

Environmental and Labor 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) handling and disposal of solid waste; (5) air emissions and noise; (6) fire protection and workplace safety and hygiene; and (7) labor practices.

Environmental Management: Costa Rica's Ministry of Health granted the company the Permiso Sanitario de Funcionamiento health permit on November 14, 2005. The permit is valid for five years. To obtain the permit, Cocorisa was required to undergo a review of its compliance with Costa Rican environmental and occupational safety regulations. As a requirement for the company's first operation with the IIC in 2006, Cocorisa prepared and has satisfactorily implemented an Environmental Management Plan. The company provides regular reports on handling and disposal of solid and liquid waste, air emissions, fire prevention and firefighting systems, workplace safety and hygiene, and labor practices.

Sourcing the Paper Used as Raw Material: Cocorisa purchases the paper it uses for making cardboard boxes from foreign suppliers who serve markets such as the United States and the European Community, where paper may only be made from wood originating from sustainably managed forests or bearing third-party certifications. The suppliers from which Cocorisa purchases the paper used in production are certified by independent international organizations such as the Forest Stewardship Council (FSC) and the Programme for the Endorsement of Forest Certification schemes (PEFC). FSC and PEFC are nonprofit, nongovernmental organizations that promote sustainable forest management through independent third-party certification. The suppliers' FSC or PEFC seals ensure Cocorisa 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: Liquid effluents generated by Cocorisa undergo physicochemical treatment, chiefly to remove suspended solids. They are then discharged into the public sewer system managed by Empresa de Servicios Públicos de Heredia (ESPH) and channeled to the Las Flores biological treatment plant, consisting of a stabilization pond in Lagunilla de Heredia. Liquid effluents discharged in the public sewer system comply with domestic regulations according to the most recent effluent quality measurements made in June 2008.

Handling and Disposal of Solid Waste: Solid waste generated in company facilities such as offices, the cafeteria, rest rooms, and other areas is collected, transported, and disposed of by a local contractor. Cocorisa identifies and sorts the solid waste and stores it temporarily in containers provided by the contractor, who then collects it and transports it for disposal in authorized landfills, in compliance with national and local regulations. Waste from the company's medical clinic is handled and disposed of by a local contractor that holds all of the permits required by the relevant authorities. Scrap cardboard from the production process is shredded for recycling and sent to other companies that use it to manufacture recycled paper, napkins, toilet paper, and other products.

Air Emissions and Noise: There are two boilers in the facility that run on bunker fuel. Air emissions from such boilers usually include combustion gases such as sulfur dioxide and nitrogen oxides, as well as suspended particles. To mitigate impact and control boiler emissions, the company carries out gas and particle sampling and testing. Cocorisa has filed the requisite report on the operation of its boilers with the Ministerio de Ambiente y Energía (MINAE) and the Ministerio de Trabajo y Previsión Social. The company holds a current operating permit issued after it passed a boiler inspection at the end of 2007. To reduce noise from the cardboard shredding and recycling process, Cocorisa purchased a new, quieter machine last year. Ear protection is mandatory for

workers in areas with high noise levels.

Fire Protection and Workplace Safety and Hygiene: It is Cocorisa policy to maintain a working environment that protects employees by following preventive programs and complying with current domestic regulations. Fire and accident protection includes a fire, earthquake, and natural disaster emergency plan; an emergency brigade; strategically placed fire extinguishers; and fire hose cabinets throughout the production plant. Bunker fuel for the boilers is stored in two tanks with containment dikes that meet applicable standards for spills and leaks and are approved by MINAE and the environmental regulator Secretaría Técnica Nacional Ambiental (SETENA). Workers are provided with task-specific protective equipment. This year, the company has carried out fire drills, has verified the proper operation of alarms and extinguishers, and has trained workers on occupational safety and health measures, among other issues.

Labor Practices: In compliance with national and local labor law, Cocorisa only hires workers over the age of eighteen. There are no labor unions present at the company, although the workers are free to unionize if they wish. There is an employee solidarity association and a permanent workers' committee. The company's employees are paid more than the legal minimum wage. The collective labor contract "Arreglo Directo" spells out employer and employee rights, obligations, and benefits. Cocorisa's work policy and benefits were approved by the Ministerio del Trabajo in 1983.

Monitoring and Compliance: Cocorisa will continue to implement its Environmental Management Plan covering the environmental protection, safety, and labor issues discussed herein. The company will continue to submit annual reports 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.