

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 labor considerations related to the project are: assessment and management of environmental and social risks and impact; community health and safety; efficient resource management and pollution prevention; and workplace and labor conditions.

Assessment and Management of Environmental and Social Risk and Impacts: The project is located in Quito's Nuevo Aeropuerto Internacional. Tabacarcen's facilities consist of two main buildings—one for imports and the other for exports—that include offices, storage areas, customs ares, and vehicle parking. The IIC's environmental and social review included an appraisal visit to the company's facilities and interviews with the security manager, the chief of occupational safety and health, and the occupational health physician, who are responsible for dealing with the environmental and social issues associated with the enterprise's operations. The company has an environmental management plan that it delivered to the competent authorities and other stakeholders in March 2014. The company is applying for its environmental permit with assistance from an external environmental consultant and expects to receive it sometime during the coming months. Tabacarcen has written policies and procedures for managing occupational safety and health issues and responding to emergencies related to its operations.

Community Health, Safety, and Security: Tabacarcen has internal occupational health and safety rules that will serve as the basis for implementing a workplace safety and health management system. The rules are mandatory for employees and contractors and reflect domestic regulations on the issue, which include providing workers with personal protective equipment and work clothes. The company maintains records and statistics on workplace accidents and incidents and periodically reports them to the labor relations institute (Ministerio de Relaciones Laborales) and the Ecuadorian social security institute (Instituto Ecuatoriano de Seguridad Social, IESS) Employees are provided with medical care, and their health is monitored through regular checkups. Tabacarcen's occupational safety and health unit prepared a manual that includes the procedures that contractors, subcontractors, and third parties must follow in order to work safely in the company's facilities.

The emergency response plan of Quito's Nuevo Aeropuerto Internacional has been approved by the competent authorities and covers all facilities associated with the airport's operations, including Tabacarcen as a concessionaire. The company's aviation safety program has been approved by the domestic aviation authority. In addition, Tabacarcen has drawn up an emergency response plan tailored to its operations. The plan was delivered to the competent authorities for approval in March 2014. The company expects its emergency response plan to be approved in the coming months.

During the site visit to Tabacarcen, its facilities were found to have fire extinguishers and safety signage, although the latter is incomplete in certain areas, including the main building. The company has applied to the fire department for a permit pursuant to the new Metropolitan Ordinance No. 470 on Fire Prevention, approved on December 18, 2013. This ordinance requires compliance with applicable NFPA international standards—for example, NFPA 101, the Life Safety Code. In order to process the permit application, in March 2014 members of the fire department inspected Tabacarcen's facilities and issued a report with recommendations. In response to the recommendations, Tabacarcen contracted the services of an external consultant with expertise in fire prevention to advise it on how to meet the fire department's requirements and obtain the corresponding permit. Tabacarcen has received fire department approval for its plans and technical reports on its fire protection system. Until the permanent system is installed and operating properly,

in an estimated two months, it is using a temporary system. Receipt of a permit from the fire department will be a condition of the financing and be part of the Environmental and Social Action Plan (ESAP) that Tabarcen will prepare at the IIC's request.

Efficient Resource Use and Pollution Prevention: Liquid effluent consists mainly of wastewater from the bathrooms and cleaning activities. Liquid effluent is sent to the airport's treatment plant. The company has prepared a number of guides on the handling and disposal of waste produced by its operations. This includes recycling packing materials such as cardboard, wood, and plastics. Spent oil from the forklift maintenance area is stored temporarily and disposed of by licensed contractors. Electrical forklifts are used to handle cargo, and when the workload requires, gasoline-powered forklifts are also used. To protect the health of its workers, Tabarcen will avoid the use of gasoline-powered forklifts in enclosed areas with inadequate ventilation where gases from combustion can accumulate in concentrations above the limits set by domestic regulations and by the International Finance Corporation's (IFC) Performance Standard 2 on labor and working conditions.

Labor and Working Conditions: Tabarcen has recruitment, hiring, and training policies and procedures in place that are stipulated in a human resources manual. Compliance with this manual is supervised by the head of the company's human resources department. New employees are given training in occupational safety and health through an orientation program. Company policy expressly prohibits the hiring of minors. The company's internal labor and health and safety rules were approved by the labor relations ministry in November 2013.

A joint occupational safety and health committee was formed in November 2013 with labor and company representatives in equal number. The joint committee's functions include ensuring workers receive their personal protective equipment and work uniforms, promoting worker training, and participating in disseminating workplace health and safety rules to company personnel. There is currently no union, but workers are free to organize if they wish to do so. At the IIC's request, Tabarcen will revise its human resources policy and manual to make them current with the international good practices established in the IFC's Performance 2 Standard and domestic labor regulations. The company's human resources policy and manual will therefore expressly recognize the rights of workers to form labor organizations and to collectively bargain.

Supervision: The Borrower will draw up an Environmental and Social Action Plan acceptable to the IIC and submit annual monitoring reports on the issues outlined in this summary. During the life of the project, the IIC will monitor ongoing compliance with its own environmental and labor review guidelines by evaluating monitoring reports submitted annually to the IIC by the borrower and conducting regular field visits as part of the project supervision process.