

Environmental and Social Review Summary (“ESRS”)

JN Bank Limited: Expanding Mortgages with Resiliency Components and Access to Finance for Women and MSMEs in Jamaica / 15806-01

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- 1. Scope of Environmental and Social Review.** The Environmental and Social (“E&S”) assessment was conducted in September 2026 and included a review of relevant documentation and discussions with JN Bank Limited (“JN Bank” or the “Bank”) representatives responsible for E&S risk management, enterprise risk, and Micro, Small and Medium-Sized Enterprise (“MSME”) lending. The documentation reviewed included the Bank’s existing lending, risk-management, and workforce arrangements. JN Bank is a new IDB Invest client.
- 2. Environmental and Social Categorization and Rationale.** The financing will support affordable and resilient mortgages and MSME lending. The transaction is proposed as FI-2 under IDB Invest’s Environmental and Social Sustainability Policy, on the basis that supported subprojects would have limited adverse E&S risks or impacts that are generally site-specific, largely reversible, and readily addressed through mitigation measures.

The proposed applicable Performance Standards (“PS”) are PS1, Assessment and Management of Environmental and Social Risks and Impacts, and PS2, Labor and Working Conditions.

In June 2026, mortgages represented 65.6% of the Bank’s loan portfolio, business loans 14.4%, and development loans 3.2%. JN Bank classifies MSMEs as companies with annual sales of up to approximately US\$2.66 million (J\$425 million). The average sub-loan size for micro enterprises is approximately US\$1,510 (J\$241,555), with an average tenor of 20 months. The five sectors representing the largest share of the microfinance portfolio are Commerce (34%), Agriculture (28%), Professional Services (8%), Cosmetology (4%), and Transportation (4%).

IDB Invest resources will not be used to finance Category A subprojects, as defined by IDB Invest, or activities included on the IDB Invest Exclusion List.

Based on an assessment conducted in accordance with the IDB Group Paris Alignment Implementation Approach, the transaction is considered aligned with the objectives of the Paris Agreement.

- 3. Environmental and Social Risks and Impacts.** The principal E&S risk relates to JN Bank’s capacity to consistently identify, assess, and manage risks associated with its lending activities. E&S risk related to the MSME segment may include labor conditions and occupational health and safety; waste, effluent and hazardous-materials management; pesticide use; water use; land-use change and biodiversity impacts; and community health and safety.

Mortgage and any eligible construction-related financing may involve building and fire safety, construction-worker safety, permitting, land tenure and displacement risks. Hurricanes, flooding and other physical climate hazards can damage financed assets, disrupt borrowers’ livelihoods and affect insurance affordability.

These risks and impacts would be managed through the measures described below and the proposed Environmental and Social Action Plan (“ESAP”).

- 4. Mitigation Measures.** JN Bank does not currently have a formal Environmental and Social Risk Management System (“ESMS”). Its Credit Risk Policy prohibits, among other activities, gambling or speculative purposes, political financing, illegal activities, marijuana-related businesses and illegal mining, and requires relevant impact assessments and permits for activities with adverse environmental impacts. The Investment Policy also includes ESG criteria and exclusions for securities. These arrangements provide a foundation for E&S management but will, through the ESAP, be extended into a systematic process for E&S categorization, due diligence, monitoring, incident management and reporting.

The Bank considers physical hazards through property valuations, publicly available information and collateral assessments. Real-estate collateral must be insurable, with full-replacement-cost coverage and annual reviews; the Bank administers residential mortgage insurance payments. It also uses portfolio controls and post-disaster borrower support. The ESMS would build on these arrangements through documented climate-risk screening, escalation and proportionate resilience measures. Green-finance criteria and tracking are not yet institutionalized and are addressed in the proposed technical assistance.

The Bank reports workforce policies covering non-discrimination, harassment, workplace safety, safeguarding and employee grievances. Staff grievance procedures include escalation and Industrial Relations support, while whistleblowing arrangements provide investigation and oversight. JN Bank reports 887 employees, including 612 women (69%); women hold 15 of 27 C-suite positions (56%).

Through the proposed ESAP, JN Bank would establish and operationalize an ESMS proportionate to the portfolio covered by the operation. It would include an approved E&S policy; exclusion-list screening; risk categorization; due diligence and applicable standards; sector and climate-risk guidance; escalation; borrower action plans and contractual obligations; monitoring; incident notification; recordkeeping; and reporting to management and IDB Invest. Interim screening arrangements would apply pending full rollout.

The Bank would formalize responsibility for ESMS implementation, allocate resources and define responsibilities across business, credit and risk functions, with management oversight. The designated responsible officer would complete IDB Invest’s “ESMS in Practice” course or equivalent training acceptable to IDB Invest.

The Bank would pilot the ESMS on representative mortgage and MSME transactions and integrate it into origination, assessment, approval, documentation and supervision. Staff training would cover exclusions, categorization, sector and climate risks, escalation, borrower engagement and monitoring.

The proposed technical assistance linked to this project aims to support the development and rollout of the ESMS and the integration of green-finance tracking into JN Bank’s credit and portfolio systems.

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

Item #	Action	Action Item	Product/Deliverable	Completion Date
PS 1: Assessment and Management of Environmental and Social Risks and Impacts				
1.1	Environmental and Social Governance and Capacity	JN Bank will designate an officer accountable for ESMS implementation, allocate resources and define business, credit and risk responsibilities, escalation and management oversight. The officer will complete “ESMS in Practice” or equivalent training acceptable to IDB Invest.	(i) Formal designation and responsibilities; (ii) resource allocation; and (iii) training certificate.	Within six months of first disbursement.
1.2	Environmental and Social Management System (“ESMS”)	JN Bank will establish an approved ESMS covering exclusions, categorization, due diligence, applicable standards, sector and climate-risk assessment, borrower requirements, monitoring, incident notification and reporting.	Approved policy, ESMS manual and tools.	ESMS approved within nine months of first disbursement.
1.3	ESMS Rollout and Integration	JN Bank will pilot and integrate the ESMS into the mortgage and MSME credit cycle, including approval, documentation and monitoring, with risk-proportionate resilience measures and corrective actions.	Implementation roadmap, pilot credit files and evidence of integration into credit processes.	Implementation evidence within 12 months of first disbursement.
1.4	Organizational Capacity Building	JN Bank will provide practical training to origination, credit, risk and E&S staff on the ESMS, exclusions, categorization, sector and climate risks, escalation and monitoring.	Training plan, materials and attendance records.	Within 12 months of first disbursement.

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. As a last resort, affected communities have access to the IDB Invest Independent Consultation and Investigation Mechanism by writing to mecanismo@iadb.org or MICI@iadb.org, or calling +1(202) 623-3952.