

Environmental Due Diligence.

Because of their potential implications, unclarified environmental problems can represent substantial "deal breakers". On the basis of an environmental Due Diligence investigation, AZT determines and assesses, from the outset, environmental financial risks and potential liability claims.

Objective

Concealed contaminated sites, use limitations due to permit requirements or inadequate completion of environmental regulations represent financial losses for the investor. High levels of investment are often necessary for ground/ground-water cleaning measures or for the adaptation of the production plant to the current state of the art. They reduce the sales price or can, under certain circumstances, make a site worthless. It is therefore essential to determine potential liability claims and financial risks arising from environmental considerations at the outset when an investment decision is to be made.

Estimating and assessing environmental risks

The extent and content of an Environmental Due Diligence investigation vary widely, depending on the industrial branch and the client, and may be extended by the aspects of quality assurance and occupational safety and health. The inspection is fundamentally divided into two phases. The result of the first phase is an expert environmental operations report in which are recorded all the environmental protection problems and risks which affect a site or emerge from it. The main subject areas are:

- Environmental policy, structural/procedural organization
 - ⇒ Permits conclusions on the quality of the environmental information system
- Legal compliance
 - Inspection of current and future environmental regulations and the application of official directives and obligations with respect to all the environmental media
 - ⇒ Protects the new management from legal responsibility and ensures that the existence of the site is protected
- Contaminated sites
 - Determination of ground/ground-water contamination
 - ⇒ Clarification of liability questions and restoration work to be expected

AZT

In addition to investigating the relevant documentation and visiting the site, interviews with the management, the personnel responsible for environmental questions and the individual members of the operational staff form the essential foundation for the Environmental Due Diligence investigations.

In the second working step (Phase II), supplementary expert opinions are produced which quantify conditions which may reduce value. If there is an area suspected of contamination, it for example, is necessary to take samples of the ground and the ground-water in order to determine the restoration costs. In other areas also, which could not be finally assessed in Phase I, opinions are produced in greater depth (e.g. noise, workplace dimensions).

Potential for correlated action

As part of the Environmental Due Diligence investigation, numerous interactions occur with inspection operations from other investigation areas (for example Financial Due Diligence). This includes acquiring and evaluating investment project data and expenditure budgets and inspection of the contract. In order to prevent work duplication, to correlate actions and produce an overall company analysis, we recommend association between the investigation areas and close cooperation with other participating consultants.

Contact

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