

EMPLOYMENT / MANAGEMENT DUE DILIGENCE CHECKLIST

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This checklist contains documents and information related to employees and management that a seller might request from a buyer.

EMPLOYEE / MANAGEMENT	OWNER	COMPLETE?	DATE OF COMPLETION	NOTES
Organization chart and biographical information for management				
Officer, director, key employee, and related party employment, consulting, and loan agreements, and documents pertaining to additional transactions with those parties				
Officer, director, and key employee compensation schedule for the three fiscal years; salary, bonuses, and non-cash recompense (e.g., car or property usage) as separate line items				
Employment guides and protocols				
Employee count, including current employees, vacant positions, anyone due for retirement, and those who have resigned but not yet left				
Key personnel gained as part of merger				
Agreements or incentive arrangements for key employees who will remain with the buyer				
The likelihood of layoffs and severance due to the acquisition				
Existing operational redundancies, and difficulty of eliminating them				
All nondisclosure, non-competition, and non-solicitation agreements between the company and employees				
Current issues, like alleged wrongful termination, harassment, discrimination, or other legal cases pending with current or former employee				
How the company treats personnel as independent contractors compared to employees				
Criminal proceedings or notable civil litigation against any key employees or managers				
Copies of pensions, profit shares, deferred compensation, retirement plans, and other employee benefits				

Information about severance/termination pay, sick leave, vacation balances, loans, credit extensions, loan guarantees, relocation or educational assistance, tuition, workers' compensation, executive compensation, fringe benefits, or other benefits				
Annual leave, sick leave, and other forms of leave policies				
Information on any ESOP, and schedule of grants				
Verification of observance with IRS section 409A issued with stock options				
Summary of incentive plans or bonus plans for management not noted in the IRS 409A verification, and for other modes of non-cash management compensation				
The likelihood of needing to comply with IRS section 280G (golden parachute) regulations as related to potential acquisitions				
Three years of actuary reports				
Summary of labor conflict				
Information on any pending threatened labor stoppage				
Information concerning past labor stoppages				

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