

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

West Resort S.A. (the "Borrower") is the special-purpose entity/vehicle created to develop, build and operate a 118-room sustainable resort in Bocas del Toro, Panama (hereinafter the "Project" or the "Hotel"). The Project shall be developed in a 10-hectare plot, within the 185 hectares that comprise the Master Plan for the Development of the Casi Cielo Tourist Complex, located on the coasts of the Caribbean Sea. The sponsors, Starfish Ocean Investment S.A. and Corvan Ventures Ltd., have contracted the services of Viceroy Hotel Group<sup>[1]</sup> ("Viceroy"), an international hotel operator, to manage the Hotel.

The Project is a sustainable tourism transaction in a destination with great tourism potential (Bocas del Toro archipelago), which will contribute to the economic development of Bocas del Toro through the provision of direct and indirect jobs, the training and qualification of local citizens with hospitality and construction skills, and the integration of local farmers and SMEs into the hotel supply chain. Finally, it is expected that the Project will play a catalytic role in encouraging potential additional investments in the area.

The scope of IDB Invest's environmental and social review during the evaluation of API included the analysis of the Project's environmental permits, meetings and conference calls with Borrower's representatives. In addition, IDB Invest's environmental and social specialists conducted two environmental and social due diligence ("ESDD") visits: (i) the first during March 7 and 8, 2018, which included a trip to Colon Island of the Bocas del Toro archipelago for a meeting with the staff of the Borrower and Developer and an inspection visit to the construction site; and (ii) the second during the September 24-26 period, where a meeting was held with the Minister and Vice-Minister of the Ministry of Environment, a meeting with the Deputy Administrator of the Panama Tourism Authority ("ATP", for its acronym in Spanish) and several working meetings with the staff of CAMSA, S.A. de C.V., the Project's environmental consulting firm.

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

This is a **Category B** Project, in accordance with the Environmental and Social Sustainability Policy of IDB Invest, since it is expected that its environmental and social ("E&S") impacts and risks, in general, will be reversible and can be mitigated using measures available with current technologies. The possible environmental and social impacts and risks during the construction stage of the Hotel will be: (i) generation of hazardous and non-hazardous waste; (ii) emission of pollutants into the atmosphere (mainly combustion gases from construction machinery and equipment); (iii) wastewater generation; (iv) noise pollution; (v) earthworks; (vi) vegetation removal; (vii) ground vibrations; (viii) occupational safety and health risks to workers; and (ix) community health and safety concerns related to the presence of workers and increased transit to the Project. On the other hand, during operation and maintenance ("O&M"), the risks and impacts are related to: (i) health and safety of hotel guests and workers; (ii) generation of solid waste and domestic wastewater (iii) atmospheric emissions and noise; and (iv) use of resources, such as energy, groundwater, and local services. Natural disasters, such as earthquakes, fires, floods and hurricanes, do not pose a significant risk to the Project and/or guests and workers, neither from damage to physical infrastructure nor from possible loss of business.

Based on the ESDD visit, the execution of this Project is expected to impact the following International Finance Corporation ("IFC") Performance Standards ("PS"):

- PS-1. Assessment and Management of Environmental and Social Risks and Impacts
- PS-2. Labor and Working Conditions

- PS-3. Resource Efficiency and Pollution Prevention
- PS-4. Community Health, Safety and Security.
- PS-6. Biodiversity Conservation and Sustainable Management of Living Natural Resources
- PS-8. Cultural Heritage

The application of PS-5, "Land Acquisition and Involuntary Resettlement", is not foreseen, since the Project will be developed within owned lands; nor is the application of PS-7, "Indigenous Peoples", since none are present in the Project's development area.

### 3. Environmental and Social Context

The Project will be developed in a 10-hectare plot, within the 185 hectares that comprise the Master Plan for the Development of the Casi Cielo Tourist Complex, located on the coasts of the Caribbean Sea. The Casi Cielo project is located at the eastern end of the District of Changuinola, on a part of the Soropta Peninsula, Province of Bocas del Toro, Republic of Panama. The Project will include a main building (hotel, restaurants, reception, etc.), a wellness center and spa, recreational support areas, and in later stages, lagoon-front buildings/apartments, seabed bungalows, and public service facilities and common areas.

The area where the Project will be executed has a complex natural composition, mainly due to its rainfall regime characteristic of the Afi Climate, very humid tropical (Köppen classification). The hydrological system does not show any river, creek, lake or main channel; there are no clear runoff axes, except for small springs that run diffusely towards the flood plains south of the land. The property's soils are a product of geological, geomorphological and water regime conditions, and fall mainly into two groups: (i) "Histosols", a product of continuous flooding bearing high levels of organic matter, and (ii) decalcification clay, evolved from the upper layers of karstic or calcareous systems. On the other hand, the coastline is made up of a mixture of classic coral remnants, sands driven by tides and winds and, in some cases, abundant organic soil from the flooded lowlands.

The property's vegetation, which is divided into three large masses, rests on these edaphic formations. They are: (i) the terra firme tropical ombrophilous perennial forest; (ii) the flooded tropical ombrophilous perennial forest with and without palm groves; and (iii) the anthropogenic savanna area with introduced grasses and crops associated with human activity (intervened areas). As for the tree species registered in the Project that could be classified as threatened in some degree in some international protection organisms<sup>[2]</sup> and under the Wildlife Law 24 of 1995 in Panama, there is the Spanish Cedar (*Cedrela odorata*), the Maria (*Calophyllum longifolium*), the Amarillo criollo (*Terminalia amazonia*), the Frijolito de la suerte (*Ormosia macrocalyx*), the Camaroncillo de montaña (*Parinari choocoensis*), and the Tangare (*Carapa guianensis*). Regarding these species, all individuals that will be affected by the construction of the Project will be included in the Reforestation Plan and compensated for ecological damages, as indicated in the national Forestry regulation<sup>[3]</sup>.

Within this vegetation, there is a rich wildlife closely related to the type of ecosystem, where the most representative groups during the study period were: 85 species of birds, 15 species of reptiles, 9 species of amphibians, 12 species of mammals and 11 species of freshwater and saltwater fish; of the reported species, 11 of them present some level of vulnerability according to the abovementioned Wildlife regulation in Panama; these include 3 species of mammals: raccoons (*Procyon cancrivorus* or *Procyon lotor*), white-nosed coati (*Nasua narica*), tapeti (*Sylvilagus brasiliensis*); 4 species of amphibians: Talamanca rocket frog (*Colostethus talamancae*), strawberry poison-dart frog (*Dendrobates pumilio*), lovely poison frog (*Phylllobates lugubris*), New Granada cross-banded tree frog (*Smilisca phaeota*); 9 species of reptiles: spectacled caiman (*Caiman crocodilus*), boa constrictor (*Boa constrictor*), Cope's parrot snake (*Leptophis depressirostris*), brown

basilisk (*Basiliscus vittatus* or *Norops lemurinus*), green iguana (*Iguana iguana*), loggerhead sea turtle (*Caretta caretta*), hawksbill sea turtle (*Eretmochelys imbricata*), green sea turtle (*Chelonia mydas*), leatherback sea turtle (*Dermochelys coriacea*); 7 species of birds: chestnut-colored woodpecker (*Celeus castaneus*), three-wattled bellbird (*Procnias tricarunculata*), red-lored amazon (*Amazona autumnalis*), southern mealy amazon (*Amazona farinosa*), brown-throated parakeet (*Aratinga pertinax*), orange-chinned parakeet (*Brotogeris jugularis*), blue-headed parrot (*Pionus menstruus*); 1 species of coral: *Porites furcata*; and 1 species of anemone: *Suchodactyla helianthis*. All these species will be included in the Fauna Rescue and Relocation Plan, in compliance with national wildlife legislation<sup>[4]</sup>.

The social component of the western coastal zone of the Province of Bocas del Toro consists of a complex social network. However, there are no significant dwellings or towns within the area of influence of the West Resort Project, nor in the specific environment of the Soropta peninsula; the most significant would be huts along the Soropta canal and in the vicinity of estate 60, more than 18 km west of Soropta. Within the Casi Cielo estate (also in the West Resort Project) and its surroundings there are no relevant extractive activities, except for some artisanal fishermen who eventually camp with motor boats on the beaches of the southeastern inlet. There are no farming or housing areas within the estate for indigenous or natural groups in the area.

The sponsors, Starfish Ocean Investment S.A. and Corvan Ventures Ltd., have retained Viceroy Hotel Group ("Viceroy"), an international hotel operator, to manage the Hotel.

Regarding compliance with environmental legislation, the Project adheres to the Environmental Impact Study ("EIA", for its acronym in Spanish) of "Desarrollo Turístico Casi Cielo", under Resolution No. DIEORA IA-841-2009 of October 30, 2009<sup>[5]</sup>.

In addition, the Project has obtained the following approvals (subsequent to the EIA's Approval):

- Submission of the Internal Labor Regulations and Security Plan in the regional office of the Ministry of Labor and Labor Development ("MITRADEL").
- Approval of Preliminary Project No. 05-16 of the Project, issued by the Regional National Directorate of Security, Prevention and Investigation of Fires ("DINASEPI") of Bocas del Toro, of the Benemérito Fire Brigade of the Republic of Panama ("Bomberos").
- Sea bottom concession, granted by the Panama Maritime Authority ("AMP", for its acronym in Spanish), through Contract No. A-2003-2016 of November 17, 2016.
- Resolution No. 242, of May 8, 2009, issued by the Ministry of Housing and Land Management ("MIVIOT"), which approves the proposed Land Use, zoning and Road Plan contained in the Land Management Scheme of the "Casi Cielo" Project, and Resolution No. 404-2015, of July 7, 2015, which approves the Modification of the "Casi Cielo" Land Management Scheme.
- Certificate No. SINAPROC-DPM-513/19-10-15 issued by the National Civil Protection System ("SINAPROC") which is the Civil Protection Authority in Panama, regarding natural risks, especially floods.
- The approval by the Municipality of Changuinola, Province of Bocas del Toro, of the following documents/permits: Preliminary Architectural Design of the Project, by official letter of April 8, 2016; Earth Moving Permit (PM 228) of October 29, 2015; renewal of Earthworks Permit (PM 231) of November 29, 2016,

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

##### *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, West Resort already has an Environmental and Social Management System ("ESMS") for the Project. However, in order to achieve compliance with PS-1, said ESMS has to be evaluated according to the IFC Implementation Manual and Toolkit[6] (Action 1.1 of the ESAP[7]); depending on the results of the evaluation, the ESMS will be strengthened/updated.

#### 4.1.b. Policies

As part of its compliance with PS-1, West Resort will strengthen its Environmental and Social Policy, which indicates: (i) who, within its organization, will ensure compliance with this policy and will be responsible for its execution, and also how this policy will be communicated to all levels of its organization; and (ii) create a mechanism to measure ongoing improvement during implementation (Action 1.2 of the ESAP).

On the other hand, according to the information provided, West Resort has developed a Basic Safety and Environment Guide; however, to comply with PS-1, an Occupational Health and Safety ("OHS") Policy is required as part of its Occupational Health and Safety Plan, in compliance with the requirements of Panama's labor regulations (see Section 4.2.c).

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

Any new construction, especially the construction of the Hotel, in addition to verifying compliance with environmental impact regulations, shall identify and assess environmental and social risks and impacts. Based on the foregoing, in compliance with General Environmental Law 41[8] and its Regulations[9], an Environmental Impact Study ("EIA") was prepared and submitted to the Ministry of the Environment[10] (MiAmbiente), giving way to Resolution DIEORA IA-841-2009. In conclusion, no critical impacts are anticipated in the construction phase and all impacts will be mitigated/compensated within the Environmental and Social Management Plan ("ESMP", see Section 4.1.d). On the other hand, the execution of the works is considered positive from the point of view of the creation of employment (temporary and fixed) and the economic stimulation (services) of the local communities.

Finally, given that the execution and operation of the Project is dynamic, West Resort, in compliance with PS-1, will continuously update the environmental, social and OHS risk matrix for each phase of the Project (Design, Construction, O&M and/or Closure/Abandonment), for all its operations, in order to obtain, monitor and control operating/functioning permits or licenses (see Section 4.1.g).

#### 4.1.d. Management Program

According to the information provided, both Resolution DIEORA IA-841-2009 and Chapter 10 of the EIA set forth the Project's Environmental and Social Management Plan ("ESMP"). Within this ESMP, there are specific mitigation and control measures for the protection of air, noise, soil, water resources, vegetation and fauna, economic, social and occupational health and safety factors. Likewise, the ESMP contains the following plans: (i) Public participation plan (see Section 4.1.h); (ii) Risk prevention plan (see Section 4.2.c); (iii) Wildlife rescue and relocation plan; (iv) Environmental education plan; (v) Contingency plan (see Section 4.1.f); (vi) Post-operational environmental recovery plan; and (vi) Abandonment plan.

#### 4.1.e Organizational Capability and Competence

Within the ESMS, West Resort submits its organizational chart and description of duties (organizational structure) of the staff that will execute the Project. Such organizational structure has two key positions: (i) Environmental Management, Occupational Health and Safety, and (ii) Social

Management; who will report OHS and social environmental performance to the Project's General Manager.

Similarly, the Basic Safety and Environment Guide developed by West Resort, proposes the creation of a Safety and Environment Committee, comprised of the owner's staff (the General Manager of Environment, Safety and Surveillance, the Occupational Health and Safety Supervisors and the Service and Maintenance Supervisors) and contractors (Agents in charge of Safety and Environment for contractor and subcontractor companies).

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

West Resort has a Complementary Occupational Health and Safety Plan that outlines emergency procedures for natural hazards (tsunami, fires, hurricanes and floods, earthquakes, and landslides) and man-made hazards (major accidents, structural fire, chemical and fuel spills, and gas leaks). However, a review of this document identified that in order to comply with PS-1, this Emergency and Evacuation Plan must be strengthened with: (i) procedures to interact with local and regional emergency and health authorities; (ii) protocols for firefighters, ambulances and other external emergency vehicle services, considering the long time needed to reach the site by sea; (iii) evacuation routes and meeting points for each Project and for each of the facilities/buildings comprising the Project; (iv) training exercises such as annual drills, or more frequently if necessary, or actual events in which West Resort should include other key stakeholders to familiarize them with the appropriate procedures in the event of an emergency (Action 1.3 of the ESAP).

#### 4.1. g Monitoring and Evaluation

West Resort is responsible for ensuring the implementation of the follow-up, monitoring and control plans described in the Project ESMP (see Section 4.1.d). West Resort will develop a compliance matrix with its set of key performance indicators to measure the effectiveness of the ESMP and compliance with all legal and contractual obligations of the Project, during the construction phases and O&M (Action 1.4 of the ESAP).

Likewise, as part of the fulfillment of all legal obligations and regulatory requirements of Panama, through the implementation of this compliance matrix, the status/validity of all Permits and/or Licenses necessary for the execution of the Project will be periodically reviewed/updated (at least yearly). This compliance matrix should include: (i) the competent Authority who authorizes or issues the permit/licence; (ii) issue and effective dates; (iii) the person within West Resort who is responsible for follow-up/compliance; and (iv) future communication and compliance procedures.

Finally, in compliance with the requirements of PS-1, an independent environmental and social consultant will periodically prepare a consolidated report on the performance/compliance status of all policies and environmental, social, and OHS policies applicable to the Project, including the progress of ESMS actions against established key performance indicators; as well as the compliance status with IDB Invest's Environmental and Social Sustainability Policy, Panama's environmental, social and OHS legislation, and IFC's Performance Standards (ESAP Action 1.5).

#### 4.1.h Participation of Social Actors

##### Informed consultation and participation

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. In this sense, within the ESMS, West Resort presents specific corporate social responsibility initiatives.

West Resort also developed a specific Communication and Dissemination Plan for the Project, in order to establish a space for dialog and collaboration, both between the company's work team and with different groups of key external actors (governmental and private organizations and entities, contractors and suppliers, the media, etc.) and the communities within the area of indirect influence.

### Dissemination of information

In compliance with environmental legislation in Panama, due to the fact that it is a Category III EIA, Borrower carried out the following activities to make the general information of the project, as well as its impacts and the compensation/mitigation measures proposed in the ESMP, known and available to the general public: (i) during the EIA stage, interviews with key stakeholders and opinion polls were conducted; (ii) formal consultation, which complies with Articles 4, 5 and 6 of Executive Decree No. 155 of 2011, modifying Articles 33, 34 and 35 of Executive Decree No. 123 of 2009 (respectively), in which, during the evaluation of the EIA, an extract of the EIA is published in two media channels (in this case, in a newspaper of national circulation and the display and removal of the extract in the Municipal Mayor's Office of Bocas del Toro), setting a deadline to receive the participation of the communities directly affected or benefited by the Project; and (iii) the holding of a Public Forum, in compliance with Art. 37 of Executive Decree No. 123 of 2009. Finally, Resolution No. IA-841-09 mentions that, during the public consultation period, no complaints or formal observations were received from the community.

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

As previously mentioned, as part of the Project's ESMS, West Resort has proposed to periodically submit reports to the community(s) within the indirect area of influence and has described its grievance/complaints mechanism, where guidelines are provided for addressing and resolving a complaint, as well as action and dissemination tools supported by the Project's specific Communication and Dissemination Plan.

However, in order to fulfill the requirements of PS-1, West Resort is required to provide the following:

- An External Grievance Mechanism focused on key stakeholders, including local authorities and communities within the indirect area of influence of the Project, those affected or of some interest for the construction phase, and copies of evidence of its implementation. This external Grievance Mechanism should include details about: (i) how information is received from key stakeholders and/or the general public; (ii) how these complaints are assessed; (iii) how responses are provided and followed up, concluding with the closure of the complaint; and (iv) any adjustments or improvements to the ESMS, in terms of communication and information dissemination (Action 1.6 of the ESAP).
- A similar External Grievance Mechanism during the Project O&M (Action 1.7 of the ESAP), that incorporates the experiences and lessons learned throughout the construction stage.

## *4.2 Work and Working Conditions*

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

According to the information provided, the Project intends to create approximately over 600 jobs during construction and 300 jobs (direct and indirect) during operation, which has a significant social and economic impact on local communities.

West Resort will develop a human resources policy and its procedures, in accordance with the labor laws in Panama[\[11\]](#)(Action 2.1 of the ESAP). Such policy and its procedures shall include, among

other things, the promotion of gender equality and non-discrimination, equal opportunities, fair treatment, an agreement with appropriate terms and conditions of employment, notice of dismissal and compensation for employees. West Resort will also set up a mechanism to ensure that its contractors and their subcontractors also comply with this human resources policy and its procedures.

#### 4.2.b Employment Terms and Conditions

West Resort has a staff recruitment and selection policy that sets out the procedure to ensure the proper recruitment, selection and hiring of the personnel required for the Project. However, in order to comply with PS-2, the policy shall include the following: (i) employment procedures and evidence of their implementation for own workers and those hired by third parties, in which the conditions for hiring and dismissal are in accordance with local and International Labor Organization ("ILO") regulations including, as a minimum, standards to prevent child and forced labor; (ii) procedures for hiring and dismissing/reducing in-house jobs and procedures adopted by contractors for their workers; and (iii) procedures to manage and monitor the performance of in-house and third-party workers (Action 2.2 of the ESAP).

It should be noted that West Resort already has an Internal Regulation (or Coexistence Manual), Code of Conduct, Dress Code, Hygiene and Safety Policy, Housing Regulation, Vehicle Use Policy, and Network and Systems Use Policy, which will support the hiring of future service providers in terms of defining their duties and obligations.

Likewise, West Resort, through specific clauses within the contracts with the Contractors and the Contractor's subcontractors, guarantees that they will comply with their obligations in: (i) environmental; (ii) labor; and (iii) industrial safety, health and hygiene matters.

#### 4.2.c. Occupational Health and Safety

According to the analysis of the information and in compliance with the legislation on Safety, Health and Hygiene of Workers in Panama<sup>[12]</sup>, West Resort has an Occupational Health and Safety Study prepared specifically for the conditions, activities and environment of the Project, to set the guidelines and parameters under which the Occupational Health and Safety Program will be implemented in each stage of the execution of the Project, with the aim of ensuring the well-being of each of the workers and any visitor or client who enters the work, and thus being able to control risky situations that endanger their physical integrity.

West Resort has also developed a Basic Guide to Safety and the Environment, which sets out the basic standards for safety at work and environmental protection, for all personnel working on the Project, as well as for all people who access the facilities, whether they are their own or third parties, suppliers or contractors.

However, in compliance with PS-2, West Resort's Occupational Health and Safety Program shall contain a procedure and mechanism for notifying emergency response agencies, local authorities, and the Bank of fatalities or major accidents; as well as an analysis of the main cause of the accident and a procedure to ensure that corrective actions to prevent future accidents are implemented (ESAP Action 2.3).

#### 4.2.d Internal Grievance Mechanism

In accordance with the requirements of PS-2, West Resort is required to document the internal communications of its employees, contractors and subcontractors, detailing: (i) how information is received; (ii) how these complaints are evaluated; and (iii) how responses are provided and followed

up, concluding with the closing of the complaint. West Resort will provide the following:

- An Internal Grievance Mechanism (for direct employees, contractors and subcontractors) for the construction stage of the Project; and copies of evidence of its implementation. This Grievance Mechanism should include details of how complaints or grievances are registered, investigated/evaluated, and the respective follow-up and closure/resolution process (Action 2.4 of the ESAP).
- A similar Internal Grievance Mechanism during the Project O&M (Action 2.5 of the ESAP) that incorporates the experiences and lessons learned in the construction phase.

#### 4.3. Resource Efficiency and Pollution Prevention

##### 4.3.a. Water Consumption and Wastewater Treatment

According to the EIA and the information provided by Borrower, to date the use of groundwater resources has been considered, supported by the following documents issued by the Ministry of Environment of Panama: Resolution No. 42-2016, which declares it admissible to grant a permanent water concession to West Resort, S.A., for a flow of 0.57 L/s for Recreational Tourism use at the rate of 24 hours per day taken from several wells; (ii) Resolution No. DM-0169-2017, whereby water use rights are granted, by means of a permanent concession, to West Resort, S.A.; and (iii) Permanent Concession Contract for Water Use No. 22-2017, signed on July 27, 2017. There is also a request for an increase in flow for the aforementioned permanent concession from 0.57 L/s to 5.10 L/s, which was received by the Ministry of the Environment on September 18, 2017, due to the commencement of the Project's construction.

Regardless of the water use concession, Resolution No. DIEORA IA-841-2009 provides that the water resource supplied for the Project complies with Resolution No. 597 of November 12, 1999, Technical Regulation DGNTI-COPANIT 23-395-99 "Potable Water, definitions and General Requirements".

The EIA mentions that the environmentally friendly design of the Project considers using a range of water saving technologies, which includes high-efficiency appliances, wastewater recycling, landscaping with native plants that require little water, spray sprinklers, and/or rainwater collection/capture mechanisms. West Resort will develop a strategy for efficient water use within the Project (Action 3.1 of the ESAP), which shall include: (i) a hydrological balance (i.e., an analysis of the demand frequency and of water inputs/outputs); (ii) flows of the different types of use; (iii) measures of efficient use for each use; (iv) monitoring of water quality, according to use; and (iv) a comparative analysis with consumption standards of the tourism and hotel sector, defined in the World Bank's Guidelines on Environment, Health and Safety for Tourism and Hotel Development ("WBG")/IFC[13].

Regarding wastewater treatment, according to the EIA, the Project will include a wastewater treatment system consisting of modular wastewater treatment plants ("WWTPs") and construction of infiltration and irrigation fields. The modules provide primary treatment incorporating sedimentation processes, biological treatment and sludge treatment, with an efficiency of up to 99% for the desired flow. Borrower shall strengthen its Wastewater Discharge Monitoring Program to improve regulatory performance and demonstrate that the design, construction, and operation of the WWTP comply with local regulations (DGNTI-COPANIT 35-2000 Standards, defined for the discharge of liquid effluents directly into surface and groundwater bodies and masses) and the requirements for liquid effluents of the WBG/IFC Group Environmental, Health and Safety Guidelines for Water and Sanitation, whichever is more stringent[14] (Action 3.2 of the ESAP).

According to the EIA, there is an alternative to reuse the surplus water from these WWTPs using



well-known techniques. This is in accordance with the provisions of COPANIT Standard 24-99, regarding the reuse of treated wastewater, which in its Purpose and Field of Application registers the use for irrigation purposes of forage crops that are not for human consumption.

Finally, the handling of excess sludge from the operation that are classified (COPANIT Standard 47-2000, Gazette 24,115 of August 10, 2000) as domestic sludge, that is, sludges generated by a wastewater treatment plant, will be classified and used as composting material or as construction material (aggregate) or raw material for construction elements (blocks).

#### 4.3.b. Solid Waste Management

The EIA has mentioned that the Municipality of Changuinola has restrictions on the volume of solid waste it can manage. This is in accordance with the requirements of Resolution DIEORA IA-841-2009, which sets forth that, prior to the start of the work, West Resort will submit the Comprehensive Plan for the Management of Solid Waste produced in the Project area, in accordance with the National Policy for the Comprehensive Management of Non-Hazardous and Hazardous Waste<sup>[15]</sup> (Action 3.3 of the ESAP), with its respective location for the final disposal of this waste, in order to minimize impacts both in the continental area and in the marine-coastal area.

#### 4.3.c. Pollution Prevention

The Borrower will use pesticides only when necessary to achieve the Project objectives in accordance with an Integrated Pest Control (IPC) or Integrated Vector Control (IVC) strategy, and only after other pest control practices have failed or have been ineffective. The Client will produce and implement an IPC and/or IVC approach for pest management activities (Action 3.4 of the ESAP).

### 4.4. Community Health and Safety

#### 4.4.a. Health and Safety

Due to potential negative health and safety impacts arising from worker or labor inflow, and given the conditions of the Project's construction site, Borrower shall develop a procedure to comply with the proposed IFC Guidelines for Housing Workers<sup>[16]</sup>, both for its own workers and those of Contractors and Subcontractors (Action 4.1 of the ESAP), focusing on the characteristics and conditions of temporary construction camps, whether new facilities built on site or existing facilities provided in neighboring communities.

#### 4.4.b. Infrastructure and Equipment Design and Safety

Pursuant to the Fire Brigade's approval of Preliminary Project No. 05-16, the Fire and Life Protection ("F&LP") designs of Project buildings and facilities shall comply with (i) the Resolution No. 725<sup>[17]</sup> that adopts the National Fire Protection Association ("NFPA") international standards and (ii) the laws and regulations on the rights and equal opportunity principle for individuals with disabilities in Panama<sup>[18]</sup> and/or the Americans with Disabilities Act ("ADA") 2010 standards for accessible design (universal design standards that set minimum requirements for newly constructed facilities to be readily accessible to and usable by individuals with disabilities). In this regard, Borrower shall provide certification from a qualified professional acceptable to IDB Invest that the design and construction of fire safety and life protection (F&LP) systems for the Project's buildings and facilities comply with the F&LP requirements of the IFC General Guidelines on Environment, Health and Safety, that the design is fully compliant with the international F&LP code and the F&LP code of Panama (Action 4.2 of the ESAP). After construction, a qualified F&LP professional acceptable to IDB Invest will inspect the project and present a certificate that the buildings and facilities contemplated in the Project (Preliminary Project No. 05-16) are constructed in accordance

with the previously approved engineering design and that all F&LP systems were installed as designed and tested in accordance with international requirements (Action 4.2 of the ESAP).

#### 4.4.c. Security Personnel

During the inspection visit, it was found that, in general, there is security personnel at the Project facilities. West Resort will therefore provide a copy of the contract between such business unit and the security company or companies, in order to verify, among other aspects, that conditions have been included that allow for: (i) conducting reasonable investigations to ensure that security personnel do not have a criminal record and have not been involved in cases of abuse in the past; (ii) verifying details of necessary training in relation to the use of force; (iii) verifying restrictions on the use of firearms; and (iv) identifying details of environmental and social awareness training, including issues of respect for human rights (Action 4.3 of the ESAP).

#### 4.5. *Biodiversity Conservation and Sustainable Management of Living Natural Resources*

##### 4.5.a. Protection of Wildlife

Based on the information provided, the Project has an approved Wildlife Rescue and Relocation Plan[19], which complies with Law No. 24 on wildlife legislation and Resolution AG-0292-2008. In addition, in response to the requirements of Resolution DIEORA IA-841-2009, West Resort will develop a Biodiversity Plan that includes a conservation proposal associated with the sighting of marine species, including an inventory of sea turtle nesting on the Project's beaches and an inventory of sea grass macrofauna in front of the Project (Action 6.1 of the ESAP). This Biodiversity Plan should coordinate these activities with the regional authorities of the Ministry of the Environment and submit a report every 6 months on these sighting/nesting phenomena, in order to contribute to the protection and conservation of these marine species within the Project area.

##### 4.5.b. Supply Chain

West Resort will develop a verification procedure for the responsible sourcing of goods and services. The procedure: (i) will institute an ongoing review of the Project's primary supply chains; (ii) will limit purchases to suppliers who can demonstrate that they contribute to significant conservation of critical and/or natural habitats (this can be demonstrated by delivery of a certified product or progress towards verification or certification under a credible scheme in the case of certain primary goods and/or sites); and (iii) where possible, will require action to move, over time, the primary supply chain to suppliers who can demonstrate that they produce no significant negative impacts on these areas (Action 6.2 of the ESAP).

#### 4.6. *Cultural Heritage*

In accordance with the requirement of Resolution DIEORA IA-841-2009, West Resort will submit, prior to the start of the works, an Archaeological Prospecting and Rescue Plan for the 10 ha that comprise the Project's area of influence (Action 8.1 of the ESAP), so as to comply with Law No. 14 of May 5, 1982 on Historical Heritage modified by Law No. 58 of August 7, 2003.

## 5. Environmental and Social Action Plan

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

### CONTACT INFORMATION:

For Project inquiries, please contact:

Client's contact name: Alfredo Monagas  
Position: Director  
Telephone: (+507) 386-4523  
E-mail: [infowestresort-iadb@west-resort.com](mailto:infowestresort-iadb@west-resort.com)

For inquiries and comments to IDB Invest, please contact: IDB Invest Communications Group. Email: [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 of America. 20577. E-mail: [mecanismo@iadb.org](mailto:mecanismo@iadb.org) or [MICI@iadb.org](mailto:MICI@iadb.org)

---

[1] Viceroy is a prestigious hotel chain offering a portfolio of unique boutique properties in North America, Latin America, the Caribbean, Europe, Asia and the Middle East.

[2] Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES); Red Book of the International Union for Conservation of Nature (IUCN).

[3] Law No. 1 of February 7, 1994; Resolution AG-0151-2000 of May 22, 2000, establishing the Minimum Technical Parameters in the Reforester's Presentation to the National Environmental Authority (ANAM) of the Reforestation Plan or Project and the Technical Financial Report; Resolution AG-0235-2003 of June 12, 2003, which established the amounts for ecological damages, for the issuance of logging permits and the elimination of undergrowth or grass formations required for the execution of development works, infrastructure and buildings; Resolution AG-0281-2005 of May 18, 2005, whereby Regulatory Measures are established for the Protection, Conservation and Sustainable Use of Forest Resources in the Republic of Panama and other provisions are issued.

[4] Law No. 24 of June 7, 1995, whereby the Wildlife Legislation in the Republic of Panama is laid down and other provisions are issued; Resolution AG-0292-2008 of April 11, 2008, whereby the requirements for Wildlife Rescue and Relocation Plans are set forth.

[5] Resolution DIEORA-IAM-056-2013 approves the request to change the promoter of the segregation of 20 ha. located within Finca 670, Tomo 87, folio 300, of the Environmental Impact Study Category III, called Desarrollo Turístico Casi Cielo, approved by Resolution DIEORA-

IA-841-2009, notified on October 30, 2009.

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

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

[8] Official Gazette No. 28131-A of October 4, 2016, of Law 41 of July 1, 1998, General Environmental Law of the Republic of Panama, which includes the reforms approved by Law 18 of 2003, Law 44 of 2006, Law 65 of 2010 and Law 8 of 2015.

[9] Executive Decree No. 123 of August 14, 2009, which regulates Chapter II of Title IV of Law 41 of July 1, 1998, General Law on the Environment of the Republic of PANAMA and which repeals Executive Decree 209 of September 5, 2006; Executive Decree No. 155 of August 5, 2011, modifying Executive Decree No. 123 of August 14, 2009;

[10] Law 8 of March 25, 2015, which creates the Ministry of Environment, modifies provisions of the Aquatic Resources Authority of Panama and issues other provisions.

[11] Cabinet Decree No. 252, Labor Code (December 30, 1971) and amendments to Law No. 44 of August 12, 1995.

[12] Executive Decree No. 2 - Regulations on Health, Hygiene and Safety in the Construction Industry (February 15, 2008); Resolution No. 45-588 -2011 -J.D. Social Security Fund - General Regulations on the Prevention of Occupational Risks and Occupational Safety and Hygiene (of February 21, 2011); Law No. 66 - Health Code, Chapter II - Industrial Hygiene; Decree No. 68 - Occupational Risks.

[13]

<https://www.ifc.org/wps/wcm/connect/3041188048865819b41ef66a6515bb18/Tourism%2B-%2BSpanish%2B-%2BFinal.doc-rev%2Bcc.pdf?MOD=AJPERES>

[14] In cases where the recipient country has regulations that differ from the levels and indicators presented in IFC guidelines, projects must fulfill the most stringent ones. If it is appropriate to use less stringent levels or indicators in view of the specific circumstances of the project, a full and detailed justification for any proposed alternative should be included, demonstrating that the alternative performance level protects human health and the environment.

[15] Executive Decree No. 34 of February 26, 2007, approving the National Policy for the Comprehensive Management of Non-Hazardous and Hazardous Waste, its principles, objectives and courses of action.

[16] Worker Housing: Processes and Standards. IFC and EBRD, August, 2009  
([https://www.ifc.org/wps/wcm/connect/9839db00488557d1bdfcff6a6515bb18/workers\\_accomodation.pdf?MOD=AJPERES&CACHEID=9839db00488557d1bdfcff6a6515bb18](https://www.ifc.org/wps/wcm/connect/9839db00488557d1bdfcff6a6515bb18/workers_accomodation.pdf?MOD=AJPERES&CACHEID=9839db00488557d1bdfcff6a6515bb18))

[17] Resolution No. 725 of July 12th, 2006, whereby the standards of the National Fire Protection Association, NFPA 101, 2003 edition in Spanish, are adopted as a reference for human safety regulations; NFPA 13, 2002 edition in Spanish, as a regulation for fire sprinkler systems; NFPA 20, 1992 edition in Spanish, as a regulation for stationary fire pump systems; additional functions are assigned to the permanent advisory committee for the study, adaptation and application of NFPA 101 - Human Safety Code.

[18] Law No. 15 of May 31, 2016, which amends the Law No. 42 of 1999, which establishes the Equal Opportunities for Individuals with Disabilities; Law No. 42 of August 27, 1999, which establishes the Equal Opportunities for Individuals with Disabilities; Law No. 25 of July 10, 2007, which approves the Convention on the Rights of Individuals with Disabilities and the Optional Protocol to the Convention on the Rights of Individuals with Disabilities, adopted in New York by the Assembly of the United Nations on December 13, 2006.

[19] Communication DAPVS-3161-15 of the Directorate of Protected Areas and Wildlife of the Ministry of Environment, dated November 16, 2015.