

Environmental Classification and 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 this project are: 1) environmental management; 2) sourcing the paper used as raw material; 3) liquid effluents; 4) management and disposal of solid waste; 5) air emissions and noise; 6) fire protection and workplace safety and hygiene measures; and 7) labor practices.

Environmental Management: The Ministerio de Medio Ambiente y Recursos Naturales (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. In compliance with environmental regulations and with the assistance of a local consulting firm, CYBSA has already completed and submitted the environmental impact study required by MARN. To date, the environmental permit is still being processed. CYBSA is currently finalizing additional environmental information for the MARN inspection and final decision, which should be released in the coming months. Although to date the company lacks a formal environmental management system, CYBSA's performance complies with domestic legislation. The company has staff that coordinates responses to environmental and occupational health and safety issues. At the IIC's request, the company will prepare an environmental management plan to systematically deal with these issues. The plan will include a timeline, including following up on the environmental permit until it is obtained.

Sourcing the Paper Used as Raw Material: The paper that CYBSA uses as a raw material for its products is purchased from foreign suppliers that are certified by independent international organizations, such as the Forest Stewardship Council (FSC) and the Programme for the Endorsement of Forest Certification schemes (PEFC), and serve the U.S. and European Community markets. The suppliers' FSC or PEFC certification guarantees CYBSA that the paper it purchases as raw material originates from forests that are managed in an environmentally sound, socially just, and economically viable manner.

Liquid Effluents: CYBSA's facilities generate domestic wastewater from restrooms and industrial wastewater from the corrugation and printing process. Domestic wastewater is sent to the sewage system operated by the Administración Nacional de Acueductos y Alcantarillados (ANDA), the national water and sewage service, which is responsible for providing potable water and sewer services in El Salvador. Before being channeled to the ANDA sewage system, industrial wastewater is treated at a treatment plant using a physicochemical and biological process that removes contaminants (principally residue from water-based ink used in the printing process and from cornstarch used as glue in the corrugation process). CYBSA's industrial wastewater treatment plant is operational; it is also being reconditioned to meet current production needs. Once reconditioned, the treatment plant's effluents will meet the World Bank guidelines according to which it was designed.

Handling and Disposal of Solid Waste: CYBSA's facilities have designated areas for the temporary storage of solid waste that is generated daily. Solid waste is sorted, and recyclable materials such as cardboard, paper, wood, and metal are sold to third parties. Solid waste generated by the production plant, offices, and cafeterias is collected daily and transported to the municipal landfill. Biological/infectious waste generated by the medical clinic is disposed of by a local contractor that is authorized to treat and dispose of such material in the municipal landfill.

Air Emissions and Noise: There are three boilers in CYBSA's facilities that run on No. 6 fuel oil. To control contaminants released into the air, CYBSA follows the recommendations of its fuel provider to perform necessary maintenance on the boilers and ensure that they are working correctly. There

are regular analyses of combustion gases, and the boilers have equipment, called 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 is later sent to be disposed of in the kilns of a cement company. This is done safely and in compliance with national and international environmental standards. In the operational areas that have a high noise level, workers use hearing protection equipment.

Fire Protection 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 any type of fire. Likewise, there is 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 the 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 a clinic inside the CYBSA facilities to attend to employees, with two doctors and a nursing staff. The company keeps a record of work accidents and examines cases to prevent their recurrence.

Labor Practices: In compliance with national and local labor law, CYBSA only hires workers over the age of eighteen. Employees receive social security benefits, and the salary paid by the company is above the national minimum wage for the sector. Although there is no union present in the company, workers are free to unionize if they wish. The company has a work policy, which is going through the approval process at the Ministerio del Trabajo, the labor ministry.

Monitoring and Compliance: CYBSA will prepare and implement its environmental management plan regarding environmental protection, safety, and labor issues mentioned herein. The company will submit an annual report summarizing tracking data on handling and disposal of solid and liquid waste, air emissions, noise levels, fire protection and 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.