**Acquiring Common Shares**

**(Document Request - Due Diligence)**

**[date]**

Any references to “Company” refer to [INSERT NAME] as incorporated under the Companies Act:

|  |  |  |  |
| --- | --- | --- | --- |
| Provided: | To Be  Provided | None/Not  Applicable | **Organisation** |
| [] | [ ] | [ ] | 1. Information regarding shareholders including director names, officers of the company as well as any subsidiaries that the Company has ownership interest in should be outlined.  2. Outline the locations in which the Company: |
| [ ] | [ ] | [ ] | (a) Is qualified to do business; |
| ( ) | ( ) | ( ) | (b) Currently conducts business operations, either directly or through other parties / representatives.  3. Furnish copies of the following Company organization documents: |
| ( ) | ( ) | ( ) | (a) Articles of incorporation, as amended to date; |
| ( ) | ( ) | ( ) | (b) Bylaws, as amended to date; |
| ( ) | ( ) | ( ) | (c) Business licenses, permits, foreign qualification and other similar authorizations issued in connection with the operation of the business of the Company and its subsidiaries. |
| ( ) | ( ) | ( ) | 4. Furnish copies of minute books, stock books and other permanent corporate records of the Company. |
| ( ) | ( ) | ( ) | 5. Furnish copies of any notices of non-conformity with any applicable laws received by the Company or its subsidiaries and relating to their respective activities. |
| ( ) | ( ) | ( ) | 6. Furnish a description of each director’s, officer’s and key manager’s equity and stock option interests in the Company, and family, financial or other close relationships with other officers, directors, major investors, customers, suppliers, lessors or other affiliated individuals who may be in an apparent personal conflict of interest position. |
| ( ) | ( ) | ( ) | 7. Furnish copies/details of any share option plans, debentures, warrants or other rights to be converted into or to acquire shares or other securities of the Company or its affiliates. |
| ( ) | ( ) | ( ) | 8. Furnish copies/details of any shareholders’ agreements for the Company. |
| ( ) | ( ) | ( ) | 9. Furnish copies/details of any voting trust or similar agreements with respect to the shares or other securities of the Company. |
| ( ) | ( ) | ( ) | 10. Furnish copies/details of any registration rights agreements. |
| ( ) | ( ) | ( ) | 11. Furnish copies of any Business Plans or Private Placement Memoranda of the Company prepared within the past [NUMBER] years. |
| ( ) | ( ) | ( ) | 12. Provide copies of all agreements relating to the sale and issuance of the Company’s securities. |
| ( ) | (   ) | (   ) | **Financial Information**  13. Furnish copies of the following financial statements and related information with respect to the Company:  (a) Annual financial statements for the last [NUMBER] fiscal years |
| ( ) | ( ) | ( ) | (b) Unaudited financial statements as of the most recent complete month. |
| ( ) | ( ) | ( ) | 14. Identify and describe all (a) contingent liabilities not reflected on the Company’s financial statements; (b) monetary reserves established for specific risk situations; (c) disagreements with the Company’s accountants or outside auditors concerning the Company’s financial reporting during the preceding five years; or (d) any letters from auditors to the Company management regarding internal accounting controls or any aspect of the Company’s operations or finances during the last [NUMBER] years. |
| ( ) | ( ) | ( ) | 15. Furnish copies of federal, provincial, municipal and foreign income tax returns of the Company for the last [NUMBER] fiscal years. In addition: |
| ( ) | ( ) | ( ) | (a) Furnish copies of any correspondence pertaining to any tax deficiencies proposed or assessed or of any waivers of any statute of limitations on assessment or collection of any tax which the Company has executed; |
| ( ) | ( ) | ( ) | (b) Identify and describe any pending tax audits and furnish estimated assessments with respect to such audits, including but not limited to, sales tax, income tax, franchise tax, use tax, workers’ compensation, and custom and duty audits. |
| ( ) | ( ) | ( ) | 16. Furnish copies of all of the Company’s debt securities or instruments, notes, financial or performance guarantees and loan or credit agreements involving the Company, and all mortgages, liens, pledges, indemnifications, security agreements, or other financing statements filed by or against the Company, and charges or encumbrances of any nature whatsoever to which any of the properties or assets of the Company are subject. |
| ( ) | ( ) | ( ) | 17. Provide accounts payable information for the preceding fiscal year and fiscal year to date, including an accounts payable aging list.  **NOTE: An update of that list will be provided.** |
| ( ) | ( ) | ( ) | 18. Provide an accounts receivable aging report and [NUMBER] years analysis of bad debt expense. |
| ( ) | ( ) | ( ) | 19. Provide a fixed asset detail showing original cost, accumulated depreciation, net book value and fair market value. |
| ( ) | ( ) | ( ) | 20. Provide the present fiscal year operating budget and forecast as well as a forecast of operations for the next [NUMBER] fiscal years. |
| ( ) | ( ) | ( ) | 21. Identify and describe all transactions where directors, officers, major investors or other have guaranteed or endorsed any Company obligation, or vice versa. |
|  |  |  | **Intellectual Property**  22. Furnish copies of: |
| ( ) | ( ) | ( ) | (a) All [COUNTRY] and foreign patents and applications owned by and/or used in the course of business; |
| ( ) | ( ) | ( ) | (b) All registered [COUNTRY], foreign or state trademarks and pending trademark applications owned by and/or used in the course of business; |
| ( ) | ( ) | ( ) | (c) All registered copyrights and pending applications owned by and/or used by the Company in the course of business. |
| ( ) | ( ) | ( ) | (d) All registered business names and pending applications for business names owned by and/or used by the Company in the course of business. |
| ( ) | ( ) | ( ) | 23. Furnish copies of, and identify and describe, all licenses, sublicenses, confidential disclosure, non-competition and other agreements relating to patents, trademarks, copyrights, technical assistance, know-how, inventions, trade secrets and similar intellectual property arrangements to which the Company is a party, including copies of agreements evidencing assignment to the Company of all inventions and other intellectual property rights of past and present employees. |
| ( ) | ( ) | ( ) | 24. Provide full information on any claim of any employee that technology belonging to, or claimed by, such employee has not been transferred to the Company |
| ( ) | ( ) | ( ) | **Contracts**  25. Furnish copies of all agreements relating to the Company’s ownership, lease, lease-back or other acquisition of any real property or items of personal property having a value in excess of [AMOUNT]. |
| ( ) | ( ) | ( ) | 26. Furnish copies of all sales representative, distributor, agency and similar agreements of the Company. Describe all oral agreements of a similar nature. |
| ( ) | ( ) | ( ) | 27. Provide copies of, or identify and describe, all contracts and contractual obligations of the Company, including purchase and sales orders, outstanding bids, proposals and other commitments for the purchase or sale of products, written and oral, other than those involving a contract price of value less than [AMOUNT] and performance of less than one year duration. Include all agreements with clients, customers and governmental entities.  **NOTE: Additional agreements may be provided.** |
| ( ) | ( ) | ( ) | 28. Furnish copies of any development, partnership or joint venture agreements to which the Company is a party. |
| ( ) | ( ) | ( ) | 29. Provide copies of closing binders and any and all documents in respect of important transactions. |
| ( ) | ( ) | ( ) | 30. Provide copies of any notices of default by or against the Company or its subsidiaries with respect to any contract, debt securities or instruments, notes, loan or credit agreement. |
| ( ) | ( ) | ( ) | **Claims and Litigation**  31. Identify and describe all outstanding or prospective judgments, writs, injunctions, decrees or orders of any court, administrative tribunal, or other governmental authority against the Company or any of its subsidiaries. |
| ( ) | ( ) | ( ) | 32. Identify and describe all pending or threatened litigation, claims, protests, actions or proceedings, whether judicial, arbitral or administrative (collectively, “Litigation”), which affect or may affect the Company’s contracts or property or business. Include all Litigation threatened, settled, dismissed or brought to final judgment in the last [NUMBER] years. |
| ( ) | ( ) | ( ) | 33. Identify and describe all Litigation to which any of the Company’s directors or officers or their affiliates is a party. Include all Litigation settled, dismissed or brought to final judgment in the last [NUMBER] years. |
| ( ) | ( ) | ( ) | 34. Identify and describe all outstanding or anticipated notices of any actual or alleged infraction or violation of any zoning requirement or classification, environmental, pollution control, occupational safety, or other federal, provincial or municipal statutes, ordinances or regulations relating to the contracts, property or business of the Company of the health and safety of its employees. Describe any citations issued in the last [NUMBER] years by any provincial or federal occupational safety agency. |
| ( ) | ( ) | ( ) | 35. Provide copies of any opinions received from counsel with respect to pending Litigation. |
| ( ) | ( ) | ( ) | **Insurance**  36. Furnish copies of insurance policies carried by the Company. Furnish a summary of any claims made under each policy and a statement of the approximate premiums paid for each separate policy during the period(s) in which any claims occurred. In particular, provide three years of claims history for all Workmen’s Compensation claims. |
| ( ) | ( ) | ( ) | **Environmental**  37. Identify any toxic materials used by the Company and describe how they are used, stored and disposed of. |
| ( ) | ( ) | ( ) | 38. Describe any federal, provincial or municipal investigation evaluating whether any remedial action is required of the Company to respond to a release of any hazardous or toxic waste, substance or constituent, or other substance, into the environment, in violation of law. Provide information with respect to such investigations currently pending or concluded in the last [NUMBER] years. |
| ( ) | ( ) | ( ) | 39. Provide copies of any environmental impact reports, environmental reports, environmental studies and hazardous waste reports relating to any of the Company’ real property, whether leased or owned. |
| ( ) | ( ) | ( ) | 40. Describe any generation, transportation, treatment or disposal of hazardous waste. |
| ( ) | ( ) | ( ) | 41. Describe any hazardous waste or substance disposed of by placing it on or in the ground in any premises owned, leased or used by the Company. |
| ( ) | ( ) | ( ) | 42. Give a list and describe all underground storage tanks or surface impoundments on the premises of the Company. |
| ( ) | ( ) | ( ) | 43. Describe any lien in favor of any governmental authority for (a) any liability under federal, provincial or municipal environmental laws or regulations or (b) damages arising from or costs incurred by such governmental authority in response to a release of a hazardous or toxic waste, substance or constituent, or other substance, into the environment filed or attached to the premises of the Company. |
| ( ) | ( ) | ( ) | 44. List all permits or authorizations held by the Company necessary for the transportation, transfer, recycling, storage, use, treatment, manufacture, investigation or removal of any hazardous material. Describe any circumstances which could cause any such permit to be revoked, modified, or rendered non-renewable. |
| ( ) | ( ) | ( ) | 45. Describe any exposure by the Company of persons to, or the receipt of any notice of any claim of injury due to exposure of any person to, hazardous materials manufactured, stored, used, distributed, disposed of, released or controlled by the Company. |
| ( ) | ( ) | ( ) | 46. Describe any claim, complaint, action or proceeding brought or currently pending or threatened against the Company relating to any liability which may exist with respect to hazardous or toxic waste, substances or as to the investigation or remediation of hazardous or toxic waste, substances or constituents. |
| ( ) | ( ) | ( ) | **Operations**  47. Provide resumes of each of the key officers and management employees of the Company. |
| ( ) | ( ) | ( ) | 48. Provide an organization chart, manpower staffing charts, and a head count breakdown by operation, facility, function and seniority. |
| ( ) | ( ) | ( ) | 49. Provide volume of sales by sales representative for the preceding three fiscal years and fiscal year to date. |
| ( ) | ( ) | ( ) | 50. Provide a customer three-year sales comparison listing customers and their fiscal year sales [YEAR] through [YEAR] and present fiscal year. |
| ( ) | ( ) | ( ) | 51. List of suppliers of the Company for the last fiscal year, indicating the types of products or services and amounts purchased from each. |
| ( ) | ( ) | ( ) | 52. Furnish copies of all standard Company sales forms or literature, including price lists, catalogs, purchase orders, invoices, bills of lading, etc. |
| ( ) | ( ) | ( ) | 53. Furnish copies of all available market studies or surveys of the markets the Company serves or plans to serve. |
| ( ) | ( ) | ( ) | 54. Furnish copies of all studies, reports, memoranda or other documents which discuss competition to the Company. |
| ( ) | ( ) | ( ) | 55. Furnish copies of all press releases issued by the Company for the last three years. |
| ( ) | ( ) | ( ) | 56. Describe the Company’s security procedures; provide copies of any security studies, manuals, memoranda, etc. related to physical and data security. |
| ( ) | ( ) | ( ) | 57. Furnish copies of all warranty forms used by the Company and relevant warranty claim data. |
| ( ) | ( ) | ( ) | 58. Provide details as to the quantities and dollar value of returns in each of the prior [YEAR] fiscal years. |
| ( ) | ( ) | ( ) | **Employees**  59. Furnish copies of or identify and describe all union, pension, retirement, profit sharing, deferred compensation, bonus, life insurance and other fringe benefit agreements, plans or future commitments of the Company, oral or written. In addition: |
| ( ) | ( ) | ( ) | (a) Furnish a copy of any Affirmative Action Plan; |
| ( ) | ( ) | ( ) | (b) Furnish a summary of union history, if any; |
| ( ) | ( ) | ( ) | (c) Furnish copies of any standard employee manuals, all standard Company personnel forms or procedures, such as compensation practices, expense account or entertainment reimbursement, employment applications, relocation agreements, confidentiality agreements, non-competition agreements, conflict of interest policy, assignment of inventions, etc.; |
| ( ) | ( ) | ( ) | (d) Provide full information on any written or oral employment or other agreements existing between the Company and present or former officers, directors and employees or related or affiliated persons/parties; |
| ( ) | ( ) | ( ) | (e) List all consultants to the Company, past and present, and provide copies of all consultant contracts; |
| ( ) | ( ) | ( ) | (f) List all employees, officers and directors and their current compensation, including salaries, bonuses, perquisites, including family members or affiliates receiving compensation or perquisites. |
| ( ) | ( ) | ( ) | **Other**  60. Identify and provide full information on any situation which may give rise to a finder’s fee or commission claim in respect of [SPECIFY] or others subscription. |
| ( ) | ( ) | ( ) | 61. Identify and provide information/details/copies of any fact necessary in order to make the disclosure provided above not misleading. |