

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 the project are the company's environmental management, hygiene and quality control, solid waste, hazardous waste management and disposal, liquid effluents, occupational health and industrial safety, and labor practices.

Company's Environmental Management: ALMER has been implementing the Environmental Management Plan agreed upon with the IIC, which includes a schedule for implementing corrective environmental and industrial safety measures to ensure that ALMER's facilities are in compliance with domestic law and the IIC's environmental guidelines. However, ALMER has rescheduled the implementation of some measures for budget reasons. Among these measures are the detection and, if necessary, disposal of hazardous waste known as polychlorinated biphenyls that may be present in electrical transformers at three of its facilities; carrying out a noise study at two of its facilities; and recording wastewater discharge at another of its facilities. These measures will be completed before February 2009 in order to comply with the terms established by the Secretaría de Medio Ambiente y Recursos Naturales (SEMARNAT, Mexico's Department of the Environment and Natural Resources), the Comisión Nacional del Agua (CONAGUA, National Water Commission), and the municipal ecology authorities, respectively. In September 2008, ALMER will also complete an environmental risk study on the storage of alcoholic beverages, as requested by SEMARNAT, and will register with Mexico's civil protection authorities for handling and storing hazardous substances at another of its facilities. As a result, and at the IIC's request, the IIC is reviewing the Environmental Management Plan in order to update it by mutual agreement with the company. The Plan will be carried out by ALMER under a new schedule.

Hygiene and Quality Control: Insecticides and rodenticides are used sparingly for pest control at the facilities where the project will be carried out. They are registered with the Comisión Intersecretarial para el Control del Proceso y Uso de Plaguicidas y Sustancias Tóxicas (CICOPLAFEST), the agency that oversees pesticide, fertilizer, and toxic substance imports in Mexico. Pesticides are applied by a local contractor that only uses products registered with CICOPLAFEST. All of the chemicals used by ALMER are also registered with SEMARNAT, and the company has a strict inventory control program. ALMER continually monitors the quality of stored goods. Specifically, it has implemented measures to guarantee the quality of the grain stored in its facilities.

Solid Waste: The company's facilities produce very little solid waste, mainly domestic refuse. ALMER is registered as a generator of nonhazardous solid waste, as required by the state Secretaría de Medioambiente para el Desarrollo Sustentable (SEMADES, Environmental Agency for Sustainable Development) for the Guadalajara facilities.

Hazardous Waste Management and Disposal: ALMER's three facilities have electrical transformers that may contain polychlorinated biphenyls (PCBs). Polychlorinated biphenyls are a group of highly toxic chemicals that are frequently found in the oil in electrical transformers and other electrical equipment. In Mexico, current legislation requires that all waste generators determine whether or not their waste is hazardous. Therefore, as per Mexican regulation NOM-133-SEMARNAT-2000, the owner of any electrical equipment must verify whether the equipment uses liquids with PCBs and carry out lab tests to determine PCB concentration. To this end, it is necessary to engage the services of a duly accredited laboratory. In order to comply with the relevant environmental legislation, ALMER will carry out PCB detection tests in electrical transformers at three of its facilities no later than November 2008. If necessary, ALMER will duly manage and dispose of PCBs in accordance with SEMARNAT requirements.

Liquid Effluents: The project produces minimal liquid effluents, mainly sewage. Most of ALMER's facilities are in rural areas and cannot be connected to municipal treatment systems; sewage is therefore treated in septic tanks. Nevertheless, some facilities are connected to municipal sewage treatment plants. ALMER has recently completed a rainwater channeling system at one of its facilities in the state of Querétaro, and its wastewater discharge permit is being processed. ALMER expects to obtain the permit by February 2009.

Occupational Health and Industrial Safety: ALMER provides training to its employees at all of its workplaces. In 2007, ALMER's health and safety department provided training to more than 900 employees in 72 workplaces, with 85 courses on topics such as good industrial practices, quality control, the Hazard Analysis and Critical Control Point (HACCP) system, product storage, and industrial safety. ALMER workers are given personal protection equipment for safe performance of their tasks. Within the facilities, all of its employees have access to medical services and medicines at no charge. Employees also have medical coverage from the Instituto Mexicano del Seguro Social (IMSS). ALMER's payroll staff has additional medical coverage in private hospitals, life insurance, and insurance to cover funeral expenses. In 2007, ALMER continued to record its workplace accidents and monitor its facilities to ensure that its employees participate in the accident prevention training program. At all of its facilities ALMER has fire prevention and firefighting programs and measures, such as inspecting and maintaining firefighting equipment, signage, preventing suspended dust explosions, and fire prevention systems in warehouses where flammable substances are stored. All of the silos are grounded to prevent fire caused by electric discharges while in operation. ALMER has recently finished its yearly review of all its silos and is carrying out a corrective action plan to address the risks detected. In September 2008, ALMER will complete an environmental risk study on the storage of alcoholic beverages and will become registered with Mexico's civil protection authorities for handling and storing hazardous substances. To date, there have been no fires at ALMER's facilities.

Labor Practices: ALMER complies with Mexican labor legislation and the core labor standards of the International Labour Organization, such as the right to organize and the right to collective bargaining, the prohibition of forced labor, and a child labor code that protects children and sets a minimum working age. All its workers receive social security benefits.

Monitoring and Annual Reporting: ALMER's Environmental Management Plan will be revised and updated to the satisfaction of the IIC to bring it in line with the new corrective measures schedule that ALMER will carry out over the life of the project. The IIC will verify that the company finishes implementing the Environmental Management Plan in line with the IIC's standards cited herein. ALMER will submit a yearly report summarizing monitoring data on the company's environmental management, hygiene and quality control, solid waste, hazardous waste management and disposal, liquid effluents, occupational health and industrial safety, 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.