

Bayport Management Limited

Type of Engagement: Annual Review

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Introduction

In December 2019, Bayport Management Ltd. (“Bayport”) issued a social bond¹ (or the “bond”) aimed at financing SME’s, affordable housing, healthcare and education. In 2021, Bayport engaged Sustainalytics to review the projects funded through the issued social bond and to provide an assessment as to whether the projects met the Use of Proceeds criteria and the Reporting commitments outlined in the Bayport Management Ltd. Social Bond Framework (the “Framework”).

Evaluation Criteria

Sustainalytics evaluated the projects and assets funded by the social bond issued in 2019 based on whether the projects and programmes:

1. Met the Use of Proceeds and Eligibility Criteria outlined in the Bayport Management Ltd. Social Bond Framework; and
2. Reported on at least one of the Key Performance Indicators (KPIs) for each Use of Proceeds criteria outlined in the Framework.

Table 1 lists the Use of Proceeds, Eligibility Criteria, and associated KPIs.

Table 1: Use of Proceeds, Eligibility Criteria, and associated KPIs

Use of Proceeds	Eligibility Criteria	Key performance indicators (KPIs)
Financial Inclusion	Financing and refinancing of loans for investments in housing, education, and healthcare.	The number and the total volume of loans provided in each country, divided by the following loan categories: <ol style="list-style-type: none"> i) Education, ii) Health and Emergency, iii) Housing, iv) Other and SME financing. Examples of assets or projects that have been funded by Social Bonds
Access to Financial Services	Investments and related expenditures dedicated to providing easy and affordable financial infrastructure, including: <ul style="list-style-type: none"> • Rural branch network • Agents in rural areas • Digital infrastructure 	
Corporate Social investment	Investments in “Innovation Africa”, a non-profit organization with the mission of bringing water, solar and agricultural technologies to African villages.	
Employment generation through MSE financing and microfinance	Financing and refinancing of loans to micro and small -sized enterprises.	

¹ Bayport issued two social bonds, the first one was issued in June 2019 for a value of USD 260M while the second one was issued in December 2019 for a value of USD 80M. On this basis, Sustainalytics provides a bi-annual review on each of the bonds. The present annual review is limited to the bond issued in December 2019, or the “bond”.

Issuing Entity’s Responsibility

Bayport is responsible for providing accurate information and documentation relating to the details of the projects that have been funded, including description of projects, amounts allocated, and project impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of Bayport’s Social Bond Use of Proceeds. The work undertaken as part of this engagement included collection of documentation from Bayport employees and review of documentation to confirm the conformance with the Bayport Management Ltd. Social Bond Framework.

Sustainalytics has relied on the information and the facts presented by Bayport with respect to the Nominated Projects. Sustainalytics is not responsible, nor shall it be held liable if any of the opinions, findings, or conclusions it has set forth herein are not correct due to incorrect or incomplete data provided by Bayport.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over the assessment of the review.

Conclusion

Based on the limited assurance procedures conducted,² nothing has come to Sustainalytics’ attention that causes us to believe that, in all material respects, the reviewed bond projects, funded through proceeds of Bayport’s Social Bond, are not in conformance with the Use of Proceeds and Reporting Criteria outlined in the Bayport Management Ltd. Social Bond Framework. Bayport has disclosed to Sustainalytics that the proceeds of the social bond were fully allocated as of December 2020.

Detailed Findings

Table 3: Detailed Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the projects funded by the social bond in 2019 to determine if projects aligned with the Use of Proceeds Criteria outlined in the Bayport Management Ltd. Social Bond Framework and above in Table 1.	All projects reviewed complied with the Use of Proceeds criteria.	None
Reporting Criteria	Verification of the projects funded by the social bond in 2019 to determine if impact of projects was reported in line with the KPIs outlined in the Bayport Management Ltd. Social Bond Framework and above in Table 1. For a list of KPIs reported please refer to Appendix 1.	All projects reviewed reported on at least one KPI per Use of Proceeds criteria.	None

² Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the projects that have been funded, including description of projects, estimated and realized costs of projects, and project impact, which were provided by the Issuer. The Issuer is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Appendices

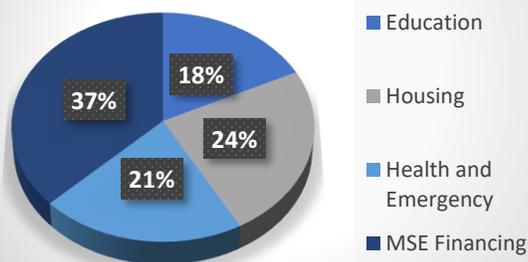
Appendix 1: Allocation of Social Bond proceeds

In December 2019, Bayport issued a Social Bond with a total nominal value of USD 80 million. The proceeds of the bond have been fully allocated. Of the eligible categories, 69% of the proceeds were used in financing new projects while 31% was used for refinancing projects. The table below provides a detailed break-up of the allocation of proceeds category wise.

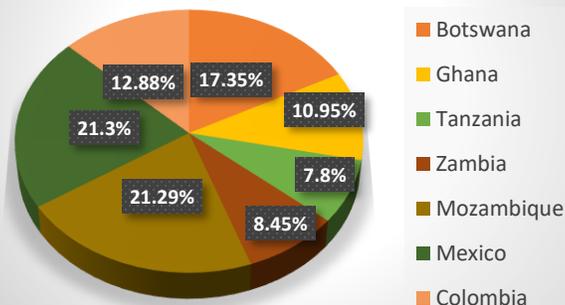
Table 4: Allocation of proceeds category wise and country wise, in USD

Allocation of proceeds	Botswana	Ghana	Tanzania	Zambia	Mozambique	Mexico	Colombo	Total
Education	2,490,515	2,532,772	1,356,680	1,594,343	884,691	884,691	2,259,589	14,238,552
Housing	1,529,034	1,741,735	1,423,865	1,576,937	4,378,357	4,378,357	4,828,432	19,329,465
Health and Emergency	3,919,265	1,366,142	1,045,062	253,193	6,430,192	6,430,192	2,791,034	16,654,801
MSE financing	2,937,454	2,115,520	2,411,598	1,832,458	16,347,792	16,347,792	1,924,903	29,777,002
Total	10,876,268	7,756,169	6,237,205	5,256,931	10,028,435	28,041,032	11,803,959	80,000,000

Allocation of proceeds to loan category



Allocation of proceeds per country



Appendix 2: Impact of social bond proceeds

Given the social bond categories, all financed individuals and projects are expected to deliver impact. Examples of impact achieved through allocation of the social bond proceeds are available in Bayport's Investor Letter.³

³ Bayport Management Limited, "Social Bond Investor Letter 2021" (2021), <https://www.bayportfinance.com/project/bayport-social-bond-investor-letter-dec-2021/>

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