



## **POL-112: VM Group Environmental, Social and Governance Policy**

**Effective Date:** September 28, 2023

**Reach of Policy:** VM Group

**Date Approved:** September 28, 2023

**Scope:** This policy governs all Team Members and Board of Directors of the VM Group

**Recalls/Retires:** N/A

**Also see:** POL-140:VM Group Respectful Workplace Policy, POL-152:VM Group Hybrid Remote Flexible Work Arrangement Policy; POL-151:VM Group Occupational Health and Safety (OSH) Policy; POL-126: Code of Business Ethics and Conduct Policy; POL-136: VM Group Whistleblower Policy; POL-113: VM Group Grievance Policy; POL-108: VM Group Disciplinary Policy; POL-155: VM Group Diversity, Equity, and Inclusion Policy; POL-102: VM Financial Group Enterprise Risk Management, POL-107: VM Group Risk Appetite and Tolerance

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# 1 Introduction

The VM Group is one of Jamaica’s most formidable and enduring financial institutions, having been established for over 145 years. As a mutual organization, its commitment to transforming the lives of its Members and Clients is of paramount importance. The current environment demands that the organization carefully and deliberately embed sustainability in all aspects of its operations.

The introduction of this Environmental, Social & Governance (ESG) policy reflects the continued growth and maturity of the VM Group, as it recognizes the evolution of Corporate Social Responsibility into a more all-encompassing framework which highlights the integration of systems and processes once thought to be disparate.

Additionally, the implementation of an ESG policy within the VM Group will help in the execution of its vision as this ESG policy and attendant framework aligns with the Group’s core values and strategic goals and will clearly demonstrate this to its stakeholders its priority.

The ESG policy will serve as the guiding document for all ESG initiatives and activities undertaken by the VM Group.



Source: [SASB](#)



## 1.1 Purpose

The purpose of this ESG policy is to clearly articulate the VM Group's position on sustainability issues; to create awareness of ESG principles; and guide the direction of the development of activities and initiatives in line with ESG and the overarching Group strategy. This policy relies on several existing policies which are already embedded in the Group's operations.

Further, the adoption of this policy demonstrates the Group's commitment to its ethos of transforming lives and reaffirms the continued drive towards the achievement of the VM Group's Goals.

## 1.2 Objectives

The aim of this policy is to create and incorporate into the strategy and ensuring execution of the dual aspects of ESG - management of risk, and access to opportunities, by achieving the following objectives:

- Create sustainable value for stakeholders and attract investments.
- Identify and address risks related to ESG factors to build organizational resilience.
- Receive early warning of future issues through closer engagement with emerging ESG issues.
- Capitalize on consumers, investor, and regulator trust to boost reputation, expand into new markets and grow revenue.
- Identify cost and resource efficiencies.
- Mitigate regulatory and compliance risk.

## 1.3 Determining ESG Initiatives

In undertaking any ESG initiative or activity, the ESG Committee should take the following into consideration:

1. Alignment with overall Group Strategy
2. VM Group's Risk Appetite
3. Budget and prioritization of major projects and Initiatives
4. Impact on Group's financial position



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## 1.4 Policy Ownership and Maintenance

This Policy is owned by the VM Group Chief Strategy Officer, or designate, and will be reviewed annually, except where there are circumstances impacting the financial sector which may result in a change of the Review Period. Such changes shall be documented and supported with the reasons for the change.

Procedure and guideline documents are due for review every two years. However, where changes (externally or internally) such as a law, management decision or a change in process occurs that affect the validity and effectiveness of the documents, a review will be triggered within no more than 30 days of the change.

## 1.5 Policy Approval

This policy will be reviewed by the VM Group Executive Committee and submitted to the VMG Board for approval.



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## 2 Policy Statements

1. The VM Group is committed to incorporating environmental, sustainability social responsibility and effective corporate governance into all aspects of its business:
  - Environmental Sustainability - VM Group is committed to operating in an environmentally responsible manner to reduce its impact on climate change, conserve natural resources and operate in compliance with environmental regulations.
  - Social Responsibility – VM Group is committed to being a socially responsible employer by fostering an environment of diversity and inclusion across its business, with a focus on empowering its stakeholders, operating ethically and supporting its local communities.
  - Corporate Governance – VM Group is committed to building a culture dedicated to ethical business behaviour and responsible corporate activity. It believes strong corporate governance is the foundation to delivering on its commitments.



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## 3 Roles and Responsibilities

### 3.1 The Board

The Board will have oversight of the following, ensuring:

- ESG risks and opportunities are assessed at a strategic level
- The alignment with business purpose and strategy
- Progress against the most significant ESG objectives and commitments
- An overall ESG communications strategy - ensuring the organization communicates its purpose and goals in furtherance of long-term sustainable success
- The promotion of a culture from the top-down to ensure ESG considerations are part of the business decision-making process.

### 3.2 VM Group's ESG Committee

The purpose of the Environmental, Social and Governance Committee ("ESG Committee") is to support the Company's ongoing commitment to environmental stewardship, health and safety, corporate social responsibility, corporate governance and sustainability as relevant to the Company. This Committee will be led by an Executive ESG Champion and supported by a cross section of Senior Leaders and select VM Team Members who will be responsible for the following:

- Oversee and coordinate the implementation of the Company's ESG initiatives.
- Monitor and assess developments relating to and improving the Company's understanding of ESG matters.
- Define ESG priorities, objectives and strategy with the goal of further integrating sustainability into the Company's strategy and operations.



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- Identify ESG related risks and opportunities, as well as the financial impact arising from these, driven by (but not limited to):
    - Use of specialist consultants that are able to advise on best practice developments related to ESG considerations;
    - Attendance at relevant conferences, seminars and working groups.
  - Develop and monitor the achievement of ESG goals according to the ESG roadmap.
  - Review and approve the adoption of International Standards
  - Set the tone and reinforce the culture within the Company regarding sustainability, promote open discussion and integrate ESG management into the Company's processes and goals.
  - Assist in the setting of the Company's general strategy with respect to ESG matters and to consider and recommend policies, practices and disclosures that conform with such strategy.
  - Assist in overseeing internal and external communications with employees, investors, customers and other stakeholders regarding the Company's position on or approach to ESG matters, including by coordinating and reviewing, as appropriate, draft responses, reports or other disclosures to stakeholders.
  - Consider the current and emerging ESG matters that may affect the business, operations, performance or public image of the Company.
  - Champion the adoption of ESG practices across the VM Group through effective change management using the ADKAR process.
  - Perform such other duties, tasks and responsibilities relevant to the purpose of the ESG Committee as may from time to time be requested by the Corporate Governance Committee or the Board of Directors.



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The VM Group's ESG Committee comprises representatives from the following SBUs and functional units:

- VM Property Services
- VM Investments Limited
- VM Foundation
- Group Strategy
- Group Customer & Brand
- Group Human Resources
- Group Legal, Risk, Compliance and Fraud
- Safety and Security
- Change Management
- Group Corporate Affairs & Communications

Representatives from other units may be included as the need arises.

### 3.3 Senior Leaders

Senior Leaders will ensure the following:

- Integrate ESG policy across the organization, encouraging a consistency of messaging and execution throughout each individual business/line/investment strategy.
- Serve as the face of the company both internally and externally, articulating to investors how ESG permeates all levels of the organization and is embedded into each business line/investment strategy.
- Engage with external partners (Portfolio companies, operating partners, supply chain) to help them to create more sustainable business strategies for their own organizations.
- Promote policies and procedures that support a culture of ESG.
- Complete ESG Training Programmes.





### 3.4 Group Strategy Unit

The Group Strategy Unit will:

- Review and revise related frameworks and/or policies that impact ESG.
- Establish a monitoring and documentation system for all complaints or observed policy breaches.
- Provide access to ESG Training programmes for all VM Team Members.
- Ensure that VM Team Members are fairly represented on relevant VM resource groups, including committees and organizational initiatives, thereby facilitating diversity in thoughts and perspectives and inclusivity of a wider group.
- Actively communicate, through the unit responsible for Communications, the (ESG) strategies and policies with VM Team Members, stakeholders, and the wider community while incorporating tenets of ESG as intractable components of VM's Employer Branding.
- Support the implementation of the VM Group's ESG Action Plan.
- Create a best-in-class enterprise-wide ESG policy.
- Maintain metrics, systems and procedures, as deemed necessary and appropriate, to monitor and track ESG matters.
- Develop ESG disclosure reports which will be used by the VM Group and SBUs, to demonstrate the unwavering commitment to ESG issues.



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### 3.5 Managers

- Complete ESG Training Programmes.
- Lead the ESG programme of the VM Group and actively support and contribute to the implementation of this policy, including its goals and objectives.
- Display behaviours that reflect an understanding of ESG principles.
- Provide a supportive workplace that positively shapes the VM Team Members perceptions and feelings through active commitment to VM's ESG strategies and programmes.

### 3.6 VM Team Members

VM Team Members are encouraged to:

- Participate in and complete all ESG training programmes offered by the VM Group.
- Monitor their individual behaviours to ensure that all interactions with other VM Team Members, Members, Clients and Customers are in alignment with the VM Group's policies and procedures.
- Become champions of ESG within the VM Group.
- Ensure that they are fully aware of and vested in the provisions of the (ESG).



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## 4 ESG Categories and Elements

### 4.1 Environmental

#### 4.1.1 Climate Change

The VM Group and its subsidiaries will endeavour to reduce its carbon footprint. The following initiatives and activities, which are not exhaustive, will be implemented to limit its impact on the environment.

- a. Business Travel-
  - i. Team Members should engage in virtual meetings where possible.
  - ii. When travel is unavoidable, Team Members should attempt to carpool or acquire the use of official VM Group vehicles/drivers.
  - iii. For international travel, where possible and financially feasible, low emission carriers should be used.
  - iv. Where available, sustainable/eco-friendly accommodation should be used.
- b. VM Fleet- All VM Group vehicles should be hybrid/electric. Additionally, all vehicles should be regularly maintained to ensure they are operating in a way that reduces their emissions.
- c. Energy Use at VM Locations-VM Group should make all efforts to conserve energy when using the various utilities. A robust culture of energy conservation should be developed and maintained across the Group, complemented by the installation of equipment and devices for energy conservation.

Accommodations should be made to retrofit all VM locations that can facilitate the installation of alternative sources of energy, including but not limited to solar panels.
- d. When new locations are being constructed, green design and management should be incorporated into the process. All new locations should have automated energy management systems in place to reduce energy consumption.



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- e. Energy audits must be undertaken every 4 years and provisions made to replace/retrofit devices that consume significant amounts of energy.
  - f. Ensure that all new equipment, devices etc., procured are energy efficient.
  - g. The VM Group will promote and engage in environmental financing, providing preferential rates for projects that are environmentally sustainable.



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## 4.2 Natural Resources

### 4.2.1 Environment Opportunities

- a. All new buildings should utilize green building designs and incorporate energy efficient fixtures. Existing buildings should be retrofitted to accommodate the use of energy efficient machinery and equipment where possible. This includes but is not limited to: LED and solar powered lighting, contactless/efficiency faucets, low flush toilets, catchment areas for rainwater harvesting, proper re-use of water, and light sensors for buildings.
- b. VM Group will engage in investments and partnerships with companies that demonstrate they are ESG conscious. Additionally, part of the Group's rewards framework will include incentives and other considerations for those organizations.
- c. VM Group and its subsidiaries will prioritise the development of products that are sustainable and in line with the Investment and Credit policies.

### 4.2.2 Pollution and Waste

The VM Group will adhere to best practices in the disposal of its waste, ensuring that this is always done in a safe and responsible way.

- a. All waste that can be recycled should be recycled using reputable local facilities.
- b. Where waste is generated from renovation activities, the CEO of the Property Services Subsidiary will be responsible for ensuring waste disposal services are procured from a reputable waste disposal service provider.
- c. The disposal of electronic waste should be done in keeping with the VM Group's Asset disposal standards.



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## 4.3 Social

### 4.3.1 Human Capital

- a. Occupational Health & Safety- The health and safety of VM Team Members and other stakeholders operating within the work environment is important to the VM Group. The VM Group will provide a safe and healthy work environment to all Team Members where they will have a reasonable expectation that they will not come to any physical or mental harm. Team Members will adhere to the Occupational Health and Safety Policy and the Group will ensure that the following are implemented, inter alia:
  - Maintain an Occupational Health & Safety Management System
  - Establish and follow procedures to identify hazards, undertake risk assessment and mitigation, and investigations into incidents.
  - Provision of occupational health services
  - Provision of channels where Team Members can be engaged in occupational health and safety
  - Promotion of Team Members' health through, inter alia, Team Member Assistance Programme
  
- b. Human Capital Development- the VM Group is committed to ensuring Team Members have opportunities for continuous improvement, as part of the Group's drive to have an engaged workforce and be an Employer of Choice. To this end, several programmes have been implemented across the Group including the following:
  - Talent Management Programme
  - Employee Education Assistance Programme
  - Digital University to increase the digital capabilities of Team Members
  - Formal Individual Development Programmes for all Team Members
  - Established Performance Management Programme
  
- c. Labour Management- The VM Group will ensure that any operational changes are communicated to Team Members in a timely manner, particularly those decisions that have a direct impact on Team Members.



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- d. **Supply Chain Labour Standards-** The VM Group will take reasonable steps to undertake due diligence to determine that there are no negative social impacts associated with the supply chain. The VM Group condemns any acts which violate human rights and will take reasonable steps to ensure that it is conducting business with partners and stakeholders who share similar ethics and values. In keeping with this, the management of situations which are counter to this stance will be established within the existing procurement, legal and ethical framework of the Group and the legal frameworks governing the Business.
  - e. **Ethical Labour Practices -** The VM Group is committed to ethical<sup>2</sup> labour practices. All Team Members and agents of the VM Group are assured that their engagement with VM will be in accordance with the legislation governing their country as well as international labour standards.
  - f. **Right of Association-** The VM Group recognizes and respects the importance of labour unions to the fair labour process. As such, all Team Members of the VM group will have the right of association with a duly registered labour union of their choosing, subject to conventions that restrict the creation of bargaining unions for certain arms of Management or staff. In instances where Team members are members of a bargaining unit, such Team Members may take part in the election of workplace representatives subject to the rules of the union and where provision is made for such election; be elected or appointed and serve as a workplace representative as a delegate. Delegates may be allowed reasonable time off from work to attend union activities impacting the VM Group after submission of a request for time off is made by the Chief Delegate or Union Officer.
  - g. **Freedom of Association -** Team Members will not be prohibited from participation in activities of any association, society, organization, club, or group, as long as the Team Member remains alert to any possible conflict of interest. Team Members should be guided by the Conflict-of-Interest Clause in the VM Group's code of Business Ethics and Conduct Policy.

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<sup>2</sup> For purposes of this document, ethical labour practices involve the application of work practices that are equitable, legal, and fair to the workforce. It will ensure that the working conditions and the workplace adhere to global standards and do not cause physical or mental harm to workers.



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### 4.3.2 Product Liability

#### Product Safety and Quality

- a. In providing financial and other products and services to the public, the VM Group will comply with all regulatory requirements, including those of the Bank of Jamaica, the Financial Services Commission, and any other regulators that have supervisory responsibility for any of the subsidiaries.
- b. The Group will endeavour to ensure that its partners and people with whom they are conducting business are compliant with relevant laws and regulations.

#### Financial Product Safety

As financial products and services continue to be a central part of the Group's offerings, the VM Group will adhere to all compliance and regulatory requirements in the provision of its products and services. This is in an effort to safeguard the interests of the VM Group as well as its Members, Clients, Investors and other Stakeholders.

#### Privacy & Data Security (Data & Physical)

Safeguarding the data and privacy of the stakeholders is important to the VM Group.

- a. Data will be handled in accordance with the various data and internet security policies.
- b. VM Group will adhere to the legislations governing privacy and data security of the countries within which it does business, including, but not limited to Jamaica's Data Protection Act and The General Data Protection Regulations of the European Union and the United Kingdom. The operations in the United States will be guided by the varying State and Federal legislation.

Reduction of physical security risk or compromise is also important to the VM Group. The applicable legislation and laws will be adhered to as VM Group seeks to preserve physical safety and security.





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### Responsible Investing

The Group will invest in an ethical way, incorporating ESG factors in its investment management and advisory services, to the extent that this aligns with its risk appetite as guided by the ERM policy and investment policies.



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### 4.3.3 Social Opportunity

Much of the work undertaken under the Social Pillar of the ESG policy will be done primarily through the philanthropic arm, the VM Foundation. The Foundation's vision, which aligns with the overall Group's vision speaks to "positively transforming the lives of Jamaicans globally" with a mission of empowering individuals within its communities, locally and in the diaspora, with programmes delivered through a dedicated team of volunteers and partners, focused on improving quality of life." Identified below are several areas of focus where the Group will take advantage of opportunities to improve the social well-being of its stakeholders.

#### Access to Communication

The VM Group will ensure that all stakeholders are adequately informed by ensuring that relevant organizational information is accessible through various channels, including social media and traditional media.

#### Access to Finance

- a. The VM Group commits to the development of a comprehensive financial education programme which will provide its Members, Clients and the wider community with financial education aimed at improving their well-being.
- b. VM Group will create access to financial products and services that may encourage the unbanked and underbanked to become part of the formal banking system. These include but are not limited to bank accounts with no or low maintenance fees; simplified Know Your Customer Requirements for account opening process.

#### Access to Healthcare

All Team Members of the VM Group will have access to health insurance funded and/or subsidized by the VM Group; Permanent Team Members will have access to Group Life Insurance, while Temporary and Contract workers will be covered by Personal Accident Insurance, both of which are funded and/or subsidized by the Group. These benefits will enable all Team Members to access healthcare. Additionally, refer to section 3.2.1 (a) of this document.



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VMBS Members will have access to micro-insurance products, offered through its partnership with Canopy Insurance, as long as that partnership remains viable.

Opportunities in Nutrition, Health and Parenting

- a. The VM Group, through the VM Foundation, will as far as it continues to be feasible, engage in partnerships that provide opportunities for the provision of healthcare services for members of the communities within which VM Group does business.
- b. The Group will also engage in partnerships which seek to advance and influence positive parenting techniques.

Opportunities for Youth Empowerment, Leadership & Nation Building

The VM Foundation acknowledges the need to positively influence and empower the youth of the nation. To this end, the Group will endeavour to undertake projects, programmes and initiatives that are geared towards developing individuals in a holistic way. These activities may include but are not limited to sporting events, mentorship programmes; scholarship programmes; and supporting entrepreneurial initiatives. Further, VM Foundation and the VM Group will provide funding to programmes, projects, initiatives that are aligned with the core areas of focus.



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## 4.4 Governance

### 4.4.1 Corporate Governance

#### Board Diversity

As part of the commitment to Diversity, Equity and Inclusion, the VM Group will ensure that all members of its Board and leadership teams are qualified and experienced to provide the requisite guidance and stewardship to the VM Group and in the execution of their duties feel respected and valued with no regard to gender, age, race, ethnicity, disability, or sexual orientation.

### 4.4.2 Corporate Behaviour

#### Accounting

The VM Group will adhere to international accounting best practices being guided by the International Financial Reporting Standard (IFRS) and International Accounting Standards Board (IASB), the Companies Act of Jamaica and any other relevant Act in the preparation of all financial reports.

#### Enterprise Risk Management

The VM Group will abide by the Enterprise Risk Management Policy. All ESG initiatives and activities will be assessed and undertaken in keeping with the Group's risk appetite.

#### Corruption & Instability (Fraud & Whistleblower policies)

The VM Group remains committed to transparency. To this end, it will provide opportunities for Team Members to report any incidents of fraud or other wrongdoings or perceived wrongdoings securely and anonymously.

#### Business Ethics (Code of Business Ethics and Conduct)

All Team Members of the VM Group will abide by the Group's Code of Business Ethics and Conduct, which provides guidance on ethical considerations.



## 5 Monitoring

VM Group is committed to integrating Environmental, Social, and Governance (ESG) considerations into the business operations and decision-making processes. The ESG Policy sets the foundation for responsible and sustainable practices across all levels of the organization. To ensure effective implementation and continuous improvement of the ESG initiatives, VM Group will establish a robust monitoring framework as follows:

### 5.1 Key Performance Indicators (KPIs)

VM Group will identify specific KPIs that align with the ESG goals and are relevant to the industry. These KPIs encompass various environmental, social, and governance aspects, such as employee diversity and inclusion, board diversity, customer satisfaction, supply chain labour standards, and health and safety metrics. Each KPI will be tracked regularly to measure the progress and performance.

### 5.2 Data Sources and Collection

To gather accurate and reliable data for ESG monitoring, VM Group will utilize both internal and external sources. The internal data collection process involves collaboration with various Strategic Business Units (SBUs), Strategic Support Units (SSUs) and departments, including human resources, risk and compliance and finance.

### 5.3 Frequency of Monitoring

The ESG performance will be reviewed on a quarterly basis, allowing the Group to assess short-term progress and make timely adjustments to the strategies. Additionally, VM Group will conduct an in-depth annual review.

### 5.4 Continuous Improvement

ESG monitoring drives continuous improvement in sustainable practices. Lessons learned from monitoring and stakeholder feedback will be carefully evaluated and integrated into the ESG strategy to enhance positive impact and address emerging challenges.



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## 5.5 Alignment with Goals and Targets

ESG monitoring is closely tied to long-term sustainability goals and targets. VM Group will regularly assess performance against these goals to ensure that the efforts remain aligned with the broader vision of being a responsible and sustainable company.



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## 6 Evaluation

VM Group understands the importance of evaluating the Environmental, Social, and Governance (ESG) performance to gauge the effectiveness of the sustainability initiatives and ensure ongoing improvement. Through annual evaluations, the Group strives to identify areas of strength and opportunities for enhancement, ultimately advancing our commitment to responsible and sustainable business practices.



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## 7 Reporting

The Chairman will prepare and submit a report to the Executive Committee on a quarterly basis on the work of the ESG Committee. [OBJ]

### 7.1 Disclosures and Standards

The ESG report will be published annually as part of the Group's and VMIL's Annual Reports and at any other time deemed necessary.<sup>3</sup> The reporting shall adhere to the Global Reporting Initiative (GRI) Standards and the Sustainability Accounting Standards Board (SASB).

Additionally, quarterly updates on the progress of initiatives will be provided to the ESG Committee, the Executive Committee and the respective Boards and/or Board Committees, as the case may be, using the existing reporting and performance management frameworks.

The ESG Committee of the VM Group will review and recommend the adoption of the Standards in the first instance and make recommendations for any changes thereafter.

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<sup>3</sup> The first ESG report was published as part of the VMIL 2021 Annual Report and similarly published as part of the 2021 Annual Report of the VM Group..





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## 8 Legal Framework

VM Policies are subject to the applicable laws of the jurisdictions within which VM has its operations. In the event that the policy is inconsistent with any such laws, then VM will be guided by the legal requirements in that particular jurisdiction and will apply those legal standards and conditions as required.