

**Environmental Classification:** 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. During the environmental and social appraisal of the project the following main issues were assessed: (1) environmental management, (2) wastewater, (3) solid waste, (4) air emissions, (5) food safety, (6) fire and occupational health and safety, (7) labor, and (8) monitoring and annual reporting.

**Environmental Management:** The company has an Environmental Management System (EMS) in place that focuses on ensuring compliance with relevant environmental, and health and safety and labor requirements. The company is updating it to ensure that all of the recently acquired operations are included in the EMS. This requirement is also included in the company's Environmental and Social Action Plan (ESAP). To date, Moderna Alimentos facilities have achieved compliance with the necessary requirements as indicated by the environmental audits conducted by the relevant regulatory agency.

**Wastewater:** Milling largely involves a dry process generating a limited amount of wastewater effluent. Similarly, food production (of pasta or bread) does not require large amounts of water. Therefore, most of the wastewater generated is either sewage or water used for cleaning, both of which are drained to municipal wastewater treatment systems or septic tanks. No wastewater is discharged directly to surface waters.

**Solid Waste:** The amount and type of nonhazardous wastes are tracked, and various different types of waste are recycled. Hazardous materials are only used in limited amounts and mainly consist of cleaning supplies and diesel used in the small boilers. Both are stored appropriately on site.

**Air Emissions:** Air emissions from the company's operations are limited and are associated with small boiler operations, which provide heat to bake bread. The processing plants obtain power from the national grid. As the grid presents supply problems at times, back-up generators are also occasionally used. Air emissions are analyzed annually as per national requirements.

**Food Safety:** The company will implement an HACCP (Hazard Analysis and Critical Control Point) program within all of its operations, a requirement included in the ESAP. Each production plant is also currently certified for Good Manufacturing Practices (GMP).

**Occupational Health and Safety/Fire Safety:** Moderna Alimentos is in the process of implementing a program to better assess workplace safety throughout the company. Upgrades regarding lighting, wiring, and protective equipment, such as machine guards on belt drives, will be implemented to correct any deficiencies and ensure a safe workplace. In addition, the company will ensure that workers are provided with necessary personal protective equipment, such as ear plugs in noisy areas and fall protection for those working at heights. These measures will be included in the ESAP. This program of improvements is being led by a new manager responsible for safety and security company-wide. The company is implementing a new training program to promote safe practices in the workplace and to ensure that persons working in the higher-risk jobs receive the appropriate training.

Emergency preparedness is well managed by the company and is based on audits conducted by local fire departments. In order for the company to obtain a facility operating license, they must successfully correct any non-conformances.

**Labor:** The company has policies in place (described in the Reglamento Interno de Trabajo)

regarding many aspects of human resources management, which is reviewed and approved by the national employment ministry. There are no unions at the company, but workers are free to form or become members of a union if they wish. No child labor is used within the company, and all employees are subject to identification checks to verify their age.

**Monitoring and Annual Reporting:** The company will submit an annual report summarizing the monitoring data related to the implementation of the ESAP, including information on wastewater discharge, solid waste disposal, air emissions, food safety, fire safety, occupational health and safety, accident reports, and labor related issues.