

Environmental Classification and Issues:

Environmental Classification: This is a category III project according to the IIC's environmental review procedure because specific impacts may result which can be avoided or mitigated by adhering to generally recognized performance standards, guidelines and design criteria. The main environmental and labor issues related to this project include environmental management, workplace safety and health, fire safety and emergency response, pest control, atmospheric emissions, solid waste and liquid effluents, food safety and quality control, and labor issues.

Environmental Management: ALMER drafted an Environmental Management Plan at the IIC's recommendation. The plan is based on ISO 14000 standards and includes a schedule for implementing and monitoring measures to ensure that the company's facilities are in compliance with domestic law and the IIC's environmental guidelines. The Environmental Management Plan includes submitting a yearly report on workplace safety and health, fire safety and emergency response, pest control, solid waste management and disposal of effluents, safety and quality control, and labor issues. Although some steps have been delayed for budget reasons, ALMER must reschedule their implementation to ensure that they are taken to the satisfaction of the IIC.

Workplace Safety and Health: ALMER's health and safety department provides training in the form of health and safety courses that are given regularly to all of the company's employees. The company has also prepared training material and manuals that it distributes to employees. In October 2004, thirty-six employees received training in first aid, basic life support, and accident prevention. The workers also receive the requisite protective equipment, as well as health insurance and first aid. All workplace accidents are recorded in a log and are subject to ongoing analysis. The company's labor statistics show that there were fewer workplace accidents in 2004 than in 2003, proof of ALMER's effort to ensure that its employees comply with the accident prevention training program.

Fire Safety and Emergency Response: The company's facilities are equipped with fire extinguishers no more than 15 meters apart; there are fire hydrants at strategic points, as well as exit signs. The company works with the local fire departments and holds regular fire drills. In 2004, fire drills including practice in using fire extinguishers were held at fourteen warehouse units. There are "no smoking" and other signs, and training has been provided on how to reduce the risk of sources of ignition, such as electrical sparks, open flames, and hot surfaces. The silos are grounded to prevent fire caused by lightning.

Pest Control: Insecticides and rodenticides are used sparingly at the facilities where the project will be carried out. All of the chemicals used are registered with the Secretaría de Medio Ambiente y Recursos Naturales (SEMARNAT, Mexico's Department of the Environment and Natural Resources), and the company has a strict inventory control program. Chemicals are stored in a locked room, and the containers are labeled in accordance with Secretaría de Salud (Health Department) requirements, following World Health Organization classification guidelines for identifying degrees of toxicity. The labels also spell out instructions for use, precautionary measures, first aid, appropriate storage and transport conditions, and incompatibility, if any, with other products. Workers who handle these substances receive special safety and health training, and there is an instruction manual and a log (to monitor use of these substances) in the room where the chemicals are stored.

Atmospheric Emissions: Atmospheric emissions in the form of dust caused by handling the grain do not have a significant impact because the company has implemented dust mitigation measures. These measures include vacuums in the largest silos and filters in the hoses used to transfer the grain from silo to truck. Emissions from the grain dryers are relatively insignificant because the

dryers run on natural gas and only a few facilities have ovens. (One of the advantages of burning natural gas is that it gives off less particulate matter and sulfur dioxide than other fuels, such as petroleum.)

Liquid Effluents: The project produces minimal liquid effluents, mainly sewage. Most of the 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.

Food Safety and Quality Control: The company has implemented measures to ensure the quality of the grain stored at its facilities. These measures include monitoring grain quality as it enters and leaves the warehouse and the silos, as well as sampling and chemical testing of incoming grain (for aflatoxins and micotoxins, for example). Grain with high toxin levels is rejected. Samples also undergo physical analysis to detect impurities and imperfections. Both the quality of stored grain and warehouse and silo conditions (such as humidity) are monitored constantly, and workers are trained in quality control procedures.

Labor Issues: Mexico adheres to core labor standards such as the right to organize and collective bargaining, the prohibition of forced labor, and a child labor code that protects children and sets a minimum working age. The project sponsors have a good relationship with labor unions.

Monitoring and Annual Reporting: The IIC will verify that the company continues with implementation of its Environmental Management Plan that is in line with the IIC's environmental, safety, and labor standards cited herein. The sponsors will submit an annual report summarizing the monitoring data related to occupational health and safety, fire safety, accident reports, atmospheric emissions, handling of solid waste, liquid effluent discharge, hygiene and quality control and labor issues.

Solid Waste: The company's facilities produce very little solid waste, mainly domestic refuse. Empty insecticide and rodenticide containers are returned to the manufacturer.