

**Environmental Classification:** This is a category III project according to IIC's environmental and labor review procedure because specific impacts may result which can be avoided or mitigated by adhering to generally recognized performance standards, guidelines or design criteria. The following potential environmental, health and safety impacts of the project were analyzed: Agrochemical handling and application; water supply; liquid and solid waste disposal; CFC-free cold storage; provision of personal protective equipment and employee training; regular medical checkups for employees handling chemicals; and other labor issues.

Falcon Farms is committed to obtaining the ISO 14001 (certification for Environmental Management Systems) for all the farms. The Company has already undergone environmental and social studies at the Porvenir Farm (Diagnóstico de Funcionamiento en el Componente Socio-Ambiental para la Implementación del Sistema Medioambiental ISO 14001) in order to identify areas of improvement that must be undertaken in order to be eligible for certification. In addition, Falcon Farms has agreed to follow the guidelines for the Flower Label Program (Green Seal) that includes environmental and industrial hygiene requirements for the sector.

**Chemical Handling and application:** The pesticides and toxins of long persistence that are forbidden in Europe and the U.S. are not used. Biological products are used in preference, when feasible. The use of all agrochemicals is properly registered and documented. All fertilizers, agrochemicals, and pesticides are used only with their appropriate doses. A program to monitor pests and diseases is being and will continue to be carried out, with the purpose of minimizing the use of agrochemicals. In addition, these substances are stored separately in secure areas. In Colombia, the mixing of pesticides is done at a central location and the product pumped to the different greenhouses for spraying. Falcon Farms will be implementing measures to prevent leakages in the lines; this will include the use of a dye to determine when the used product is out of the lines, the use of portable tanks, mixing the product in the tanks and spraying from the tanks in the production area. This generally requires the use of less chemicals, prevents leakage in the lines, and reduces possible communication errors.

**Water Use:** Water consumption by the farms is not reported to have a negative impact on the local water supply. Falcon Farm uses well-water and rainwater collected for irrigation at its farms (Alejandra, Porvenir, Torremolinos, and Luisa) in Colombia. At the Camila farm in Ecuador, well-water and water from an irrigation canal are used. Methods are being considered to minimize water consumption at the farms. For instance, the Company will be implementing controlled drip irrigation systems and will move increasingly towards using rainwater for irrigation.

**Liquid Waste Disposal:** Falcon Farms will ensure that the sewage from bathrooms is properly treated in order to avoid contamination or infiltration. The company will ensure that the septic tanks at their farms are effective, in an adequate location, and have the proper dimensions.

The company will also treat the residual water from post-harvest. The farms (Alejandra, Torremolinos, Porvenir, and Camila) currently using silver thiosulfate (to block the effects of ethylene) will be implementing treatment systems to ensure that this heavy metal is not improperly disposed of. To do this, the silver will be precipitated and collected from the silver thiosulfate solution. The precipitated silver will then be collected by an authorized entity that recycles the material. (Note: The silver thiosulfate is used as an effective filter against microorganisms, allowing carnations to absorb water. The carnations are placed in this solution post-harvest. Ethylene is a natural substance used to delay the timing of the bloom so that the flower lasts longer for consumers.)

**Solid Waste:** Solid waste generated at the farms is recycled where possible. The remaining waste is

landfilled. The company currently transforms the vegetable waste from the flowers into compost or humus.

**Cold Storage:** The Company uses Freon 22 in its cold storage areas, which is currently an acceptable refrigerant under the Montreal Protocol.

**Occupational Health and Safety:** Employees are provided with the appropriate personal protective equipment (i.e. masks, gloves, and overalls when working with chemicals), health insurance and first aid. In addition, the company rotates the functions of the employees. Employees also receive regular training regarding proper handling of pesticides and chemicals, and other safety and environmental measures. Once the fumigation is over, times for reentering the greenhouses depend on the type of product that was used and on the World Health Organization (WHO) requirements. In addition, medical check-ups are performed regularly on employees spraying chemicals.

**Labor:** The Company has a policy that persons under 18 years of age are not permitted to work. Workers at the plant are not members of any unions, however they are free to do so if desired.

**Monitoring and Annual Reporting:** The company's monitoring procedures will be described in the Environmental Management Plan. The company will submit an annual report summarizing the monitoring data related to chemical handling and application, liquid and solid waste disposal, water use, occupational health and safety, accident reports, and labor related issues. In addition, the company will inform the IIC as to whether it is in compliance with the Flower Label (Green Seal program) standards, and as to its progress on the implementation of ISO 14000 at their farms.