Environmental and Labor Issues:

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. The main environmental and labor considerations related to the project include the management of liquid effluents and solvents (hexane), air emissions, 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. It has an environmental clearance certificate for all of its operations at the Cañuelas plant.

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 and sludge and foam are mechanically separated. This is followed by secondary biological treatment. The first stage is aeration, to allow metabolic activity of aerobic organisms. The effluent is then sedimented and disinfected by adding sodium hypochlorite prior to discharge into a waterway (La Montañeta stream). The sludge is stabilized and thickened by aeration and sedimentation before it is mechanically dehydrated and used for soil improvement.

Hexane Management

The Molino Cañuelas oil extraction plant has two underground tanks for storing hexane, one with a capacity of 100 cubic meters and the other with a capacity of 60 cubic meters, located between the two extraction lines. There is a system of hexane detectors located in the oil extraction plant and at other points where hexane might be detected. The company also checks for 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 recently improved its product transport systems to reduce 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 metal debris, etc.), containers for inputs and additives (paper, plastic, cardboard), damaged products, plant sweepings, and vacuum system debris. 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. Used lubricant oil is 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, and working in closed areas, among others. 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 Labour Organization (ILO) standards. Mandatory core 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. Workers in the oil extraction areas belong to the oil industry union Sindicato de Obreros y Empleados de la Industria Aceitera de Capital y Gran Buenos Aires (SOEIA).

Monitoring and Reporting

Molino Cañuelas developed and is using an Environmental Management Plan (EMP) to ensure compliance with domestic regulations and the IIC's environmental and workplace health and safety guidelines. The company submits a yearly report on liquid effluent and solid waste management; health, occupational safety and emergency response training programs; and accident reporting.