

Environmental and Labor Issues: This is a Category II project according to the IIC's environmental and labor review procedure because it does not result in direct or indirect environmental impact and thus does not require an environmental impact assessment. The main environmental and labor considerations related to the project are safety, fire prevention and firefighting, solid waste and liquid effluent management and disposal, and labor issues.

Edilar's corporate offices and main warehouse are in the State of Mexico. The facilities have the requisite operating permits, licenses, and authorizations (land use permit, civilian protection, and fire department authorization, among others). Edilar also has book and educational material warehouses in twenty-seven states throughout Mexico. These facilities have the requisite permits, licenses, and authorizations issued by the relevant state and municipal authorities.

The municipal civilian protection authorities have certified that Edilar's facilities meet the safety conditions and measures (fire extinguishers, fire brigades, and first aid stations) required by national, state, and municipal regulations. Edilar has a civilian protection program and holds regular evacuation and fire drills at its main facilities where most of its employees work. The company also monitors all of its warehouses in the Mexican states where it operates, to ensure that they meet the safety conditions and measures required by national, state, and municipal regulations.

Edilar's core operations (selling books and educational materials) generate recyclable materials that are, for the most part, recovered for sale (principally, paper, cardboard, plastic, and packaging materials). Solid waste is stored temporarily on site, in a container provided by a duly authorized local contractor who collects and transports the waste for final disposal at authorized sites in keeping with national and local environmental protection regulations. There are bathrooms and hot-water showers at the disposal of workers at Edilar's facilities. Under the requisite authorization, sewage flows into the municipal sewer system.

The company's labor practices comply with Mexican labor standards, and its employees receive the wages and benefits established by law in Mexico.

Supervision: During the project with the IIC, Edilar will submit an annual report summarizing the monitoring data related to evacuation and fire drills, solid waste disposal, and accident reports. 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.