

Compliance & Business Improvement

Multi-site Due Diligence Audit, Industrial Gases Business

CLIENT	Confidential
LOCATION	UK and Germany
DATE	2004
PROJECT	Due Diligence



DESCRIPTION

Abricon carried out an EHS due diligence project based in the UK for an established company in the industrial & medical gas sector, with headquarters based in the US.

Seven UK sites in all were subject to due diligence, located in Scotland, the home counties, and industrial areas in the Midlands, North, and South West of England.

The main data source for this project was a VEDDA review prepared by consultants. Publicly available electronic databases were also reviewed to establish the historic use of the site and assess the potential for contamination. Based on the information available key sites were identified for drive-by audits.

The data extracted from the VEDDA and database reports and the information gathered during the drive-by audits was reviewed and analysed to obtain a picture of potential cost, risk and compliance issues the client would be faced with if purchasing the sites. An electronic data room was set-up by the legal representative of the vendor. A plethora of EHS documents were posted to the site by the vendor's advisors and reviewed as and when they became available.

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The main concerns identified included;

- Legacy issues, most of the sites are in traditionally industrial areas that have been developed in the 19th century. The likelihood of contamination therefore is relatively high
- Asbestos
- Ground contamination due to inefficient bunding around chemical storage areas
- Site adjacent to historic landfill sites that might have extended to the actual site, or be a current source of pollution entering the subject site
- Indication of environmental incidents

A gap analysis was completed and its findings discussed with the vendor's consultants. The project concluded with a detailed report on potential environmental risks for the sites including detailed estimates of the associated costs, considering both worst case and most likely scenarios.

German sites

The second part of this project examined the vendor's sites in Germany. The 70 sites included in the deal ranged from gas storage facilities to big production/ASU units. As a first step the VEDDA reports were reviewed in order to identify the key sites that would require a drive-by audit. Again a virtual data room was set-up by the vendor for relevant documentation, both in German and English Translation for some of the documents.

The main issues identified were

- Some of the bigger sites were located in the former East Germany and had been publicly owned. The attendant liabilities were identified for each of the sites and the potential risk to the company determined.
- Asbestos,
- Lime Pond remediation
- Compliance with national directives and regulations
- Re-engineering costs associated with R22 refrigerant replacements

A gap analysis was carried out and discussed with the vendor's consultants. The project concluded with a detailed report on potential environmental risks for the sites and estimate of the associated costs, considering both worst case and most likely scenarios.