



legaligance

# HUMAN RESOURCES DUE DILIGENCE



LEGALIGENCE STRATEGIC CONSULTING LLP™

Legaligence HR Due Diligence is tailored specifically to the human resources function of an organization.

We conduct detailed due diligence that can be extended for various high value transactions such as M&As, JVs or Company Buyouts. Diving into a company's general human resources structure offers a holistic view of the target company and its employees. The knowledge gathered from general HR Due Diligence can lead to more success in integrating cultures. Information needed here includes employee demographics, HR metrics, financial information, and the structures for HR processes such as performance management, payroll, and recruiting.



## 1. HR DUE DILIGENCE FRAMWORK

<p><b>Main Areas</b></p>	<ul style="list-style-type: none"> <li>▪ Organisation structure</li> <li>▪ Workforce skills and talent</li> <li>▪ Management and leadership</li> <li>▪ Pay and benefits</li> <li>▪ Culture</li> <li>▪ Employee relations and industrial relations</li> <li>▪ HR and talent management processes</li> <li>▪ Staff turnover and retention</li> <li>▪ Contracts</li> <li>▪ Employment legislation and compliance</li> </ul>
<p><b>General HR</b></p>	<ul style="list-style-type: none"> <li>▪ List of all the executive employees of the company and employees of the company whose total annual compensation is above a specific limit</li> <li>▪ Basic employee demographics: title, position, salary, age, location, tenure, gender, skills, etc.</li> <li>▪ HR metrics: headcount, average tenure, turnover, time to fill, etc.</li> <li>▪ Performance review schedules and structure</li> <li>▪ Recruiting and onboarding process, including copies of interview guides or templates and new-hire orientation practices</li> <li>▪ An audit of the HRIS system/employee database</li> <li>▪ Copies of payroll documents for all employees</li> <li>▪ Detailed summary of HR and employee-related expenses</li> </ul>
<p><b>Human Resources Policies</b></p>	<ul style="list-style-type: none"> <li>▪ Absenteeism Policy</li> <li>▪ Disciplinary Policy</li> <li>▪ Personal, Maternity &amp; Sick Leave, &amp; Bereavement Policies</li> <li>▪ Grievance and Damage Control Policy</li> <li>▪ Code of Ethics/Conduct</li> <li>▪ Safety Policy &amp; practices</li> <li>▪ Media Relations Policy</li> <li>▪ Confidential Information Policy</li> </ul>

### Compliance

- Litigation or judgments settled within the last 5 years in which the company was involved directly or indirectly
- All pending or threatened litigation, inquiries or investigations
- All consent decrees, judgments, injunction, orders, and/or arbitration findings to which the company is subjected or bound
- List of all employees including those covered by disability law
- History of all sexual harassments' accusations, charges, and convictions from the past five years
- Equal employment and anti-discrimination legislature policies
- History of Unemployment and Worker's Compensation claims
- Compliance with Labor Laws

### Agreements & Contracts

- Employee contracts and/or employment-at-will doctrine
- Labor contracts, union agreements, and collective bargaining agreements
- Non-compete contracts
- Tax allocation, sharing, or preparation
- Contract waivers or collection of any federal, state, local or other taxes
- Contracts relating to repurchase, redemption, exchanges, conversion or similar transaction
- Confidentiality Statements/Agreements
- Contracts pertaining to pre-emptive rights

### Benefits

- Employee health insurance plans and policies
- Details of other types of nonmonetary compensation
- Monetary compensation plans & schedules
- Bonus or profit-oriented incentive programs
- Details of employees who have received bonuses, amounts given and reasons for it
- Severance plans and packages
- Pension plans and/or other retirement plan options