Environmental and Labor Issues:

This is a category B project according to the IIC's Environment and Social Sustainability Policy because it could have 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 involve efficient resource use and pollution prevention, labor and working conditions, and community health and safety.

The Automaq outlet located in the town of Nueva Esperanza was upgraded to meet John Deere requirements as a sales, post-sale, and service outlet. This entailed upgrading the outlet's facilities to include a repair and maintenance workshop, an equipment washing station, a sales office, and warehouse facilities in accordance with the John Deere brand's standards. Automaq plans to use this outlet as a model of reference for initiating improvements in environmental and safety conditions at its other outlets. In addition, the company signed an agreement with BlueRisk (a consulting firm) to develop a workplace safety manual and policies, and to implement documents governing safety, hygiene, and medicine in the workplace.

Water Supply and Liquid Waste Management: Water for Automaq outlets located in areas not served by public water networks will be supplied by wells.

At the company's upgraded outlet as well as others it plans to upgrade that are not served by a public sewer system, effluents from the equipment washing station and repair and maintenance workshop are first channeled through grease, sand, and oil interceptor chambers. Subsequently, the effluent is combined with wastewater from restrooms and channeled to a septic tank. Lastly, the treated effluent is channeled to an in-ground filtration network consisting of perforated pipes on a bed of crushed stone and covered with top soil to facilitate restoration of the landscape.

Hazardous liquid effluents, such as spent oil and hydraulic fluids are treated by Comparsa (a waste management company), pursuant to an agreement it signed with Automaq. Contaminated wastewater extracted from the interceptor chambers is treated by an operator licensed for this purpose by the Ministry of the Environment.

Air Emissions and Noise: The only significant source of air emissions is generated by operating and testing equipment and tractor motors at the company's repair and maintenance workshops. These emissions may pose a health risk to employees at the outlets if these gases are allowed to build up. Several of the company's repair and maintenance workshops are located in open, well-ventilated areas designed to prevent gases from building up. At its outlet recently upgraded to meet John Deere service standards, Automaq installed an air extraction system that connects directly to equipment exhaust ports, thus preventing gases from building up in the facility. The company plans to install this gas extraction system for its repair and maintenance workshops located in enclosed areas.

As in the case of air emissions, noise generated by running motors mainly affects people in the immediate vicinity of the source. Consequently, these persons are required to wear hearing protection equipment.

Solid Waste Management: Verification of waste treatment and the development of procedures to manage the solid waste generated by the company's repair and maintenance workshops are currently being reviewed under the agreement signed with BlueRisk. The main sources of waste generated by Automaq are equipment packaging materials and the spare parts and components it sells, which are not considered hazardous materials and, where feasible, may be recycled. However, hazardous materials such as contaminated rags, filters, and used parts are also generated. These

materials undergo specialized treatment to prevent polluting the environment.

Personal Safety and Emergency Response: Automaq has developed an emergency response system based on the one implemented at the company's model facility located in the town of Nueva Esperanza. This system will be supplemented with the results of consulting study carried out by BlueRisk, which, among other objectives, recommends the development of a risk matrix, the design of training programs, and the formation of an internal accident-prevention committee.

The fire prevention system is equipped with smoke and heat detectors and manual switches that connect to a central panel with audible and visual alarms. The fire suppression system consists of a pressurized network connected to a 30,000-liter water reserve. The system is equipped with a 15-HP, automatically triggered main pump capable of simultaneously feeding two fire hydrants. It is also equipped with a jockey pump to ensure optimal pressure throughout the network. The system has a backup electric generator and is supplemented by a network of dry powder and carbon dioxide fire extinguishers. Escape routes are properly marked and equipped with emergency lighting.

The company's emergency plan describes the procedures to be followed in the event an alarm is sounded, including evacuating the premises, notifying the proper authorities (e.g., firefighters and paramedics), and mobilizing the emergency brigade. The company also has an annual training plan in place.

Labor Practices: Automaq complies with Paraguayan labor laws. Core mandatory labor standards include legally-mandated benefits, freedom of association to form labor unions, prohibition of forced labor and child labor, and nondiscrimination in the workplace. The company's employees and their dependents receive medical coverage through the Social Welfare Institute (Instituto de Previsión Social – IPS). In addition, the company covers a significant portion of the costs of private healthcare coverage.

Social and Community Issues: The company earmarks significant resources for employee training and development. Accordingly, Automaq was recognized in 2010 by the Association of Christian Businesspeople (Asociación de Empresarios Cristianos – ADEC) for its outstanding contribution to employee development. The company's apprenticeship program selects the best students from vocational institutions for paid internships and provides them with training in the different areas of the company.

Monitoring and Reporting: Automaq will draw up an environmental and social action plan (ESAP) acceptable to the IIC, to ensure compliance with Paraguayan regulations and IIC environmental and workplace health and safety guidelines. The ESAP will also require the company to submit annual reports with updates on the implementation of safety, solid and liquid waste management, and atmospheric emissions programs at the company's various outlets.