

Environmental and Labor Issues:

This is a category B project according to the IIC's Environmental and Social Sustainability Policy because it could produce 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 are efficient resource use and pollution prevention, workplace and labor conditions, and community health and safety.

Ideal is a company that catches tuna and processes tuna and sardines to produce canned products for the export market. The company's industrial plant is located in the Ecuadorian city of Manta, and it operates three of its own vessels, with which it can meet 80 percent of its current demands for tuna. The third vessel of Ideal's fleet, Cabo Marzo, with an international fishing quota, was purchased recently and renovated so as to adhere to the same safety levels as the fleet's other vessels. Ideal also procures fish locally and, on occasion, purchases imported raw material. The company sources all of its sardines, which account for approximately 10 percent of its output, from local, artisan fishermen. Ecuador's Office of the Undersecretary for Fisheries certifies all the locally sourced fish processed by Ideal as "legally caught."

Environmental Management, Permits, and Certifications: Ideal's processing plant has an operating permit awarded by the Ministry of Public Health, an environmental license from the Ministry of the Environment, and a permit from the municipal government of Montecristi canton. Under the environmental license, the company commits to complying with the environmental management plan it presented. The plan is subject to regular compliance audits.

The plant has HACCP and BASC certification. To export products to certain European markets, in particular clients in the United Kingdom and Germany, the company is assessing the desirability of holding specific food industry certifications such as IFS (International Featured Standards) and BRC (British Retail Consortium).

Use and Conservation of Fishery Resources: Commercial tuna fishing in the western Pacific Ocean is regulated by a quota system managed by the Inter-American Tropical Tuna Commission (IATTC), which has 22 member countries, including Ecuador. The fishing area managed by IATTC is based on the Antigua Convention, which has been in force since 2010, when it replaced the 1949 Convention, and it extends from the 50° N parallel to the 50° S parallel, and from the 150° W meridian to the North, Central, and South American coastline in the east. The fishing quotas are distributed among IATTC member countries. Each fishing vessel must hold a fishing quota from one of the member countries. During each sea trip, fishing vessels with capacities exceeding 400 tons must be accompanied by an independent observer designated by the IATTC, which is responsible for overseeing catches and bycatches (dolphins, turtles, sharks, etc.). Within the IATTC, Ecuador owns approximately 50 percent of the total fleet and 40 percent of the fishing quota. Commercial tuna fishing mainly focuses on three species, two of which, skipjack and yellow fin, represent approximately 90 percent of total catch volume. To preserve fishing stocks, the IATTC has a series of measures, including a 62-day annual ban that each vessel must comply with over a two-year period, restricted fishing zones during certain periods of the year, a moratorium on the entry of new vessels, and a ban on discards.

Cabo Marzo, the vessel recently purchased by Ideal, holds a Nicaraguan fishing quota that was transferred to Ecuador following IATTC regulations.

IATTC member countries have signed the Agreement on the International Dolphin Conservation Program (AIDCP) aimed at reducing the incidental mortality of dolphins and ensuring the sustainability of tuna stocks by reducing the juvenile tuna catch and bycatches. Ideal obtained

AIDCP Dolphin Safe certification from the IATTC for its products.

Water Supply and Liquid Waste Management: Ideal's industrial plant obtains its water supply through the public company Empresa Pública Aguas de Manta. For this purpose, Ideal is connected to the public water system and supplements this supply with tankers. Furthermore, it has a well that provides water to clean the plant.

Organic matter is the main pollutant in the effluent. The treatment plant is separate from the processing plant and is the property of Rehimansa, a company related to Ideal. The plant's wastewater, some 30 m³ per day, is funneled by a drainage system towards internal sewers that channel the waste to a treatment well where the thicker solid waste is removed. The wastewater is then pumped towards Rehimansa's oxidation pools. The removal of suspended solid waste is carried out through a floating process whereby air is injected to oxygenate the water, separating oil and grease, and solid waste, thereby leaving a thick layer of waste material on the pool surface. To accelerate biodegradation, a prebiotic is added to nourish and strengthen the action of beneficial bacteria. By adding ozone, the oxidation process is sped up further. The treated water is used to water trees at one of the company's premises.

Air emissions and noise: The steam generators are diesel-powered. Atmospheric analyses are used to ensure clean fuel consumption.

The decomposition of wastewater in the oxidation pools creates a risk of unpleasant smells. This makes it necessary to carry out appropriate maintenance work and control the treatment process. The quality of the water being treated must also be analyzed regularly.

The plant has a variety of refrigeration and air conditioning equipment, some older than others. Although old equipment is being replaced with equipment using ecological coolants that are not harmful to the ozone layer, there are still four units in operation using coolants that are being phased out (R 22). The IIC will request that the company prepare a replacement schedule to ensure this equipment is replaced within an acceptable timeframe.

The noise levels established for the different areas of Ideal's plant are of little significance but could harm the health and hearing of workers. Therefore, noise sources must be subject to control measures and staff must be provided with personal hearing protection.

Management of Solid and Semisolid Waste, Products, and Dangerous Residue: During the production process, solid and semisolid waste is produced (viscera, skin, bones, heads, etc.). The waste generated is mainly organic, most of which has commercial value. This waste is collected, recovered, and sold. The residue generated by trap cleaning is also recovered and sold, which helps to reduce the organic load in wastewater. Ideal does not have a fat and protein recovery plant, but a related company, Galdecum S.A., provides it these services.

Any waste of no commercial value is sent to the municipal landfill, for which the company has a permit from the municipal government of Montecristi canton.

Ideal is registered with the Ministry of the Environment as a generator of hazardous waste. To dispose of hazardous waste (laboratory reagents, contaminated lubricants and fuel, solid waste contaminated with hydrocarbons, batteries, tires, etc.), Ideal entered an agreement with licensed company Incinerox covering the transportation, destruction, and treatment of this waste.

Ideal is registered with the National Council for the Control of Narcotic Drugs and Psychotropic Substances (Consejo Nacional de Control de Sustancias Estupefacientes Psicotrópicas) to use

reagents and supplies regulated by the list of chemical precursors for the drugs industry.

Occupational Health and Safety: Ideal has internal work regulations that have been approved by the Regional Bureau of Labor of the Ministry of Labor Relations. These regulations set forth the workers' and the company's duties, mandatory behavior, and noncompliance sanctions.

The company's emergency plan sets forth the preparation stages prior to an emergency, emergency response, and subsequent rehabilitation. For each stage, the plan establishes the responsibilities of the company's managers and the designated brigades (evacuation, first aid, firefighting, order and safety, and communications). It also provides coordination, administrative, and logistical instructions.

The environmental management plan of the company has an occupational health program that aims to preserve and create a culture of health and safety among workers. The plan provides information on actions being taken by the company at the time of approval:

- Installing signage in areas where protective equipment must be worn
- Training staff on industrial safety
- Reporting and assessing incidents or accidents
- Monitoring professional risks

All accidents and incidents must be reported to the relevant supervisor and safety coordinator. This includes:

- Industrial injuries
- Accidents involving motorized vehicles
- Fire or explosions
- Property damage
- Thefts
- Spillages
- Sabotage
- Product deterioration

The plant is equipped with a firefighting system of portable fire extinguishers. The fuel tanks are aboveground and have spill berms. There is an alarm system with switches located throughout the plant.

The company has a joint safety committee made up of three workers' representatives and three representatives chosen by the company. The committee meets on a monthly basis. In addition, each vessel has a health and safety subcommittee. All crewmembers of the vessels must have a license, for which they must take the following training courses offered by the Ecuadorian Navy: the International Maritime Organisation course, sea survival, and safety. The fishing fleet must meet Ecuadorian safety standards. Nonetheless, Ecuador is considering passing specific legislation on the safe navigation of fishing fleet.

Labor Practices: Ideal complies with Ecuadorian labor laws and has 425 employees on its payroll. Workers receive social security benefits and health coverage from the Ecuadorian Social Security Administration (Instituto Ecuatoriano de Seguridad Social), which also covers dependent family members. All workers hired by the company are of legal working age as established by domestic labor legislation. There is currently no union, but any worker wishing to join a labor union is free to do so. An on-site physician attends emergencies and gives recommendations on occupational health.

Monitoring and Reporting: Ideal will prepare an Environmental and Social Action Plan (ESAP) satisfactory to the IIC to ensure compliance with domestic regulations and the IIC's environmental and workplace safety and health guidelines. The ESAP shall include the duty to comply with the environmental management plan presented to the Ministry of the Environment to improve certain aspects related to industrial safety, and to define a schedule to replace the refrigeration equipment using coolant that damages the ozone layer. It shall also include the preparation of an annual report with information on the implementation of these commitments and the monitoring of environmental and workplace safety parameters.