

Environmental Classification: 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, land use, solid waste disposal, fire safety, safety during construction, and employee and student health and safety.

Environmental and Labor Issues:

Environmental Compliance: The project is in compliance with national, local, and municipal environmental, and fire regulations. UNIVA has contracted external consultants to complete Preventive Environmental Impact Assessments (Informe Preventivo de Impacto Ambiental) for the campus in Leon, Puerto Vallarta, and Lagos de Moreno. Permits from the following government entities are required for construction of the project:

- SEAPAL and the National Water Commission (Comision Nacional de Agua) (Vallarta)
- SIAPA (Leon and Guadalajara)
- Municipalities (Construction license, water and sewage treatment permit)

Land Use: UNIVA operates 5 main campuses - together with 6 satellites. The campuses in Leon and Lagos currently consist of houses being rented and in Vallarta a school is being rented. The sites where the new buildings are to be located are not near sensitive habitats, with the exception of the Vallarta site, which is 1 km from the Estero del Salado state ecological park. However, environmental impacts on the park due to the location of the university are not anticipated. The site at Vallarta has been used primarily for cattle grazing in the past, and has very scarce vegetation. UNIVA also has plans to reforest part of the land with native species and create a green area. The other sites also present scarce vegetation and have historically been used for agriculture. At the sites, no resettlement nor economic displacement has occurred as a result of the project.

Solid Waste Management: UNIVA's domestic solid waste will be collected by the municipal government. The waste generated by the laboratories for chemical analyses will be separated and channeled to separate containers where authorized companies will collect the waste and dispose of it in an appropriate manner. In addition, the IIC will require that the contractors appropriately store and dispose of their construction materials and debris, and that potentially hazardous substances being used during construction, such as diesel and oil be contained and stored in secure areas, reducing the risk of spills.

Liquid Effluent Treatment: The sewage wastewater from the campuses in Leon, Vallarta and Lagos will be treated by secondary wastewater treatment plants that rely on rotating biological disks and meet international guidelines for liquid effluent. The treated wastewater at the above locations will subsequently be used for irrigation of the campus grounds.

At the Campus in Guadalajara, the rainwater is separated from the sewage wastewater, and the university is connected to the municipal sewage collection system and treatment plant.

Water Supply and Energy: Potable water for UNIVA will be supplied by the municipal water system by way of cisterns. UNIVA will rely on the power supplied by the CFE energy grid.

Quality Control: The project appears to be in compliance with the applicable construction regulations. In addition, the materials being used for the construction (i.e. concrete, cement and steel) of the buildings is purchased from reputable manufacturers. The strength and other properties of these materials are also tested at a laboratory used by the contractor hired to supervise the construction.

Occupational Health and Safety and Fire Safety: With respect to occupational health and safety, the IIC will require that all contractors be trained to follow appropriate health and safety procedures, such as those detailed in the safety manual currently being used by the supervising contractor at the Puerto Vallarta site. During the appraisal visit, it was noted that some contractors did not have the appropriate safety devices, such as hard hats, industrial safety boots, and harnesses. UNIVA will be required to ensure that the contractors involved in the construction of the new buildings are supplied with the appropriate personal protective equipment. In addition, the IIC will require that preventive safety signs be used to signal areas where workers should take certain precautions. The IIC will require that UNIVA properly secure and mark the boundaries of each construction site, restricting access to the site and its equipment. This will minimize the risk of unwanted persons entering the site, that otherwise could result in unnecessary health and safety risks, as well as potential delays in construction. With respect to fire safety, the buildings will have fire alarms, smoke detectors and different types of fire extinguishers, such as ABC, HALON, and Halotron. In addition the university has different brigades in place to respond to bomb threats, natural disasters, evacuations, and administering first aid.

Labor: A small group of UNIVA's employees belongs to an independent union. Through membership to this union, employees participate in negotiating wages and benefits.

Monitoring and Compliance: The company's monitoring procedures will be described in the Environmental Management Plan to be prepared by UNIVA. The company will submit an annual report summarizing the monitoring data related to wastewater discharge, solid waste disposal, fire safety, occupational health and safety, accident reports, and labor related issues. 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 Company and by conducting periodic site reviews during project supervision.