

This is a category III project according to the IIC's environmental review procedure because specific impacts may result which can be avoided or mitigated by adhering to generally recognized performance standards, guidelines and design criteria. The principal environmental and labor issues related to this project include liquid effluent treatment, solid waste disposal, emergency response plan, fire safety, and employee health and safety.

Environmental Compliance: During the appraisal, the Sponsors provided information on how they are addressing and plan to address environmental and labor issues and demonstrate that the proposed project will comply with applicable national, regional, and IIC requirements. The information provided about how these potential impacts are addressed by the project is summarized in the following sections.

Water Supply: Drinking water is supplied by the State-owned company (OSE) and meets World Health Organization requirements. In addition, bottles of water are also provided in the rooms and restaurant of the hotel.

Liquid Effluent Treatment: The waste waters will be pretreated in grease traps prior to being discharged into the hotel sewage system for further treatment. The sponsors have agreed to implement a septic system to provide primary treatment before discharging into the municipal collection system. Storm waters are discharged into the urban storm sewer system.

Solid Waste Management: Solid waste will be collected and disposed of in accordance with local laws and regulations. During the construction/renovation phase the sponsor will minimize the generation of solid waste.

Air Emissions: The hotel's air conditioning system and food storage facilities will not use CFC-based refrigerants, thereby complying with international non ozone depleting guidelines. Air emissions will be minimal since the on-site generators will only be used in case of emergencies. At all other times the hotel will be connected to the local electricity grid.

Building Safety: The local civil works and engineering authorities and Marriott will review the Hotel's design and construction plans for compliance with international and local regulations. A construction permit will be issued by the relevant authorities. During construction, the sponsors will ensure that the contractors provide workers with the necessary safety equipment and follow safe working practices.

Fire Safety and Emergency Response: A comprehensive fire protection and life safety system will be implemented. Rooms and public areas will have fire evacuation signs displayed with information on the appropriate escape routes and evacuation procedures. There will be two internal emergency exit stairways. The rooms and public areas will have smoke detectors and sprinklers installed. The kitchen area will have automatic fire fighting systems, fire blankets, and foam extinguishers. The public areas will have fire extinguishers and hose reels. Emergency exits will be lighted and clearly marked. The sponsors will certify that the fire protection and life safety systems meet Marriott and NFPA Life Safety Code 101 - 1997 guidelines.

The Sponsors will be required to prepare an emergency response plan. A copy of such a plan was provided to the Sponsors during the project appraisal. The emergency response plan will include training of the staff on first aid and fire evacuation procedures, and will require periodic simulation drills. The plan contemplates that there will be a trained fire and emergency response team available at all times.

Based on its review of available information regarding potential environmental impacts and

proposed mitigation measures, IIC concludes that the proposed project is being designed to meet IIC environmental, health and safety guidelines and Uruguayan requirements.

Labor: The hotel's salary structure, benefits, and incentive structures will exceed the minimum requirements of Uruguayan law. Staff will be continuously upgraded through attendance of courses offered by the hotel and Marriott.

Monitoring and Compliance: The hotel will be required to implement an environmental management plan (EMP) that is acceptable to the IIC. The EMP will include (1) a description of the project's environmental and safety management systems, (2) implementation schedule for all of the environmental and safety items mentioned, and (3) the annual monitoring requirements. During the life of the project, IIC will monitor ongoing compliance with its own Environmental and Labor Review Guidelines policy by evaluating monitoring reports submitted annually to IIC by the Sponsors and by conducting periodic site reviews during project supervision.