

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. Environmental and social issues related to this project include workers' health and safety, fire safety and emergency response, liquid effluents, solid waste disposal and labor issues.

Worker Health and Safety: Workers are provided with the appropriate protective equipment, health insurance and first aid. In addition, occupational health & safety training seminars are organized for personnel periodically in conjunction with the local fire department and Texaco, the company's gas supplier. All work related accidents are recorded and analyzed continuously.

Fire Safety and Emergency Response: Del Trópico's facility is equipped with fire extinguishers, and the company will be installing fire hydrants to provide firewater to the facility. The company coordinates with the local fire departments and periodically performs fire drills. In addition, the LPG (liquefied petroleum gas) tank on site was installed in accordance with international standards, NFPA-58 and NFPA-54. Texaco, the provider of the LPG, is responsible for the maintenance of the tank and gas lines, and periodically inspects them for potential leaks. The tank has several safety features, including valves that personnel can access to cut off the flow of gas from the storage tank, in case of a leak or rupture. Texaco experts in conjunction with the local fire department will continue to provide personnel from Del Trópico with training regarding fire safety and emergency response procedures.

Liquid Effluent: The liquid effluent from the project consists of process wastewater from the powder paint coat system, as well as domestic sewage. The process wastewater consists of a mixture of water and chemicals used to pre-treat the metal prior to painting. The Company pre-treats the process wastewater chemically to ensure safe disposal. Wastewater treatment of metal finishing chemicals is accomplished with a system that neutralizes non-recyclable wastewater for safe disposal, and reclaims sludge for future disposal. (The company will prepare a sludge disposal plan to ensure the safe disposal of the sludge collected from the process wastewater treatment system; the sludge is currently being stored on-site in 50 gallon drums until the plan is developed to ensure safe off-site disposal.) In addition, the company plans to treat the domestic wastewater prior to disposal. (Currently, the domestic sewage is discharged to the municipal sewage collection system that does not treat the wastewater prior to being discharged.)

Solid Waste: The metal manufacturing department generates aluminum scrap, a waste product sold to local foundries that recycle it into components and accessories, which are then purchased by Del Trópico to be assembled on finished products for export (i.e. wheels on one of the lines of chairs). A minimal amount of powder paint is a solid waste product of the finishing department, since the powder paint coat system is engineered to be able to recycle up to 98% of all powder paint for reuse on the product; the remaining 2% is oven cured into solid bricks for safe disposal. PVC vinyl scrap is a waste byproduct of the weaving process, which is sold locally to be recycled into a variety of PVC products. However, with the future purchase of vinyl extruding equipment, Del Trópico will be able to recycle all of its vinyl waste to manufacture the cord that is used in its weaving process.

Labor: Honduras is a signatory to the UN and ILO conventions on child labor, as well as to the core standards for worker rights. The company complies with the standards regarding freedom of association and the right to collective bargaining, and the prohibition of compulsory labor and of child labor. Del Trópico does not permit the employment of anyone under age 18. Company employees are not currently unionized; however, they are free to do so. The salary of workers employed by the Company is significantly higher than the wages received by workers in other sectors in Honduras. In addition, the Company promotes career advancement and there is evidence

of upward mobility within it.

Monitoring and Annual Reporting: The Sponsor will develop an Environmental Management Plan (EMP), which will include a schedule for the implementation of environmental projects and a monitoring and reporting program to ensure that the facilities are complying with Honduran laws and IIC's environmental guidelines. The EMP will also include an Environmental Management System (EMS) based on the ISO 14000 standards. The EMS will describe who will be responsible for monitoring the implementation of environmental activities. The Sponsors will submit an annual report summarizing the monitoring data related to occupational health and safety, fire safety, accident reports, wastewater discharge, solid waste disposal, and labor related issues.