

**Environmental Classification:** This is a category III project according to IIC's environmental review procedures. The main environmental and labor issues related to this project include (1) permitting; (2) sourcing the paper and cardboard used as raw materials; (3) handling and disposal of solid and liquid waste; (4) air emissions; (5) fire safety and occupational safety and health; (6) labor practices and social aspects.

**1) Permitting:** AMPO holds a Permiso Sanitario de Funcionamiento operating permit for its industrial plant in Costa Rica that is valid until 2010. To obtain the permit, AMPO was required to undergo a review of its compliance with Costa Rican environmental and occupational safety regulations. The company has other facilities in Nicaragua and Panama that comply with domestic regulations and hold the requisite permits.

**2) Sourcing the paper and cardboard used as raw material:** AMPO purchases the paper it uses to make its products from suppliers who also distribute to the U.S. and European Community markets. These markets require that paper be made only from wood coming from sustainably managed forests. The suppliers from which AMPO purchases the paper to make its products are certified by independent international organizations such as the Programme for the Endorsement of Forest Certification (PEFC). PEFC is an independent, nonprofit, nongovernmental organization that promotes sustainably managed forests through independent third-party certification. The PEFC supplier seal provides AMPO with assurance that the paper it purchases as a raw material comes from forests that are managed in an environmentally appropriate, socially just, and economically viable manner. AMPO's cardboard supplier certifies that its cardboard is made from 100% recycled paper that complies with European health regulations.

**3) Management and disposal of solid and liquid waste:** Trash from the offices, cafeteria, and bathrooms is picked up, transported, and disposed of by a local contractor. AMPO sorts this trash and stores it temporarily in containers supplied by the contractor who collects and transports the waste for disposal at sites authorized by the municipal authorities. Scrap cardboard from the production process is shredded and sold to third parties for recycling. AMPO does not use water in its production process, so the only wastewater is from washing the containers where ink is mixed. The company's ink supplier certifies that its inks are water-based and thus contain no toxic solvents or heavy metals (such as chromium, mercury, or lead) that are classed as restricted toxic substances by the U.S. FDA. Sewage from the bathrooms flows into a septic tank for proper treatment.

**4) Air emissions:** At AMPO's facilities there are no industrial combustion processes generating significant atmospheric emissions. The only fuel used is LP gas for the yard forklifts; these do not generate significant emissions. The Costa Rica facility has a nonpolluting electric forklift as well.

**5) Fire safety and occupational safety and health:** It is AMPO policy to maintain a working environment that protects employees by following preventive programs and complying with pertinent domestic regulations. To this end, there is a committee that meets regularly to address occupational safety and health requirements. The facilities have the required safety signage. The firefighting system has hydrants and extinguishers located strategically throughout the facilities. The company provides workers with appropriate personal protective equipment, including gloves, safety belts, and earmuffs or earplugs for the noisiest areas. The Costa Rica plant has a first aid station and a person trained in providing first aid, but it also has private medical insurance coverage for attending to its employees when necessary. The medical insurance plan includes ambulance services and hospitalization if required. The company's supervisors and maintenance manager are developing an accident prevention

program for the Costa Rica plant. In general, the company's facilities meet occupational safety and health requirements. Nevertheless, AMPO will implement the following improvements to meet IIC requirements and ensure that they also benefit the workers at the Panama and Nicaragua facilities: (i) establish and supervise a comprehensive occupational health and accident prevention program; (ii) improve, with expert advice, the safety and fire prevention signage at all of its facilities to come into compliance with international standards.

**6) Labor practices and social aspects:** AMPO complies with domestic labor legislation in the countries where its facilities are located, and it adheres to international labor standards. The company has its own workplace regulations approved by each country's Ministerio de Trabajo. Employee benefits are in keeping with legal requirements in each country. A noteworthy example of social responsibility is the paid work that AMPO provides for female inmates who wish to do manual work at a small assembly plant in a local prison. This program is carried out under an agreement with the Ministerio de Justicia and in compliance with applicable law; it contributes to the social reintegration of more than twenty-five women.

**Monitoring and Annual Reporting:** AMPO will prepare an environmental management plan acceptable to the IIC covering the environmental protection, workplace safety, and labor issues discussed herein. It will also submit a yearly report summarizing monitoring data on permit updating and validity; the sourcing of paper and cardboard used as raw materials; the handling and disposal of solid and liquid waste; air emissions; fire safety and occupational safety and health; and labor practices and social aspects.