

**Environmental and Labor Issues:**

This is a category B project according to the IIC's Environmental and Social Sustainability Policy 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 social considerations related to the project involve efficient resource use and pollution prevention, labor and working conditions, and community health and safety.

Saceem has a management system based on the following standards:

- UNIT-ISO 9001:2008 (Quality Management Systems);
- UNIT (OHSAS) 18001:2007 (Occupational Health and Safety Management Systems); and
- UNIT-ISO 14001:2004 (Environmental Management Systems).

The first two standards apply to engineering works and the execution of civil engineering, mechanical engineering, electrical engineering, architectural, infrastructure, sanitation, and telephony and communications projects. The third applies to the execution of civil engineering (bridges) and sanitation works.

The company's management system manual spells out the processes, documentation requirements, responsibilities of management, resource management (i.e., human, infrastructure, equipment, and work environment), and implementation planning, measurement, and analysis. The management system includes environmental management procedures governing the activities of each construction project, as follows:

- Identification of significant environmental issues (including legal requirements);
- Pollution prevention planning;
- Establishment of objectives, targets, programs, and their monitoring;
- Definition of responsibilities;
- Training, awareness-raising, and outreach (relations with stakeholders) activities;
- Oversight of operations, including environmental emergencies;
- Recording, analysis, and notification of environmental noncompliance;
- Corrective, preventive, and mitigation activities; and
- Internal audits.

The environmental management procedures are tailored to the specific characteristics of each construction project and the project supervisor is responsible for their implementation. The materials and logistics supervisor is responsible for environmental management at the Manga industrial park, the company's operations and logistics base. All activities carried out in connection with environmental requirements are monitored by Saceem's quality and environment division through the environmental manager, the technical authority responsible for these areas.

**Vegetation, Flora, and Fauna:** The project supervisor is responsible for taking the necessary steps to:

- Prevent fires whenever construction operations are located in areas where there is a danger that the surrounding vegetation will catch fire, especially in protected areas, environmentally sensitive areas, or areas of significant natural or planted forests;
- Avoid the use of burning as a land clearing technique;
- Prevent company personnel from engaging in activities that may harm wild flora or fauna and instruct them to that effect;
- Restore any areas leveled or filled as a result of earthmoving operations with plantings of fast-

growing species that easily regenerate to minimize incipient erosion processes; and

- Restore the plant cover and replace any vegetation that has been altered or removed.

The project supervisor is responsible for preparing an environmental restoration plan for construction projects that require one or at the client's request. The plan must be submitted before the respective activity commences and include mitigation measures for each phase of the project. The plan should also take into account the following sites where facilities have been set up:

- Camps and their associated facilities;
- Materials production plants;
- Extraction sites (including quarries and other sites from which material has been removed);
- Warehouses (for provisions or surplus materials and waste or rubble from demolition activities);
- Temporary service roads;
- Civil works (bridges and sewer systems); and
- Ecologically valuable and environmentally sensitive sectors.

**Air Emissions and Noise:** With regard to construction projects, the requisite measures will be taken to prevent noise pollution and the degradation of air quality. Truck drivers are instructed to drive slowly over roads with the potential for generating excessive air pollution in the form of dust and particulate matter. Similarly, efforts are made to keep loading and maneuvering yards hosed down.

The company has procedures in place to manage machinery and equipment maintenance and to foster the necessary conditions for optimal machinery/equipment use. Accordingly, Saceem has established a scheduled maintenance system, which is supplemented with detective and corrective maintenance activities. For this purpose, the company has a central repair shop in Manga, mobile mechanics, and also engages the services of outside repair shops, as necessary.

**Solid and Liquid Waste:** The project supervisor is responsible for taking the necessary steps to:

- Prevent spills of oil, grease, fuel, cement, etc., inasmuch as such spills affect the quality of surface and ground water;
- Prevent solid or liquid waste generated in the camps and work sites from being dumped into or near rivers, canals, estuaries, and dams;
- Ensure that equipment washing or rinsing activities are not carried out in places where they may result in runoff and/or spills of contaminants near watercourses;
- Lay drainage pipe during earthmoving operations to avoid interrupting natural drainage channels;
- Restore to their original condition any areas where cofferdams have been built or watercourses diverted;
- Prevent frequent vehicle traffic through watercourses; and
- Avoid and prevent spills of fuel or other polluting substances.

Saceem has a solid waste management procedure in place that specifies the final destination of waste by type. It covers all solid or semi-solid waste and any liquid waste that cannot be processed in traditional liquid effluent treatment systems. Solid waste is classified as domestic, construction, or hazardous waste. In urban areas, domestic waste is removed by municipal services in urban areas, whereas in non-urban areas, such waste is transported to municipal dumps. Construction waste is sorted into recyclables (e.g., scrap metal, wood, glass, plastic, and wire) and non-recyclables (e.g., rubble and excavated material), the final disposal of which is contingent on the type of waste. Hazardous waste is treated by licensed operators or disposed of as indicated by the municipal authority.

All washing operations involving machinery, vehicles, accessories, metal implements, etc., should be carried out at the Manga industrial park, in a facility especially equipped for this purpose. This facility consists of a concrete platform with a water containment berm and decantation chamber for solids and oil separation. Mud and oil are removed and treated by licensed operators. The resulting wastewater is tested and, if found to be within the parameters indicated in the applicable standard, authorization will be requested from the pertinent municipality to remove and treat it as industrial effluent. Any wastewater that does not conform to these parameters must be treated until it meets the applicable standard. Cement mixer trucks and cement-related tools and equipment can be washed at the work site, provided it is equipped with a sedimentation basin. Prior to disposing of water used to wash equipment, testing of its pH level and solids content must be carried out to determine whether any treatment is necessary before it can be discharged. Domestic liquid effluents generated during construction operations are carried away by the sewerage system, provided one exists at the construction site. Otherwise, a septic tank is built to facilitate the storage and subsequent removal of the effluent, or portable toilets are provided.

**Handling of Hazardous Materials:** Certain hazardous materials are used at construction sites and the company's Manga facility: fuel, oil, lubricants, and chemical substances used at the work site. The company has instructions that spell out the procurement, reception, storage, use, and monitoring procedures for these substances at the work sites and company facilities.

**Cultural and Archeological Heritage:** The project supervisor is responsible for taking the necessary steps to:

- Request information from the competent government authority about the existence or possibility of archeological remains in the area, as appropriate;
- Post signs at cultural heritage sites in the construction project's area of influence; and
- Order the suspension of work and notify the client's representative whenever archeological or historical artifacts are discovered in the course of construction operations.

**Labor and Social Issues:** Saceem is in compliance with Uruguayan labor laws and International Labour Organization (ILO) standards. Core labor standards include: social security contributions, freedom of association to form labor unions, nondiscrimination in the workplace, and the prohibition of child labor. In accordance with Uruguayan law, workers and their dependents receive medical coverage through the National Health Fund (FONASA), as well as insurance against workplace accidents and occupational illnesses. Construction projects must comply with all Ministry of Labor and Social Welfare safety regulations and should employ the services of a prevention expert. The company's management system accords priority to occupational health and safety and promotes safety training at all levels. The requirement of compliance with safety standards extends to subcontractors.

Saceem has procedures in place to identify and respond to emergencies, including chemical spills (e.g., fuel, oil, lubricants, acids, paint, solvents, and additives used in construction), explosions, and fires. In all such emergencies, the company has a designated official who determines the appropriate steps to take and allocates the necessary resources to that end.

The project supervisor is responsible for adopting the necessary measures to minimize any adverse effects on the population—in particular, measures to avoid disturbing the rest of area residents insofar as possible.

**Monitoring and Reporting:** Saceem will implement an environmental and social action plan (ESAP) to ensure compliance with IIC environmental and workplace safety and health requirements. Activities under the ESAP are to include implementation of contingency and environmental

monitoring plans. The company will present the IIC with annual progress reports on implementation of the ESAP.