

Environmental Classification and Issues:

Classification: This is a category III project according to the IIC's environmental and labor review procedure because specific impacts may result that can be avoided or mitigated by adhering to generally recognized performance standards, guidelines, and design criteria. During project appraisal the following environmental and labor issues were analyzed: legislation, solid waste management, liquid effluents, food quality control, and occupational health and workplace safety.

Legislation: Pursuant to Ecuadorian environmental laws and regulations, in April 2003 the Company prepared an environmental audit and environmental management plan and submitted them to the Ministerio del Ambiente [Ministry of the Environment]. It is hoped that the Ministerio del Ambiente will issue its ruling soon. At the IIC's request, the Company will wait for the Ministerio's ruling to complete the process for obtaining the required environmental license. Solid waste management and disposal: The Company generates organic waste in the form of peels and scraps from processing tropical fruit, and waste from the kitchen, cafeteria, offices, and warehouses. Solid waste is stored temporarily in bins on Company premises for subsequent disposal at the municipal sanitary landfill. The company is planning to conduct a study in 2005 to move towards more sustainable use of the solid waste, such as for cattle feed and organic fertilizer.

Liquid effluents: The liquid effluents are primarily from water used for washing the equipment and the floor, as well as from domestic uses. Liquid effluents are pretreated by filtering out gross solids such as pieces of fruit and removing floating solids. Domestic wastewater from bathrooms, the kitchen, and the cafeteria is disposed of in septic tanks for treatment. At the IIC's request and in order to decrease the contaminant load remaining in the industrial effluents after pretreatment, the Company is reviewing treatment alternatives for its liquid industrial effluents with a view to reducing the biochemical oxygen demand and suspended solids and thus meet IIC standards.

Food quality control: The Company follows strict quality controls for its products based on good manufacturing practices and semiannual audits of its food quality controls; this hazard analysis and critical control point (HACCP) food quality control system is obligatory for Company exports to the U.S. and the European Union. The processed tropical fruit also complies with AIB (American Institute of Baking) food safety standards, which are recognized worldwide.

Occupational health and safety: The Company is setting up a health and safety committee. Plant workers are provided with equipment for personal protection and for hygienic handling of the fruit that is processed: caps, masks, gloves, shoes, earplugs and work clothes. At the IIC's request, the company has improved its industrial safety practices, providing its workers with adequate personal protection equipment. Safety conditions and firefighting practices at the facilities have been improved by installing extinguishers in the cardboard warehouse and in the accounting and human resources areas; enough emergency showers have also been installed. The required electrical installation maintenance work has also been carried out, as were the other IIC's safety recommendations.

Labor Considerations: The Company's labor policy prohibits child labor and forced labor. The Company is in compliance with Ecuadorian labor laws. There are a cafeteria and bathroom facilities on the premises. The Company periodically undergoes third-party certification in the form of quality and good manufacturing practices audits and verifications of compliance with labor standards.

Monitoring and Compliance: The Company will be required to implement an environmental management plan acceptable to the IIC. The plan must include at least (1) obtaining the required environmental license; installing the industrial wastewater treatment system to improve the quality of the liquid effluents; measures to ensure occupational health and workplace safety, and (2) a

schedule to put into practice all the environmental protection, health and safety measures mentioned in this document, and (3) the issues that are to be monitored yearly. Throughout the project, the IIC will ensure compliance with its own environmental and labor review policies, review the monitoring reports that the Company submits each year, and make regular field visits as part of the project supervision process.