

## Environmental and Social Review Summary (“ESRS”)

### VM Group Limited: Debt Financing to Support MSMEs, Green and Mortgages for Affordable Housing in Jamaica / 15646-01

**Original language of the document:** English  
**Issuance date:** April 2026

- 1. Scope of Environmental and Social Review.** The Environmental and Social (“E&S”) assessment of the proposed transaction was conducted during the last quarter of 2025 through a review of documentation and a presentation of the Enterprise Risk Management (“ERM”) team. Policies and procedures related to E&S risk management and human resources were reviewed.
- 2. Environmental and Social Categorization and Rationale.** The sub-projects to be supported have medium risk potential, such as mortgages, housing, and energy efficiency. Therefore, per IDB Invest Environmental and Social Sustainability Policy, this transaction has been categorized as FI-2. The sub-loans will focus mainly on Micro, Small and Medium-Sized Enterprises (“MSMEs”), corporate enterprises participating in green lending, and property developers in Jamaica.

The transaction will support VM Group Limited (“VM Group”) and its subsidiaries including VM Building Society (“VMBS”), in four areas: (i) to expand the mortgage portfolio for the affordable housing segment; (ii) to finance green activities (mainly energy efficiency, and PV house installation); (iii) to offer financing to Small and Medium Enterprises and minority-led businesses; and (iv) to provide development financing for affordable housing. The average loan size of these subsidiaries is US\$80,000 with a tenor of three to 30 years; the highest loans are around US\$5 million and are typically to property developers who observe environmentally sustainable practices.

The transaction is deemed aligned with the provisions of the Paris Agreement based on the analysis in line with IDB Group’s Paris Alignment Implementation Approach. This analysis considered the Group’s commitment to enhancing its Environmental, Social and Governance Policy including procedures to analyze climate risk in its portfolio.

VM Group will not use IDB Invest’s resources to finance any category A sub-projects (high risk) based on IDB Invest’s definition, or projects in the sectors included in the IDB Invest Exclusion List.

- 3. Environmental and Social Risks and Impacts.** The main E&S risks of this project are associated with VM Group’s capacity to identify and manage the E&S risks related to its lending activities. The potential risks associated with VM Group lending activities include working rights, health and safety, and pollution prevention.
- 4. Mitigation Measures.** VM Group has in place an Environmental, Social and Governance Policy, with some components of an environmental and social management system, for example the commitment to sustainability and compliance with local legislation; however, the process and procedures to identify and manage the E&S risks of its portfolio need to be enhanced. VM Group Policy will be strengthened to include adequate E&S procedures and assign a qualified team trained to manage E&S risks and impacts, and apply International Financial Corporation (“IFC”) Performance Standards (“PS”) when applicable.<sup>1</sup>

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<sup>1</sup> In cases of higher risk sub-loans and/or where project costs exceed US\$5million, and the tenor is greater than 36 months.

VM Group has implemented several key Human Resources policies that align with PS2, including a Whistle-Blower Procedure which allows for the anonymous reporting of claims, an Internal Grievance Policy Procedure, a Code of Business Ethics and Conduct, a Disciplinary Policy, a Respectful Workplace Policy, an Occupational Safety and Health Policy, among others.

VM Group will be required to ensure that all loans supported comply with IDB Invest’s Exclusion List, applicable E&S local laws, and the IDB Invest Environmental and Social Guidelines, including the IFC Performance Standards, when applicable. To enable VM Group to better understand IDB Invest requirements, personnel in charge of Environmental, Social, and Governance (“ESG”) Policy implementation will be required to take IDB Invest Environmental and Social Risk Management training for financial intermediaries.

**5. Environmental and Social Action Plan (“ESAP”):**

Item	Task	Activity	Deliverable	Timeline
Performance Standard 1: E&S Risk and Impact Assessment and Management				
E&S Management and Evaluation System				
1	Designate a person responsible for E&S matters	VM Group will designate a person responsible for E&S issues and ESGP implementation	Letter of appointment	Three months after the first disbursement
2	Strengthening the Environmental, Social and Governance Policy (“ESGP”)	Strengthen the ESGP to: (i) include IDB Invest Exclusion list; (ii) procedures for categorization; (iii) compliance with local legislation; and (iv) establish the application of IFC PS for sub-loans with amounts ≥ US\$5 million and terms ≥ 36 months	Strengthened ESGP	Eight months after the first disbursement
3	Evaluation of the first three transactions categorized as moderate E&S risk that apply IFC PS.	VM Group will submit the first three transactions to IDB Invest for review and comments to: (i) confirm E&S categorization; and (ii) evaluate the proposed action plan (if applicable)	Environmental and Social Due Diligence Report of these three transactions	Upon completion of each report
4	Climate Risk Management	Develop procedures to systematically identify and mitigate climate physical risk in its investment portfolio. These procedures will be fully integrated into the ESGP	Climate Risk Management Procedure	Eight months after the first disbursement
Organizational Capacity and Competence				
5	Strengthen the capacity of the Enterprise Risk Management (“ERM”) Department team	The members of the ERM team responsible for implementing and strengthening the Environmental, Social and Governance Policy will complete IDB Invest’s training “ESMS in Practice.” <sup>2</sup> extended path	Course completion certificate	As part of the Annual Monitoring Compliance Report

**6. Contact Information** For project inquiries, including environmental and social questions related to an IDB Invest transaction please contact the client (see **Investment Summary** tab), or IDB Invest using the email [divulgacionpublica@iadb.org](mailto:divulgacionpublica@iadb.org). As a last resort, affected communities have access to the IDB Invest Independent Consultation and Investigation Mechanism by writing to [mecanismo@iadb.org](mailto:mecanismo@iadb.org) or [MICI@iadb.org](mailto:MICI@iadb.org), or calling +1(202) 623-3952.

<sup>2</sup> <https://cursos.iadb.org/en/indes/environmental-social-risk-management-esms-practice>. (Available from March 2026).