

## **Environmental and Labor Issues**

The project, which consists of a US\$185,000 loan to Desler for the purchase of a caterpillar vehicle for their existing operations, is considered a category II as it is not anticipated to result in direct or indirect environmental impacts.

Desler's principal activity involves the transport and treatment of pathogenic and industrial waste, as well as biodegradation treatment by landfarming and final disposal of hazardous and non-hazardous industrial waste in a properly engineered and secure landfill. The previous loan provided to Desler by the IIC was considered to have significantly more impact as it involved a greenfield project and new construction, whereas this project involves simply the purchase of a Caterpillar vehicle. (Desler received financing from the IIC in 1999 for (1) installing a stabilization plant and upgrading of the fuel blending operation at its incineration facility in the municipality of Malvinas, Buenos Aires province, (2) replacing an existing landfarming operation by the phased construction and operation of a secure industrial/hazardous waste landfill in the municipality of Bahia Blanca, Buenos Aires province, and (3) the phased creation of four centers for the recovery/collection, recycling, and blending of alternative fuels in Córdoba, Neuquén, Mendoza and Santa Fé provinces. As a condition of financing the first loan for Desler, the IIC required the Company to prepare and implement an Environmental Management Plan and submit to the IIC annual environmental monitoring reports. Desler has consistently met the IIC's reporting requirements as have been in general in compliance with the Environmental Management Plan.

In addition, both Desler and IPES obtained in July 2007 and September 2006 respectively, international certification in ISO 14000 for their Environmental Management Systems.

Given the nature of Desler's existing activities the management of hazardous and industrial waste in a highly regulated if not regulation-driven industry the IIC has consistently monitored, with the assistance of the consulting firm Dames & Moore, the environmental and occupational health and safety compliance review for all of Desler's current activities. At the time of the financing for the first loan to Desler in 1999, the IIC evaluated the company's compliance with environmental federal and provincial regulations applicable to each facility, as well as with the generally accepted technical and international environmental standards (such as the USEPA criteria) and, in quantitative terms, criteria for good environmental practices acknowledged and accepted internationally. As indicated during site visits and the review of monitoring reports submitted to the IIC, the company has been diligent in renewing the necessary environmental licenses in order to comply with the federal, provincial, and municipal laws that apply to its current activities, which include but are not limited to the following: Certificado Federal Anual de Operador de Residuos Peligrosos, Certificado Federal Anual de Transportista de Residuos Peligrosos, Certificado Provincial para tratamientos fisicoquímicos (incineration), Certificado Provincial para tratamiento in situ, Permiso Provincial de mezcla de residuos para tratamiento en hornos cementeros, Certificado de Explotación de Recurso Hídrico Subterráneo (autoridad del agua - AGOSBA), Certificado de trasvase de líquidos combustibles y lubricantes (Prefectura Naval Argentina), Certificado Provincial de tratamiento fisicoquímico, Certificado Provincial de Operador de Residuos Especiales, Certificado Provincial de Transportista de Residuos Especiales, Certificado Provincial de Transportista de Residuos Patogénicos, Certificado Provincial de Transportista de Residuos Industriales No Especiales, Permiso Provincial de Vuelco de Efluentes Gaseosos, Certificado de Registro de Empresas de Servicios Portuarios (Administración General de Puertos), and Certificado de Transportista de Residuos Peligrosos (Ciudad de Buenos Aires).

## **Occupational Health and Safety**

The occupational health and safety rules for Desler's activities are regulated by National Law

24557/95 (worker risks) and Law 19587/72 (occupational health and safety conditions). Law 24557/95 establishes administrative and technical aspects related to work risks. Compliance with this law has effectively been transferred to ART (Aseguradoras de Riesgo de Trabajo, work risk insurance companies) which provide self-insurance and classify enterprises according to occupational health and safety conditions and administer and evaluate labor disabilities resulting from work accidents. Law 19587/72 (and Decree 351/79) establish technical specifications that work environments as well as related equipment and facilities must fulfill and the practices that must be followed to prevent work-related accidents or risks, such as continuous exposure to pollutants, practices that may cause professional diseases after a variable time period, and accidents that have immediate consequences. Desler currently has work insurance coverage with an ART company.

### **Air Emissions**

The component of Desler's operations that has a direct impact on air emissions is the incineration process at the Malvinas treatment plant. The plant has an emissions scrubber system that conforms to Argentine and international standards.

### **Liquid Effluents**

All of the operational plant surfaces at the Desler facilities are designed so that all effluents and stormwater drain into designated treated concrete sumps. Effluents from the sumps are pumped to treatment plants that comply with Argentine standards. The Malvinas treatment plant and the landfarming operations have monitoring wells to assess whether any surface activities are impacting the ground water.

### **Spill Control of Fuel and Hazardous Liquids**

The hazardous liquids treated at Desler are primarily petroleum-based emulsions and slugs to be used as alternative fuels. The storage of these liquids at existing facilities is enclosed by concrete containment structures that are capable of containing a greater capacity than that of a storage vessel.

### **Waste Collection, Handling, and Transport**

Programs for waste collection, handling, and transport are in place to meet the requirements of individual customers. The programs include training of customer's staff in the use of marked (by category of waste) containers with lids that are collected as per an agreed schedule. The containers are loaded using mechanical devices onto designated, permitted closed or covered trucks and unloaded into designated receiving and storage areas at the collection and treatment plants. In the case of pathogenic waste the containers are mechanically loaded into the incinerators. Handling processes are generally designed to minimize direct human contact. At the treatment plant the trucks are washed before they leave the compound; a truck washing system is proposed for the landfill operations.

### **Project Operations**

All of the facilities have laboratory facilities capable of testing waste before acceptance to ensure that they comply with the categories that the facility is certified to accept and treat. Tracking of waste starts at the acceptance of each customer account, continues through acceptance of each load of waste, can occur at intermediate steps in the treatment process, and finishes at the point of final deposition. This ensures compatibility of treatment and disposal in the case of the landfill. Air quality is monitored and breathing devices are provided

in areas of fugitive emissions such as unloading points. Designated storage facilities are provided for wastes before treatment. The permitted period for storing materials before treatment is regulated. In the case of the landfill (1) the cell is covered by soil and or geotextiles at the end of each working day, and (2) a field of ground water test wells and a leachate collection and treatment system have been installed.

### **Fire Protection and Emergency Response**

All of the facilities have fire systems designed to match the requirements of the material that is being stored. Additionally fire and emergency response is coordinated with the municipal fire departments. There are also periodic fire drills and training in the proper operation and use of emergency equipment. Training was also a requirement of ART certification and the ISO 14000 certification process.

### **Employee Health and Safety**

Employee health and safety is implemented by complying with the ART recommendations mentioned above, through monitoring of ambient air conditions and through providing training. Desler has also adopted a series of operating and safety policies which are used by EQ in its Michigan operations. Each facility has guidelines to be followed for the safe operation of activities performed there.

### **Monitoring**

Desler's activities shall continue to be monitored by the IIC to ensure that their facilities meet the requirements of the relevant standards.