



National Counterintelligence  
and Security Center

# SECURE INNOVATION

## DUE DILIGENCE GUIDANCE

### INTRODUCTION

The U.S. is a global leader in research and development and has a vibrant startup ecosystem. This makes innovative U.S. companies attractive targets for:

- State actors looking to steal your technology
- Competitors seeking commercial advantage
- Criminals looking to profit from companies with weak security

Partnerships are essential to the success of your business. However, partnerships increase the number of external routes into your organization, or to any information or data you may share. By managing the additional risk that collaboration brings, you can help your company to grow safely.

Conducting due diligence on prospective partners is an essential step to assessing the risks of working with them.

**This guidance is designed to help companies conduct basic due diligence which can enable you to make more informed decisions on prospective partners.**



Conduct due diligence on any prospective partners (individuals and organizations) who may have access to your sensitive information. The aim of these checks is to:

- Verify they are who they say they are
- Check there are no obvious sources of unwanted control or influence
- Confirm that their motives and agenda align with your own

Due diligence will help you assess potential risks to your intellectual property, stay in control of your critical assets, and ensure that the partnership meets its intended goals.

**We recommend vetting all potential investors, suppliers, and partners.**

Focus your efforts on the partner organization, and any organizations which sit above them in the ownership chain.

Consider which companies within the chain, all the way up to the ultimate beneficial owner, are in a position to significantly influence your company or could have access to your intellectual assets, and whether you are able to tolerate the risk. If the partner has other subsidiaries, consider whether they would have any ability to influence your company, and take appropriate precautions with your intellectual assets.

The table on the next page identifies a number of risks to consider along with additional sources of information. These resources are not exhaustive. You will need to consider the full range and extent of any risks in any particular case when deciding whether and how to proceed.

**You will of course also need to ensure any arrangements you may enter into with partners comply with U.S. (and, if relevant, state) laws.**



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POTENTIAL RISK INDICATOR	OPEN SOURCE EXAMPLES
Organizational structures or relationships that could compromise your partner's independence or integrity	<ul style="list-style-type: none"><li>• Corporate registries showing parent companies or subsidiaries with foreign ownership, especially from countries that have been involved in targeting emerging technology</li><li>• Corporate registries showing large foreign shareholders, especially from countries known to target emerging technology companies in the U.S.</li><li>• Corporate registries showing significant links to a country scoring poorly on the publicly available Corruption Perception Index</li><li>• Searches showing your partner is, or is closely associated with, a Politically Exposed Person (PEP), who could be susceptible to bribery or corruption due to their prominent position</li><li>• Domain lookups indicating the partner's website is owned by an adversarial government-linked organization</li></ul>
Your partner has also partnered with a foreign government on technologies with military or security applications	Partner press releases announcing a strategic investment in your partner by a foreign government related to a technology which could have military applications
Your partner has links to foreign militaries, police, or security services of concern	Media coverage that your partner has secured a contract with a foreign military from a nation that poses a security risk to the U.S.
Your partner has been assessed to be at high risk of diverting assets to a foreign country's military or security service	Your partner features on a sanctions or entity list
Your partner is a Politically Exposed Person (or is closely associated with one) who could be susceptible to bribery or corruption due to their prominent position	Searches of the partner's name, or those closely associated with the partner, identify that they are entrusted with prominent public functions, and could be susceptible to bribery or corruption due to their prominent positions
Your partner has facilities in a country known to target emerging technology companies in the U.S., where your intellectual assets could be duplicated without your knowledge	Media coverage of your partner opening a technical facility in a foreign country known to target emerging technology



Your international partner is operating under local laws which put your IP at risk	State Department resources indicate the country where your partner operates is high-risk for IP infringement due to laws in that country
Your partner has been accused of IP infringement or theft	Media coverage that your partner has been involved in a lawsuit about IP theft
Indications that your partner is amassing IP transfers in your sector	IP database suggesting your partner owns significant IP in your sector, but was not the originator
Your partner, or an organization linked to your partner, is subject to a sanction by the U.S., UN, or other sanctioning body	Sanctions lists showing an individual or organization linked to your partner is subject to a sanction
Your partner has been involved in civil or criminal proceedings, raising concerns about their values or intentions	Media or other reports of legal proceedings detailing concerning criminal or civil proceedings which relate to your partner
Your partner's values or intentions do not align with your own	<ul style="list-style-type: none"> <li>• Searches and media coverage identifying problems with the partner's reputation or integrity</li> <li>• Internet archives showing previous versions of the partner's website containing information which suggests their values do not align with your own</li> </ul>
Your partner has funded or partnered with an entity whose values or intentions do not align with your own	Press releases on the partner's website announcing a partnership with, or investment in, an organization who is engaged in unethical activities
Any information that does not match with what your partner told you, suggesting a lack of transparency on their part	Searches to verify claims made by the partner identifying contradictory information

