

Environmental and Social Review Summary (ESRS)

Trinidad Tissues Limited: Advancing Growth Through Infrastructure and Distribution – Trinidad & Tobago

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

Trinidad Tissues Limited (“TTL”, or the “Company”) is one of the leading paper companies in the English-speaking Caribbean and has a diversified portfolio. The Company manufactures jumbo semi-finished tissue, towel, and napkin rolls from both virgin pulps and secondary fiber and converts these to finished products. Product distribution extends across the entire Caribbean region, reaching markets outside of Trinidad and Tobago (“T&T”) such as other CARICOM¹ countries, the Dutch Antilles, Puerto Rico, Dominican Republic, and Cuba. Aligned with its regional and international growth strategy, the proposed investment involves: a committed long-term loan to support new capital expenditures; a committed short-term revolving facility to cover import financing and working capital needs and refinance existing debt; and an uncommitted long-term loan to finance the construction of a new distribution center (the “Project”).

An Environmental and Social Due Diligence (“ESDD”) was conducted for a previous IDB Invest loan to TTL in 2023, and an Environmental and Social Review Summary (“ESRS”) and Environmental and Social Action Plan (“ESAP”) were published on the IDB Invest website at that time.² Since the environmental and social (“E&S”) risks and impacts related to TTL’s activities are unchanged since that initial review, the ESDD for the current transaction focused primarily on assessing the Company’s compliance with the E&S agreements established under the original transaction, and consisted of the following activities: i) a visit to TTL’s production facility and headquarters; ii) meetings with Company management; and iii) a review of the documents comprising TTL’s Integrated Management System (“IMS”).

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 other documents such as the Company’s Environmental, Social, and Governance Policy; Human Resources Policy; Employee Policy; the Core Labor Requirements Policy (“CLRP”); and the Stakeholder Engagement Plan.

¹ CARICOM, the Caribbean Community, is an international organization focused on economic integration and cooperation among its member states in the Caribbean region.

² <https://idbinvest.org/en/projects/trinidad-tissues-limited>

2. Environmental and Social Categorization and Rationale

The Project has been classified as a Category B operation in accordance with IDB Invest's Environmental and Social Sustainability Policy, since it involves, among others, the following risks and impacts: i) solid and liquid wastes generation; ii) occupational health and safety ("OHS") risks; and iii) fire and explosion risks. These risks and impacts are deemed to be of medium-low intensity, are generally limited to the Project site, largely reversible, and can be managed via measures that are readily available and feasible to implement in the context of the operation.

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

TTL's headquarters and production facilities are in an industrial complex approximately 30 kilometers northeast of Port of Spain, in the town of Arima, Trinidad.

3.2 Contextual risks

Contextual risks in Trinidad and Tobago with relevance to TTL's operations include high rates of theft, violent crime, and gender-based violence and harassment. The Company has in place policies and procedures 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

TTL has prepared a permit register to track compliance with all E&S-related permits, certificates and licenses. These include: i) Water and Air Pollution Rules Registration Certificates; ii) a Certificate of Environmental Clearance ("CEC"); iii) a Well Water License; and iv) a permit for the storage of pesticides and other hazardous materials.

4.1.a E&S Assessment and Management System

TTL's Chain of Custody Certification from the Forest Stewardship Council ("FSC") remains in effect, meaning all raw materials for the Company's products continue to come from forests that are managed according to strict E&S standards. The Company is currently seeking certification under the ISO 9001 standard³ and TTL is rolling this system into an IMS that will also encompass the management of OHS and environmental risks according to the ISO 45001 and 14001 standards, respectively, and expects to have this entire system certified in the coming year.

³ An international standard issued by the International Organization for Standardization ("ISO").

4.1.b Policy

TTL has an Environmental, Social, and Governance Policy that commits the Company to sustainable and ethical business practices. The policy emphasizes environmental stewardship through sustainable production, resource conservation, and proper waste management, and promotes a safe, inclusive workplace and continuous stakeholder engagement.

4.1.c Identification of Risks and Impacts

TTL has created and implemented a process for identifying the Company's E&S risks and impacts and developed a comprehensive risk and impact matrix. Risks associated with TTL's operations include those typical of the manufacturing sector, such as the generation of solid and liquid wastes (related to the cleaning and preparation of recycled fiber) and risks to worker safety (associated with the operation of heavy machinery). Additionally, paper plant operations produce large quantities of dust that, on top of posing respiratory risks to workers, could lead to fires or explosions if ignited by fugitive sparks.

Regarding gender-related risks, TTL assesses the adequacy of personal protective equipment ("PPE") for women workers (uniform adjustable to pregnancy, etc.) and provides pregnant women the option to avoid risks to their pregnancies by transferring to equivalent grade positions. The Company continues addressing sexual harassment and gender-based violence according to the Employee Policy and the Core Labor Requirements Policy ("CLRP"). Structured investigations into violations of these policies have resulted in employee dismissals. The Company provides regular training on these policies to all employees and contractors.

4.1.c.i Climate change exposure

The Project is considered aligned with the Paris Agreement based on the analysis conducted in accordance with the IDB Group Paris Alignment Implementation Approach. The National Adaptation Plan of Trinidad and Tobago lists the following hazards that could potentially affect TTL's infrastructure and logistics operations: flooding, tropical cyclones, and landslides.

4.1.d Management Programs

TTL has developed a series of E&S management programs to address the requirements of its Forest Stewardship Council ("FSC") certification and to achieve ISO certifications. These include, among others: i) an emergency preparedness and response plan; ii) internal and external grievance mechanisms; iii) internal and external audit procedures; iv) OHS training programs; v) resource consumption monitoring programs; vi) waste management plans; vii) hazardous materials management plans; viii) pesticide management plans; and ix) fire safety management programs. The Company is engaged in a continuous process of identifying risks and impacts in its operations, recording these in the E&S risk and impact matrix, and developing plans and procedures to address them.

4.1.e Organizational Capacity and Competency

TTL's IMS is implemented by a team of professionals selected from across the organization for their skills and demonstrated experience managing the Company's quality, E&S and labor risks. The team consists of members from the departments of Quality, Continuous Improvement, Human Resources, and others.

4.1.f Emergency Preparedness and Response

TTL has adopted a set of general emergency response procedures for managing risks of floods, earthquakes, fires, and injuries. A more targeted Emergency Response Plan, specific to the Trinidad and Tobago operations, is currently under development.

4.1.g Monitoring and Review

TTL has a robust E&S monitoring system in place, covering OHS statistics (workplace accidents, incidents, near misses, etc.), energy and water consumption, and greenhouse gas generation. Noise, air quality, and effluents are also monitored regularly according to local regulatory requirements. Internal and external audits are conducted at regular intervals to maintain FSC™ certification.

4.1.h Stakeholder Engagement

TTL's activities, located within an industrial complex, do not generate significant adverse impacts on communities. Nevertheless, the Company's IMS includes a structured Stakeholder Engagement Plan ("SEP") led by the Company's dedicated community liaison and ESMS Committee, and TTL has a public website and Facebook page where information about corporate activities is shared. The website includes a "Complaints Line" that is reachable by phone, email, or web form, through which members of the public can submit grievances. Once submitted, grievances are handled according to the Company's documented Grievance Redress Procedure, which defines relevant roles, responsibilities, and timeframes for effective grievance redress.

4.2 Labor and Working Conditions

4.2.a Working Conditions and Management of Worker Relationships

Labor and working conditions for TTL's approximately 400 workers are governed through several Human Resources policies covering topics including: i) core labor; ii) employment; iii) leave of absence and attendance; iv) compensation and benefits; v) discipline; and vi) procedures for termination. The CLRP explicitly allows workers to form associations and to bargain collectively without fear of retaliation. TTL's human resources policies confirm the Company's commitment to providing equal opportunity in recruitment practices regardless of race, religion, origin, marital status, sex, ethnicity, or disability. TTL has developed an internal grievance mechanism that details the Company's grievance redress process, allows for anonymous complaints, and includes specific provisions for cases involving sexual harassment or gender-based violence. A Grievance Officer has been designated to oversee the implementation of the mechanism.

4.2.b Protecting the Workforce

TTL's CLRP and Occupational Safety and Health Management Plan ("OSHMP") define the roles and responsibilities and lay out the procedures and protocols for ensuring worker health and safety throughout the Company's operations. TTL does not employ workers below the age of eighteen and the CLRP explicitly prohibits the use of child or forced labor by the Company and its contractors.

4.2.c Occupational Health and Safety

TTL's CLRP and OSHMP detail the OHS policies, protocols and procedures in place for ensuring worker health and safety, consistent with Trinidad and Tobago's OSH Act. Appropriate PPE is provided to all staff, consistent with the results of Job Safety Analyses for high-risk tasks. The Company measures indoor air quality, temperature, and noise regularly, and takes corrective actions as necessary to keep these within regulatory limits. Regular OHS training is provided, and drills are conducted on topics including crane and forklift operation, confined space rescue, and hazardous materials handling. The Company reports key OHS statistics, including accident rates, regularly to senior management.

4.2.d Provisions for people with disabilities

TTL's labor policies prohibit discrimination based on disability in the workplace and in all hiring decisions.

4.2.e Workers Engaged by Third Parties

Workers engaged by third parties are required to comply with TTL's Core Labor Policy. A set of requirements, including requirements related to environmental management, is attached to all contracts with third-party service providers.

4.2.f Supply Chain

TTL's FSC certification requires the sourcing of one hundred percent of the Company's paper fibers either from well-managed forests or from recycled materials.

4.3 Resource Efficiency and Pollution Prevention

4.3.a Resource Efficiency

TTL integrates sustainable practices throughout its operations. Energy and water consumption are measured and analyzed monthly and reported to management, with the goal of identifying opportunities for efficiency improvements. The Company measures and reports on its carbon footprint on an ongoing basis according to a Greenhouse Gas Monitoring Plan (for 2024 TTL emitted approximately 40 thousand tons of CO₂ equivalent). TTL's process water is sourced from an offsite well and treated on site for re-use in the manufacturing process. The Company has developed a

Water Resource Management Plan (“WRMP”) including plans to systematically analyze options for harvesting rainwater.

4.3.b Pollution Prevention

TTL’s Waste Management Plan (“WMP”) incorporates procedures for recycling various materials, including plastics, scrap metal, paper, wood and organic waste, and includes measures for managing hazardous wastes. The Company has developed a hazardous chemicals inventory, as well as an inventory of pesticides in use on its properties and has checks in place to ensure that none of these falls within the WHO Recommended Classification of Pesticides classes 1a or 1b. TTL’s permit from the Ministry of Health for the storage of toxic chemicals and pesticides remains in effect.

4.4 Community Health, Safety and Security

4.4.a Community Health and Safety

Consistent with the nature of its business and its location in an industrial park, TTL’s health and safety risks to communities are not considered significant. Nevertheless, the Company has obtained Water and Air Pollution Rules Registration Certificates and monitors liquid effluents and air emissions as part of the IMS. TTL’s buildings are fitted with fire alarm systems, fire pumps, hoses, reels, hydrants, extinguishers, and sprinklers, and the systems have received Fire Services Inspection approval. The Company performs regular tests of its fire safety system to ensure constant operational readiness. TTL is currently updating its emergency preparedness and response plan to include procedures for communicating and coordinating with surrounding establishments in case of fire emergencies.

4.4.b Security Personnel

The manufacturing plant is securely fenced and monitored by security cameras. Security personnel do not carry arms.

4.5 Land Acquisition and Involuntary Resettlement

No land will be acquired as part of the project.

4.6 Biodiversity Conservation and Natural Habitats

TTL’s FSC certification ensures that the Company sources its raw materials exclusively from forests that are managed according to strict E&S standards, effectively eliminating any potential risks or impacts to biodiversity.

4.7 Indigenous Peoples

The Project will not affect any indigenous communities.

4.8 Cultural Heritage

The Project will not affect any cultural heritage.

5. Local Access of Project Documentation

Documentation relating to the project can be accessed by emailing:

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