

1. Environmental Classification

This is a category III project according to the IIC's environmental classification system because specific impacts may result that can be avoided or mitigated by adhering to generally recognized performance standards, guidelines, and design criteria. The environmental and labor considerations related to the project include the following: handling of agrochemicals, solid waste disposal, worker safety, and emergency response.

2. Principal environmental impacts

Handling of agrochemicals Handling agrochemicals involves the following risks:

- (i) There is the potential for use of unauthorized products.
- (ii) Storing agrochemicals improperly can pose the risk of spills that might contaminate the environment, affect worker health, or lead to the risk of fire.
- (iii) Improper handling and application of agrochemicals can involve health risks for workers who are directly involved.
- (iv) Precautions must be taken when disposing of containers to keep from polluting the environment and to prevent subsequent improper use.

The company only markets products registered with the Dirección de Defensa Vegetal del Ministerio de Agricultura y Ganadería (Plant Protection Office of the Ministry of Agriculture and Livestock). Registration involves following specific procedures in accordance with current law, based on the guidelines set out in the Estándar Regional de Protección Fitosanitaria (Regional Plant Health Protection Standard) issued by the Comité de Sanidad Vegetal del Cono Sur (Southern Cone Plant Health Committee or COSAVE, an agency formed by Argentina, Brazil, Chile, Paraguay, and Uruguay under the FAO International Plant Protection Convention and the FAO-WHO Codex Alimentarius).

Domestic regulations require proper packaging, storing, and labeling for products. Labels must provide the following information: name, chemical properties, handling precautions, first aid, product warranty, instructions for use, and toxicological classification of the active ingredient.

Agrofertil's internal safety procedures for handling these products are spelled out in the company's regulations for workers, job description manual, and workplace health and safety manual. These documents set out the requisite precautions for preventing accidents and pollution, as well as procedures to follow in the event of accidents.

The agrochemical storage facilities at the new main plant under construction have a spill channel system to drain any accidentally spilled fluids to enclosed tanks for subsequent removal and disposal. Agrofertil has an agreement for transferring spilled chemicals and treating them at Tecnomyl, a related company that is the only company in Paraguay with facilities for this purpose.

Solid Waste

The solid waste generated by the company consists mainly of discarded paper, cardboard, and plastic containers.

Paper and cardboard containers are usually not contaminated with chemicals and are picked up by a refuse collection service or disposed of by incineration. Plastic containers are washed at the location where the product was used. The washwater is stored for subsequent use to dilute the same product. Containers are rendered useless and then picked up by authorized collection services.

Liquid Waste

Water use is limited to cleaning and personal hygiene, and the water is treated as domestic waste.

Sewage is disposed of in septic tanks in accordance with municipal regulations and is subsequently picked up by authorized commercial services.

Impact on indigenous communities, ecologically sensitive areas, virgin woodlands, and unique habitats

The land that the company works at present and the new land to be acquired are already used for farming, so no people will be displaced and no woodlands or unique habitats will be destroyed. Such areas are appropriately demarcated, divided, and registered. Nevertheless, in keeping with local law, the company obtained an environmental license for each of the properties it works. The environmental licenses include, among other provisions, what is called a "plan for forest management and enhancement, reforestation, management of water basins, and compliance with Act 294/3" that establishes, among other goals, native forest regeneration management and watercourse protection. The plan involves setting aside approximately 27% of the total area for buffer forest, native forest enhancement, and reforestation of native and exotic species.

3. Occupational Safety and Hygiene

Production workers receive safety equipment and personal protection gear for the specific task performed (overalls, waterproof attire, boots, breathing protection, protective eyewear, aprons, gloves, etc.) as provided in the workplace health and safety manual and in some specific job descriptions. All of the workers receive health care coverage and workplace accident insurance. The company also has a preventive medical care program with semiannual check-ups. The warehouses have firefighting equipment. Workers receive fire response training in the form of educational talks given by volunteer firefighters. The new main plant has fire extinguishers and a central firefighting system that draws water from a 20 cubic meter underground tank with an independently powered electric pump that feeds fire hydrants located throughout the building.

4. Labor practices

Agrofertil complies with national labor laws. Among the main mandatory labor standards are social security benefits, freedom of association, freedom to form labor unions, prohibition of forced labor, and elimination of exploitative and abusive child labor and job discrimination. Agrofertil's employees do not belong to a labor union.

5. Control and Follow-Up

Agrofertil shall develop an Environmental Management Plan (EMP) satisfactory to the IIC to ensure compliance with domestic regulations and the IIC's environmental and workplace health and safety guidelines. The EMP shall include an annual report with information on solid waste management, health, safety and emergency response training programs, and accident reports. There shall also be a timetable for extending the company's regulations for workers, job description manual, and workplace health and safety manual to agricultural operations (Condominio Paulo Sergio Sarabia y Otros).