

A. ENVIRONMENTAL REVIEW

1. Environmental Classification

This is a category III project according to the IIC's environmental classification system because specific impacts may result that can be avoided or mitigated by adhering to generally recognized performance standards, guidelines, and design criteria. The environmental and labor considerations related to the project include the following: liquid effluent management, quality control and product safety, workplace safety and emergency response (particularly concerning the use of ammonia), and transfer of personnel when production facilities are relocated.

2. Principal environmental impacts

Liquid effluent management

Conaprole's Complejo Industrial Montevideo (CIM) plant poses the biggest challenge regarding the handling of waste water because it is in suburban Montevideo and not much land is available for treatment facilities. It is located in a zone with no sewage system, and thus it was necessary to incorporate an effluent treatment plant with a pumping well that delivers wastewater to a municipal collector 800 meters away. Pretreatment, performed in Conaprole premises, consists of a physical and chemical process involving ferric chloride coagulation, hydraulic flocculation, and dissolved air clarification, combined with digestion and dewatering of sludge before disposal as sanitary landfill.

Conaprole's other industrial plants are in rural or semirural locations and thus have better treatment options. Four of the plants (8, 10, 11, and 14) have treatment ponds with subsequent infiltration into the soil; in the other three (7, 9, and 16), water is discharged into water streams after treatment. Conaprole is working in the development of wetlands for better air quality and for disinfection post-treatment purposes. All of the facilities have a discharge parameter monitoring system.

Solid Waste

Conaprole is considering recycling programs for some materials such as polyethylene, paper, and plastics, achieving good recycling ratios in some of its plants. The company also markets materials such as sugar and chocolate bags, cleaning products containers, fruit juice drums, and wooden pallets.

Conaprole, the Administración Nacional de Enseñanza Primaria (National Department of Primary Education), and several municipalities carried out a nationwide school program for recycling empty milk bags sponsored by the Dirección General de Medio Ambiente (Environmental Protection Agency). The program seeks to raise public awareness and change public behavior in handling domestic waste. The campaign encourages recycling polyethylene bags into trash bags to be used by municipal garbage collection services; it also fosters classroom discussion on solid waste and recycling in general.

3. Occupational Safety and Hygiene

Conaprole's Safety Department provides training in occupational safety and hygiene. The department has a safety coordinator at each plant, as well as emergency brigades, and receives advice from Banco de Seguros del Estado and the fire department. Based on its occupational safety and hygiene policy, Conaprole has drawn up procedures for evaluating and minimizing risks in the workplace. The company also provides personal protection gear and has prepared evacuation plans.

For handling ammonia, Conaprole follows the practices recommended in the NFPA Fire Protection

Handbook, which also covers appropriate facilities design. The rooms have firefighting equipment and personal protection gear.

The co-op's safety procedures are supplemented by specific training for personnel at different levels.

4. Labor practices

Conaprole complies with national labor laws. Among the main mandatory labor standards are social security benefits, freedom of association, freedom to form labor unions, prohibition of forced labor, elimination of exploitative and abusive child labor, prohibition of job discrimination, and the provision of health care and workplace accident insurance. Conaprole's employees belong to a labor organization (Asociación de Obreros y Empleados de Conaprole).

5. Quality Management and Assurance and Food Safety

In July 2003 Conaprole implemented the quality control system (QCS) based on HACCP methodology and ISO 9001:2000. Three key documents were drafted on the basis of a quality policy defined by the Board of Directors: (i) the quality manual, which, among other points, assigns management responsibility for implementing and managing quality; (ii) the procedures manual, which defines controls, documentation, corrective action, preventive action, audits, and other measures; and (iii) plant manuals that spell out production processes. The company established a quality committee made up of directors and managers charged with setting quality goals, planning actions to take, reviewing the QCS for consistency, appropriateness, and effectiveness, and planning quality audits.

The Integrated Quality Management division reports to the General Manager and is responsible for implementing the integrated quality system, certifying processes, auditing the system, following up on instances of noncompliance, training staff, gathering and analyzing information, and interacting with all areas of the company in order to fulfill its duties.

The Central and Quality Control Laboratory division reports to the Industrial Manager and is responsible for operating the industrial plant laboratories that analyze products in different production stages.

One of the basic quality assurance requirements was a review of all of the sources that supply the plants with water. Except for CIM, which is connected to the public water supply, all of the plants draw water from wells. Each well was studied in detail to ensure that the plants have enough water of appropriate quality. The study led to the following corrective actions, among others: some wells were abandoned (especially in the case of wells that joined aquifers), sealed some well casings, disinfected wells and tanks (using automatic chlorination systems), opened new wells, and automated and installed controls for the pumping systems. There is a water quality monitoring plan, and samples are taken regularly.

6. Employee relocation

When operations at old plants 1 and 2 were consolidated at the new CIM facility, Conaprole had to reduce its workforce and relocate employees. The company prepared a severance plan to mitigate the adverse effects on affected employees. The three basic components of the plan were (i) voluntary severance packages, which were taken by 203 employees in the last three years; (ii) early retirement for employees over age 55 with backing from Banco de Previsión Social (BPS), which will continue to make the company's contributions to the social security system and provide a nominal salary until the employee reaches retirement age, plus an advance on the retirement bonus; 174 employees took advantage of this program; and (iii) transfer of employees to other Conaprole plants, with the

company providing financial aid for moving expenses; 112 employees were transferred under this arrangement. The company did not dismiss any employees when the plants were relocated.

7. Control and Follow-Up

Conaprole shall develop an Environmental Management Plan (EMP) satisfactory to the IIC to ensure compliance with domestic regulations and the IIC's environmental and workplace safety and health guidelines. The EMP shall include an annual report with information on liquid effluent management, health, safety, and emergency response training programs, accident reports, and status reports on the employee relocation program.