

## **Environmental and Social Review Summary (ESRS)**

### **Hadco - Trade Finance for Green Supply Chains – Trinidad and Tobago**

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#### **1. General Information of the Project and Overview of Scope of IDB Invest's Review**

Hadco Holdings Limited, a company incorporated in Trinidad & Tobago, is a diversified Caribbean conglomerate, and Hadco Limited (solely owned by Hadco Holdings Limited), participates in the retail, distribution, food, beverage, electrical, lighting, logistics & services industries. Both companies are seeking financing as follows: (i) a committed tranche to finance imports and purchases of goods mainly operating within the Food & Beverage and Electrical & Lighting subdivisions of the Distribution Division; and (ii) an uncommitted tranche to finance future capital expenditures and additional imports and purchases of goods (together, the "Project").

The environmental and social due diligence ("ESDD") process included, among other activities, a visit to Hadco's headquarters and principal logistics facility in Port of Spain; interviews and meetings with senior management; and the review of environmental and social ("E&S") and occupational health and safety ("OHS") information provided by the Client, such as: i) the Hadco ESG Policy; ii) the Hadco Health, Safety and Environment ("HSE") Policy; and iii) the Hadco Group HSE Manual. The ESDD was scoped to cover the subdivisions within Hadco Limited that are participating in the committed financing tranche—namely Food & Beverage and Electrical & Lighting (hereafter referred to as "Hadco"). Future due diligence will be conducted to cover any activities related to the uncommitted tranche that were not already covered by this initial ESDD, once those activities become known.

To ensure the Project's commitment to respect and protect human rights, its zero tolerance for retaliation, and its commitment to providing and guaranteeing a safe environment for stakeholders to voice their concerns without fear of retaliation, the ESDD process also included the review of the Hadco Employee Handbook and the Hadco Group Policy Manual.

#### **2. Environmental and Social Categorization and Rationale**

The Project has been classified as a Category B operation according to IDB Invest's Environmental and Social Sustainability Policy since Hadco's operational activities entail, among others, the following risks and impacts: i) generation of common solid wastes, such as packaging and shipping materials; ii) risks related to the storage of hazardous materials and disposal of hazardous wastes, primarily related to vehicle fueling and maintenance activities; iii) air pollution from operation of delivery vehicles and forklifts; iv) greenhouse gas emissions from the operation of warehouse cooling equipment; v) occupation health and safety risks associated with warehouse logistical operations; and vi) fire risks. These impacts are deemed to be of medium intensity.

The Performance Standards (PS) triggered by the Project are: i) PS1: Assessment and Management of Environmental and Social Risks and Impacts; ii) PS2: Labor and Working Conditions; iii) PS3: Resource Efficiency and Pollution Prevention; and iv) PS4: Community Health, Safety, and Security.

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

#### **3.1 General characteristics of the Project's site**

Hadco's warehouse complex occupies approximately two hectares of land adjacent to the Churchill Roosevelt Highway in the town of San Juan. The immediate surroundings are dedicated overwhelmingly to industrial uses, with a small number of private residences interspersed throughout the area.

#### **3.2 Contextual risks**

Contextual risks encountered in Trinidad and Tobago with relevance to Hadco's operations include high rates of theft, violent crime, and gender-based violence and harassment. Hadco has policies and procedures in place, as described below, to mitigate these risks.

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

#### **4.1 Assessment and Management of Environmental and Social Risks**

##### **4.1.a E&S Assessment and Management System**

Hadco manages its health, safety and environment ("HSE") risks according to the Company's overarching HSE Manual, which contains the essential elements of an Environmental and Social Management System ("ESMS"). This manual will form the basis from which Hadco will now develop an ESMS scoped specifically for the Company's main warehouse complex and containing more detailed and location-specific procedures. Labor-related risks are guided by the Hadco Employee Handbook and the Hadco Group Policy Manual—which are in the process of being updated and enhanced.

##### **4.1.b Policy**

The HSE Manual opens with an HSE policy statement, which presents the Company's overarching policy of providing a safe and healthy work environment and then goes on to list specific commitments including the following: i) identification and assessment of potential hazards and risks that may arise through Hadco's activities; ii) implementation of measures to control these hazards and risks; iii) compliance with statutory and contractual HSE requirements; iv) application of Hadco's HSE requirements to third party service providers; v) provision of information and training to employees; vi) monitoring of HSE performance; and vii) consultation with employees on HSE management and performance.

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

The HSE Manual provides detailed guidance for carrying out HSE risk assessments and includes a procedure for completing a full health and safety risk assessment annually, in compliance with Trinidad and Tobago Occupational Health and Safety (Amendment) Act 2006. The Manual states that the risk assessment must meet the requirements set forth in Standard TTS 620:2008 of the Trinidad and Tobago Bureau of Standards.

##### 4.1.c.i Direct and indirect impacts and risks

Primary impacts and risks related to Hadco's operations include the following: i) generation of non-hazardous solid wastes, consisting mainly of packaging and shipping materials; ii) risks related to the storage of hazardous materials and disposal of hazardous wastes, primarily related to vehicle fueling and maintenance activities; iii) air pollution from operation of delivery vehicles and forklifts; iv) greenhouse gas emissions from the operation of warehouse cooling equipment; v) occupational health and safety risks common to warehouse logistical operations; and vi) fire risks.

##### 4.1.c.ii Gender risks and programs

In Trinidad and Tobago's distribution and retail sectors, gender-related risks include barriers to female representation in leadership, unequal pay, and workplace harassment. Women face higher job insecurity, especially in informal roles. Gender-based violence and discriminatory hiring practices remain concerns.

Hadco's human resources policies and procedures explicitly prohibit gender-based discrimination, while committing the Company to providing equal opportunities for men and women. The Group Policy Manual includes a definition of sexual harassment, condemns and prohibits it, and provides a grievance mechanism for victims with provisions to guard against retaliation. Furthermore, the Hadco Group HSE Manual describes the Company's policies of offering workplace accommodations for pregnant women and nursing mothers and granting fourteen weeks of paid maternity leave.

##### 4.1.c.iii Climate change exposure

The National Adaptation Plan of Trinidad and Tobago lists the following among the country's main hazards: flooding, tropical cyclones, and landslides. Flooding, strong winds, and landslides have been especially prominent in recent years. Droughts, though less frequent, can persist for months. Although Trinidad and Tobago are not frequently affected by direct tropical cyclones due to its location outside of the mid-Atlantic hurricane belt, cyclones remain a significant threat. Climate change is projected to worsen these hydrometeorological hazards, which can directly affect physical infrastructure, along with the associated logistics operations they depend on.

#### 4.1.d Management Programs

Hadco's HSE Manual includes management programs for the following thematic areas: i) HSE competency and training; ii) security; iii) health and hygiene; iv) environment; v) accident/incident

reporting; vi) emergencies; and vii) monitoring, audit and review. A pest control plan is included in Hadco's Food Safety Manual. Emergency response plans have been developed for the warehouse and head office facilities. All labor-related matters are managed according to the programs contained in the Employee Handbook and the Hadco Group Policy Manual.

#### 4.1.e Organizational Capacity and Competency

Matters related to HSE are managed by Hadco's HSE Manager, who reports directly to Hadco's Chief Executive Officers. Reporting to this HSE Manager are an HSE Team Lead, an HSE Officer, and a dedicated administrative assistant.

#### 4.1.f Emergency Preparedness and Response

Hadco has an Emergency Response Plan for each of its facilities, including the head office compound and the main warehousing complex. These plans define roles and responsibilities, and contain procedures covering the following topics, among others: i) fire prevention; ii) emergency response for various contingency situations; iii) fall prevention; and iv) evacuations.

#### 4.1.g Monitoring and Review

Hadco's HSE Manual calls for an annual review of the following HSE components: i) HSE policies, systems and procedures; ii) HSE goals and targets; iii) safety performance; and iv) work procedures. Results of the review are to be reported to management and formally communicated to all employees. Also as prescribed in Hadco's HSE Manual, the Company performs and documents monthly HSE audits of workplaces and jobsites.

#### 4.1.h Stakeholder Engagement

Hadco's stakeholder engagement focus to date has been on providing benefits to the communities within which the Company operates. The ESMS that Hadco will develop for the warehouse complex will include a Stakeholder Engagement Plan, adding an additional focus on the following aspects: providing the neighboring community with information regarding potential risks and impacts of the Company's operations on the community, and the relevant mitigation measures being implemented; plans for an ongoing, permanent engagement process between the community and the Company; and details regarding the Company's external grievance mechanism.

##### 4.1.h.i Disclosure of Information

Hadco publishes information about its corporate structure, product offerings, and new developments on the Company's website. The website contains links to the company newsletter, known as The Hadco Times, which further details key corporate events—such as those related to corporate social responsibility initiatives, sustainability initiatives, and new facility openings.

##### 4.1.h.ii Indigenous Peoples

There are no indigenous populations in the Project's area of influence.

#### 4.1.i External Communication and Grievance Mechanisms

Hadco's website includes the physical and email addresses as well as a phone number for contacting the company with suggestions or complaints. The Company will develop a structured external grievance mechanism for fielding complaints and suggestions from the public, and provide information on the same website regarding how it can be accessed.

#### 4.1.j Ongoing Reporting to Affected Communities

To complement the Company's website and newsletter, Hadco will develop and adopt a procedure for periodic reporting of information to the community surrounding the Company's distribution centers in Trinidad and Tobago. The reports will provide progress updates on actions being taken in response to any issues raised by the community during the stakeholder engagement process or through the external grievance mechanism.

### **4.2 Labor and Working Conditions**

#### 4.2.a Working Conditions and Management of Worker Relationships

Hadco's standards regarding working conditions and worker relationships are described in the Hadco Employee Handbook and the Hadco Group Policy Manual, as described in the following sections.

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

The Hadco Employee Handbook outlines the Company's policies regarding equal opportunity, workplace conduct, attendance, leave, and benefits.

##### 4.2.a.ii Working Conditions and Terms of Employment

Hadco employees work from 8:00 AM to 5:00 PM, Monday to Friday, with flexible scheduling in some roles. Overtime may be required based on operational needs, with compensation in monetary form or time off. Employees are provided with designated areas for breaks and meals. Employment terms include a probationary period of up to six months, followed by formal performance evaluations. Leave policies cover vacation, sick leave, maternity leave, bereavement leave, and jury duty, with requirements for medical certification when applicable. Hadco provides support with medical insurance premiums and life insurance. Structured training programs support career development, and the company maintains a zero-tolerance policy for harassment and discrimination.

#### 4.2.a.iii Workers' Organizations

Hadco complies with Trinidad and Tobago's laws that protect workers' rights to join trade unions and engage in collective bargaining. These laws prohibit all companies in the country from retaliating against employees for joining unions or participating in union activities.

#### 4.2.a.iv Non-discrimination and Equal Opportunity

The Employee Handbook outlines a non-discrimination policy aimed at ensuring equal opportunities for all employees, regardless of race, skin color, religion, age, gender, physical or mental disabilities, or sexual orientation. Employees are encouraged to report discrimination without fear of retaliation, and violations may result in disciplinary action, including termination.

#### 4.2.a.v Retrenchment

The Project will not result in any retrenchment. Nevertheless, the Hadco Employee Handbook states that, in cases where employees are subject to retrenchment, severance benefits will be determined in accordance with the Trinidad and Tobago Retrenchment and Severance Benefits Act.

#### 4.2.a.vi Grievance Mechanism

The Hadco Group Policy Manual describes a structured grievance process available to employees that defines the levels of management through which grievances pass, from the immediate supervisory level up to the level of the chief human resources officer. The Manual makes clear that retaliation for filing a complaint is prohibited and may result in disciplinary action up to and including dismissal. The Company will update both the Hadco Employee Handbook and the Group Policy Manual with the details of an enhanced Worker Grievance Mechanism that fully aligns with PS2.

#### 4.2.b Child and Forced Labor

The Hadco HSE Manual defines policies for young employees (ages 16–18), restricting their work to temporary roles and internships. It prohibits them from operating hazardous machinery without proper training and supervision. Young employees cannot work overnight (10 PM–7 AM) or exceed 48 hours per week. HADCO maintains a register of young workers, ensuring compliance with Trinidad and Tobago's labor laws. Regarding forced labor, the handbook emphasizes adherence to legal and ethical standards, which prohibit this practice.

#### 4.2.c Occupational Health and Safety

The Hadco HSE Manual establishes comprehensive policies for employee well-being, workplace safety, and environmental responsibility. It details roles and responsibilities, and emphasizes compliance with Trinidad and Tobago's OSH Act and other environmental laws. Key sections cover accident prevention, emergency response procedures, PPE requirements, risk assessments, and hazardous material handling. The manual also outlines guidelines for waste management, energy

conservation, and employee rights, including the right to refuse to participate in unsafe work activities.

#### 4.2.d Provisions for people with disabilities

The Hadco Group Policy Manual prohibits discrimination based on disability status, and states that the Company will make reasonable accommodations for individuals with disabilities. The HSE Manual states that the Company welcomes job applicants with disabilities and evaluates them based on their ability to perform the job. It also includes provisions for granting reasonable accommodations to disabled employees, such as modifications to equipment and the work environment. Hadco's facilities are equipped with accessible entrances, exits, restrooms, parking facilities, workspaces and meeting rooms.

#### 4.2.e Workers Engaged by Third Parties

The HSE Manual outlines guidelines for ensuring third-party workers and contractors comply with Hadco's HSE policies. Contractors must adhere to Hadco's HSE standards, undergo safety inductions, and follow risk assessment protocols. The manual also mandates regular audits and evaluations of contractors and subcontractors aimed at maintaining workplace safety. Contractors are required to comply with legal and regulatory requirements while working on Hadco projects.

#### 4.2.f Supply Chain

As part of the development of the new ESMS, Hadco will create a process for i) identifying potential child or forced labor in its supply chain, and ii) taking appropriate steps, commensurate with the level of the Company's influence over the supplier, to remedy any instances identified.

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

#### 4.3.a Resource Efficiency

The Hadco HSE Manual includes a section on energy conservation, which begins with a statement affirming the Company's policy of minimizing the depletion of natural resources. A series of requirements are then presented, including: using air conditioners in moderation and turning them off at night where feasible; using fluorescent lighting instead of incandescent, and keeping lights turned off when rooms are unoccupied; and turning off computers and peripherals at the end of each day. Hadco also reduces its energy consumption by optimizing the routes of the Company's delivery vehicles, and by servicing forklifts every six months for optimal performance.

#### 4.3.a.i Greenhouse Gases

Greenhouse Gas emissions from Project-financed activities are not anticipated to reach levels requiring a full accounting.

#### 4.3.a.ii Water Consumption

Water is supplied to Hadco's operations through municipal systems. Due to the nature of the Company's activities, risk and impacts related to water consumption are not material.

#### 4.3.b Pollution Prevention

Hadco's Environmental Policy Statement calls for the control of pollution, effluent, emissions, and other wastes at their source using the most appropriate procedures and processes.

##### 4.3.b.i Wastes

Hadco's HSE Manual includes guidelines for managing the principal wastes generated by Company operations—including both hazardous and non-hazardous wastes. Hazardous wastes covered by the Manual include e-Wastes, lead-acid batteries, dry cell batteries, fluorescent bulbs, and solvents. Non-hazardous wastes include used oil filters, contaminated rags, scrap metal, garbage, wastepaper, plastic bottles and containers, tires, and printer cartridges. The Manual also includes a list of approved waste disposal contractors for each type of waste, including those offering recycling services (bins for sorting recyclable materials are located throughout Hadco's facilities). The ESMS being developed for the warehouse facility will include procedures for managing the wastes generated specifically in the automotive repair shops, which include hazardous wastes (e.g., solvents, lead-acid batteries, hydraulic fluids) and non-hazardous wastes (used tires, scrap metal, used air and oil filters).

##### 4.3.b.ii Hazardous Materials Management

A variety of hazardous materials can be found at Hadco's warehouse facilities, mostly—but not entirely—associated with vehicle maintenance activities. Examples include the following: bulk diesel fuel; bulk quantities of used motor oil; solvents and cleaners; hydraulic and brake fluids; and refrigerants. Hadco will update its HSE Manual to include procedures for managing these materials rigorously and systematically.

##### 4.3.b.iii Pesticide Use and Management

Hadco hires a third-party provider for pest control at its facilities. The new ESMS will include provisions to ensure these third parties select chemical pesticides (including rodenticides) that: (i) are packaged in safe containers; (ii) are clearly labeled for safe and proper use; (iii) are manufactured by an entity currently licensed by relevant regulatory agencies; and (iv) do not fall in the World Health Organization's ("WHO") Recommended Classification of Pesticides by Hazard Class Ia or Ib.



#### **4.4 Community Health, Safety and Security**

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

Risks and impacts to communities from Hadco's operations are low, especially considering the location of Hadco's main logistics facility within a highly industrialized zone.

##### **4.4.a.i Hazardous Materials Management and Safety**

Hazardous materials managed by Hadco present a risk to local communities mainly insofar as they might be flammable and potentially cause a fire that could escape to the surrounding community. The hazardous materials management procedures to be developed for the new ESMS will mitigate this risk.

##### **4.4.a.ii Emergency Preparedness and Response**

Hadco's emergency response plans are designed to avoid and mitigate risks to community health and safety that may relate to the Company's activities. The plans include, for example, procedures related to fire prevention and safety, spill prevention and control, and vehicular accidents.

##### **4.4.b Security Personnel**

Security services are provided at Hadco's installations by a third-party provider. The Company will assess the risks posed by its security arrangements to people within and outside its facilities, and develop a Security Management Plan covering the following aspects: hiring; rules of conduct; training; equipping; and monitoring of security personnel.

#### **4.5 Land Acquisition and Involuntary Resettlement**

The Project will not generate any physical or economic displacement of the population as it does not involve any land acquisition.

#### **4.6 Biodiversity Conservation and Sustainable Management of Living Natural Resources**

The Project will not result in risks or impacts to modified, natural or critical habitats, nor will it impact or be dependent on ecosystem services.

#### **4.7 Indigenous Peoples**

The Project will not affect communities or groups of Indigenous Peoples.

#### **4.8 Cultural Heritage**

No impacts on the cultural heritage are expected from the Project, as no civil works or earth moving will take place.

## **5. Local Access of Project Documentation**

For inquiries relate to the project, please contact:

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