

## **1. Overview and Scope of IIC E&S Review**

Citrusvil's industrial park consists of a plant for packing fresh lemons and two plants for extracting and concentrating juice, obtaining essential oils, and dehydrating the peel. Together with the nursery, they are located in the municipality of Banda del Río Salí in the department of Cruz Alta, adjacent to the provincial capital. On March 30 and 31, 2016, the project team visited the company and met with members of management. During the visit, it also visited the company's industrial facilities, the nursery, and plantations, as well as reviewed internal documents on procedures, certifications, and operating permits.

## **2. Environmental and Social Categorization and Rationale**

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.

## **3. Environmental and Social Context**

Citrusvil's plants and offices are located on land suitable for industrial facilities. Their location on the outskirts of the city of San Martín de Tucumán is on the boundary between the suburban and rural areas, where industry, homes, and agricultural crops are intermixed. The company's greenhouse, its effluent treatment plant, its solid waste composting plant, and some of its lemon plantations are located on a site where one of its industrial plants is located. One of these properties is adjacent to Barrio Aeropuerto, an urban area of about 20 blocks.

The company's lemon orchards are at the bottom of the foothills of the Andes, a region characterized by flatlands and a sub-tropical climate with a dry season in winter and temperature that do not drop below freezing. The city and its surroundings are located at between 400 and 500 meters above sea level.

## **4. Environmental Risks and Impacts and Proposed Mitigation and Compensation Measures**

### **4.1 Assessment and Management of Environmental and Social Risks and Impacts**

The company has a comprehensive management system (CMS) that covers quality control, the environment, and occupational safety and health. This system is based on ISO 9001, ISO 14001 and OHSAS 18001 standards.

The CMS comprises the company's integrated quality control, environment, and occupational health and safety policy, plus Grupo Lucci's good social practices policy.

The project entails both agricultural and industrial activities conducted by both the company and third parties. The risks involved in agricultural activity include handling of phytosanitary products, water use and working conditions, and the health, safety and labor rights of field laborers. The risks inherent to the industrial activity involve the management of liquid effluents, atmospheric emissions, solid waste, hazardous substances, odor, noise, workplace safety, and community relations. Each of these risks is identified in the CMS and described in the Environmental Issues and Impacts Matrix and the Risk Matrix.

Citrusvil is certified under a number of international standards (ISO 9001, ISO 14001, OHSAS 18001, GLOBALGAP, BRC and HACCP). The company regularly conducts internal audits and is audited externally for recertification.

For its industrial operations, a training program is conducted annually. The program includes health and safety instruction for all staff and contractors. Emergency response and preparedness procedures are an integral part of the CMS.

Stakeholder participation takes place via the Vicente Lucci Foundation for all the companies in the group. The companies in the group follow the 10 principles of the Global Compact of the United Nations on human rights, labor, the environment, and anti-corruption. Citrusvil and Viluco belong to Argentina's Business Network against Child Labor.

The foundation works with communities that have ties to companies in the group due to their proximity to the properties where it operates or because workers—both direct and subcontracted—live there. It prefers to do so through schools where the foundation offers educational programs and opportunities to volunteer. With this mechanism, the foundation is able to collect complaints, comments, or requests that can be passed from civil society to the companies in the group. In addition, Citrusvil's CMS has a communication, participation, and consultation mechanism for both internal and external constituencies. In addition to the link to the foundation, the company offers a communication channel through its website.

## **4.2 Labor and Working Conditions**

The working conditions at Citrusvil are in line with the principles of the United Nations Global Compact and Argentina law. The company is in compliance with domestic labor laws and International Labour Organization standards. Core labor standards include social security contributions, freedom of association to form labor unions, nondiscrimination in the workplace, and the prohibition of child labor. Children under the age of 18 are not employed. Management of labor relations is handled in accordance with internal staff rules, without prejudice to the legal remedies available to workers under local labor laws. Citrusvil staff is organized and affiliated with the union for the sector.

Under Argentinian law, workers receive health coverage through group health insurance (Obra Social) covering the immediate family and through occupational accident and work-related illness insurance coverage through a workplace risk insurer.

Contractors must meet the same requirements. Citrusvil is working with harvest contracting companies to help them meet quality standards.

## **4.3 Resource Efficiency and Pollution Prevention**

Citrusvil is the first industrial citrus company in the world to develop a treatment system for liquid effluent approved by the United Nations Clean Development Mechanism. The effluent treatment system can recover enough biogas to supply about 20% of its boilers' needs, with the added benefit of avoiding the emission of methane into the atmosphere, the greenhouse effect of which is worse than that of CO<sub>2</sub>. The industrial plant has zero liquid effluent because its wastewater, once treated, is used to irrigate its lemon plantations, as it meets the standards for that purpose.

Citrusvil has established procedures for identifying, classifying, and disposing of waste. Those procedures are part of the CMS. Solid and semisolid organic waste is processed into compost, which is then used in the company's plantations.

Agrochemicals at the plantations are handled according to the procedures established in the CMS, which follows GlobalGAP standards. These procedures and the use of personal protection equipment are audited periodically.

#### 4.4 Community Health, Safety, and Security

Emergency response and preparedness procedures extend to all areas of the company. Regular audits are conducted on compliance with OSHAS 18001 standards. A program is also in place to conduct emergency drills, with internal training that includes contractors.

The plants have a fire protection system with a pressurized pipe network and motorized pump for fighting fires. Some high-risk areas have smoke detectors and sprinkler systems. The refrigeration plants have ammonia detectors with alarms and autonomous breathing equipment. An emergency brigade is stationed at each plant. All accidents are investigated and reports on them are sent to management.

There is an internal occupational health department that provides nursing services and a doctor. Staff are given medical checkups regularly.

#### 4.5 Land Acquisition and Involuntary Resettlement

There are no issues related to land acquisition or resettlement of people.

#### 4.6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

Biodiversity is not affected. The land most recently turned to citrus production came from the sugar cane plantations that are in decline in the region. The land had already been used for agriculture previously. Sustainable management of resources is part of the GlobalGAP certification.

In 2007, Argentina enacted the Forest Act establishing zoning for agricultural activities and protecting native forests. In 2010, the province of Tucumán established native forest land management rules with three conservation categories.

#### 4.7 Indigenous Peoples

No impact on indigenous populations.

#### 4.8 Cultural Heritage.

There is no risk of affecting cultural heritage.

### 5. Environmental and Social Action Plan

#	Description	Action Required	Indicator	Deadline
---	-------------	-----------------	-----------	----------

1	Environmental and Social Management System (ESMS)	Design and implement an ESMS containing the following elements: 1. Company sustainability policy. 2. Legal compliance matrix. 3. Identification of environmental and social risks and impacts. 4. Establishment of compliance objectives. 5. Establishment of programs and procedures. 6. Establishment of budgets, compliance responsibilities, and training. 7. Monitoring and oversight program.	ESMS delivery	Prior to disbursement
2	Health and Safety Plan (HSP)	Design and implement an HSP containing the following elements: 1. Identification and assessment of the risk of accidents and occupational illnesses. 2. Safe work procedures, including description of personal protective equipment. 3. Training plans. 4. Emergency procedures. 5. Investigation of accidents and incidents. 6. Monitoring and oversight program.	HSP delivery	
3	Program to improve management of social and environmental issues for service providers	Design a program that includes: 1. Identification of points that can be improved upon. 2. Training program. 3. Results-monitoring plan.	Program delivery	Prior to disbursement
4	Community relations plan	The aim of the plan is to have a mechanism for complaints and inquiries that serves as a link between the community and company management. The community can then submit complaints or suggestions and the mechanism can help resolve potential conflicts early.	Relations plan	