

Environmental Classification: 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, and design criteria. Environmental and labor considerations related to the project include solid waste and liquid effluent management, product hygiene and quality control, occupational safety and health, and emergency response. This is the third IIC operation with Invertec Pesquera. The Company developed an environmental management plan and built an effluent treatment plant that is now operating. The Company voluntarily signed on to the Clean Production Agreement (CPA) certified by Corporación de Fomento de la Producción (CORFO), which sets environmental, hygiene, and safety compliance standards.

Environmental and Labor Issues

Solid Waste: Most solid waste generated during production is recycled. Dead fish and pieces of fish from the grow-out facilities and the processing plant are collected from the plant and from the seawater and freshwater cages. The waste is sold to fishmeal producers. The plastic bags from fish feed used in the grow-out facilities are given to a company for recycling. All other solid waste, such as domestic and office trash, is minimal.

Liquid Effluents: The only significant source of wastewater is the processing plant. Stormwater is separated before treatment to reduce the treated volume. At the processing stations solid waste is separated to reduce the organic load in the liquid waste (liquid industrial waste or LIW). The wastewater to be treated is degreased; nearly 95% of the grease is removed. It is later filtered to eliminate particles smaller than 3 millimeters. Finally, LIW is treated on a biological bed where biomass reduces the effluent biochemical oxygen demand (BOD) to bring it to acceptable levels before discharge. In July 2006 the Company's environmental impact statement (Declaración de Impacto Ambiental) was approved as in compliance with current legislation, as stated in the decree issued by the General Secretariat of the Presidency (Decreto Supremo N°90 of the Ministerio Secretaría General de la Presidencia) setting the emissions standard for controlling the pollutants associated with liquid effluent discharge in sea and ground waters (Norma de Emisión para la Regulación de Contaminantes Asociados a las Descargas de Residuos Líquidos a Aguas Marinas y Continentales Superficiales).

Water Quality: The Company takes precautions to ensure that the water quality of the lakes and the seawater in the areas where the fish cages are located is not affected by eutrophication, antibiotics, antifouling paint, or chemical substances. To reduce eutrophication in the freshwater lakes where smolts are currently kept, the Company is trying to reduce its lake-based production areas and move to fully-controlled fish farms on land with tanks that include flow and recirculation systems. As to the seawater areas, the Company operates and is looking to operate in areas that are deep enough (from 25 meters to 60 meters), where there are sufficient currents to keep sediments, such as waste fish feed from the grow-out operation, from accumulating on the seafloor.

Food Safety: Invertec Pesquera has established a hazard analysis and critical control point (HACCP) system for identifying and minimizing all potential sources and points in the process at which products could become contaminated. The quality assurance process (QAP) certification by the national fisheries service (Servicio Nacional de Pesca or SERNAPESCA) is in its final stages. This service operates under the Subsecretaría de Pesca del Ministerio de Economía, Fomento y Reconstrucción. QAP certification includes all production stages, from reception of raw materials to verification of end products. Invertec Pesquera is EUREPGAP certified and is in the process of being ISO 14000 certified.

Social and Labor Issues: The Company has developed a risk prevention plan at the fish farms and

the processing plant. It also works with the Chilean safety association (Asociación Chilena de Seguridad) to identify and classify risks and ensure that workers are provided with the appropriate protection gear (i.e. life jackets, rubber boots, waterproof gear, etc.) as well as medical insurance, first aid, and training in accident risk reduction. In general, there are few accidents at the Company. The main risk is falling into the water as there is a life-threatening risk of hypothermia or drowning. All labor-related accidents are always recorded and analyzed. The Company complies with Chilean labor legislation as well as with International Labour Organization (ILO) standards. Mandatory core labor standards include social security benefits, freedom of association, organization of workers' unions, prohibition of forced labor and exploitative and abusive child labor, and nondiscrimination in the workplace.

Control and annual reporting: The Company will continue to operate in keeping with the 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.