

## 1. Overview and Perspectives on the Scope of IDB Invest's Environmental and Social Review

Based on the information provided by Caribe Hospitality ("CH"), the Project entails the construction, operation and maintenance of Fairfield Alajuela, a 120-room hotel, under the Marriott International limited service brand. The Fairfield Alajuela Hotel will be built next to the Courtyard Alajuela, which is located in the Mango Park horizontal condominium, in the Rio Segundo District, Alajuela Canton, in the Alajuela Province. The location of the Fairfield Alajuela Hotel will allow operational synergies with the existing Courtyard; the properties will share some resources, including the general manager and room oversight staff, engineering, sales and marketing personnel, the food and beverage ("F&B") and human resources ("HR") departments, as well as scale economy and cost efficiency benefits. Finally, the Project will seek the LEED Silver v4 BD+C certification[\[1\]](#), further promoting sustainable hospitality in Central America.

The scope of IDB Invest's environmental and social review included the analysis of the Project's environmental permits and construction/operation licenses, as well as meetings and conference calls with representatives of the sponsor (Caribe Hospitality). IDB Invest's environmental and social experts carried out an environmental and social due diligence (ESDD) visit on October 12th and 13th, 2018, in San Jose, Costa Rica, which included the following activities: (i) meeting with Caribbean Hospitality staff; (ii) visiting the site for the Fairfield Alajuela Hotel's construction, including the existing Hotel Courtyard's facilities and the surrounding area of influence (the San Luis estate, etc.); and (iii) meeting with the head of security, health and environment of the Project's main Contractor, Constructora Volio & Trejos Asociados, S.A.[\[2\]](#). At the end of this ESDD visit, documents associated with manuals, procedures, and operation reports, among others, were reviewed.

## 2. Environmental and Social Categorization, and its Foundations

This is a **Category B** Project, in accordance with IDB Invest's Environmental and Social Sustainability Policy, since overall its environmental and social risks are expected to be reversible and capable of being mitigated through currently available technologies. During the construction stage of the hotel, possible environmental and social impacts and risks will be: (i) the production of hazardous and non-hazardous waste; (ii) polluting atmospheric emissions (mainly combustion gases from machinery and equipment); (iii) wastewater generation; (iv) acoustic pollution; (v) earthworks; (vi) removal of secondary vegetation (mainly grasses and weeds); (vii) ground vibrations; (viii) occupational health and safety risks for workers, and (ix) community health and safety concerns regarding the increase of vehicular traffic. During the hotel's operation and maintenance (O&M), environmental impacts and risks are mainly related to: (i) worker health and safety; (ii) the generation of solid waste (non-hazardous) and liquid waste (mainly domestic wastewater), and (iii) the use of resources, such as energy (public network) and water sources (municipal aqueduct). Natural disasters, such as earthquakes, fires, floods and hurricanes, do not represent a significant risk for the Fairfield Alajuela Hotel, both in terms of the damage they could cause to the physical infrastructure, and possible loss of business.

Based on the ESDD visit, it is expected that this Project will have an impact on the following IFC Performance Standards (PS)[\[3\]](#):

- PS-1. Evaluation and Management of Environmental and Social Risks and Impacts
- PS-2. Work and Labor Conditions
- PS-3. Resource Efficiency and Pollution Prevention
- PS-4. Community Health and Safety.

The application of PS-5, Land Acquisition and Involuntary Resettlement, is not envisaged, since the Project will be developed on owned land, within the Mango Park horizontal condominium. The application of PS-6, Conservation of Biodiversity and Sustainable Management of Living Natural Resources, is not envisaged, because the project will be developed on previously used yet currently vacant urban terrain, with regenerative vegetation (grasses and weeds) and little ecological value. PS-7, Indigenous Peoples, does not apply, since they do not exist in the project's area of development, and neither does PS-8, Cultural Heritage, since, as mentioned above, it is owned land, previously used yet currently vacant, within a commercial area.

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

According to the information provided by CH, the environmental viability of the construction, operation and maintenance of the Fairfield Alajuela Hotel ("the Project") results from the modification of Resolution No. 1939-2010-SETENA[4], with the intention to replace one of the three initially planned components of the Mango Park horizontal condominium, the 7,500m<sup>2</sup> office center, which was never built. Based on the above, the environmental viability modification has begun in accordance with said Resolution's eighth clause, presenting the new designs with a 14% reduction of the approved construction area (the construction of the Fairfield Alajuela Hotel will entail a 1,034.5 m<sup>2</sup> reduction of the initially approved surface area), the environmental adjustments of the matrix, and the Environmental Management Program (EMP), among other administrative and legal issues.

The area has been previously urbanized (when the Mango Park horizontal condominium was developed), and the land where the Fairfield Alajuela Hotel is to be built is vacant, with mostly naturally regenerative vegetation (grasses and weeds, without commercial value and with very low ecological value). Also, since the area has been previously urbanized, the required land use for the Project's construction already exists.

For the execution of this Project, CH has selected the company Constructora Volio & Trejo Asociados S.A. (V&T) as the main contractor. This company has extensive experience in the execution of this type of project in Costa Rica. It also relies on a Code of Conduct, a Comprehensive Management Policy, and a Safety Planning and General and Specific Risk Prevention Program; as well as environmental protection and conservation measures[5].

Regarding operation, CH has an *Owner's Project Requirements* agreement/contract with Marriott, where Marriott, following its highest standards of quality and sustainability, establishes the foundations for the Hotel's design with the aim of obtaining the LEED Silver v4 BD+C certificate, and the required start-up conditions for transfer/delivery of the project to the operator.

Finally, at the time of this ESDD visit, approval of the Environmental Viability Modification, issued by the Ministry of Environment and Energy ("MINAE", for its acronym in Spanish) was still pending.

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

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

#### **4.1.a Environmental and Social Management System**

Based on the analysis of the information provided, CH has a Sustainability Management System (SMS) Manual[6]. However, to achieve compliance with PS-1, said SMS must be reviewed under IFC's Toolkit and Implementation Manual[7] (Action 1.1 of the ESAP[8]). Following the results of the review, the SMS will be updated in compliance with PS-1, including: (i) policies (see Section 4.1.b);

(ii) procedures to identify, evaluate and manage potential environmental, social, OHS, and labor risks and impacts associated with each Project activity, as well as for contractors and subcontractors; (iii) internal procedures for compliance with the environmental and social management plan (ESMP); (iv) organizational capacity and competence, with definition of roles and assignment of responsibilities for the implementation of the SMS; (v) protocols for emergency preparedness and response (see Section 4.1.f); (vi) methods or plans for the participation of key stakeholders (see Section 4.1.h); (vii) mechanisms for external communication and receipt of complaints (see Section 4.1.i); (ix) protocols for the dissemination of information to communities, decision-making and training; (x) protocols for the evaluation and continuous improvement of the SMS; and (xi) periodic audits and inspections with respect to applicable environmental, social and OHS requirements under Costa Rica's Environmental Law<sup>[9]</sup>.

#### **4.1.b Policies**

According to the information provided, CH has a Sustainability Policy, which is outlined in the SMS and through which different management tools in the environmental, social responsibility, and occupational health and safety (OHS) fields are articulated and organized in a functional manner.

However, as part of PS-1 compliance, CH will strengthen its Sustainability Policy, indicating: (i) who, within the organization, will guarantee compliance with the policy and be responsible for its execution; (ii) how the policy will be communicated to all levels of the organization; and (iii) how to measure continuous improvement in the implementation of the environmental and social policy, and the OHS policy (Action 1.2 of the ESAP).

#### **4.1.c Identification of Risks and Impacts**

All new construction, in particular the construction of the Fairfield Alajuela Hotel, in addition to complying with environmental impact regulations, must identify and assess environmental and social risks and impacts. Based on the above, the environmental viability modification of Resolution No. 1939-2010-SETENA entails an update of the Matrix's environmental aspects, as well as an adjustment of the ESMP (where necessary). Also, within the SMS there is the Procedure for the Identification and Evaluation of Environmental Aspects (PR-PROY-01), on the basis of which the Environmental Aspects and Impacts Record (DC-PROY-01) and the Risk Matrix of the SMS (DG-SGS-10), specific for this Fairfield Alajuela Hotel, were elaborated.

Finally, given that the execution and operation of the Project is dynamic, CH, in compliance with PS-1, will perform a continuous update of the environmental, social, health and occupational safety risks matrix for each phase of the Project (Design, Construction, O&M and/or Closure/Shutdown), of all its operations, in order to obtain, monitor and control the operating/performance permits or licenses (see Section 4.1.g).

#### **4.1.d Management Program**

According to the information provided in Resolution No. 1939-2010-SETENA, as well as in the required modification for the construction of the Fairfield Alajuela Hotel, an Environmental and Social Management Plan (ESMP) will be included. Likewise, the Risk Matrix of the SMS (DG-SGS-10), CH, in addition to identifying the risks, establishes the type of control and the response, mitigation or compensation strategy. Based on the SMS Manual (MA-SGS-01), CH will complement the ESMP with the following programs, procedures and/or plans for the Construction and Start-Up stages (C&S) specific to the Fairfield Alajuela Hotel (action 1.3 of the ESAP): (i) Safety, Occupational Health and Environmental Monitoring Procedure (SOHE) (see section 4.1.g); (ii) Runoff Pollution Prevention Plan (RPPP); (iii) Solid waste management plan; (iv) Sewage and liquid waste

management plan; (v) Chemical products safe management plan (may be included in the Project's Occupational Health and Safety Plan); (vi) Emergency response plan (see section 4.1.f); (vii) Worksite occupational safety plan (see section 4.2.c); and (viii) Road safety and control plan.

The V&T contractor, based on its Safety, Occupational Health and Environment Manual (CN-SO-100M), will also lay out its ESMP for the construction phase of the Fairfield Alajuela Hotel in accordance with CH's ESMP, including general provisions regarding: the provision of services for the project (drinking-water and electricity); the construction and maintenance of temporary electrical installations; the management of temporary facilities (warehouses, canteens, changing rooms, toilets, sinks and showers, camps, etc.); employee health management (see Section 4.2.c); environmental management; orderliness and cleanliness; use of personal protective equipment; signaling; handling chemical substances; and emergency attention (see Section 4.1.f).

Finally, CH will develop the following programs, procedures or plans within the O&M ESMP (action 1.3 of the ESAP): (i) Procedure for neutral carbon management, identifying the main sources of greenhouse gas emissions, both for the management report (DC-SGS-06) and the management plan (PL-proj-14); (ii) LEED commitment implementation and monitoring plan for the operation stage, ensuring a correct LEED transition between the developer (CH) and the development operator (Marriott); (iii) Plan for rational energy use, in order to optimize energy use in the hotel's facilities; (iv) Solid waste management plan (operation), based on a comprehensive solid waste management concept, aiming to minimize the generation of waste, maximize reuse and recycling, and guarantee that the final disposal of the materials is done in a sanitary and legal way; (v) Water conservation plan, ensuring a sustainable use of water resources, with emphasis on the reduction of wastage, prevention of contamination, and maximizing reuse (when possible); (vi) Indoor air quality conservation plan, ensuring the building's correct ventilation, adequate release of polluting emissions, and preventing the crossover of polluting emissions in the hotel's indoor airflows; (vii) Refrigerant management plan, guaranteeing operator compliance with good practices regarding supply, use, and sanitary disposal, in accordance with the regulations of each country; (ix) Carbon Neutral Management Plan, implemented after one year of operation so as to establish a base inventory of greenhouse emissions and identify improvement opportunities; (x) Emergency response plan, defining prevention and emergency actions associated with fires, earthquakes, and medical emergencies, among others (see section 4.1.f); and (xi) Occupational Safety Plan, ensuring the health and safety of workers once the hotel is in operation (see section 4.2.c).

#### **4.1.e Organizational Capability and Competence**

In compliance with the Labor Code (Law No. 2 of 1943 and its amendments) and the General Regulation on Labor Risks (Executive Decree No. 13466-TSS of 1982), CH, the Contractor (V&T), and the operator (Marriott) have an Occupational Health Office or Department. However, for the Fairfield Alajuela Hotel, CH must verify that the Contractor (V&T) designates or appoints the Occupational Health Commissions prior to the hotel's construction. Likewise, CH must verify that the Operator (Marriott) designates or appoints the Occupational Health Commissions for the Hotel's O&M (Action 1.4 of the ESAP).

To comply with PS-1, CH must also designate an environmental and social issues officer within its organizational structure, as well as define the functions, responsibilities and capacities of said environmental and social officer for the implementation of the SMS. Likewise, an introductory and refresher level training program will be required at least once a year for all environment, health, and safety personnel.

The environmental and social issues officer will be in charge of planning, implementing and monitoring all the required environmental, social and OHS actions. Therefore, CH will structure this

position to guarantee adequate human and financial resources within the SMS, and appoint a qualified Environmental or Sustainability Manager (or similar position), who, together with the Occupational Health Manager (or similar position), must directly inform their corresponding Project Manager/Director about the environmental, social and OH performance of the Hotels and their auxiliary facilities, but with reporting lines that are independent from CH's Corporate Management/General Management (Action 1.4 of the ESAP).

#### **4.1.f Emergency Preparedness and Response**

Based on the SMS, in the construction and start-up stage of any project, emergency responsiveness will be the responsibility of the General Contractor. It is this Contractor who shall develop the Emergency Preparedness and Response Plan for each Project according to regulatory standards,<sup>[10]</sup> using the Occupational Health and Safety and Environmental Monitoring Procedure (PR-PROY-11) as reference. Accordingly, the contractor (V&T) has prepared its Emergency Plan for the Fairfield Alajuela Hotel (v0, from November 1, 2018). However, to comply with PS-1, V&T must strengthen and update this Plan with the following: (i) specific emergency response procedures; (ii) trained emergency response teams, role definitions, brigade trainings; (iii) emergency contacts and communication systems/protocols; (iv) procedures for interaction with local and regional emergency and health authorities; (v) permanent emergency equipment and facilities (e.g. first aid stations, extinguishers/hoses, sprinkler systems); (vi) protocols for firefighters, ambulances and other emergency vehicle services; (vii) evacuation routes and meeting points for the Hotel and the entire horizontal condominium; (viii) training exercises such as annual drills, or more frequently, if necessary, or actual events in which CH, together with the Contractor (V&T) should include nearby residential and/or commercial properties and other key stakeholders to familiarize them with proper procedures in the event of an emergency (Action 1.5 of the ESAP).

During the Operation stage, emergency responses will be the responsibility of the Operator (Marriott) and must at least comply with the applicable legal requirements for Costa Rica. In this case, the Emergency Preparedness and Response Plan takes on the name of Local Crisis Management Plan, which is based on the Marriott International Corporation's security policies, and it shall be the Operator who will prepare such Plan during the first month following the start of the hotel's operation, including actions to be taken in the event of fires, earthquakes, and medical emergencies, among others, and also including contacts and information relevant to the Hotel (Action 1.5 of the ESAP).

#### **4.1.g Monitoring and Evaluation**

CH is responsible for ensuring the implementation of the follow-up, monitoring and control plans described in the Project's ESMP (see section 4.1.d). Based on the Safety, Occupational Health and Environmental Monitoring Procedure ("SOHE"), CH will develop a compliance matrix with its set of key performance indicators to measure the effectiveness of the ESMP and compliance with all environmental, labor, OS, legal, and contractual obligations of the Fairfield Alajuela Hotel, during the construction and O&M stages (Action 1.6 of the PAAS). In accordance with the SOHE Procedure, in the event of deviations or the risk of deviations regarding the abovementioned compliance, corrective, preventive or compensatory measures are applied and the Corrective and Preventive Actions Procedure (PR-SGS-04), which in turn is based on the Audit Procedure (PR-SGS-03), is implemented to ensure continuous improvement.

Likewise, in compliance with the Legal and other Requirements Identification, Registration and Verification Procedure (PR-PROY-03), CH will implement its Project Permit Matrix for all stages of the Project, including: preliminary land evaluation studies; site design; pre-construction studies/permits; construction permits; and operating permits. This permit Matrix must include: (i)

the competent Authority that gives the authorization or issues the permit/license; (ii) dates of issuance and validity; (iii) the person in charge at CH for monitoring/compliance; and (iv) future communication and compliance procedures.

Additionally, CH will strengthen its Wastewater Discharge Monitoring Program with the Wastewater Treatment Plant (WWTP), aiming at improving the regulatory performance of each Hotel in terms of compliance with Costa Rica's Wastewater Discharge and Reuse Regulation<sup>[11]</sup>, as well as compliance with IFC's environmental, health and safety guidelines for water and sanitation<sup>[12]</sup> (whichever is more rigorous<sup>[13]</sup>). This strengthening will be accompanied by new training campaigns, the establishment of a "penalty/reward" mechanism and/or the improvement of wastewater management in each Hotel (Action 1.6, of the ESAP).

Finally, in compliance with PS-1, an Environmental and Social Independent Consultant (ESIC) must periodically prepare a consolidated report on the compliance status with all environmental, social, and OHS policies and measures applicable to the Project's works, including the progress of the SMS actions regarding the established key performance indicators, as well as the compliance status of IDB Invest's Environmental and Social Sustainability Policy, of Costa Rica's environmental, social and OH legislation, and of the IFC's Performance Standards (Action 1.7 of the ESAP).

#### **4.1.h Participation of Social Actors**

As part of its SMS, CH relies on a Community Relations Procedure (PR-PROY-05). However, in accordance with PS-1, the participation of social actors is a permanent process that, for this Project, should include: (i) analysis of social actors and planning of their participation; (ii) dissemination of information; (iii) grievance/complaints mechanism; and (iv) provision of periodic reports to the community. CH will develop a Communal Relations Procedure specific to the Fairfield Alajuela Hotel (action 1.8 of the ESAP) for both the construction and start-up (C&S) and O&M stages, in which for the latter, the lessons learned during the C&S stage are integrated. This Procedure should include the following: (i) updated identification of all stakeholders, including local authorities and surrounding communities (within a 1 km radius or adjacent to the Hotel's access roads) that may be interested in the Project; (ii) differentiated measures to enable the effective participation of disadvantaged or vulnerable groups; (iii) a mechanism to ensure that community representatives represent the views of affected communities; (iv) details on how information is disseminated to stakeholders; (v) details on the participatory process among affected communities and how the complaints mechanism can be accessed (see Section 4.1.i).

#### **4.1.i External Communication and Complaints Mechanism**

As mentioned above, CH relies on a Community Relations Procedure (PR-PROY-05, version 2.1, of February 2018) through which it has regularly consulted the community within the Project's areas of influence (around the Mango Park horizontal condominium), and it also has an external communication and complaints mechanism that uses two forms; one to reply to work requests (FR-PROY-03) and another to receive community complaints (FR-PROY-04). This Community Relations Procedure meets PS-1 requirements in terms of documenting: (i) how information is received from key stakeholders and/or the general public; (ii) how these complaints are evaluated; (iii) how answers are provided and followed up, concluding with the closure of the claim; and (iv) any adjustment or improvement to the ESMP in terms of communication and spreading information.

Likewise, in accordance with the information provided regarding the Fairfield Alajuela Hotel's construction, the V&T Contractor has a Complaints Communication and Resolution Plan that covers how these complaints or grievances are registered, investigated/evaluated, and the follow-up and closure/resolution process.

Finally, during the operation stage, the Hotel operator (Marriott) bears the responsibility for communication and communal relations of the hotels it operates. However, its external communications procedures and complaints mechanism are similar or even superior to those proposed by CH, since the administration of each hotel prepares a report for Marriott on a yearly basis. Based on this report and those submitted by all Marriott hotels, the parent company produces the *Marriott Sustainability Report*, which is published on the public website [www.marriott.com](http://www.marriott.com).

## **4.2. Work and Labor Conditions**

### **4.2.a Human Resources Policies and Procedures**

CH relies on an Internal Labor Regulation (RIT-v.1 of May 2016); however, to comply with the requirements of PS-2, it must establish a human resources policy and adapt its procedures in accordance with Costa Rica's labor laws<sup>[14]</sup> and PS-2 (Action 2.1 of the ESAP). This policy and its procedures shall include, among other things, the promotion of gender equality and non-discrimination, equal opportunities, fair treatment, appropriate terms and conditions of employment, notice of dismissal and compensation, and a Code of Conduct for employees. Likewise, CH will establish a mechanism to ensure that its contractors and their subcontractors also comply with said human resources policy and procedures.

### **4.2.b Employment Terms and Conditions**

As mentioned above, CH has an Internal Labor Regulation (RIT-v.1, of May 2016). However, to comply with Costa Rica's OHS legislation<sup>[15]</sup> and the requirements of PS-2, it must adjust the following procedures: (i) employment procedures and evidence of their implementation for own workers and those hired by third parties, in which the hiring and firing conditions comply with local regulations and those of the International Labor Organization ("ILO") voluntarily adopted by the Ministry of Labor of Costa Rica, including, as a minimum, standards to prevent child labor and forced labor; (ii) procedures for hiring and dismissal/reduction of own work positions and those procedures adopted by contractors towards their workers; and (iii) procedures for managing and monitoring the performance of own workers and those hired by third parties (Action 2.2 of the ESAP). A coexistence handbook (regulation) will also be prepared for workers, contractors, and subcontractors (Action 2.3 of the ESAP), as well as an internal complaints mechanism (see Section 4.2.d).

As for operation, it is up to the operator (Marriott) to prepare the Associate's Manual, defining the plan for labor relations and working conditions, and specifying the responsibilities and obligations of each employee. Said document will be delivered during the first three months of operation and, in addition to contemplating Costa Rica's labor legislation<sup>14</sup>, it must comply with the requirements of PS-2 (Action 2.4 of the ESAP).

### **4.2.c Occupational Health & Safety**

In compliance with Labor<sup>14</sup> and Occupational Health and Safety<sup>15</sup> legislation and the requirements of PS-2, the Fairfield Alajuela Hotel's construction and operation must rely on an Occupational Risk Prevention Management Program. Based on the inherent characteristics and risks of the Fairfield Alajuela Hotel's construction, V&T will implement its Occupational Health Plan as a basis for its Occupational Health and Safety Management System, certified under the OSHAS 18001-2007 Standard, and the Safety, Occupational Health and Environment Manual (CN-SO-100M).

However, regarding the Hotel's operation, CH must carry out a risk analysis of the activities with possible health risks for the workers of this Fairfield Alajuela Hotel. This analysis will be used to

prepare the Occupational Safety Plan (Operation) (PL-PROY-16) which aims to guarantee the health and safety of workers once the hotel is in operation. The document will contain, in addition to the risk analysis, an Occupational Health and Safety Manual that shall be revised and adapted according to the hotel's needs, and will be adopted as the Occupational Safety Plan (Action 2.5 of the ESAP).

#### **4.2.d Internal Complaints Mechanism**

In accordance with the requirements of PS-2, CH must document the internal communications of its employees, contractors and subcontractors, detailing: (i) how the information is received; (ii) how the complaints are evaluated; and (iii) how responses are provided and followed up, leading to the complaint's closure. In this regard, CH will provide the following:

- An Internal Complaints Mechanism (for direct employees, contractors and subcontractors) for the Fairfield Alajuela Hotel's C&S stage, and copies of evidence of its implementation. This complaints mechanism should include details of how these complaints or grievances are recorded, investigated/evaluated, and the follow-up and closure/resolution process (Action 2.6 of the ESAP).
- A similar Internal Complaints Mechanism for the Fairfield Alajuela Hotel's O&M (Action 2.7 of the ESAP), incorporating the experiences and lessons learned during the construction stage.

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

#### **4.3.a Wastewater**

To prevent contamination of the receiving water bodies, the Fairfield Alajuela Hotel will build an Ordinary Wastewater Treatment Plant (WWTP) (according to Ministry of Health regulations) based on the Project's needs (50 m<sup>3</sup>/day flow rate, with a BIONESTMR treatment system for a maximum capacity of 240 guests). According to the calculation report provided by BIONEST for the Fairfield Hotel<sup>[16]</sup>, the proposed system performs the treatment through a mixed anaerobic-aerobic-anoxic system in two independent sections: the first (anaerobic) by means of settling-digesting tanks (septic tanks), the second by means of a biological bioreactor, where an aeration process takes place through a fixed medium (filtering medium), and a final phase, where oxygen is removed. In addition, a disinfection system (chlorination) and a flowrate measurement unit are included within the treatment train, discharging into the authorized receiving body. The WWTP under consideration is highly efficient in the removal of contaminating organic matter and nutrients, guaranteeing a suitable effluent for discharge in a receiving body, or to be reused for irrigation, according to the quality parameters required by law<sup>[17]</sup>.

Regardless of the above, it must be stressed that CH will implement a mechanism to monitor and follow-up compliance with the technical specifications of the Wastewater Discharge and Reuse Regulations<sup>16</sup>, as well as compliance with the IFC's environmental, health and safety guidelines for water and sanitation (whichever is more rigorous), for the WWTP effluent (see Section 4.1.g).

Regarding the handling of sludge, according to information from BIONEST, because the organisms inside the reactor encounter very beneficial conditions for endogenous respiration, the volume of sludge to be treated is significantly reduced. If necessary, the accumulated sludge will be removed from the reactor's compartment during the annual maintenance service and discarded in accordance with national regulations<sup>[18]</sup>.

#### **4.3.b Solid Waste**

As part of compliance with PS-3, to avoid the generation of solid hazardous waste materials (such as

lubricant, oil, or solvent packaging, etc.) and non-hazardous waste materials (domestic, metal, wood, plastics, construction waste materials, etc.), CH has developed a Waste Management Program containing: (i) a diagnosis of waste generation and a description of its management (type, source, storage and transportation conditions, final disposal destination, etc.); (ii) the characteristics of the collection of the materials, identifying those for recycling/recapture/reuse (wood, cardboard, paper, metal, aluminum, etc.); and (iii) the agreement with the authorized disposal site (in this case, the first option would be the EBI landfill in La Uruca). For the management of hazardous solid waste, the process established in the MINAE Hazardous Waste Management System (HWMS) will be followed, which sets out that the Contractor or an external operator shall be authorized by Costa Rica's Ministry of Health for its management, transportation and final disposal.

#### **4.4 Community Health and Safety**

##### **4.4.a Community Health and Safety Requirements**

The Project's new hotel will be designed and built by competent and recognized contractors with experience in the construction and operation of this type of project, using the best international practices recommended by the industry, and complying with applicable national and international safety guidelines, standards, and building codes (the contractor will be V&T). They will also obtain the construction and operation licenses that are required for each stage from the competent authorities (Municipality, Fire Department, Ministry of Health, etc.).

However, one aspect that can have a negative impact on the communities' safety is the increase in cargo vehicle traffic on the surrounding roads during the construction and operation stages. Consulting local transit authorities is therefore necessary regarding road capacity, traffic, scheduling, and road safety measures, such as signage, speed control, etc. To this effect, CH has developed a Road Management Plan. However, to comply with PS-4 it has to be updated/improved so as to include a Comprehensive Road Safety Management Plan specific to the Fairfield Alajuela Hotel, detailing access and exit routes for the transportation of building materials, schedules, and operation restrictions, including the mitigation of potential impacts to affected communities, especially during the construction stage of the project. It should also include an analysis for the start-up stage and the expected vehicle traffic that the Hotel will attract (Action 4.1 of the ESAP).

#### **4.5 Cultura Heritage**

Resolution No. 1939-2010-SETENA, corresponding to the Mango Park development (development that includes the land where the Fairfield Alajuela Hotel will be built), notifies that the special studies set forth in the Manual of Technical Tools for the Environmental Impact Evaluation Process were submitted (No. 32712-MINAE), among which was the Archaeological Inspection Report brief prepared by architect Felipe Sol, who recommended archaeological supervision during the earthworks. This was carried out during the construction of the Mango Park development in 2010, and will not be necessary for the execution of the Fairfield Alajuela Hotel.

### **5. Environmental and Social Action Plan (ESAP).**

The Environmental and Social Action Plan (ESAP) is summarized in [Appendix 1](#).

#### **Contact Information**

For inquiries and comments to IDB Invest, please contact: IDB Invest Communications Group. E-mail: [requestinformation@idbinvest.org](mailto:requestinformation@idbinvest.org)

For Project inquiries, including questions on environmental and social issues related to IDB Invest

investments, please contact the Client or IDB Invest using the contact information provided above.

As a last resort, communities affected by the Project have access to IDB Invest's Independent Consultation and Investigation Mechanism

(<https://www.idbinvest.org/en/how-we-work/integrity-transparency>). Tel: +1 (202) 623-3952. Fax: +1 (202) 312-4057. Address: 1300 New York Ave. NW Washington, DC United States. 20577. E-mail: [mecanismo@iadb.org](mailto:mecanismo@iadb.org) or [MICI@iadb.org](mailto:MICI@iadb.org)

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[1] Building design and construction (BD+C).

[2] Main Contractor or EPC; Constructora Volio & Trejos Asociados, S.A.;  
<https://www.volioytrejos.com/>

[3] International Financial Corporation (IFC), of the World Bank Group.

[4] Administrative File No. D1-0282-2010-SETENA

[5] Safety, Occupational Health and Environment Manual for Workers; CN-SO-110; version 3; June 2016.

[6] Sustainability Management System Manual; Version 4.3; December 2017.

[7] Environmental and Social Management System, Implementation Manual - General; IFC; version 2.1; November 2015. Environmental and Social Management System, Toolbox - General; IFC; version 1.2; November 2015.

[8] Environmental and Social Action Plan (ESAP); see Section 5.

[9] Law No. 7554; Organic Law on the Environment; Published in La Gazeta No. 215, Monday, November 13, 1995.

[10] The Standard for Emergency Preparedness and Response Plans for Work or Public Employment Centers (CNE-NA-INTE-DN-01), fulfills the mandate of the National Law of Emergencies and Risk Prevention No. 8488, the Law of the Distinguished Fire Department of Costa Rica No. 8228, and the General Regulation for the Granting of Operating Permits of the Ministry of Health No. 34728-S.

[11] Executive Decree No. 33601-MINAE-S; Wastewater Discharge and Reuse Regulation. Published in La Gazeta No. 55 of March 19, 2007.

[12] Guidelines for the environment, health and safety of water and sanitation, IFC; April 2007

[13] In cases where the recipient country has regulations that differ from the levels and indicators set forth in the IFC guidelines, the projects must comply with the most rigorous ones. If it is appropriate to use less rigorous levels or indicators in view of the Project's specific circumstances, a complete and detailed justification of any proposed alternative must be included, in which it must be demonstrated that the alternative performance level protects human health and the environment.

[14] Law No. 2 - Labor Code of August 26, 1943 and its updates with the Procedural Labor Reform.

[15] Construction Law No. 833, of November 10, 1982; Law No. 6727 of September 9, 1982, amended to Title IV of the Labor Code; Decree No. 39321-MTSS National Policy of Occupational Health. Decree No. 39408-MTSS, Regulation of Occupational Health Commissions and Offices or Departments, November 21, 2015. Executive Decree No. 13466-TSS, General Regulation of Occupational Hazards, March 24, 1982.

[16] Calculation Report: BIONESTMR Wastewater Treatment System for Fairfield Hotel (50 m<sup>3</sup>/d); Qualified Professional with registration No. IC-22177; October 2018.

[17] Executive Decree No. 33601-MINAE-S, Wastewater Discharge and Reuse Regulation; Published in La Gazeta No. 55, Extension No. 8 of March 19, 2007.

[18] Executive Decree No. 39316-S, Regulation for the Management and Final Disposal of Sludges and Biosolids; August 10, 2015.