

**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 the project are community health and safety, solid waste and liquid effluent management and disposal, and labor issues.

**Community Health and Safety:** Comercial Kywi has an emergency response and evacuation plan for its stores setting out the procedures to follow to ensure client, visitor, and employee safety in the event of an emergency. These procedures apply to all Comercial Kywi premises and include brigade training, drills for all company employees, and training for new hires during the induction process. The program also provides for regular inspection of the existing prevention and safety equipment (fire detectors, alarms, and extinguishers) in order to keep them in good working order.

To ensure that each store, warehouse, and logistics center has clearly marked, unimpeded exits and that there are at all times proper signage, evacuation routes, emergency lighting, fire prevention and firefighting systems, detection and alarm systems, and emergency response training courses, Comercial Kywi shall regularly evaluate compliance with emergency response procedures and evacuation plans at all of its facilities. It shall also follow up on requisite improvements, ensure their timely implementation, and keep an up-to-date log of all these issues. These evaluation and follow-up measures shall be included in the environmental management plan that Comercial Kywi shall draw up at the IIC's request and implement during the project.

**Solid Waste and Liquid Effluent Management:** Solid waste generated at Comercial Kywi's facilities consists mainly of paper, cardboard, and plastic, which are sold locally to third parties for recycling and use in the paper industry. Wastewater is disposed of by discharge into the municipal sewer system.

**Labor Issues:** To work at Comercial Kywi's facilities employees must be at least eighteen, which is the minimum age set by law. Pay is based on the minimum wage established for the sector. Employees enjoy freedom of association although there are no labor unions at the company at present. The IIC will require that Comercial Kywi's human resources policy and occupational safety and health practices comply with local labor requirements and IIC guidelines.

**Monitoring and Compliance:** The company's monitoring procedures will be described in the environmental management plan to be prepared by Comercial Kywi. The company will submit an annual report summarizing the monitoring data related to emergency response preparedness, fire safety, occupational health and safety, accident reports, solid waste disposal, and labor-related issues. 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 site reviews as part of the project supervision process.