

# Bayport Management Ltd.

**Type of Engagement:** Annual Review

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## Introduction

Bayport Management Ltd. (“Bayport” or the “Issuer”) issued a USD 250 million senior unsecured social bond, a USD 50 million subordinated unsecured social bond and obtained a USD 76 million subordinated bilateral loan, and a USD 20 million senior syndicated loan (the “Social Financing Instruments”) between April 2022 and December 2022, aimed at financing affordable housing, healthcare, education and SMEs to promote employment generation. Bayport engaged Sustainalytics in 2023 to review the projects financed with proceeds from the Social Financing Instruments and provide an assessment as to whether the projects met the use of proceeds criteria and reporting commitments outlined in the Bayport management Ltd. Social Finance Framework (the “Framework”).<sup>1</sup> Sustainalytics provided a second-party opinion on the Bayport Management Ltd. Social Bond Framework in May 2019.<sup>2,3</sup> This is Sustainalytics’ fourth annual review of the social bonds and loans issued under the Framework, which was last updated in March 2022, following previous reviews in July 2020, July 2021, and December 2021.

## Evaluation Criteria

Sustainalytics evaluated the projects and assets funded with proceeds from the Social Financing Instruments based on whether the projects and programmes:

1. Met the use of proceeds and eligibility criteria defined in the Framework; and
2. Reported, in aggregate, by use of proceeds category outlined in the Framework, on at least one key performance indicator (KPI).

**Table 1: Use of Proceeds Categories and Eligibility Criteria**

Use of Proceeds Category	Eligibility Criteria
<b>Access to financial services where traditional financial services do not exist or do not serve this target population as well as financial inclusion. Financial services include:</b> <ul style="list-style-type: none"> <li>• Credit</li> <li>• Insurance</li> <li>• Savings</li> </ul>	Financing and refinancing of loans for access to <ul style="list-style-type: none"> <li>• public health/healthcare</li> <li>• public health/ emergency response</li> </ul>
	Financing and refinancing of loans to individuals for access to: <ul style="list-style-type: none"> <li>• Housing/ home improvements and extensions</li> </ul>
	Financing and refinancing of loans to individuals for access to: <ul style="list-style-type: none"> <li>• Education</li> </ul>
	Financing and refinancing of loans to individuals for access to: <ul style="list-style-type: none"> <li>• Employment generation through MSE financing and microfinance</li> <li>• Financing and refinancing loans to micro enterprises</li> <li>• preventing or alleviating unemployment</li> </ul>
Providing low-income individuals with the financial ability to access	Financing will not knowingly be made to individuals for activities financing weapons, small arms, fossil fuel exploration and distribution, tobacco, conflict minerals, alcohol, gambling, endangered or protected wildlife, pornography,

<sup>1</sup> Bayport, “Bayport Management Ltd Social Finance Framework”, (2022), at: <https://www.bayportfinance.com/wp-content/uploads/2022/03/Bayport-Management-Ltd-Social-Finance-Framework-March-2022.pdf>

<sup>2</sup> Bayport, “Bayport Management Limited Social Bond Framework”, (2019), at: <https://www.bayportfinance.com/wp-content/uploads/2019/05/Bayport-Management-Ltd-Social-Bond-Framework-Nordic-Bond-May-2019.pdf>

<sup>3</sup> Sustainalytics, “Second-Party Opinion Bayport Management Ltd. Social Bond Framework”, at: <https://www.sustainalytics.com/corporate-solutions/sustainable-finance-and-lending/published-projects/project/bayport-management-ltd/bayport-management-ltd-social-bond-framework-second-party-opinion/bayport-management-ltd-social-bond-framework-second-party-opinion-100520-pdf>

essential services and promote socioeconomic advancement and empowerment.	prostitution, terrorism or any illegal activities including money laundering and tax evasion.  Bayport will further not knowingly make any loan that will lead to child labour, forced labour or unsafe working conditions.
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**Table 2: Eligible Use of Proceeds Categories and Associated KPIs**

Eligible Use of Proceeds Category	Indicative Impact Indicators	Sub Indicators
<b>Education</b>	Number of individuals provided with access to secondary or tertiary education and vocational skills	<ul style="list-style-type: none"> <li>• Number of loans to ageing individuals</li> <li>• Number of loans to women</li> <li>• Number of loans provided per region/country.</li> <li>• Number of loans per income bracket</li> </ul>
<b>Health Services</b>	Number of individuals provided with access to health services	<ul style="list-style-type: none"> <li>• Number of loans to ageing individuals</li> <li>• Number of loans to women</li> <li>• Number of loans provided per region/country.</li> <li>• Number of loans per income bracket</li> </ul>
<b>Micro and Small Enterprises (MSE)</b>	Number of individuals provided with access to financial services for employment generation through MSE financing and microfinance	<ul style="list-style-type: none"> <li>• Number of loans to ageing individuals</li> <li>• Number of loans to women</li> <li>• Number of loans provided per region/country.</li> <li>• Number of loans per income bracket</li> </ul>
<b>Housing/ home improvements or extensions</b>	Number of individuals provided with funding for incremental housing	<ul style="list-style-type: none"> <li>• Number of loans to ageing individuals</li> <li>• Number of loans to women</li> <li>• Number of loans provided per region/country.</li> <li>• Number of loans per income bracket</li> </ul>

## Issuer’s Responsibility

Bayport is responsible for providing accurate information and documentation relating to the details of the funded projects, 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 the use of proceeds from Bayport’s Social Financing Instruments. The work undertaken as part of this engagement included collection of documentation from Bayport employees and review of said documentation to assess conformance with the Framework.

Sustainalytics 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 for any inaccuracies in the opinions, findings or conclusions herein 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 of the review.

## Conclusion

Based on the limited assurance procedures conducted,<sup>4</sup> nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the reviewed projects, funded through proceeds of Bayport's Social Financing Instruments, are not in conformance with the use of proceeds criteria and reporting commitments in the Framework. Bayport has disclosed to Sustainalytics that the proceeds from the Social Financing Instruments were fully allocated as of February 2023.

## Detailed Findings

**Table 3: Detailed Findings**

<b>Framework Requirements</b>	<b>Procedure Performed</b>	<b>Factual Findings</b>	<b>Error or Exceptions Identified</b>
<b>Use of Proceeds Criteria</b>	Verification of the projects funded with proceeds from the Social Financing Instruments to determine if projects aligned with the use of proceeds criteria outlined in the Framework.	All projects reviewed complied with the use of proceeds criteria.	None
<b>Reporting Criteria</b>	Verification of the projects funded with proceeds from the Social Financing Instruments to determine if impact of projects was reported in line with the KPIs outlined in the Framework.	All projects reviewed reported on at least one KPI per use of proceeds category.	None

<sup>4</sup> Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the funded projects, including description of projects, their estimated and realized costs and impact, as provided by the issuing entity, which is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

## Appendices

### Appendix 1: Reported Allocation

Table 4: Allocation of proceeds by country and use of proceeds category

Figures in USD thousand	Botswana	Ghana	Tanzania	Zambia	Mozambique	Mexico	Colombia	Total
<b>Education</b>	14,583.9	4,776.1	18,432.2	6,286.4	10,472.4	1,707.9	5,225.7	<b>61,484.6</b>
<b>Housing</b>	14,384.3	6,028.1	5,024.2	8,026.9	60,951.3	12,416.8	20,077.2	<b>126,908.7</b>
<b>Health &amp; Emergency</b>	49,453.9	6,840.2	5,089.4	3,093.1	7,018.9	19,530.9	3,265.9	<b>94,292.2</b>
<b>SME Financing</b>	22,049.1	5,976.6	5,617.9	58,868.1	12,738.3	5,999.8	2,064.9	<b>113,314.6</b>
<b>Total</b>	<b>100,471.1</b>	<b>23,620.9</b>	<b>34,163.7</b>	<b>76,274.5</b>	<b>91,180.9</b>	<b>39,655.3</b>	<b>30,633.6</b>	<b>396,000</b>

Table 5: Number of loans by country and use of proceeds category

	Botswana	Ghana	Tanzania	Zambia	Mozambique	Mexico	Colombia	Total
<b>Education</b>	2,441	6,066	12,242	2,667	5,158	270	899	<b>29,743</b>
<b>Housing</b>	6,645	2,017	962	2,200	20,199	3,343	5,153	<b>40,519</b>
<b>Health &amp; Emergency</b>	11,628	2,470	2,860	146	1,075	8,741	614	<b>27,534</b>
<b>SME Financing</b>	4,433	4,042	6,170	20,830	5,336	1,675	254	<b>42,740</b>
<b>Total</b>	<b>25,147</b>	<b>14,595</b>	<b>22,234</b>	<b>25,843</b>	<b>31,768</b>	<b>14,029</b>	<b>6,920</b>	<b>140,536</b>

### Appendix 2: Reported Impact

Table 6: Value of loans to ageing individuals

Figures in USD	Botswana	Ghana	Tanzania	Zambia	Mozambique	Mexico	Colombia	Total
<b>Education</b>	-	-	-	-	2,611	-	527,702	<b>530,313</b>
<b>Housing</b>	11,507	-	-	-	51,325	-	548,130	<b>610,962</b>
<b>Health &amp; Emergency</b>	4,606	-	-	-	8,224	-	8,714,189	<b>8,727,019</b>
<b>SME Financing</b>	9,603	-	1,294	3,013	138,844	19,827,644	5,002,801	<b>35,524,142</b>
<b>Total</b>	<b>25,716</b>	<b>-</b>	<b>1,294</b>	<b>3,013</b>	<b>201,004</b>	<b>19,827,644</b>	<b>14,792,822</b>	<b>45,392,436</b>

Table 7: Value of loans to women

Figures in USD	Botswana	Ghana	Tanzania	Zambia	Mozambique	Mexico	Colombia	Total
<b>Education</b>	2,690,536	988,544	3,601,560	2,276,002	1,098,042	-	427,625	<b>11,082,309</b>
<b>Housing</b>	8,751,157	476,807	660,079	2,255,002	4,291,806	-	3,975,536	<b>20,410,387</b>
<b>Health &amp; Emergency</b>	14,122,132	415,276	2,816,229	116,263	308,332	-	387,867	<b>18,166,099</b>
<b>SME Financing</b>	8,070,465	1,663,665	245,840	20,154,435	1,192,613	10,394,652	6,493,537	<b>48,215,207</b>
<b>Total</b>	<b>33,634,290</b>	<b>3,544,292</b>	<b>7,323,708</b>	<b>24,801,702</b>	<b>6,890,794</b>	<b>10,394,652</b>	<b>11,284,565</b>	<b>97,874,002</b>

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