

**Environmental and Labor Issues:**

This is a category III project according to the IIC's environmental 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 this project are environmental management, sourcing the paper used as raw material, liquid effluent treatment, solid waste management and disposal, air emissions and noise, fire safety, workplace safety and hygiene, and labor practices.

The IIC has been working with Cajas y Bolsas to help the company develop an environmental management plan (EMP). The EMP was prepared by Cajas y Bolsas as part of a previous operation with the IIC and includes corrective measures to ensure compliance with environmental and labor local standards and international practices. The company is currently implementing its EMP and reports periodically to the IIC on solid and liquid waste management and disposal, air emissions, fire safety, workplace safety and hygiene, and its labor practices.

**Environmental Management:** The ministry of the environment and natural resources (Ministerio de Medio Ambiente y Recursos Naturales, or MARN) is the agency responsible for enforcing environmental regulations in El Salvador. Companies established in the country must carry out an environmental impact study and obtain an environmental permit from MARN. Cajas and Bolsas is in the process of obtaining its environmental permit with the assistance of a local consulting firm.

**Sourcing the Paper Used as Raw Material:** The company purchases the paper used as raw material for manufacturing its products from external suppliers that are certified by independent international organizations such as the Forest Stewardship Council (FSC) or the Program for the Endorsement of Forest Certification schemes (PEFC) and that distribute to markets in the U.S. or the European Community. FSC or PEFC certification of the suppliers ensures Cajas y Bolsas that the paper it purchases as raw material comes from forests that are managed in an environmentally sound, socially just, and economically viable manner.

**Liquid Effluents:** The facilities of Cajas y Bolsas generate sewage from restrooms and industrial wastewater from the corrugating and printing process. Sewage empties into the sewer system operated by the national administration of aqueducts and sewers, which is responsible for providing potable water and sewer services in El Salvador. Before being discharged into the sewer system, industrial wastewater is piped to a physical-chemical and biological treatment plant, which eliminates contaminants (primarily water-based ink used in the printing process and waste from cornstarch used as glue in the corrugation process). The company's industrial wastewater treatment plant is in operation but is also being upgraded in keeping with current production needs. The treatment plant is in the stabilization phase and operating adjustments are needed to lower the concentration of organic compounds (expressed as biochemical oxygen demand, or BOD5, and chemical oxygen demand, or COD) that usually rises above the local standard according to the latest measurements taken by the company and submitted to the IIC in June 2010. Once the stabilization phase is completed, the effluent from the treatment plant will comply with the World Bank guidelines in keeping with which it was designed.

**Handling and Disposal of Solid Waste:** Cajas y Bolsas' facilities have designated areas for the temporary storage of solid waste generated each day. Recyclables (cardboard, paper, wood, and metal) are sorted and sold to third parties for reuse. Solid waste from the production plant, offices, and cafeterias is collected daily and taken to the municipal sanitary landfill. Biological/infectious waste from the medical clinic is disposed of through a local contractor authorized to treat it and dispose of it in the municipal sanitary landfill.

**Air Emissions and Noise:** Cajas y Bolsas' facilities have boilers that operate on fuel oil. To control contaminants released into the air and ensure compliance with local standards, the boilers are equipped with cyclones to control ash emissions. The combustion gases pass through the cyclone, which is essentially a sedimentation chamber that removes the ash from the gas flow. The ash is stored temporarily and later sent to be disposed of in the kilns of a cement company. The combustion gases are analyzed periodically (most recently in June 2010). In operational areas that have a high noise level, workers use hearing protection equipment.

**Fire Safety and Workplace Safety and Hygiene:** Fire and accident protection includes measures such as an emergency plan for fires, earthquakes, and natural disasters. There are fire and first-aid brigades, as well as an occupational health and safety department that trains all personnel on the use of fire extinguishers and hoses when faced with an incipient fire. There is also a network of strategically placed extinguishers, a fire-protection network, and safety equipment such as helmets, firefighting suits, and first-aid kits. Fuels and chemicals such as acids are stored in tanks that have containment dikes in case of leaks or spills; these tanks are in restricted access areas with appropriate signage. Workers have and use task-specific personal protective equipment. There is an on-site clinic to attend to employees, with two doctors and nursing staff. The company keeps a record of work accidents and takes measures to prevent their recurrence. Fire and evacuation drills, in which all the employees participated, were conducted satisfactorily in March and November 2009, respectively. Company employees have also been trained in aspects such as firefighting (87 participants), first-aid (27 participants), and proper handling of chemicals (16 participants), as well as other subjects.

**Labor Practices:** In compliance with national labor laws, Cajas y Bolsas only hires workers over the age of 18. Employees receive social security benefits, and salaries paid by the company are above the national minimum wage for the sector. Although there is no union present in the company, workers are free to join a union if they wish.

**Monitoring and Compliance:** Cajas y Bolsas will continue to implement its environmental management plan regarding environmental protection, safety, and labor issues mentioned herein. The company will continue to submit an annual report summarizing tracking data on the implementation of the corrective measures in its EMP, as well as the handling and disposal of solid and liquid waste, air emissions, noise levels, fire safety, workplace safety and hygiene, 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 periodic field visits as part of the project supervision process.