

Environmental and Labor Issues:

Environmental Classification. This is a Category III project according to IIC's environmental 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 land and natural resource use, water use and liquid effluent management, solid waste management, hazardous substance handling, pest control, personal safety, and emergency response.

Land and Natural Resource Use. The project will be carried out on a 836 hectare piece of land that is owned by ERPAR. The land is divided in three clearly differentiated areas: a 322 hectare agricultural area where the land, which was formerly used for livestock, was already cleared and has degraded soil; a flood plain along the Jejuí River, where farming and forestry are not allowed; and a 137 hectare wooded area located in between. The agricultural and industrial development will be located in the agricultural area. A core element of MEDA Py's mandate is to support small producers by advising them on modern agricultural techniques in an effort to restore fertility and lost nutrients to the soil, thereby helping them become self-sustaining farmers.

Water Use and Liquid Effluent Management. Deep wells will supply water to the plant. The land sits over a large aquifer, which ensures a sufficient supply of water. Water consumption at the plant is estimated at 200 m³ per day, needed for washing raw materials, generating steam, cooling, and general cleaning. Process water will be stabilized in ponds and subsequently, once mixed with vinasse, used for fertigation. Sugar cane sludge will also be used as a fertilizer. Sewage will be channeled to a septic tank.

Solid Waste Management. Solid waste consists mainly of sugar cane bagasse, generated in the amount of 150 tons per day approximately. Approximately 50% of the bagasse from processing sugar cane will be burnt in the boiler. The rest will be baled and stored until the cassava is processed, at which time it will be used to feed the boiler. Cassava processing also generates some organic waste that is used as animal feed. Empty, used containers and domestic waste are sent to plants authorized by SEAM. Agrochemical containers are triple-washed prior to final disposal as per SENAVE requirements.

Pest Control. Weed control in ERPAR's fields will be achieved mainly through a combination of manual and mechanized hoeing. This helps incorporate organic matter into the soil. However, in some cases chemical weed control will be necessary. Only phytosanitary products approved by SENAVE will be used, and only at the recommended dosage. Insects will be controlled by organic means. Occasionally, insecticides will be needed to combat massive infestation; this will be done following the technicians' recommendations and using SENAVE-approved products.

Personal Safety and Emergency Response. Whenever agrochemicals are used, workers will use appropriate protective gear, observe the recommended dosage, and respect schedules and any other safety measures in place. Personnel will receive specific training in handling hazardous materials. The industrial plant will have fire alarms and firefighting equipment. An emergency procedures manual will be prepared, as will training plans covering both preventive and emergency response measures.

Labor Practices and Social Issues. ERPAR is subject to social security regulations in force as well as to Paraguay's labor code and Ministry of Justice and Labor regulations. Its employees are registered with the Instituto de Previsión Social (IPS) and receive all applicable benefits including social security contributions and medical insurance.

Monitoring and Reporting. ERPAR shall develop to the satisfaction of the IIC an Environmental Management Plan (EMP) to ensure compliance with domestic regulations and the IIC's environmental and workplace health and safety guidelines. The EMP shall provide for a yearly report on liquid effluent and solid waste management; health, occupational safety, and emergency response training; and accident reporting.