

## Environmental Classification and Considerations:

**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. The main environmental and labor considerations related to the project are raw materials quality, management of liquid effluents and solid waste, air emissions, energy savings, product quality control and safety, fire safety, personal safety, and emergency response.

**Raw Material Quality and Traceability:** Patagoniafresh gets its raw materials from local fruit producers and processors. All producers use industry practices to supply the export market with fresh fruit and turn over to the juice industry the products that do not meet export standards due to color, size, or other defects, but that can be traced and meet the same standards of quality, health, and food safety. The use of phytosanitary products meets the export market requirements established in the standards (BPA, EUREPGAP, etc.).

**Liquid Effluents:** The processing plants generate liquid effluents wherein the primary contaminant load is organic and derives from the processed fruit (sugars) and, to a lesser extent, cleaning products (sodium hydroxide and sodium hypochlorite). Three of the plants (San Fernando, Molina, and Linares) conduct biological treatments in aerobic ponds involving sludge separation, chlorination, and discharge into irrigation canals. The Ovalle plant performs an initial physical separation using decantation and flotation followed by filtration to remove solids. The effluent is disposed of through infiltration into the land. The extracted sludge is concentrated with flocculant aggregates and then sent to authorized landfills.

**Solid Waste Management:** In addition to disposing of the sludge mentioned above, the company generates organic solid waste as a residue of the processed fruit. The main component of this residue is the peel, which is used as cattle feed. A smaller percentage of the residue, which cannot be used in this way, goes to authorized landfills or is used in compost. Domestic waste goes to landfills.

**Air Emissions:** The main sources of air emissions are the steam generating boilers used in the process. Most of the boilers run on oil and combustion control mechanisms are used to control air emissions. Filters are also used to reduce soot. Emissions are analyzed periodically and comply with national and international standards.

**Energy Savings:** The company is working on reducing the consumption of steam and has made significant investments to this end, which translates into fuel savings. A multi-stage evaporator for concentrating juice is being installed at the Molina plant; it will reduce fuel consumption by 50%.

A third party operates a boiler that burns forest waste biomass at the San Fernando plant. Patagoniafresh buys the steam from the third-party operator and sells it the processed fruit pits, thereby achieving a significant fossil fuel saving.

**Quality Control and Food Safety:** The processing plants have certification in the HACCP quality management system based on the Codex Alimentarius, as well as GMA-SAFE and Kosher certification for food ingredients. Clients, most of them international food companies, conduct their own food quality and safety audits, supplementing the above-mentioned certifications. The San Fernando plant also is ISO 9001:2008 certified. The company is working toward implementation of the ISO 22000 standard.

**Personal Safety and Emergency Response:** The company has procedures for managing crises

and responding to emergencies such as fires, earthquakes, and accidents. Periodic fire drills are conducted in the plants.

**Social and Labor Issues:** Patagoniafresh complies with domestic labor laws. Mandatory core labor standards include social security benefits, freedom of association, organization of workers' unions, prohibition of forced labor and exploitative and abusive child labor, and nondiscrimination in the workplace. There is a workers' union for the employees of all company plants. Permanent employees have supplemental health insurance in addition to social security, to which the company contributes 50% of the cost. In the case of temporary workers, the company contributes to a fund to cover their health expenses.

The company has training programs and other benefits for employees and their families. As part of their audits, clients provide positive feedback on the company's actions in terms of corporate social responsibility.

**Oversight and Monitoring:** Patagoniafresh will prepare an Environmental Management Plan (EMP) to the satisfaction of the IIC to ensure compliance with domestic regulations and the IIC's environmental and workplace safety and health guidelines. The EMP will include a yearly report on liquid effluent and solid waste management, occupational health and safety and emergency response training programs, and accident reporting.