

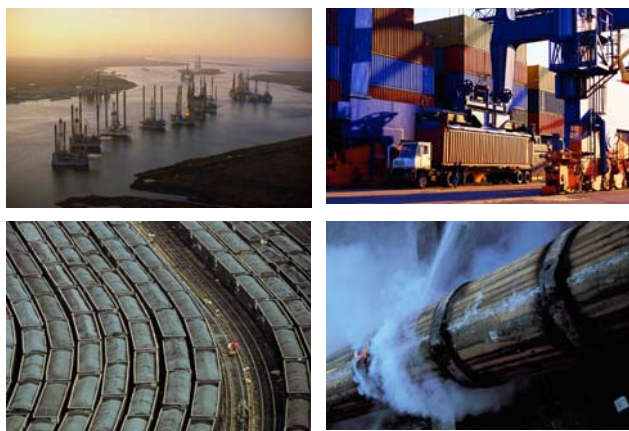
Sustainable business solutions

Environment health & safety
due diligence and transaction support*

Transaction support



introduction



We work in deal and business recovery environments.

- Mergers
- Acquisitions
- IPOs
- Joint ventures
- Vendor EHS due diligence
- Vendor assistance
- Outsourcing
- Crisis management related to business recovery, restructuring, insolvency and turnaround
- Post deal support

In a world of globalisation, regulation and compliance continue to drive and underpin the process of Environment, Health and Safety (EHS) due diligence (dd) and transaction support - this will not change.

Increasingly, EHS and Corporate Social Responsibility (CSR) aspects of a Company's performance are becoming more important to brand and reputation and can influence financials and the value of an enterprise. There are ever growing and more sophisticated EHS demands by investors, the markets and other stakeholders which require an understanding of the broader impact of EHS issues on business. For some industry sectors, EHS and CSR issues are pivotal to business risk management.

Recognising the importance of EHS and CSR issues to transactions, PwC maintains a global team of professionals dedicated to EHS/CSR due diligence and transaction support. We review both the tangible and intangible EHS risks and liabilities associated with a transaction, as well as identifying EHS elements which will provide ongoing value post deal.

EHS due diligence & Transaction Support - our core strengths

Our teams have skills in 4 core areas which include:

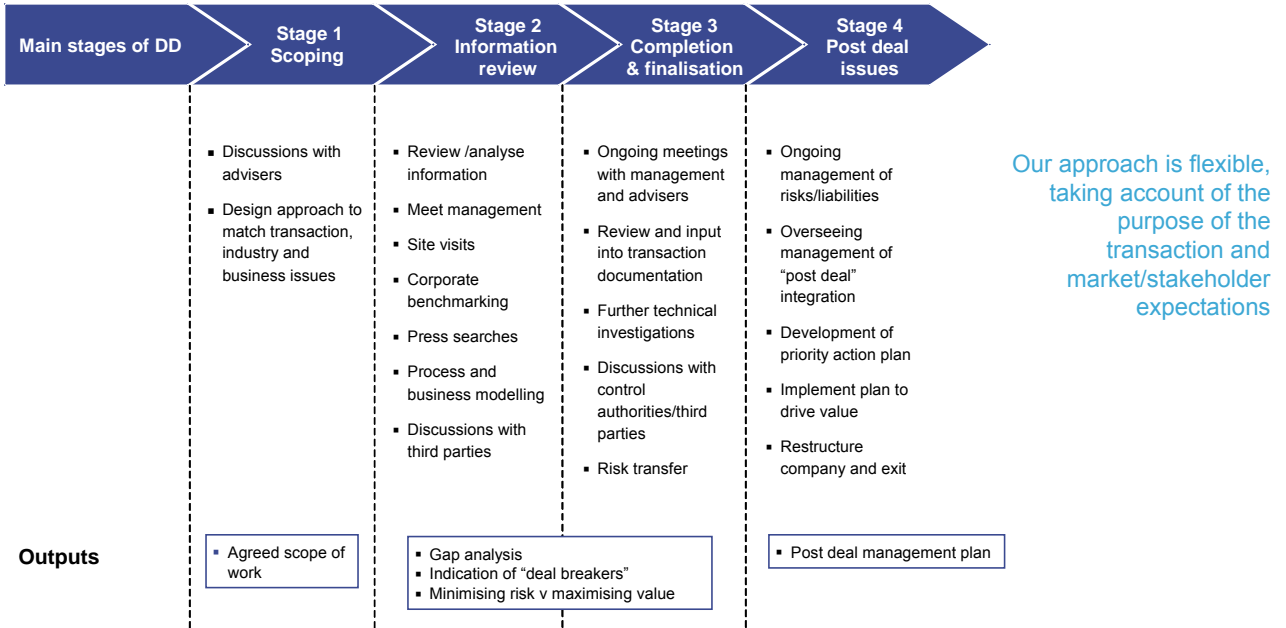
- **technical know-how** - ability to understand which EHS technical issues will be material to a transaction and why
- **industry expertise** - skills to understand the wider business environment and influence EHS/CSR issues may have on the strategic and operational performance of a business
- **'deal-depth'** - experience to understand potential issues associated with different types of transactions; design effective DD and transaction support; provide business advice which takes account of the whole deal continuum
- **'Connected Thinking'** - deliver solutions which can draw upon the full range of professional services in PwC.

Our breadth of skills enable us to provide pre and post deal related solutions.

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EHS due diligence & transaction support: conceptual approach



We work with clients to identify those issues which will be material to a transaction - thereby making the process efficient and deal focused. The matrix below shows which issues are likely to be key by industry sector and pre and post deal.

Sector	Pre Deal					Post Deal			
	Environ-ment	Health & safety	Hygiene	Physical asset	Real estate	EHS/CSR compliance & performance	CSR supply chain management	Carbon finance / management	Brand & product accountability
Energy & Mining	●	●	○	●	○	●	○	●	○
Manufacturing /Industrial Products	●	●	○	●	○	●	○	●	●
Consumer Goods	○	●	●	●	●	●	●	○	●
Support Services & Retail	○	●	●	○	●	●	●	○	●
Crisis Management	●	●	●	○	●	●	○	○	●

Key

- Materially important
- Secondary importance

EHS = Environment, Health & Safety
 CSR = Corporate Social Responsibility

The following sections of this document provide details of key potential EHS/CSR issues by industry, examples of recent assignment experience and PwC solutions which we can provide in addition to our mainstream due diligence capabilities.

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energy & mining



Key potential transaction issues

- New and more stringent EHS regulation
- Fuels and new environmental standards set for fuel products
- Contamination from historical or current activities
- Physical asset integrity and plant upgrades to meet new regulation/corporate operational standards
- Climate change - carbon and energy management - restrictions on green house gas (GHG) emissions
- Pipeline routing, integrity and security
- Access to reserves, conflicts with local communities

Some recent experience

- **British Energy**
Review of non nuclear environmental liabilities as part of restructuring (UK)
- **Project Indian**
Acquisition EDD - minerals and mining company (US)
- **Project Angel**
Acquisition EHS DD - review of upstream/downstream oil and gas facilities (world-wide)
- **Project Charlestone (oil & gas downstream)**
Acquisition/EHS DD (Europe)
- **Project Titan**
Acquisition EHS DD - upstream oil and gas (North Sea)
- **Project Malindi (downstream oil)**
Acquisition EHS DD of Agip's facilities in (Africa)
- **Project Tatten**
Acquisition EDD - power station (Italy)
- **Project Trout**
Acquisition EDD of electricity transmission and distribution (France)
- **Project Heat**
Acquisition EHS DD - gas storage and distribution facilities (France)
- **Project Ice**
Acquisition EDD - oil production company (France)
- **Various organisations in the energy sector**
Assessment of Financial environmental exposures to support financial audits (US)

Associated solutions

- Climate change services and carbon finance
- EHS/CSR compliance and performance - audits and risk management
- Benchmarking standards and global best practices
- Product evaluation and performance - fuel standards
- Operational and physical asset due diligence
- Stakeholder surveys

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manufacturing & industrial products



Key potential transaction issues

- Impact of new regulations on operational performance
- Contamination from historical or current activities
- Product performance and materials management - restrictions or phase out of materials in products
- Physical asset integrity and plant upgrades to meet new regulations/corporate operational standards
- Liability for disposal of manufactured goods, particularly end-of-life vehicles and waste electrical and electronic goods
- Climate change - carbon and energy management - restrictions on GHG emissions

Some recent experience

- **Roche**
Vendor EHS DD of vitamin manufacturing and pre-mix facilities (world-wide)
- **Linpac Plastics**
Vendor EHS DD – 9 divisions (Europe, US, S.America, Africa, China)
- **Initiare**
Acquisition EHS DD of pharmaceutical company (France)
- **Project Rainbow**
Acquisition EHS DD of ink manufacturing operations (US, UK, France)
- **Project Plato**
EHS DD - merger of 2 building products businesses (UK)
- **Project Bear**
Merger - 2 paint and ink manufacturing operations (UK, Germany)
- **Project Phoenix**
Acquisition EHS DD – pharmaceutical company (China)
- **Project Impala**
Acquisition EHS DD – pharmaceutical company (UK)
- **Project Buffalo**
Acquisition EHS DD – specialty chemicals (UK, France)
- **Project Acorn**
Vendor EHS DD – packaging and support services (Europe)
- **Project Rapala**
EHS acquisition DD – industrial products (world-wide)
- **Fortune 500 Speciality Chemical Company**
Enterprise wide merger/integration EHS management (US)
- **Project Axel**
Environmental exposure and liabilities assessment associated with carve out - automotive sector (US)
- **Project Dolphin**
Acquisition EDD of aviation business (US)

Associated solutions

- Climate change services and carbon finance
- EHS/CSR compliance and performance
- Insurance due diligence and risk transfer
- Real estate due diligence
- Product evaluation and performance
- Operational and physical asset due diligence

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consumer goods



Key potential transaction issues

- Hygiene, health and environmental standards and integration with quality and brand
- Impact of new environmental and hygiene regulations on operations and costs
- Contamination from historical or current activities
- Climate change - carbon and energy management
- New site-wide environmental and energy regulations under EU IPPC Regulations - particularly relevant to the food sectors.

Some recent experience

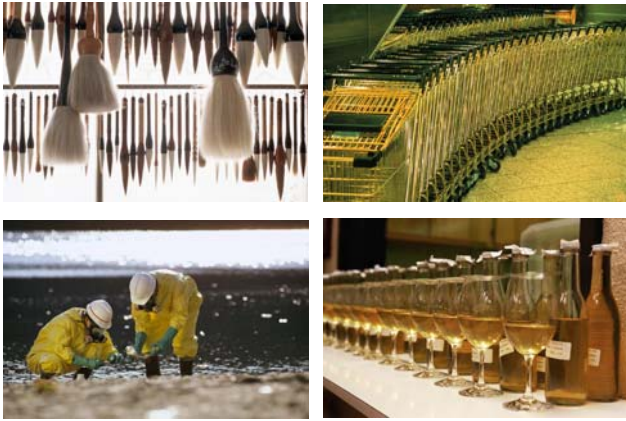
- **Project Einstein**
Vendor EHS DD – Food and brewing support and manufacturing services (US, UK, China, France, Germany)
- **Project Football**
Food company - acquisition EHS DD (Northern China)
- **Project Highway**
EHS DD – dairy sector (UK)
- **Project Caracus**
EHS DD - distilleries – MBO (UK)
- **Project Alpspitz and Mount Vincent**
EHS DD - cosmetics facilities (UK and Germany)
- **Project Roland Garros**
Acquisition EDD – dairy operations (Russia)

Associated solutions

- Operational and physical asset due diligence
- Sustainable supply chain management and compliance
- EHS/CSR compliance and performance
- Brand and product accountability – product evaluation and performance
- Insurance claims and product recall
- Climate change and carbon finance

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support services & retail



Key potential transaction issues

- Hygiene, health and environmental standards and integration with quality and brand
- Management environmental issues associated with buildings (such as asbestos)
- Potential contamination from current activities such as fuel storage or other raw materials

Some recent experience

- **Project Beringer**
Review of health and safety (H&S) and asbestos issues
49 retail stores (UK) (MBO)
- **Project Bowen**
Review of (H&S) and asbestos issues associated with
160 stores (UK) (MBO)
- **Project Victor**
Vendor EDD – 200 logistics facilities (UK)
- **Project SW19**
Acquisition H&S DD – major security services firm
(worldwide)
- **Project Pristine**
Vendor EDD – waste management facilities (Europe)
- **Project Tizer**
Vendor EHS DD – logistics business (UK)
- **Project Ballpoint**
Acquisition EHS DD – entertainment sector (India)
- **Project Enterprise**
Acquisition EHS DD – rail freight business (Europe)
- **Project Shiraz**
Acquisition EHS DD – naval dockyard (S. Africa)
- **Project Kalipso**
Acquisition EHS DD – public transportation company
(France, UK, Sweden)

Associated solutions

- Sustainable supply chain management & compliance
- Real Estate due diligence
- Operational and physical asset due diligence
- Insurance claims and product recall

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crisis management



Key potential issues

- Financial & operational crisis
- EHS Regulatory enforcement & litigation
- Brand and/or product impairment
- Cost reduction

Sustainability related issues can be critical to an organisation in financial crisis. In fact, our experience shows that mismanagement of sustainability issues, such as working conditions and health and safety, environment and hygiene (HSEH) can in themselves lead directly to crisis; impacting on brand/reputation and in turn financial loss.

For companies financially constrained, HSEH issues may be overlooked or management in these areas scaled back so as to save costs. We are typically brought in by operators and/or financial institutions to review an organisation's HSHE position and advise how HSHE issues should be considered as part of restructuring a business or addressing a particular HSHE event.

Some recent experience

- **Project Iron**
Business restructuring - review of EHS position and risks associated with iron and steel facilities - ongoing management support to close two sites including discussions and agreement with environmental regulators (UK)
- **Project Powell**
Business turnaround - review of environmental risks and pollution liabilities as part of restructuring programme (UK/US)
- **Project Crane**
Organisation in Administration - health and safety support to address significant H&S incidents (UK)
- **Project Titan**
Review of environmental risks and liabilities and costs as part of restructuring of Chemical facility (France)
- **Project Falmer**
Litigation support for oil company, as well as supporting negotiations with regulators about permit conditions (France)

Associated solutions

- EHS/CSR performance improvement
- Product recall and claims
- Disputes analysis and resolution
- Operational and physical asset reviews

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further contacts



Global Contacts

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● Areas where we have dedicated resource

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