

## **Environmental Classification and Issues:**

This is a category III project according to the IIC's environmental and labor review procedures 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: handling of liquid effluents and solid waste, atmospheric emissions, labor and social issues, personal safety, fire protection, and emergency response.

### **Liquid Effluent Management**

Leonisa's principal liquid effluents come from the dyeing and finishing section that the company has at its main plant. Leonisa disposes of its effluents in the sewer system of Empresas Públicas de Medellín, under the sanitation and disposal management plan for the Valle de Aburrá metropolitan area environmental authority (Plan de Saneamiento y Manejo de Vertimientos para la Autoridad Medioambiental del Área Metropolitana del Valle de Aburrá). Under this plan, several municipalities in the Valle de Aburrá, including the municipality of Medellín, combine domestic and industrial effluents under a single arrangement for collecting, transporting, and treating wastewater. The plan includes collecting all domestic and industrial effluents in a combined sewer system with rainwater overflow separation. Treatment is planned to be carried out at four plants, of which the first (San Fernando) has been operating since May 2000. The second plant (Bello) is scheduled to begin operations in 2011. The latter will be the largest in the entire system and will, together with the first plant, reduce the system's total biochemical oxygen demand (BOD) load by 95%. The system discharges treated water into the Medellín River.

To discharge its effluents into the sewer system, Leonisa complies with certain limitations on temperature, grease content, sedimentable solids, and pH. To avoid water pollution, in the dyeing process the company uses dyes that are free of heavy metals. According to the certification issued on July 10, 2006, by Empresas Públicas de Medellín, Leonisa's wastewater meets the requirements for discharging into this sewer system.

### **Solid Waste Management**

Leonisa classifies all solid waste according to type and method of disposal. Waste that can be reused or recycled (boxes, cardboard, paper, scrap metal, wood, plastic) is picked up by companies that process it. Plastic containers for chemicals are returned to the suppliers. General waste is taken to municipal landfills. Used lubricant oils and some material contaminated with oil are processed by specialized companies.

The largest volume of solid waste consists of cloth scraps, a byproduct of garment manufacture. Leonisa has incorporated technology for reducing these scraps, which the company markets for various purposes.

### **Personal Safety, Fire Protection, and Emergency Response**

Leonisa has its own emergency response protocols for a variety of situations. Each protocol describes the event, its associated effects and risks, the procedure to be followed during the emergency, resources available to deal with the emergency, the people in charge during the procedure, preventive safety measures, and procedures to follow after the emergency, such as recovery, waste removal, and reporting. There are trained response brigades for all emergencies in different areas of the company. Brigade members are identified by their distinctive uniforms.

In February 2006 there was an external inspection of Leonisa's facilities to identify critical points and make recommendations regarding fire prevention and detection, firefighting, and evacuation of people. The report includes a series of recommendations that follow guidelines established according to Colombian regulations and National Fire Protection Association (NFPA) standards. Leonisa is currently evaluating and implementing those recommendations.

### **Labor Practices**

Leonisa is in compliance with domestic labor laws and International Labour Organization (ILO) standards. The applicable mandatory labor standards include: social security benefits, freedom of association, organization of workers' unions, prohibition of forced labor and exploitative and abusive child labor, and nondiscrimination in the workplace. Labor contracts are governed by the Colombian Labor Code. The minimum working age is eighteen years. The company has two types of collective agreements: there is a labor union composed of some fifty workers, and there is a collective agreement signed by some 1,250 workers. The collective agreement is valid until 2008.

### **Control and Follow-Up**

Leonisa 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 provide for a yearly report on handling of solid waste, health training programs, workplace safety, emergency response, and accident reports. Likewise, it shall report on progress with the system for collecting, transporting, and treating wastewater in the Valle de Aburrá and on the implementation of the recommendations contained in the report on the fire risk inspection.