



Introduction to HR Due Diligence

As most buyers recognize it, a big piece of the Target's performance is linked to its people and the way the organization is designed to allow for employees to perform the way they do. Besides the standard analyses on legal and labor aspects, our HR Due Diligence approach goes deeper to provide a more insights about the Target's organization, current compensation and benefits, culture and HR practices.

KEY PILLARS OF OUR HR DUE DILIGENCE APPROACH

COMPENSATION AND BENEFITS



Analyzes the Target's types of compensation packages, policies & procedures and benefits



ORGANIZATIONAL DESIGN / OPERATING MODEL

Performs an assessment of the organizational structure and the HR function

PEOPLE & CULTURE



Focuses on employment structure, people demographics, transfers and independent contractor agreements



LABOUR RELATIONS

Maps regulatory issues and risks associated with the Target's former and current management practices as well as compliance with established agreements

As any other Due Diligence approach, Deloitte focuses on **minimizing risks and provide key inputs** to our clients to leverage in the negotiation phase. Some common HR related risks are:

- Poor retention strategy or key employees at high risk;
- Potential employment transfer complications;
- Failure to reconcile information from systems, resulting in losses of historical records and regulatory issues;
- Failure to renegotiate contracts with vendors.

BENEFITS OF THE HR DUE DILIGENCE (non-exhaustive)

- ✓ Understand the Target's competitiveness to attract and retain talent;
- ✓ Map the potential salary equalization and benefits harmonization;
- ✓ Obtain a concise overview of the Target's workforce and issues that may impact in the daily operation;
- ✓ Capture any requirements to comply with the applicable labor laws;
- ✓ Understand the Target's organizational design, its HR structure and total costs;
- ✓ Summarize the current state and risks of any union relations.

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