



ERM

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DUE DILIGENCE - ENVIRONMENTAL

ERM is a global provider of sustainability services which offers a comprehensive due diligence capability in support of transactional activities. We advise clients on sustainability risks and opportunities associated with acquisitions, divestitures, refinancing/restructuring and project finance transactions.

Our advice is targeted towards reducing risks, increasing returns to the bottom line and enhancing reputation. ERM's footprint is still the strongest in the industry covering more than 3,300 staff, including 1,000 dedicated due diligence practitioners located across 137 offices in 39 countries.

Partner in ERM's Transaction Services Team Craig Carson said trade clients and financial clients alike are consistently requiring more detailed due diligence to meet the expectations of stakeholders across the spectrum of transactions, for example to access capital or to keep disposal of assets on the timeframe. He commented: "As a response to this ERM has refined our due diligence product to address a number of issues: more refined modelling and analysis of the actual cost of liabilities, addressing emerging liabilities such as the impact of climate change as regulations bring this to the forefront and a more holistic approach of viewing liabilities through the sustainability agenda."

The scope of our due diligence approach addresses the range of environmental, health & safety, social and commercial risks associated with the acquisition / disposal and operation of an investment. Clients are benefiting from an approach where ERM is involved at a very early stage, focusing on understanding the transaction and how sustainability issues might be material. This enables ERM to identify potential value drivers likely to be affected by sustainability issues and their impact on the client's assessment of value.



ERM's trade clients have remained active in the current economic climate. Key themes developing in ERM's work assignments are a dominance of projects in the extractives sectors, pharmaceuticals and healthcare sector, manufacturing, and food and beverages. In 2009 ERM was involved in a number of significant assignments to support trade mega-mergers and disposal of assets. It has also worked on transactions related to downstream oil & gas assets and bio-fuels assets for oil majors.

Despite the tightening of credit markets in 2008 and the subsequent downturn in the M&A market, ERM is maintaining a high volume of transactional work. Craig Carson said: "We completed over 2,000 due diligence projects last year". Changes seen in the market in 2007 and 2008 have created a significant demand for due diligence services related to bankrupt and distressed assets, project finance, and the privatisation of state owned assets."

ERM has noticed that due diligence is being looked at more carefully by principals and lenders alike and performing more thorough due diligence is becoming the rule: "It is a new era characterised by uncertainty and lower appetites for risk. Pricing has become challenging as the demand side remains vague and unpredictable. Debt markets are slow to emerge from quiescence and risk aversion."

Mr. Carson called the search for alternative energy a global issue and said developing renewable energy capacity will continue to be a major area of activity in the short to medium term: "We at ERM expect to see ongoing interest in acquiring businesses, land and resources to increase capacity and add to existing portfolios."



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DUE DILIGENCE - LEGAL

Lorenz is an international law firm with offices in Brussels, Bishkek and Geneva. Lorenz offers local and international clients legal services in a wide array of Belgian and international business law matters. The firm's fields of expertise include corporate/M&A, IT & new media, privacy & data protection, HR & employment law, commercial contracts, regulatory law and litigation/arbitration & ADR.

Specifically for M&A, Lorenz assists businesses with the whole spectrum of issues and transactions affecting the acquisition and disposal of companies, local and international mergers, public and private acquisitions, asset deals, auction sales, and divestitures, as well as all types of private equity, venture capital and capital market transactions. Indeed, legal due diligence is just one of the many services that Lorenz provides to its clients.

Lorenz is active in both seller and purchaser due diligence. When representing the seller, Lorenz also facilitates the gathering of relevant documentation and assembling and coordinating the data room. Being aware of potential issues via the due diligence process helps sellers remedy them efficiently or make the proper disclosures. For the purchaser, knowing the issues helps it assess risks and ensure that they are covered in the purchase agreement.

Moreover, Lorenz has specific sector knowledge (e.g. with respect to the technology and biotech industry) and that enables us to ask the right questions. It prepares comprehensive checklists to detect sector specific issues more quickly (e.g. relating to IPR assignment, risk of requalification of self-employed commitments, open source, etc.), which aids the efficiency of the process.

Lorenz is part of an expansive network to call in specialists (e.g. relating to environmental issues, tax, etc.) or law firms from other jurisdictions to consult

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on local legal issues. Nevertheless, Lorenz coordinates the entire process so that its clients are offered a seamless and integral service.

Steven de Schrijver, partner at the firm, said, as a consequence of the economic downturn, businesses that now undertake M&A transactions are more vigilant and risk-averse and negotiation processes are taking longer. He said: "Moreover, purchasers tend to sell more to strategic operational buyers than to private equity houses which were certainly before the economic crisis willing to take more risks with a minimum of transactions cost and hence a minimum of due diligence. Hence in the current economic climate, all aspects of businesses are held to a harsher light and more importance is attached to due diligence reports. This increased emphasis on due diligence has influenced our legal due diligence activities."

Over the past year, Lorenz assisted, among others, the Swiss company Derendinger AG on the Belgian law aspects of its tender offer to acquire the entire share capital of Métraux Services SA, a Swiss-based wholesaler of spare parts for the automotive industry with 4 affiliates in Belgium. This transaction also included Lorenz performing their legal due diligence. We also assisted in the acquisition by the Belgian affiliate of an international oil and gas company of the assets relating to a particular service line of another Belgian company and are currently representing the shareholders of the Foodinvest group of companies, one of the top three players in the food service market in Belgium, in the sale of its entire group to Colruyt, a multinational Belgian supermarket chain. The deal was announced in the press in November 2009.