

**Environmental Classification and Issues:**

**Environmental Classification:** This is a category III project according to the IIC's environmental and labor review procedures because specific impacts may result that can be avoided or mitigated by adhering to generally recognized performance standards, guidelines, and design criteria. The principal environmental and labor considerations related to the project are the following: (1) quality control and third-party certification; (2) solid waste management; (3) discharge of liquid effluents, (4) air emissions; (5) occupational safety and health; and (6) labor practices.

**Environmental and Labor Issues:**

Envases del Litoral (Enlit) carried out an environmental audit of its industrial operations in 2003, in compliance with the municipal ordinance issued on February 15, 2001, which regulates the requirement for such audits for factories located in Guayaquil. Enlit's environmental compliance audit and environmental management plan were approved by the environmental unit of the City of Guayaquil in October 2004.

**1) Quality control and third-party certification:** Enlit's industrial process to design and manufacture metal packaging for food is ISO 9001:2000 certified through December 2006. Enlit's suppliers of raw materials used for manufacturing metal packaging for food certify that these materials comply with European safety regulations and United States Food and Drug Administration (FDA) standards.

**2) Solid waste:** The solid waste generated by Enlit consists mainly of paper, cardboard, and tinplate scrap, which is sold to third parties for reuse. Domestic waste is stored temporarily in a metal container for collection and final disposal, by a local contractor, in a municipal sanitary landfill.

**3) Liquid effluents:** Liquid effluents are domestic, including the water used by staff in washing up, sewage from the bathrooms, and water from food preparation in the company cafeteria. Sewage is treated in septic tanks before discharge into the municipal sewer system. According to the latest measurements, taken in April 2005 as part of Enlit's environmental management plan, this process is in compliance with Ecuadorian environmental regulations. Industrial wastewater is not produced during the manufacturing process because water is not used as a direct input. Water is used only for cooling and is recycled in a closed circuit.

**(4) Air emissions:** The Company's drying ovens run on gas, with relatively clean combustion. Emissions, therefore, have low impact. A portion of the proceeds from the IIC project will be used to purchase and install new equipment, including a vapor incinerator, which will reduce solvent fumes from the drying ovens.

**5) Occupational health and safety:** Enlit engages the specialized services of a local consulting firm that advises the company and complies with the international industrial health and safety standards of the American Conference of Governmental Industrial Hygienists (ACGIH). It provides workers with work clothes and shoes. It also provides the necessary personal protection equipment and supervises its use during work hours. Enlit's firefighting and fire prevention system includes a network of alarms, hydrants, hoses, sprinklers, and extinguishers, which are strategically placed throughout the plant. The company has evacuation and contingency plans, and safety signs and evacuation route signals are posted throughout the facility. An annual training program covers firefighting and emergency response, first aid, and occupational safety.

**6) Labor practices:** Enlit is in compliance with national labor laws and adheres to international labor principles such as freedom of association and the right to organize and to bargain collectively.

It only hires workers who meet minimum age requirements. Workers receive the benefits required by law. Although there is currently no company union, workers are free to join a union if they wish.

**Monitoring and Annual Reporting:**

The IIC will monitor Enlit's compliance with the environmental, safety, and labor issues covered in the company's environmental management plan and referred to herein. Enlit will submit an annual report summarizing tracking data on quality control, third-party certification, solid waste management, discharge of liquid effluents, air emissions, occupational safety and hygiene, and labor practices.