

**Environmental Classification:** This is a category III project according to the IIC's environmental review procedure because specific impacts may result which can be avoided or mitigated by adhering to generally recognized performance standards, guidelines and design criteria. The principal environmental and labor issues related to this project include liquid effluent treatment, solid waste disposal, emergency response plan, fire safety, and employee health and safety.

**Environmental Compliance:** Since PS is a service business with most of its physical aspects being limited to preexisting or new structures in urban areas there are minimal environmental impacts. During appraisal PS provided information related to its silk screening activities in Buenos Aires and the safety practices of its main contractors. This information describes how PS's business, silk screening in Buenos Aires and concessions in Santiago, Chile, plans to address environmental and labor issues and demonstrate that the proposed project will comply with applicable national, regional, and IIC requirements. The information provided about how these potential impacts are addressed by the project is summarized in the following sections.

**Land Use:** The nature of PS's activities are such that there will be minimal land use. Where necessary, sites will be approved by the respective municipality; they will not be in or near sensitive areas or require resettlement. The silk screening operation is in an urban location, with municipal approval for that use, and is not prone to flooding.

**Liquid Effluent Treatment:** The PS's activities will not generate a significant amount of liquid effluents. The paints used by the silk screening operations are not liquid; they are mainly powders that are activated by UV light, hence there is minimum waste. The small amount of liquid effluents generated by about 50 employees is discharged into the Buenos Aires municipal system. Storm waters are discharged into the urban storm sewer system.

**Solid Waste Management:** Solid waste generated by the silk screening operations are sorted according to their source. General waste is collected and disposed of by the municipality. Waste from the printing operations containing heavy metals are collected and disposed of by certified operators in accordance with local laws and regulations. During the construction and erection phase PS's contractors will minimize the generation of solid waste.

**Safety:** PS develops strategic alliances with a main contractor in each of the geographic areas in which it operates. The strategic contractor that PS will use in Chile has provided information on its safety record and procedures that demonstrate that their practices are acceptable to the IIC. During construction, the sponsors will ensure that their strategic contractors provide workers with the necessary safety equipment and follow safe working practices. As part of its ISO 9000 exercise PS's silk screening operation has developed safety procedures and training requirements which it is implementing.

**Fire Safety and Emergency Response:** For its silk screening operations PS has developed a fire protection and life safety system that is appropriate for its operations. Work and public areas have fire evacuation signs that provide direction to the appropriate escape routes. There is a system of extinguishers that are maintained by a specialized contractor as well as a hydrant system with its independent water supply.

**Labor:** PS's workers are not members of a labor union. However, PS's salary structure, benefits, and incentive structures exceed the minimum requirements of Argentine and Chilean law. PS confirms that its strategic contractors meet all of the labor requirements of their respective jurisdictions.

**Monitoring and Compliance:** PS will be required to implement an environmental management

plan (EMP) that is acceptable to the IIC. The EMP will include (1) a description of the project's (PS's and strategic contractors) environmental and safety management systems; (2) implementation schedule for all of the environmental and safety items mentioned; and (3) the annual monitoring requirements. During the life of the project, IIC will monitor ongoing compliance with its own Environmental and Labor Review Guidelines policy by evaluating monitoring reports submitted annually to IIC by the sponsor and by conducting periodic site reviews during project supervision.