lists
 7. Identification of principal competitors, a description of the basis of competition and the strength and weaknesses of the principal competitors

8. Indication of the relative size of the Company, its subsidiaries or any joint venture involving the Company or any of its subsidiaries within the industry. Details of trade associations relating to the business and any company memberships
9. Details of current advertising program (including copies of all promotional or other material used or capable of use in connection with the business) and the cost of the same and any other promotion programs
10. Details of sales policies and methods of remuneration of sales personnel
11. The policy on giving express product warranties and rights to customers to refunds, exchanges or credits following a purchase and the value of refunds, exchanges or credits given and warranty claims
12. List the 10 largest suppliers
13. Current research and development plans and budgets
14. Correspondence and other documents relating to negotiations with competitors of the Company
15. Consultants', engineers' or management reports and marketing studies relating to broad aspects of the business, operations or products

X. MISCELLANEOUS

- A. *Press releases*
- B. *Listing and description of subsidiaries, joint ventures, partnerships, etc.*
- C. *Description of any future acquisition or disposition plans*
- D. *Description of any future restructuring plans*
- E. *Description of Company's information management system, including any future changes planned.*