



EnviroRisk

PROPERTY ACQUISITIONS/ DIVESTMENTS

***ENVIRONMENTAL
LIABILITY
REVIEW***

***Pre - Acquisition
Self Assessment Checklist to
Property Managers Initial
Appraisal***

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PRE-ACQUISITION ENVIRONMENTAL ASSESSMENT

INTRODUCTION

A facility that is polluting may incur significant penalties; including jail sentences for directors and officers.

A site with contaminated soils and/or groundwater attracts significant liabilities. This applies to innocent owners and potential occupiers where a polluter cannot be found.

It is therefore incumbent upon any acquirer of property, and in particular industrial property, to ensure both the premises and operations have no environmental legacy which may influence the true value of the acquisition.

An environmental pre-acquisition assessment is essential to identify these exposures and avoid potential liabilities.

CHECKLIST

The following is a set of relatively broad questions in checklist form, relating to environmental performance.

The questions are designed to be completed by a person with a good understanding of site history and current operations to evaluate the need for a more detailed environmental liability assessment.

DETERMINATIONS

If the response to a question in Section 1, 2 or 3 is not positive, further professional advice should be sought before proceeding with an acquisition.

If the response is not positive in Section 4, the issue needs addressing shortly after acquisition to avoid a pollution incidence and to evidence high environmental standards. The cost impediment of issues within Section 4 is unlikely to warrant an interruption to acquisition negotiations.

EnviroRisk Management's environmental specialists are available to assist with further advice as required.

Note: The questions do not address consumer environmental confidence due to marketing perceptions.

1. SITE CONTAMINATION

Chemical contamination of soils can hold both public health and environmental concerns. Legislation allows for the owner/occupier (purchaser) of a premises to be liable for clean-up costs. Such costs can be significant.

1.1. SOIL QUALITY

Does the site show evidence of chemical contamination, eg. Sparse vegetation, coloured soils, unusual smells, particularly around storage areas, high pH (e.g, acid sulphate soils)?

Yes No Uncertain

Comments:

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1.2. HISTORIC USE OF THE SITE

Is there potential for previous users of the site to have left persistent environmental pollutants in the soils?

Yes No Uncertain

Comments:

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1.3. UNDERGROUND STORAGE TANKS

Underground tanks may contaminate groundwater reserves and soil quality.

Are there underground storage tanks (fuel storage, oil solvents, etc) on the site?

Yes No Uncertain

Comments:

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If so, have the tanks been checked for leakage?

Yes, Determination..... No Uncertain

Comments:

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1.4. ON-SITE DUMPING

Are there any previous operations on the site where effluent or solid waste is dumped on the site?

- Yes
- No
- Uncertain

Comments:
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1.5. INTRODUCED SOIL

Introduced soil may not always originate from clean fill. Contaminated soils and sludges from off-site sources may have been included as fill material.

Is there potential for persistent environmental pollutants to be present on the site? Persistent pollutants include, but are not restricted to, heavy metals, arsenic, pesticides, chlorinated hydrocarbons, polycyclic aromatic hydrocarbons (PAH's) and polychlorinated biphenyls (PCB's).

- Yes
- No
- Uncertain

Comments:
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2. LEGISLATION COMPLIANCE

Non compliance with environmental legislation can attract significant penalties and result in an interruption to operations until environmental performance is improved.

2.1. ENVIRONMENTAL AUTHORITY LICENCE

Does the site operations require an environmental licence?

- Yes
- No
- Uncertain

Comments:
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If so, are all the requirements in full compliance?

- Yes
- No
- Uncertain

Comments:
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2.2. TRADE WASTE LICENCE

Does the company hold a trade waste licence?

- Yes No Uncertain

Comments:
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If so, are conditions of that licence being met?

- Yes No Uncertain

Comments:
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2.3. POLLUTION INCIDENTENCE

Does the site hold a history of polluting incidents?

- Yes No Uncertain

Comments:
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If so, are there any appropriate engineering improvements underway?

- Yes No Uncertain

Comments:
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3. OPERATIONAL EXPOSURES

Pollution incidents of any size can attract Regulatory and Community backlash. Responsible risk management practices should be installed to minimize the potential for an environmental incident.

Operational exposures may require engineering works to control pollutants. These works may be necessary immediately after acquisition so as to reduce potential for pollution.



3.1. WASTE AND NOISE DISCHARGES

Is there potential for current operations to cause a substantial environmental accident or impost relating to:

- Air and water emissions
- Noise problems
- Material storage and handling
- Waste storage
- Disposal practices
- Neighboring amenity protection
- Contractual requirements
- Emergency preparedness
- Waste minimisation: recycling, reclamation, reuse, replacement
- Priority environmental wastes: PCB's, Halons, Asbestos (if applicable)

Yes No Uncertain

Comments:

4. MANAGEMENT STUCTURE

Management practices aimed at documenting procedures and performance is the best way to evidence commitment to environmental conditions an minimise the risk of pollution. It is also the only way to demonstrate that “ all due diligence” has been taken on issues likely to have an impact on environmental conditions.

4.1. REPORTING AND RESPONSIBILITIES

Does the company have a formal reporting mechanism whereby employee responsibilities are well documented and line management is debriefed monthly on environmental performance?

Yes No Uncertain

Comments:

4.2. MONITORING OF EMISSIONS

Are all waste emissions routinely monitored?

Yes No Uncertain

Comments:



4.3. DOCUMENTATION

Are all practices and procedures covering material handling, storage and waste disposal appropriately documented?

- Yes No Uncertain

Comments:
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4.4. TRAINING

Are all relevant employees trained in spill response, waste minimisation, emergency actions, community/authority liaison?

- Yes No Uncertain

Comments:
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