

Environmental Classification and Issues:

This is a category III project according to the IIC's environmental review procedure 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: the management of liquid effluents, solvents (hexane), air emissions, and solid waste, fire protection, personal safety, and emergency response.

Molino Cañuelas has GMP 13 and ISO 9001:2000 certification for its Cañuelas plant. The company has presented environmental impact studies to local authorities for its flour plants and its oil plant. In the case of the Cañuelas plant, the company has complied with almost all requests from the authorities. The company is working on the pending items, which are the biological treatment phase of the liquid effluent treatment plant (the physical-chemical process has been installed) and some corrections in the transport system to reduce particulate emissions.

Liquid Effluent Management

The principal source of liquid effluents is the oil extraction plant, which produces an effluent with a high organic matter content. The effluent undergoes a physical-chemical treatment in which flocculants are added, sludge and foam are mechanically separated, and the effluent is diluted with process water from the inverse-osmosis plant and from the backwashing of filters and softeners before being discharged into a waterway (La Montañeta creek). This treatment is the first stage in a process that will later be completed with biological treatment. The company has agreed on a construction schedule with the authorities in order to comply with the required standards.

Hexane Management

The Molino Cañuelas oil extraction plant has two underground tanks for storing hexane, one with a capacity of 100 m³ and the other 60 m³, located between the two production lines. There is a system of hexane detectors located in the oil extraction plant and at other points where hexane might possibly be detected. Also, the company controls leaks through routine measurements.

Air Emissions

Particulates.

The principal sources of particulates are the various stages of wheat milling and truck traffic. Particulate emissions are minimized in all stages of the wheat milling process by correctly sealing the machinery and transport equipment. The plants have cyclone dust collectors and sleeve filters in the cleaning stages that eliminate particulate air emissions. The effects of truck traffic are mitigated mainly by the fact that plants are located in areas with a low urban density, some roads on the plant grounds and truck loading and parking areas are paved, and in some places hedges have been planted to contain particulates. The company is correcting the product transport systems to reduce remaining dust emissions. Gas emissions. In general, both the grain dryers and the boilers run on natural gas. The plants have diesel-powered electric generators that are used occasionally.

Waste Management

Solid waste. Molino Cañuelas does not generate toxic or hazardous solid waste. Typically, residues result from cleaning grain (dirt, vegetable matter, some metallic debris, etc.), containers for inputs and additives (paper, plastic, cardboard), damaged products, and the debris from sweeping the plant and the vacuum systems. This solid waste is sent to the municipal landfill. Fumigation product containers are returned to the suppliers.

Semisolid and liquid waste. The oil extraction and purification plant produces vegetable oil sludge and spent bleaching clay as waste, which are removed by a specialized company that treats them. Likewise, used lubricant oil is also removed by another specialized company.

Occupational Safety and Health

Molino Cañuelas has an industrial safety manual that covers the main aspects of health and safety in the company's plants. It establishes health and safety standards and procedures that all plant personnel must comply with, including aspects such as behavior, circulation of personnel inside the plant, personal protection, and use and handling of hazardous materials. Also included are safety aspects regarding operational and maintenance tasks, use of tools and equipment, working high off the ground, working with moving machinery, working in closed areas, etc. There are emergency control plans with evacuation procedures. The plants have security teams made up of their own personnel, who receive ongoing training.

The grain storage silos have ventilation systems that prevent the accumulation of gases. The mills have pressurized fire extinguishing systems and emergency communication systems.

Labor Practices

Molino Cañuelas is in compliance with domestic labor laws and International Labor Organization (ILO) standards. Key applicable labor standards include legally required benefits, freedom of association, and freedom to unionize.

Plant employees belong to the Unión Obrera Molinera Argentina (UOMA) labor union and the UOMA's collective agreement applies. UOMA members receive medical coverage from the UOMA health care system. Those who are not UOMA members receive other prepaid coverage. All receive routine annual medical exams pursuant to the Ley de Riesgos de Trabajo (Occupational Risks Act). They also have occupational risk insurance.

Control and Follow-Up

Molino Cañuelas shall develop an Environmental Management Plan (EMP) satisfactory to the IIC to ensure compliance with domestic regulations and the IIC's environmental and workplace safety and health guidelines. The EMP shall provide for a yearly report on liquid effluent and solid waste management; health, occupational safety, and emergency response training; and accident reporting. Likewise, the company shall inform the IIC regarding progress on the effluent treatment at the Cañuelas plant.