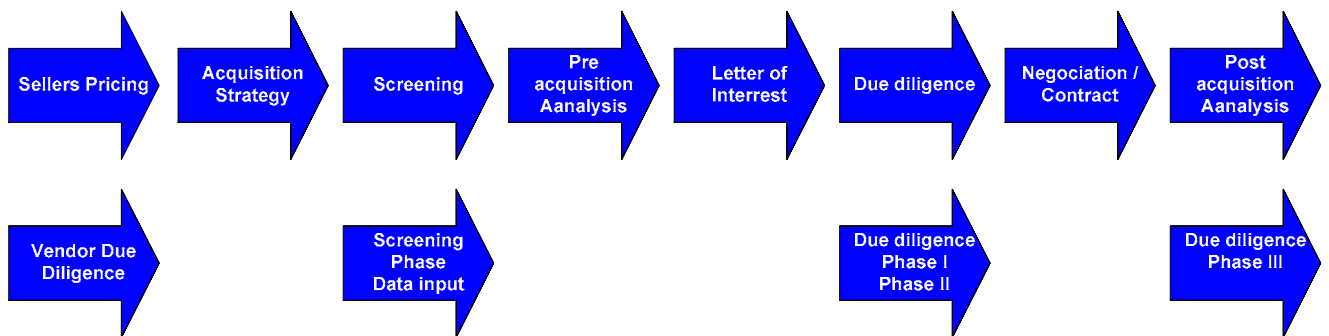


## INTRODUCTION

In the case of mergers, acquisitions, divestitures or property transfers, the driving force is the economy, consequently synergies and potential costs associated with environmental liability need to be quantified and fully assessed. To support management decision during such transactions, Ejlskov Consult A/S identifies opportunities and liability risks related to historical, current and future land or property uses. Looking for solutions rather than worst case scenarios we identify the most appropriate approach to evaluate both risks and opportunities. The results are reported and documented to meet the requirements of our clients.

## CONTEXT

We assess all environmental issues related to either the premises or the production facility. The main focus is to establish a proper basis for the transaction. We have specialised our team and services to meet the needs of our clients during that process.



*In the figure above the top line shows a standard merger and acquisition process, and the bottom line shows the particular steps in the process, where Ejlskov Consult A/S can contribute to the identification of opportunities and liability risks related to historical, current and future land or property uses.*



## SERVICES

### VENDOR DUE DILIGENCE

The *Vendor Due Diligence* is focused on clients who are preparing for sale or foreign investments. In most cases the client needs a professional evaluation of the assets and preparation of a proper environmental documentation.

#### Activities

- Fact finding and assessment of background material
- Site reconnaissance
  - Risk areas for soil and groundwater contamination (surface spills, storage facilities, piping etc.)
  - Environmental risk areas related to production (air emission, waste water, handling of chemicals, energy consumption, waste, noise and vibrations, health and safety)

*The Report* includes an evaluation of compliance with agreed standards and legal requirements. The financial risk areas can be presented in a separate side letter designed for potential negotiations or as part of the report.

### SCREENING PHASE DATA INPUT

Ejlskov Consult A/S contributes with *Screening Phase Data Input*. We address environmental concerns by offering aerial photography analysis to document prior use and onsite activities. Aerial photography is used to interpret surface and subsurface features. The analysis often reveals information that is not documented by the authorities.

We assist real estate developers by using current and historic aerial photography as a tool in site selection and in the due diligence process. By conducting a change analysis, a process whereby current imagery is viewed in conjunction with older imagery, developers can identify growth and infrastructure patterns to determine suitability of candidate site locations for residential, industrial, and commercial developments.

Furthermore, we have knowledge of a large number of sites with different types of contamination in case a company should be screening the market for a location at an already contaminated site.

#### Activities

- Purchase of aerial photos for the relevant period
- Aerial photography analysis
  - Surface conditions
  - Physical boundaries
  - Prior use and/or onsite activities at any given period in time
  - Subsurface features
  - Site reconnaissance for further clarification

*The report* includes an evaluation of potential sources of contamination displayed on a map using GIS to show multi-layer “time-sequenced” data. Cost related to suggested future investigations will be indicated.



## PHASE I SERVICES

### DATA ROOM REVIEW

A *data room review* is usually of interest either when the subject company is quoted on the stock exchange and due to early stage of a possible transaction where discretion is necessary. Furthermore, when the subject company comprise several companies located at different locations, the data room setup is frequently the best solution to carry out a screening-like review for all sites at one time. Usually, some of the sites are selected for a more thorough assessment. The purpose of the review often is to identify any major non-compliance issues.

#### Activities

- Review of data revealed and available in the data room

*The reporting* includes findings based on the assessed data and often comments on essential data missing.

### Desktop Study

The *desktop study* is usually of interest when the subject company is quoted on the stock exchange and/or due to the early stages of a possible transaction extreme discretion is necessary. The study can eventually be a second opinion on previous documentation. The purpose of the review often is to identify any major non-compliance issues.

#### Activities

- Review of various documentary material (does not include a visit to the site)

*The report* includes findings based on the reviewed data identifying major non-compliance issues and comments on essential data missing.

### Screening / Second Opinion

The *Screening* report can be an advantage for clients who already know the site, but needs a second opinion or a professional evaluation.

#### Activities

- Review of background data
- Site reconnaissance on the subject site premises

*The report* is offered as a provisional reporting because the client needs a quick evaluation immediately after the site reconnaissance, and cannot wait for a full EDD-report.



### **EDD-Key Issues Assessment**

An *EDD-key issues assessment* can be an advantage for clients who already know the site, but needs a professional in dept evaluation of specific and restricted issues. Typically offered when the client needs;

Evaluation of specifically addressed key issues, i.e. soil and groundwater according to the ASTM standard

When several sites should be assessed, scanned, during a short time

Reporting quickly after the site reconnaissance

#### *Activities*

- Review of background data
- Site reconnaissance on the subject site premises

*The report* is offered only addressing the agreed key issues. Reporting of the key issues assessment of several sites can be offered in a schematic and transparent way.

### **Complete EDD Assessment**

The *complete environmental due diligence* is recommended when the client have restricted background knowledge of the site, and/or needs a thorough assessment of the site(s) including background data.

#### *Activities*

- Fact finding and assessment of background material
- Site reconnaissance
  - Risk areas for soil and groundwater contamination (surface spills, storage facilities, piping etc.)
  - Environmental risk areas related to production (air emission, waste water, handling of chemicals, energy consumption, waste, noise and vibrations, health and safety)
  - Buildings and outdoor areas.

Both prior to the site reconnaissance and afterwards relevant authorities might be contacted. These contacts are always agreed by the client. The site reconnaissance is carried out typically by two specialists, one regarding soil and groundwater and another regarding the production facilities.

The report includes an evaluation of compliance with agreed standards and legal requirements. Upon request from the client alternative reporting formats might be chosen;

- Ejlskov Consult A/S standard report format
- ASTM, Phase I Environmental Site Assessment (with additional sections on compliance)
- World Bank EIA reporting format
- EBRD environmental and health and safety audit reporting format
- ISO 14015

## PHASE II SERVICES

### Drilling, sampling and analyses

The phase I the potential contamination was outlined. In order to characterise and delineate the contaminants a site characterisation is conducted. Site characterisation includes drilling, sampling and analysis of soil, soil vapour and groundwater. Results are evaluated and compared with the environmental authorities limit values. The environmental requirements may vary depending on the future use of the premises.

As a phase II activity specific technical investigations and analyses of significant environmental or health and safety aspects, can be carried out. This activity is primarily applicable for due diligence assessment at production facilities.

Ejlskov Consult A/S provides the necessary planning, drilling, sampling and a variety of field analyses.



## PHASE III SERVICES

If soil and/or groundwater contamination is compromising the environment or the future use of the premises, a remediation project has to be conducted. As a part of the planning the cleaning method best suited for that particular site should be chosen before implementation. The traditional method is removal of the contaminated soil either to a soil recovery plant or to a sanitary landfill depending on the type of contaminant. An alternative method is in situ cleaning. By this method the contaminants are removed without excavation. Buildings can remain and normal activities can be maintained.

Ejlskov Consult A/S provides the necessary planning including outlined and detailed design and liaison with the authorities.

### Monitoring programmes

We supervise and monitor the remediation activities to assure compliance with environmental legislation and guidelines. When the remediation is completed, we check that the site is sufficiently clean to be released for the intended purpose.

### Implementation of post acquisition synergies

To implement the planned synergies and other opportunities post acquisition activities often will have to be carried out. Ejlskov Consult A/S can assist in bringing formalities such as permits and approvals up-to-date. Contact to or liaison with authorities. Implement cleaner production enabling increased production within existing environmental limit values, and implement management of environmental and health & safety improvements.