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# Corporate Linkage

## Understanding Corporate Relationships

Linkage, in general terms, is the relationship between different companies or specific sites within a corporate family.

Linkage occurs in the D&B global database when one business location has financial & legal responsibility for another business location. There are two types of linkage relationships in the D&B database:

- Branch to headquarter, linkage
- Subsidiary to parent, linkage

There are other types of family relationships that occur which are not linked in the D&B database because the affiliated company has no legal obligation for the debts of the other company. Examples of these types of relationships include businesses affiliated through common officers or situations where one corporation owns a part or minority interest in another (50% or less) and joint ventures, where there is a 50/50 split in the ownership.

The D&B D-U-N-S Number is a unique, nine-digit, non-indicative identification number assigned to every business entity in D&B's database. The D-U-N-S Number is the first step towards understanding corporate relationships.

## Understanding Business Classifications

There are different classifications for businesses in D&B Global Database

**Stand-Alone Businesses** Stand-alone businesses are entities which do not have any linkage relationships e.g. headquarter, parent, branches or subsidiaries.

**Single Location Subsidiary** A single location subsidiary has a parent who owns >50% of its capital stock, however, it does not have branches or subsidiaries reporting to it.

**Headquarters** A headquarters is a business establishment that has branches or divisions reporting to it, and is financially responsible for those branches or divisions. If the headquarters has more than 50% of capital stock owned by another corporation, it also will be a subsidiary. If it owns more than 50% of capital stock of another corporation, then it is also a parent.

**Branch** A branch is a secondary location of its headquarters. It has no legal responsibility for its debts, even though bills may be paid from the branch location.

**Division** A division, like a branch, is a secondary location of a business and it carries a branch code in the D&B database.

**Limited Partnership** A limited partnership is a partnership with at least one partner with management responsibilities (the general partner) and at least one passive investor (the limited partner).

**Subsidiary** A subsidiary is a corporation whose capital stock is more than 50% owned by another corporation and will have a different legal business name than its parent.

**Parent** A parent is a corporation that owns more than 50% of another corporation's capital stock. The parent company can also be a subsidiary of another corporation. If the parent also has branches, then it is a headquarters as well as being a parent company.

**Domestic Ultimate** The Domestic Ultimate is an entity within the family tree that is the highest-ranking member within a specific country.

**Global Ultimate** The Global Ultimate is the top most responsible entity within the global family tree.

## Defining Corporate Responsibility

For the purpose of linking these relationships to define corporate responsibility, each family member carries up to four D-U-N-S Numbers.

- Its own Site D-U-N-S Number
- The next highest level in the family; parent or headquarter D-U-N-S
- The highest level within its country; its domestic ultimate D-U-N-S
- Its top global ultimate; global ultimate D-U-N-S

For example, the branch carries its own D-U-N-S Number, its headquarters D-U-N-S, its domestic ultimate D-U-N-S, and its global ultimate D-U-N-S. A subsidiary carries its own D-U-N-S Number, its parent, its domestic ultimate, and its global ultimate.

The domestic ultimate is the highest member of the tree in a specific country. The site D-U-N-S Number and domestic ultimate D-U-N-S Number will all be the same on the domestic ultimate record.

The global ultimate record carries the same D-U-N-S Number in the site D-U-N-S field, the headquarters/parent D-U-N-S field, the domestic ultimate D-U-N-S Number and the global ultimate D-U-N-S field. This business is at the very top of the global family tree.

## Maintaining Corporate Linkage

The cornerstone of our linkage data maintenance strategy is the top down review process, which is performed on 5,000 of the largest, most globally active trees, including every family that has more than 250 locations or \$1 billion in sales. These families represent 20% of all of the linked records in our files. These trees are reviewed at least once each year by a D&B analyst. We contact a knowledgeable source at the ultimate parent company or one of its high-level subsidiaries to ascertain the proper family tree structure. In addition to telephone interviews, we use annual reports, company websites and other local third party data to insure that all locations are included in the D&B tree. The trees created and maintained through this process show the legal structure of a company, and contain only companies where there is majority ownership by a parent.

We also track global merger and acquisition changes as they are completed. Each merger and acquisition is investigated, and the tree is updated based on the results of the investigation. This is a global program that covers all mergers and acquisitions—it is not limited to the top 5,000 trees.

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