

Environmental and Labor Issues

This is a category III project according to the IIC's environmental and labor review procedure because it could produce certain effects that may be avoided or mitigated by following generally recognized performance standards, guidelines, and design criteria. The main environmental and labor considerations related to the project are: (1) effluent and hazardous waste management; (2) air emissions; (3) solid waste management; and (4) personal safety and emergency response.

Ledincor and Lidelir will conduct their operations on the grounds of the Montes de Plata project, located in Punta Pereira and the M'Bopicuá logistics terminal. Consequently, the two companies must comply with Montes de Plata policies and standards governing safety and environmental protection.

Both Ledincor and Lidelir pattern their operations on Teyma Forestal S.A., a company with experience managing all aspects of forestry-products-related logistics. Teyma Forestal is ISO 9001, ISO 14001, and OHSAS 18001 certified.

Liquid Waste

Ledincor and Lidelir have a comprehensive management system (CMS) that includes instructions for handling hazardous liquid products and their residues. These instructions establish procedures for the storage of these products, personal protective equipment for the workers who handle them, spill cleanup procedures, and their final disposal. Authorized operators are tasked with the final disposal of any hazardous liquid waste.

Air Emissions

All transport vehicles (trucks and tractors), as well as cargo-handling equipment used in storage yards, are diesel powered. With a view to ensuring optimal combustion conditions, the companies agree to perform the requisite engine maintenance to reduce fuel consumption and air emissions. A system for reporting greenhouse gas emissions (GGEs) will be developed, thus enabling the companies to adopt the appropriate strategies for mitigating and controlling GGEs.

Solid Waste

The main sources of solid waste are associated with the cleaning of wharves, barges, and log storage yards, primarily residual bark and other debris resulting from operations. In the case of the M'Bopicuá logistics terminal, this debris is deposited in an authorized landfill. At Punta Pereira, the bark is first separated from the other debris and subsequently used to fuel a steam generator.

Machine operation and maintenance activities generate solid waste that is considered hazardous, including contaminated rags; fuel, lubricant, solvent, and paint containers; filters and replacement parts contaminated with lubricants; gloves; and other disposable items of personal protective equipment. The CMS includes instructions for classifying these types of waste. All waste is to be disposed of by authorized operators under the supervision of the pertinent authorities.

Personal Safety and Emergency Response

Pursuant to the provisions of the contracts with the Montes de Plata project, the companies shall set up a risk prevention program and obtain certification from an independent agency satisfactory to the Montes de Plata project. In addition, all Ledincor and Lidelir equipment operators shall be required to undergo specific training and obtain certification to perform their duties.

The Montes de Plata project shall provide the necessary infrastructure for fire protection, which must at least comply with the recommendations of the National Fire Brigade. The CMS provides for

an annual training exercise on risk identification and evaluation as well accident and incident analysis. In addition, Montes de Plata has developed its own emergency plan, which includes an evacuation plan, with which Ledincor and Lidelir must comply. Notwithstanding, Ledincor and Lidelir shall be required to develop their own emergency plans patterned after that of Teyma Forestal.

Labor Practices

Ledincor and Lidelir comply with Uruguayan labor laws. Mandatory core labor standards include: social security benefits; freedom of association; freedom to form labor unions; the prohibition of forced labor; the prohibition of exploitative and abusive child labor; the prohibition of job discrimination; and the provision of health care and workplace accident insurance. The companies shall not hire anyone less than 18 years of age, a practice that is expressly prohibited under the terms of the Montes de Plata project.

Monitoring and Reporting

Ledincor and Lidelir will implement an Environmental and Social Action Plan (ESAP) to ensure compliance with IIC environmental and occupational safety and health requirements. Activities under the ESAP are to include implementation of the risk prevention program. The company will present the IIC with annual progress reports on the implementation of the ESAP.