

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, or design criteria. The main environmental and labor issues related to the project are: environmental impact assessment and management systems; management of solid and hazardous waste, liquid effluents, and air emissions; energy and water consumption; occupational safety and health; and labor practices.

Environmental impact assessment and management systems: American Textil has an ecology manager, as well as a chief of industrial safety and health, in charge of addressing environmental and occupational health and safety issues related to company operations. American Textil has the environmental license required to operate its facilities in the Ecatepec industrial zone in the State of Mexico. The company has an environmental management system in place, along with a program to monitor liquid effluents, air emissions, and noise, the results of which are submitted annually to the local environmental authority on the Comprehensive Operating License form. Information on the management and final disposal of the hazardous waste generated is reported to the Secretariat of the Environment and Natural Resources (SEMARNAT) on the Annual Operating License form, pursuant to Mexican regulations.

In manufacturing its products, American Textil refrains from using substances that are subject to regulatory restrictions and/or rejected by its customers and has written procedures in this regard. The company likewise follows international safety guidelines for enterprises in the textile and clothing industry, such as Oeko-Tex Standard 100 on the use of chemical substances safe for human health and the environment.

Solid and hazardous waste management: Textile manufacturing involves the use of raw materials such as threads, oils, and chemicals, while plant maintenance involves the use of paint, solvents, and oils. The waste from these processes is separated and sorted into nonhazardous solid waste and hazardous waste. The company is registered with SEMARNAT as a producer of nonhazardous waste and keeps a monthly log of the amounts produced. This waste consists primarily of cardboard, wood, scrap metal, plastic, thread, lint, and office and cafeteria waste. The data are reported to the environmental authority, in compliance with the applicable regulations. Recyclable waste is temporarily stored in a warehouse and the rest is deposited in a container for periodic removal by an authorized contractor for its final disposal.

Hazardous waste, such as rags soiled with solvent and paint, spent oil, dyes and colorants, and acid or alkaline waste, are taken to a temporary storage site on company grounds for subsequent collection and final disposal by authorized companies. Sludge from the liquid waste treatment plant is first taken to a centrifuge to remove excess water; it is then temporarily stored in a container until its final disposal by the authorized contractor. According to the results of tests done in September 2011 by a laboratory accredited by the Mexican Accreditation Agency, the treated sludge meets standard set in the applicable national regulations. The company keeps a monthly log of the amounts generated. This data, as well as information on the handling and final disposal of the sludge, are reported to SEMARNAT, pursuant to the applicable regulations.

Liquid effluents: The liquid effluents generated in company facilities come primarily from the processing areas (dyeing, printing, and finishing), as well as other service areas in the plant. The company has a treatment plant where, pursuant to national regulations, the liquid waste from industrial processes, together with sewage and rainwater, receives physical-chemical treatment before being discharged into the municipal sewage system. The March 2011 wastewater testing reported to the relevant environmental authority on the Comprehensive Operating License form

indicates that the liquid effluents discharged are within the permissible limits established in regulation NOM-02-SEMARNAT-1996.

Air emissions: Air emissions from American Textil come mainly from two boilers and three oil heaters that run on natural gas, which is a relatively clean fuel compared to other fossil fuels. Gas emissions, especially nitrogen oxides, are controlled in the boilers and oil heaters by burners with low nitrogen oxide emissions. The company has two automatic computer-operated gas scrubbers and a filtration system to control the air emissions generated in the processing areas. The latest air emission measurements indicate that emission levels comply with Mexican regulations, as well as the International Finance Corporation's guidelines on air emissions. American Textil conducts an inventory of air emissions from its fixed sources, through which it periodically monitors emissions of total suspended particulates, nitrogen oxides (NO_x), carbon dioxide (CO₂) and carbon monoxide (CO). The latest air emissions measurements were reported to the environmental authority on the Comprehensive Operating License form 2011, pursuant to Mexican regulations.

Energy and water consumption: American Textil is implementing an energy savings project in its facilities. To date, the entire industrial plant has been examined, needs have been identified, and the company is considering what action to take. The energy savings measures include the isolation of steam ducts and the repair of any leaks in valves, connections, and pipes. Steps will also be taken to ensure more efficient use of the electricity used in lighting. The company will be required to prepare a timetable for the corrective action to be taken as part of an Environmental and Social Action Plan (ESAP) that the company will develop with the IIC during the project.

Plant-wide industrial water consumption is estimated at 25 liters per second, with dyeing accounting for the highest volume. The water is drawn from two wells and is chemically treated to adapt its hardness and alkalinity to process requirements. The company is about to launch a project to recycle some 15 percent of the volume of wastewater generated during this chemical conditioning; the project is expected to get under way in the coming months. The company is also considering the recycling of treated water from the wastewater treatment plant for use in toilets and certain parts of the process.

Occupational safety and health: American Textil addresses occupational safety and health issues through its chief of industrial safety and health, who is in charge of ensuring that the measures implemented comply with company regulations and written procedures in this area. The company provides workers with personal protective equipment (including hard hats, goggles, work clothes, safety footwear, back support belts, face masks, and hearing protectors) and oversees its use, which is mandatory. Machinery and equipment with moving parts are fitted with safety guards to protect the operators and eliminate the risk of entrapment. The company also has an industrial safety and health training program, whose achievements have been recognized by the Mexican Social Security Institute (IMSS). This program includes induction sessions for new personnel and contractors. The plant has a doctor's office on the premises. Moreover, all workers are enrolled in IMSS, where they and their families have medical coverage.

The facilities have signs, evacuation routes, fire extinguishers, an emergency response plan, and a civil defense brigade. Simulations are conducted periodically with support from the local fire department. American Textil acts in a coordinated manner through the Safety and Health Committee of the State of Mexico Association of Industrialists, of which the company is a member. Moreover, the company will install a hydrant-based fire protection system that will meet NFPA standards; this will be one of the activities in the ESAP that the company will prepare at the IIC's request.

Labor practices: American Textil's labor practices comply with Mexican labor law, and the company honors the basic labor principles related to workers' rights. There is a union that workers

may join if they wish. Company personnel enjoy the benefits required by law and others, as stipulated in the collective bargaining agreement. The company subsidizes the cost of the food offered to workers in the cafeteria. Company policy includes a code of conduct, and there is a grievance procedure for employees who wish to lodge a complaint.

Monitoring and reporting: American Textil will continue implementing the prevention, control, and mitigation measures of its current environmental management system. It will also prepare an ESAP with the IIC on the issues outlined in this summary to ensure compliance with the IIC's environmental requirements and the good international practices spelled out in the International Finance Corporation's Environmental Health and Safety Guidelines for Textile Manufacturing. American Textil will submit annual progress reports to the IIC on the implementation of the ESAP.