

## Environmental Classification and Issues:

**Environmental Classification:** This is a Category III project according to IIC's environmental review procedures. The main environmental and labor issues related to this project include (1) the origin of the paper used as raw material, (2) solid and liquid waste management and disposal, (3) air emissions, (4) noise, (5) fire prevention and workplace safety and hygiene, and (6) labor practices.

**Environmental Issues:** Costa Rica's Ministry of Health granted the Company a health permit, Permiso Sanitario de Funcionamiento No. ARSH-1042-05, on November 14, 2005. The permit is valid for five years. To obtain the permit, Cocorisa was required to undergo a review of its compliance with Costa Rican environmental and safety regulations. At the IIC's request, the company will keep all of its related permits updated.

**1) Origin of the paper used as raw material:** Cocorisa purchases the paper used for the manufacture of its cardboard boxes from external suppliers who serve markets in the United States and the European Union, where paper may only be made from wood originating from sustainably managed forests or bearing third-party certifications. The suppliers from which Cocorisa purchases the paper used in production are certified by independent international organizations such as the Forest Stewardship Council (FSC) and the Program for the Endorsement of Forest Certification (PEFC). FSC and PEFC are nonprofit, nongovernmental organizations that promote sustainable forest management through independent third-party certification. The suppliers' FSC or PEFC seal ensures Cocorisa that the paper it purchases as raw material originates from forests that are managed in an environmentally sound, socially just, and economically viable manner.

**2) Management and disposal of solid and liquid waste:** The solid waste generated in the offices, cafeteria, bathrooms, and other areas of the company's facilities is collected, transported, and disposed of by a local contractor (Empresas Berthier EBI de Costa Rica). Cocorisa identifies and sorts the solid waste and stores it temporarily in compacting containers provided by the contractor, who then collects it and transports it for disposal in authorized sanitary landfills, in compliance with national and local regulations. Waste from in the company's medical office is also handled by a local contractor (Manejo Profesional de Desechos S.A.). Cardboard waste from production is ground into recycled cardboard and sent to other companies that use it to manufacture recycled paper, napkins, toilet paper, and other products.

Cocorisa's water is from the public water supply system network, which is managed by Empresa de Servicios Públicos de Heredia (ESPH), which provides electricity, drinking water, public lighting, and sewage systems to most residential, urban, and industrial areas in Heredia Province. The liquid waste generated by Cocorisa undergoes physico-chemical treatment, chiefly to remove suspended solids; it is then disposed of in the sewage system managed by ESPH and channeled to the Las Flores biological treatment plant, a stabilization pond in Lagunilla de Heredia.

**3) Air emissions:** There are two boilers in the facility that run on bunker fuel. The atmospheric emissions from such boilers usually include combustion gases such as sulfur dioxide and nitrogen oxides, as well as particles in suspension. To mitigate impact and control the emissions from its boilers, Cocorisa has, among other improvements, installed a soot collection and gas and particle sampling and testing system. In compliance with regulations established by Costa Rica's environmental authority Ministerio de Ambiente y Energía (MINAE), Cocorisa has filed the requisite report on the operation of its boilers. Analyses of the most recent samples from the boilers show that air emissions are within permissible limits. Boiler operations are evaluated by a chemical laboratory approved by MINAE. MINAE received the requisite report before approving Cocorisa's operating permit Permiso Sanitario de Funcionamiento, which was issued in November 2005. At the IIC's request, the company's boilers will remain within the permissible limits established by Costa Rican

regulations.

**4) Noise:** The activities involved in grinding and recycling cardboard can be noisy and are thus classed as a nuisance under Costa Rica's industrial safety and health regulations. To mitigate the noise from the cardboard recycling machine, Cocorisa measures noise levels and confines noise at the source. Cocorisa has a certificate from the Ministerio de Salud (Ministry of Health) stating that the work done by the company has indeed mitigated potential noise nuisance in the area neighboring the factory. At the IIC's request, the company will regularly monitor noise levels in the area.

**5) Fire protection and workplace safety and hygiene:** It is Cocorisa policy to maintain a working environment that protects employees by following preventive programs and complying with current domestic regulations. Fire and accident protection includes a fire, earthquake, and natural disaster emergency plan; a fifteen-person emergency brigade that receives regular training; forty-eight strategically placed A B C fire extinguishers; and five fire hose cabinets throughout the production plant. The bunker fuel for the boilers is stored in two tanks with containment dikes that meet applicable standards for spills and leaks and are approved by MINAE and the environmental regulator Secretaría Técnica Nacional Ambiental (SETENA). The company has programs for occupational health training, personal protective gear, signage, and ergonomic design. Workers are provided with task-specific protective equipment.

**6) Labor Practices:** In compliance with national and local labor law, Cocorisa only hires workers over the age of eighteen. There are no labor unions present at the company, although the workers are free to unionize if they wish. There is an employee solidarity association established twenty years ago, as well as a permanent staff committee; these groups are similar to a labor union. The company's employees are paid more than the legal minimum wage. The collective labor contract "Arreglo Directo" spells out employer and employee rights, obligations, and benefits. Cocorisa's working conditions and benefits were approved by the Ministry of Labor in 1983.

**Monitoring and Annual Reporting:** The sponsor will implement an environmental management plan acceptable to the IIC covering the environmental protection, workplace safety, and labor issues discussed herein. The sponsor will submit an annual report summarizing tracking data on the source of the paper used as raw material, management and disposal of solid and liquid waste, atmospheric emissions, noise levels, fire and safety protection, workplace hygiene, and labor practices.