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, solid waste disposal, water use, fire safety, and worker health and safety.

The resorts will continue to follow environmentally friendly practices. The Negril Cabins resort was the first hotel in the world to receive Green Globe Certification for environmentally sustainable tourism. Negril Cabins was also a 1999 winner of the American Express Green Hotel of the Year award.

Environmental Compliance: As required by the National Environmental and Planning Agency (NEPA), Environmental Impact Assessments were conducted in September 2003 for the expansion of the existing hotel facility in Montego Bay and Negril. To conduct the EIA, the project sponsors contracted a multidisciplinary team with local expertise in EIAs, marine and coastal ecology, coastal engineering, environmental chemistry, socioeconomics, and tourism planning.

Land Use: The Negril Cabins hotel expansion site is located inland on their existing hotel site, an area zoned for tourism development. There are no mangroves or coastal wetlands onsite or in the immediate vicinity of the Negril Cabins site. As the cabins are renowned for their lush vegetative surroundings, the trees on the property will be minimally impacted by the construction of the new cabins. In addition, landscaping with low maintenance, salt-tolerant coastal species typically used for feeding by local bird species as well as the conservation of some existing trees of particular ecological importance will help to offset any potential impact.

The 4.8 ha coastal site for the hotel expansion at Montego Bay is part of land reclaimed in the 1960s using sea bottom material from the dredging and the construction of Montego Harbor and is located next to the existing Sunset Beach hotel, adjacent to residential complexes on Seawind Island. The vegetation at the site is mostly grassland, with 85% - 90% of the site covered by grasses or bare ground; and the rest of the site is covered with seagrape and other trees. Landscaping after building completion will restore and enhance the site's wooded appearance and is expected to introduce more diversity in the types of vegetation. This land should add ecological value and attract birds and other fauna. Seawind Island lies within the Montego Bay Marine Park and Bogue Lagoon Sanctuary. The company will take measures to ensure that the water quality and the nearby coral reefs are not negatively impacted during construction and operation of the hotel.

Water Supply: Drinking water for the Negril Cabins hotel expansion site is supplied by the Logwood Treatment potable water treatment plant in Hanover. Given that only 4 MGD (Imperial million gallon per day) of water is being used and the plant has a capacity of 6 MGD, the estimated water consumption figures from 1991 to 2026 indicate that the water demand of the proposed Negril Cabins development is not anticipated to have any negative impacts on the water supply for the area. At the Montego hotel expansion site the incremental demand for water is also well within the capacity of the current National Water Commission (NWC) system.

Liquid Effluent Treatment: The additional gallons per day sewage to be produced from the Negril Cabins expansion (approximately 36,000 gpd or 14 m3/day at full occupancy) will be discharged to the NWC's sewage mains for treatment at the new Sheffield plant. Given that the plant has an excess capacity in the order of 1.5 MGPD, the proposed expansion of the Negril Cabins hotel (which will generate an additional 36,000 GPD) will be within the capacity of the treatment plant. Sewage to be

generated by the Montego hotel expansion site will be discharged to the NWC's sewage mains and will be treated at the Bogue plant. As there will be no on-site disposal of sewage and there will be complete connectivity to the NWC system, sewage discharges to coastal waters should not arise. The sewage from temporary labor camps during construction will have portable toilets installed ensuring proper disposal of this waste. The proposed on-site drainage system to be developed for the expanded hotels will ensure that surface freshwater runoff does not cross over the beach or enter the marine environment offshore from the hotel sites. The hotels are likely to store the rainwater and reuse it for grounds irrigation.

In addition, other measures will be implemented to ensure that the marine water quality and ecology is not negatively impacted by the project. For instance, the project sponsor will i) ensure that when the sites are cleared, large sections of soil are not left exposed and uncovered for extended periods of time; ii) monitor to ensure that stockpiles of fine construction material are not near drainage features on site and do not end up in the marine environment; iii) ensure that earth materials transported by trucks are properly covered to prevent spillage and generation of dust; and iv) monitor marine water quality on a monthly basis during the construction phase to ensure that the construction works are not negatively impacting coastal water quality.

Solid Waste Management: Solid waste will be collected and disposed of in accordance with local laws and regulations. During the construction phase the sponsor will minimize the generation of solid waste. Waste at the both hotel sites will continue to be collected by a private contractor and disposed of at the Retirement dump.

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 emergency exit stairways and three or four clearly marked fire exits will be installed, as well as emergency lighting. The kitchen area will have fire suppression systems. The public areas will have fire extinguishers and hose reels. A fire detection and alarm system will be installed, and the corridors will have a central annunciating system of fire pull stations and alarms. In addition, the "tunnel form" method of construction with reinforced concrete walls throughout will provide an adequate fire rating. The sponsor will also prepare an emergency response plan that should include staff training on first aid and fire evacuation procedures and will require periodic drills.

Worker Safety: During construction, the sponsors will ensure that workers are provided with the necessary safety equipment and follow safe working practices.

Labor:The hotel's workers are not members of a union, because unionized hotels tend to be older facilities with long standing contracts dating back to the 1970s. The hotel's salary structure, benefits, and incentive structures are in line with other resorts in Jamaica.

Monitoring and Compliance: The hotel will be required to implement an environmental management plan that is acceptable to the IIC. The plan will include (i) a description of the project's environmental and safety management systems, (ii) an implementation schedule for all of the environmental and safety items mentioned, and (iii) 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 sponsor and by conducting periodic site reviews during project supervision.