POST-MERGER INTEGRATION CHECKLISTS

THE BACK OFFICE

HR IT FINANCE LEGAL

HR Post-Merger Integration Checklist

Organization

- ❑ Define acquired company org. structure Identify formal and informal org. relationships
- ❑ Determine organization similarities / differences Gather information on relevant positions
- ❑ Map acquired company roles to acquiring company roles Identify organization differences to address
- ❑ Identify position titles and areas of overlap, etc. Align positions & titles
- ❑ Review / Align job descriptions Establish new organization structure
- ❑ Develop organization chart names, titles, reporting relationships, etc. Develop key position retention list
- ❑ Solicit input on recommended talent from acquired organization Determine critical retention candidates
- ❑ Review critical retention candidates with key HR stakeholders Develop plan to retain critical personnel
- ❑ Initiate activities to retain / re-recruit key resources (e.g., retention bonus, meaningful work, inclusion in transition activities, etc.)
- ❑ Develop plan for any force reduction
- ❑ Develop severance and transition plans (e.g. severance formula, severance agreements, outplacement support)
- ❑ Prepare severance documents for planned attrition Conduct exit interviews with impacted individuals

Policies / Procedures

- ❑ Determine org.-level policies (similarities / differences)
- ❑ Gather information on relevant policies (e.g., diversity, safety, spending authority, pay & benefits, tuition reimbursement, etc.)
- ❑ Map acquired company policies to acquiring company policies Determine company policy differences to address
- ❑ Identify policies to potentially align across companies Determine employee-level policies (similarities / differences)
- ❑ Gather information on relevant policies (e.g., attendance, dress code, work schedules, PTO, sick time, etc.)
- ❑ Develop policies / procedures recommendations for review with stakeholders

Compensation

- ❑ Determine compensation similarities / differences
- ❑ Gather information on relevant compensation program information (e.g., base pay, bonus program, 401K, stock program offerings, car allowance, overtime, shift differential, etc.)
- ❑ Map acquired company compensation program to acquiring company program Determine pay grades and ranges
- ❑ Map pay grade levels, ranges, and steps within levels Determine overall compensation differences
- ❑ Identify compensation elements to potentially align across companies Identify job-specific compensation differences to address
- ❑ Review job descriptions, responsibilities, requirements, etc.
- ❑ Develop compensation plan (e.g. base pay, bonus program, etc.) recommendations for review with stakeholders

Benefit Programs

- ❑ Determine acquired company benefits program offerings Determine benefit program similarities / differences
- ❑ Map acquired company benefits to acquiring company benefits Determine benefit program differences
- ❑ Identify benefits to potentially align across companies
- ❑ Identify risks / issues from potential benefit offering changes

IT Post-Merger Integration Checklist

Coordination

- ☐ Establish IT workstream leader
- ☐ Select IT workstream participants
  - Recruit core team
- ☐ Establish IT workstream meeting schedules
  - Cadence and frequency
- ☐ Establish IT workstream reporting (task / milestone status)
  - Updates to IT workstream plans / dashboard

Network / Technology

- ☐ Obtain copy of network infrastructure diagram
- ☐ Develop and initiate plans for any network / equipment requirements identified
  - Obtain inventory list of existing equipment (include network equipment, desktop / laptop counts, printers, etc.)
  - Review network diagram and equipment inventory list for issues or opportunities during integration
- ☐ Identify network security / disaster recovery processes in-place
  - Security information and event management tool(s)
  - Firewalls
  - Network monitoring
  - Network security
  - Email security
  - System access / Password management
- ☐ Update vendor contracts / licenses for equipment

IT Post-Merger Integration Checklist

    - Develop list of any vendor equipment contracts / licenses (terms, items included, costs, etc.)

    - Review contract list for consolidation opportunities

❑ Obtain information on current telephony system(s)

    - Review information for any requirements / opportunities to align / update

Software / Applications

❑ Obtain list of software contracts / licenses owned (enterprise licenses as well as departmental / individual licenses)

❑ Update vendor contracts / licenses for software

    - Develop list license information (duration, costs, terms, items included, etc.)

    - Review list for consolidation opportunities

❑ Identify software / application requirements to align between organizations (e.g., financial, CRM, ERP, Email, etc.)

    - Develop migration plan for alignment

❑ Identify any software currently in development or planned

    - Determine status of development activities (progress, % complete, money committed, remaining activities, etc.)

    - Develop recommendations for existing development activities (continue, end, adjust)

IT Operations

❑ Is there a Help Desk and if so, what level of support is provided?

    - Are outside resources utilized to support Help Desk issues / requirements?

    - What outside resources are utilized to support help desk issues / requirements - if applicable

❑ Obtain annual IT budget (Cap Ex and operational)

❑ Review past 3 year's budgets for results (planned vs. actuals)

❑ Define process for capturing / tracking monthly and annual budgets

IT Post-Merger Integration Checklist

❑ Define process for budget development and approvals

❑ Obtain contractor / supplier lists

  - What products / services do they provide?

  - How are contractor / supplier agreements tracked and managed?

❑ Identify IT key operating processes

  - Identify IT process areas to align

  - How are changes (network / software) evaluated and managed?

  - Is there a formal Change Management process in place?

  - Identify Change Management activities required for alignment between organizations

  - Develop and initiate required plans to manage network / software changes

❑ Identify best practices to share between companies

Finance Post-Merger Integration Checklist

Tax

- ☐ Agree on legal entity structure on Day 1
- ☐ Agree on plan for employee's and their costs (entities, allocation, and migration)
- ☐ Evaluate potential technical terminations of partnerships
- ☐ Plan for REIT distribution from short period
- ☐ Plan around NOL limitations and ordering rules
- ☐ Schedule of filings and reporting requirements from merger (capital gains designation, tax matters, partner designations etc.)
- ☐ Make depletion block/tax accounting decisions
- ☐ Agree on Day 1 source materials for sales process (legal entity and systems)
- ☐ Prepare Day 1 communications to explain that legacy Acquired Company's trees must follow legacy Acquired Company's process/systems.
- ☐ Post Day 1 transfer price process (long term)
- ☐ Elect LIFO
- ☐ Review compensation plans

Inventory Accounting

- ☐ Prepare to use raw materials inventory system on Day 1
- ☐ Make decision on lockboxes to use on Day 1
- ☐ Coordinate with Treasury to develop plan for lockbox cut-over
- ☐ Purchase Accounting – record step up on purchased assets, liabilities, etc. in Lawson
- ☐ Switch Acquired Company's and Acquiring Company's vendor status to internal from 3rd party in contract payment system
- ☐ Build out SAP Chart of Accounts to accommodate 3rd party reporting requirements for the 1st quarter

Finance Post-Merger Integration Checklist

- ❑ Develop process for consolidating management reporting for region managers - may be Day 2; depends on timing of implementation of new business structure
- ❑ Cut over to final GL System - point other systems, move balances or detail (if balances retain access to detail)
- ❑ Cut over to final production system - re-point weigh scale data stream, connect to GL, AP, and AR system, set up harvest units, set up vendors, set up chart of accounts, train employees
- ❑ Request updated ACH and IRS forms from vendors
- ❑ Align SG&A

Financial Close

- ❑ Consolidate entries/intercompany eliminations (systems based - SAP & Lawson)
- ❑ Adopt Acquiring Company's accounting policies & practices by Acquired Company's operations
- ❑ Plan non-period end transaction close date (e.g., Feb 19th)
- ❑ Open new period / opening balance sheet

Operational Reporting

- ❑ Prepare Hyperion budgeting - source materials
- ❑ Identify existing Acquired Company month-end metrics and reports that will be reviewed
- ❑ Manage expectations - operational reporting / internal mgt. reporting
- ❑ Manage expectations - 3rd Party reporting / SAP BW
- ❑ Manage expectations - Acquired Company's mid-month close (2/19)

Financial Reporting

- ❑ Decide on segment reporting for New Company
- ❑ Decide on clear depletion pools (Which pools?) and rates for New Company with accounting firm

Finance Post-Merger Integration Checklist

- ❑ Determine how costs will be allocated to the business for management reporting
- ❑ Determine Acquired Company's pension plan closing requirements
- ❑ Determine whether New Company will be required to comply with Rule 3-10 of Reg S-X (Disclosures for Subsidiary Issuers)
- ❑ Plan for audit for Acquired Company's opening balance
- ❑ Communicate 1Q Close / planning calendar
- ❑ Communicate accounting policy changes necessary to Acquired Company's accounting post-merger close (non source materials on related policies)
- ❑ Finalize financial statement and footnote presentation for New Company (i.e. account captions for statements, details needed for footnotes)
- ❑ Follow process to compile financial statements for Acquired Company and consolidation at New Company.
- ❑ Preliminary Purchase Price Allocation – Record to Acquired Company's G/L
- ❑ Remeasure Acquired Company's pension plans at merger
- ❑ Process to compile and prepare footnote required by Rule 3-10 of Reg S-X (if required see above)
- ❑ Adopt new accounting standards effective 1/1 by Acquired Company for which early adoption of standards is allowed and preferable
- ❑ Configure invoice approval via system
- ❑ Transition ICFR ownership to Internal Audit
- ❑ Follow Form 10-Q, 1Q-2022 filing processes for compiling all other information by New Company
- ❑ Coordinate with Accounting Firm for required quarterly review processes for Acquired Company's post-merger close and prior to systems and process integration
- ❑ Acquired Company's Corporate Accounting (functions performed by Financial Reporting)
- ❑ Acquired Company's Pension Plans (Qualified and Supplemental) Payment Fundings
- ❑ Acquired Company's Benefit Plan Audits and Form 5500 filings

Legal Post-Merger Integration Checklist

Intellectual Property Management

- ❑ Evaluate different system options to manage and rationalize
- ❑ Implement changes to IP management system
- ❑ Identify any Acquired Company IP to be incorporated into system
- ❑ Update IP trade secret registry
- ❑ Patent strategy review
- ❑ Trademark strategy review
- ❑ Acquired Company Domain name transition
- ❑ Fate of "Acquired Company" mark

Contracts

- ❑ Change in control notifications
- ❑ Most favored nations clauses
- ❑ Debt covenants
- ❑ Contract assignments (at top tier only)
- ❑ Add-on supply agreements
- ❑ Address implications of enhanced safety on Acquired Company contractors
- ❑ Review IT contracts/licenses
- ❑ Add Acquired Company leases to database
- ❑ Collect lease files and related information to manage leases

Organizational Planning

Legal Post-Merger Integration Checklist

- ❑ Establish direct report leaders
- ❑ Populate balance of end-state org. chart
- ❑ Build transition plan for each affected group
- ❑ Execute plans, monitor and adjust as needed
- ❑ Identify personnel who should be incented to stay, and time frame of anticipated departure
- ❑ Onboard all transitioning and permanent employees
- ❑ Ensure appropriate actions on separation of employees
- ❑ Communicate to internal clients about obtaining legal support

Corporate Secretary

- ❑ Educate regarding Acquiring Company stock trading policy
- ❑ Appropriate treatment of Acquired Company pension assets
- ❑ Appoint new VPs and Assistant Secretaries to facilitate closings

Procurement

- ❑ Determine best approach to procurement and size the team consistent with synergy goals
- ❑ Identify any key pending Acquired Company procurements
- ❑ Align Acquired Company procurement into Acquiring Company model

Legal Team Integration

- ❑ Team Kick off
- ❑ Week 1
- ❑ Litigation Integration

Legal Post-Merger Integration Checklist

❑ Outside spend budget - consolidate

❑ Update Selected Firms list for new geographies

❑ Ensure electronic materials are maintained through systems changes

❑ Transition Open Acquired Co. Legal Work