

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 considerations related to the project are the company's environmental management, hygiene and quality control, solid waste, hazardous waste management and disposal, liquid effluents, occupational health and industrial safety, and labor practices.

The Company's Environmental Management: ALMER has been implementing the Environmental Management Plan (EMP) agreed upon with the IIC, which includes a schedule for implementing corrective environmental and industrial safety measures to ensure that ALMER's facilities are in compliance with domestic law and the IIC's environmental guidelines. The company submitted to the IIC an EMP progress report for 2009. The results of hazardous waste (polychlorinated biphenyls) detection tests on electrical transformers at three of the company's facilities were within national standards. A noise study at two facilities and the recording of wastewater discharge at another were completed within the time limit set by Mexico's Department of the Environment and Natural Resources (SEMARNAT), the National Water Commission (CONAGUA), and the municipal environmental authorities, respectively. In August 2008, ALMER completed an environmental risk study on the storage of alcoholic beverages, as requested by SEMARNAT. In October 2008 it registered with the state's civil protection authorities for handling and storing hazardous substances at another of its facilities.

Hygiene and Quality Control: Insecticides and rodenticides are used sparingly for pest control at the facilities where the project will be carried out. They are registered with the agency that monitors the processing and use of pesticides and toxic substances (CICOPLAFEST) in Mexico. Pesticides are applied by a local contractor that only uses products registered with CICOPLAFEST. All of the chemicals used by ALMER are registered with SEMARNAT as well, and the company has a strict inventory control program. ALMER continually monitors the quality of stored goods. Specifically, it has implemented measures to ensure the quality of the grain stored in its facilities.

Solid Waste: The company's facilities produce very little solid waste, mainly domestic refuse (from the cafeteria and offices). This waste is collected by the municipality for disposal in compliance with applicable regulations. The recyclable material generated, such as plastic, cardboard, and wood, is recovered and sold to third parties. ALMER is registered as a generator of nonhazardous solid waste, as required by the state's environmental agency for sustainable development (SEMADES) for the Guadalajara facilities. Waste from this facility goes to an authorized private contractor for disposal in compliance with national and state environmental regulations.

Hazardous Waste Management and Disposal: There are electrical transformers at three of ALMER's facilities. Tests to determine whether they contain polychlorinated biphenyls (PCBs) were completed in December 2008. PCBs are a group of highly toxic chemicals that are frequently found in the oil in electrical transformers and other electrical equipment. In Mexico, current legislation requires that all waste generators determine whether or not their waste is hazardous. Therefore, as per Mexican government regulation NOM-133-SEMARNAT-2000, the owner of any electrical equipment must verify whether the equipment uses fluids containing PCBs and carry out lab tests to determine PCB concentration. These tests must be performed by an authorized laboratory. To comply with applicable environmental law, ALMER tested for PCBs in electrical transformers at three of its facilities. The results showed that its transformers comply with regulations.

Liquid Effluents: The project produces minimal liquid effluents, mainly sewage. Most of ALMER's facilities are in rural areas and cannot be connected to municipal treatment systems. Sewage is therefore treated in septic tanks. Nevertheless, some facilities are connected to municipal sewage

treatment plants. ALMER completed a rainwater channeling system at one of its facilities, located in the state of Querétaro. Registration was completed in February 2009.

Occupational Health and Industrial Safety: ALMER provides training to its employees at all of its workplaces. In 2009 267 workers at the company's facilities received training in industrial safety and civil protection, emergency response, fire prevention and firefighting, use of fire extinguishers, evacuation drills, and first aid techniques, among others. ALMER workers are given personal protection equipment for safe performance of their tasks. Within the facilities, workers have access to medical services and medicines at no charge. Employees also have medical coverage from Mexico's Social Security Institute (IMSS). ALMER's payroll employees have additional medical coverage in private hospitals, life insurance, and insurance to cover funeral expenses. In 2009, ALMER continued to record its workplace accidents and monitor its facilities to ensure that its employees participate in the accident prevention training program. At all of its facilities ALMER has fire prevention and firefighting programs and measures in place, such as inspecting and maintaining firefighting equipment, signage, preventing suspended dust explosions, and fire prevention systems in warehouses where flammable substances are stored. All of the silos are grounded to prevent fire caused by electric discharges while in operation.

Labor Practices: ALMER is in compliance with Mexican labor legislation and the core labor standards of the International Labour Organization, such as the right to organize and the right to collective bargaining, the prohibition of forced labor, and a child labor code that protects children and sets a minimum working age. All its workers receive social security benefits.

Monitoring and Annual Reporting: ALMER will submit a yearly report summarizing monitoring data on the company's environmental management, hygiene and quality control, solid waste, hazardous waste management and disposal, liquid effluents, occupational health and industrial safety, and labor practices. 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 company and by conducting regular field visits as part of the project supervision process.