



ESG report 2022

BAYPORT
MANAGEMENT LTD

“

Changing lives is at the heart of who we are and what we do at Bayport. We are proud to have developed an ESG strategy that conveys the very essence of our culture and drive as an organisation.

– Nothando Ndebele,
Africa CEO

”



Table of contents

1. Purpose of the report	2
2. Chairperson’s statement	4
3. Message from the Group CEO	5
4. Company overview	6
• Who we are	7
• What we do	8
• Creating value for our stakeholders	9
• How we calculate the value we create	10
• How we allocate the value we create	11
• Customer profile	12
5. ESG strategy overview	16
6. Our business	22
7. Our customer	37
8. Our people	53
9. Towards the future	62
10. Closing message	65
11. Bayport’s ESG team	66

Purpose of the report

“

As a corporate citizen, we hold dearly our moral responsibility to not only be an employer of choice and provide excellence for our customers and shareholders, but to also have an impactful footprint in the social fabric of Botswana. Our success as a company cannot be devoid of an active role in ensuring sustainable business practices are pursued.

– Thuto Madibela,
CEO, Bayport Botswana

”



This is our first environmental, social and governance (ESG) report. The report aims to provide Bayport Management Ltd's stakeholders with a clear understanding of our ESG status, including our impact on the societies, economies and natural environments in which we operate.

As a financial services provider to low-income individuals, this report communicates our commitment to sustainable practices and social responsibility, identifies areas for improvement, and showcases our positive impact on our communities. It particularly demonstrates our commitment to improving the lives of those we serve.

While our environmental impact may be minimal, this ESG report indicates our commitment to minimising our impact on the environment through initiatives such as digital innovation, energy conservation and encouraging our staff to adopt sustainable practices.

As a microfinance company, Bayport's primary social impact is in improving financial inclusion and promoting economic development in the communities we serve. This ESG report highlights our commitment to social responsibility in our lending practices, financial literacy and community outreach programmes.

Our governance practices are critical to ensuring ethical and transparent operations. This report provides information on our board diversity and composition, and demonstrates our commitment to ethical and responsible business practices.

With this report, we aim to provide stakeholders with a transparent and comprehensive overview of our ESG performance, including our progress, challenges and future plans.

By providing transparent information about our practices, we hope to build trust and credibility with stakeholders, including investors, customers, employees and regulatory bodies.

Purpose of the report

From impact reporting to ESG reporting

The social impact reports we produced previously, primarily reported on the social outcomes of our business activities, using metrics such as community development and access to financial services for education, healthcare, housing and small-business financing. This type of reporting demonstrated our commitment to making a positive impact on society.

However, as a business that continuously improves, we have evolved our reporting framework to provide a more comprehensive view of our performance. The result is our 2022 ESG report, which encompasses a wider range of factors, including social and environmental impact, as well as governance practices. By reporting on these additional factors, we provide stakeholders with a more holistic view of our sustainability and social responsibility performance.

Not only does such comprehensive reporting help stakeholders to

better appreciate our performance; reporting on a broader range of factors also enables us to identify areas for improvement, drive positive change and achieve better sustainability outcomes, such as reduced environmental impacts, increased social benefits and improved governance practices.

While social impact reporting and ESG reporting share some similarities, ESG reporting is a more comprehensive and widely used framework for measuring and reporting on sustainability and social responsibility efforts. As sustainability and social responsibility continue to be priorities for stakeholders, ESG reporting is likely to become increasingly important to demonstrate our commitment to these issues.

By providing a more comprehensive view of our ESG performance, we build trust and credibility with stakeholders and strengthen our social license to operate.

In future, we will align our reporting with industry standards and best practices.

This will ensure reporting that is consistent, transparent and comparable to other companies in our industry.

Sources of information

To compile the report, we collected information from our operations, central reporting systems and partner organisations. Additionally, we relied on customer research results as the definitive gauge of impact measurement.

We hope that numerous stakeholders, including funders, investors, shareholders, public and private partners, regulators, customers and our own employees, will find the report informative.

Bayporters create the impact recorded on these pages, and in a real sense this report is a tribute to them.



Chairperson's statement

“

I trust that this report clearly communicates our understanding that responsible lending is not just about financial metrics; it is about making a lasting impact on people's lives.

”

Having launched our annual social impact report two years ago, it is an honour to introduce Bayport Management Ltd's first ESG report which expands on the work we had previously initiated.

Bayport finalised its ESG strategy in 2021, which makes this inaugural report a noteworthy achievement and a display of the Group's belief that the need to address social inequality, climate change and governance shortcomings has never been more urgent. Governments, businesses and civil society are collaborating to drive meaningful change, and we are proud to be part of this movement.

We understand that without environmental sustainability there is no future on Earth. Despite our business practices having very little direct impact on the environment, our commitment to reducing our carbon footprint remains steadfast. We have implemented initiatives to reduce

water and energy usage across our operations and continue to explore ways to minimise waste.

Africa and Latin America, where we operate, face significant social challenges, particularly in underserved communities. From the very start of our business, we have been driven by a desire to empower individuals through access to fair and responsible credit. We see, every day, the role that financial inclusion plays in handing people control over their destinies.

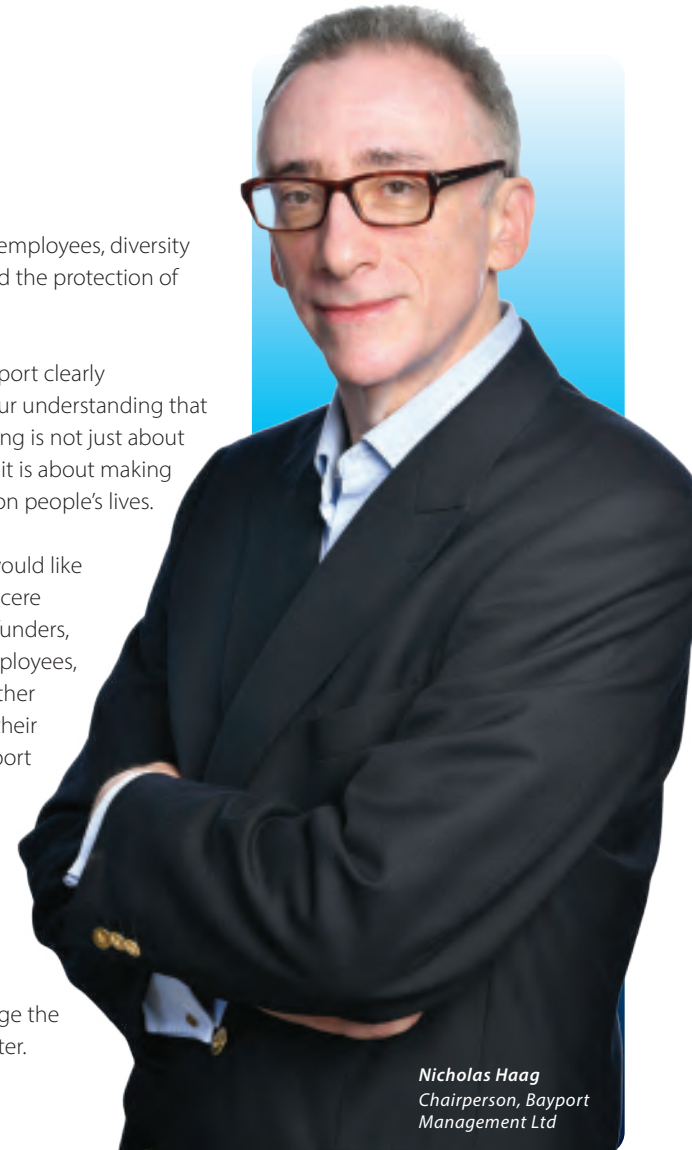
We firmly believe that sound governance is the foundation of a sustainable business. Transparency, accountability and ethical behaviour are the principles that guide our operations. We maintain robust internal control systems, adhere to strict compliance standards and actively engage with regulators and industry bodies to promote responsible lending practices. Our governance framework prioritises

fair treatment of employees, diversity and inclusion, and the protection of customer data.

I trust that this report clearly communicates our understanding that responsible lending is not just about financial metrics; it is about making a lasting impact on people's lives.

In conclusion, I would like to express my sincere gratitude to our funders, shareholders, employees, customers and other stakeholders for their unwavering support in our pursuit of sustainable and responsible business practices.

Together, we can and we will change the world for the better.



Nicholas Haag
Chairperson, Bayport
Management Ltd

Message from the Group CEO

Our ESG strategy is our way of ensuring that this business, with its more than 20-year track record of changing people's lives for the better, lives up to its full potential.

It is rooted in who we are as a business and in what we as a business want to achieve as much as in what our shareholders, funding partners and broader stakeholders expect of us. It is our belief that a strategy that is driven by internal forces as much as external ones has the best chance of achieving its objectives, in letter as much as in spirit.

Our ESG strategy is centred on our three chosen pillars, namely our customers, our business and our people. We stand proud of the significant strides we have made in prioritising the wellbeing of our

customers, employees, communities and the environment over the last twelve months. This report serves as a testament to our unwavering commitment to creating a positive impact through responsible business practices.

The achievements detailed in this report are a credit to the team that drives Bayport's ESG strategy. It is remarkable that a company of our nature and our size can deliver a strategy of such quality – and then make tangible and continuous progress in implementing it. All of that talks to our purpose, why we do what we do, and how we communicate and articulate what we do to our various stakeholders. This report is a testament to what can be achieved when exceptional people work together to bring an exceptional vision to life.

The successes highlighted in this report would not have been possible without the collaboration and support of our stakeholders. We extend our deepest gratitude to our customers, partners, shareholders, funders, regulators and communities for their unwavering trust, dedication and shared vision. Together, we have created a powerful ecosystem that fosters sustainable growth and social progress.

And last but certainly not least, my heartfelt thanks go to every Bayporteer who lives and works the strategy every day. Together we are delivering the results that our world depends upon to bring a sustainably better life for all.



Chris Newson
Bayport Group CEO

“

This report is testament to what can be achieved when exceptional people work together to bring an exceptional vision to life

”

Company overview

66

Connecting people with possibilities at a whole new level! With our ESG strategy we have been able to drive a growing and sustainable business while positively impacting all our stakeholders.

—Lilian Perea,
CEO, Bayport Colombia

99



Bayport was established in 2001 with a mission to create a tangible impact in the lives of its customers by providing a financial-services platform for people to transform their lives and achieve their full potential.

The company provides a diverse range of financial services in emerging and frontier markets where access to such services is often restricted for a significant segment of the population.

By doing so, Bayport helps to enhance the financial self-reliance and economic empowerment of individuals across our operating regions.

By contributing to the advancement of the people and communities it serves, Bayport facilitates the overall development of national economies.

Company overview

Who we are:

WHY WE EXIST: Our mission



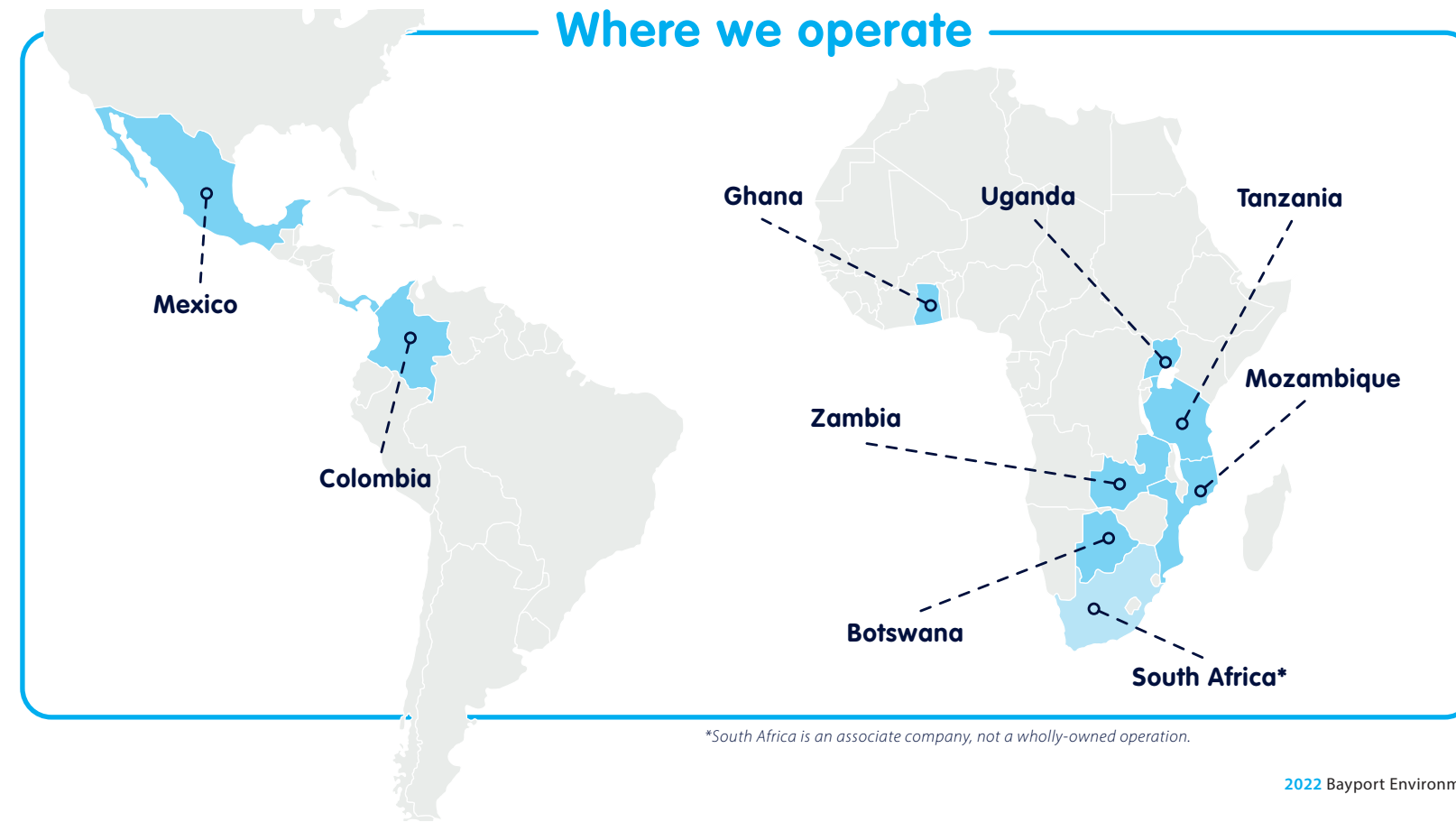
Bayport's mission is to provide financial solutions suited to the needs of an inclusive and broad customer base; embracing technology, product leadership and innovation and so becoming one of the leading developing market financial solutions providers.

WHAT WE ASPIRE TO: Our vision



Our vision is to be the most valued financial solutions brand in our chosen markets by providing a broad range of relevant financial solutions tailored to the needs of our customers.

Where we operate



*South Africa is an associate company, not a wholly-owned operation.

Our Values



Empowerment



Responsibility



Innovation



Simplicity



Partnership



Relevance

What we do:

Payroll lending:
Also known as at-source deduction, payroll lending is Bayport's primary financial services product and is offered in all our markets. These unsecured personal loans are granted to employees with the agreement and cooperation of their employers and are collected through payroll deduction. This product design dramatically reduces the complexity to originate and the risk inherent in traditional retail lending in low-data markets. It also provides a low-risk entry point for individuals entering the credit market for the first time. Moreover, the stringent and hard-set affordability limits imposed by agreements with employers help to prevent over-indebtedness.



Insurance solutions:
Every Bayport loan is sold with compulsory credit life insurance that covers the outstanding debt on a customer's loan under specific circumstances. In some of our markets Bayport also offers education protection plans, hospital and funeral cover and personal accident cover, as well as support on payments during temporary disability.



Savings and deposits:
In selected markets, Bayport offers local currency term deposits and local currency demand deposits.



Bayport in 2022

EMPLOYEES 2 916 2021: 2 872	NUMBER OF AGENTS 4 663 2021: 3 753
REVENUE USD198 043 788 2021: USD194 717 483	ADJUSTED EBITDA USD253 065 684 2021: USD223 766 580
OPERATING PROFIT USD54 034 386 2021: USD44 849 993	ROIC 1.49% 2021: 1.86%

Creating value for our stakeholders



Bayport South Africa had a stand and spoke at the annual HR Indaba on how debt impacts employee wellness.

Our customers in most markets are government workers, including teachers, nurses and police officers, who use their loans for purposes ranging from financing their children's education, home improvements, dealing with family emergencies and running businesses to supplement their income.

Latin America and South Africa are, to some extent, exceptions to this rule.

In Latin America, public pension systems are prevalent, which is why a considerable portion of our business in Colombia and Mexico is focused on pensioners, unlike our African markets.

In South Africa, we previously did not concentrate on any specific market segment and our retail loans were available to any formally employed citizen.

However, since 2019, we have shifted our focus away from retail lending in favour of offering comprehensive financial wellness and debt rehabilitation products and services through formal agreements with private and public sector employers.

Our goal is to help employed South Africans address their immediate debt challenges and equip them with the necessary financial skills to secure a financially stable future for themselves and their families.

“Social impact is at the very core of our being – everything we do in the company and in the market is targeted at ensuring that our customers’ financial wellness improves as a consequence of their engagement with us. We strive to play our part in addressing the over-indebtedness crisis that faces the country.”

– Alfred Ramosedi, CEO, Bayport South Africa

Interest margin
33.3%
 (2021: 31.3%)

minus

18.3%
 (2021: 16.6%)

Cost of funds

Results in:

Net Interest Income (NII)
USD141,7 m
 (2021: USD154,9 m)

Impairment of financial assets
USD16,2 m
 (2021: USD18,6 m)

Other income and associate profits
USD56,2 m
 (2021: USD39,3 m)

Foreign exchange impacts
USD0,3 m
 (2021: USD2,1 m)

Total value created
USD181,4 m
 (2021: USD173,5 m)

Interest margin %

Year	Interest margin %
2019	33,7
2020	30,8
2021	31,3
2022	33,3

Cost of funds %

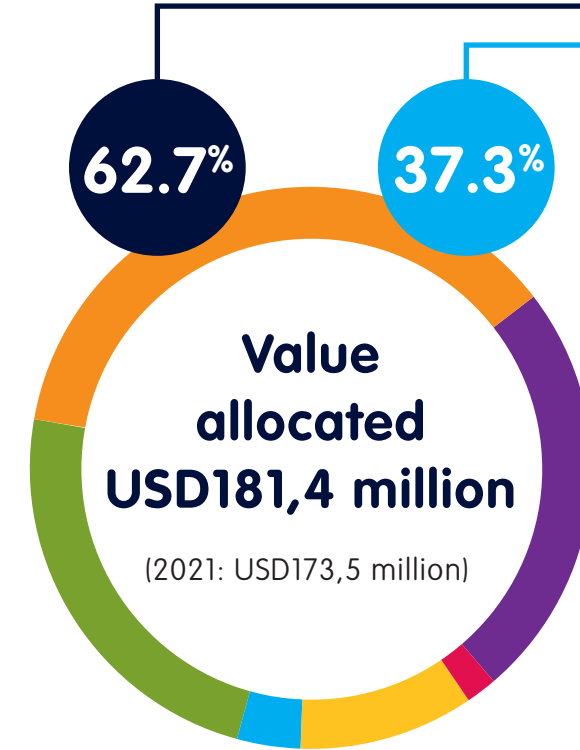
Year	Cost of funds %
2019	14,6
2020	15,9
2021	16,6
2022	18,3

Net interest margin %

Year	Net interest margin %
2019	19,4
2020	14,9
2021	14,6
2022	12,3

Cost of risk %

Year	Cost of risk %
2019	2,2
2020	1,7
2021	1,8
2022	1,5



- Staff and agents
- Government and employers
- Local partners
- Retention for growth
- Innovation
- Other expenditure

Invested into improving lives

**Staff
and agents**

36.8%

USD67 million
2022

Year	Cost to income %
2019	61.9
2020	70.4
2021	66.3
2022	64.4

Cost to income %

Year	Cost to income %
2019	61.9
2020	70.4
2021	66.3
2022	64.4

**Government
and employers
(taxes and
collection fees)**

24.2%

USD43 million
2022

Year	Attributable ROAA %
2019	3.4
2020	2.0
2021	1.1
2022	1.3

Attributable ROAA %

Year	Attributable ROAA %
2019	3.4
2020	2.0
2021	1.1
2022	1.3

**Local
partners**

1.8%

USD3 million
2022

Year	Attributable ROAE %
2019	18.6
2020	15.7
2021	7.5
2022	9.7

Attributable ROAE %

Year	Attributable ROAE %
2019	18.6
2020	15.7
2021	7.5
2022	9.7

Invested into growing Bayport

**Investment
in present**

Spending that enables the Bayport business to meet short- and medium-term business targets and ESG initiatives. This includes the recruitment, retention and development of staff, continued improvement of systems and channels, as well as ongoing brand-building, marketing and client protection initiatives.

23.6%

USD18 million
2022

Year	Investment in present (USD million)
2019	47.0
2020	44.6
2021	33.8
2022	42.7

**Investment
in innovation**

Spending that enables the design and implementation of new products and delivery channels to accelerate Bayport's digital journey and improve the customer experience.

3.6%

USD7 million
2022

Year	Investment in innovation (USD million)
2019	6.6
2020	9.0
2021	9.0
2022	6.6

**Retention
for growth**

Income that is intended to fund organic growth in existing markets.

10.1%

USD44 million
2022

Year	Retention for growth (USD million)
2019	40.1
2020	23.2
2021	12.9
2022	18.3

2022 Bayport Environmental, Social and Governance Report

11

Our people: Local employment and equal advancement opportunities



Our communities: Promoting social and economic development and empowerment

USD42 933
SPENT ON CSI

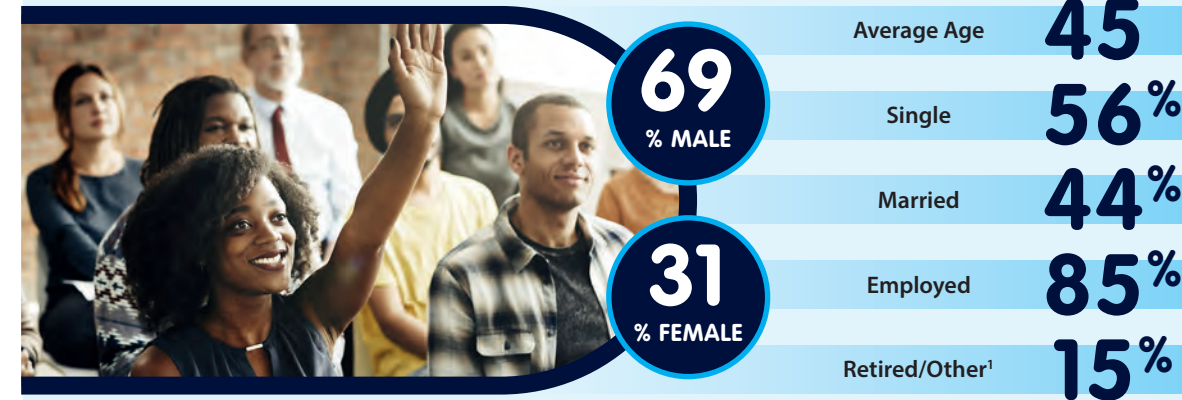
Our investors: Ensuring the future sustainability of the business and ongoing value creation

USD76,6 m
INVESTED IN GROWING
BAYPORT
(2021: USD55,7 m)

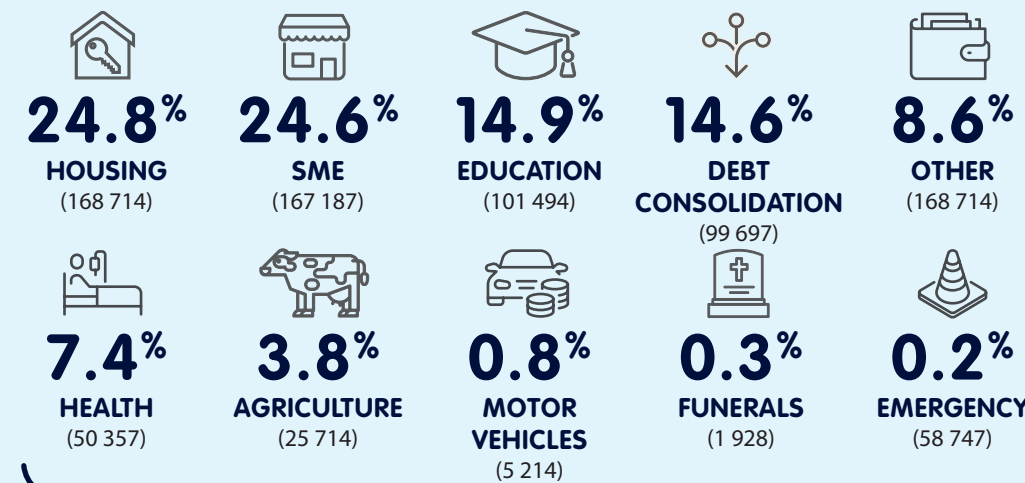
Our environment: Environmental improvement and operational efficiencies

68.5%
LOANS ARE DIGITALLY
ORIGINATED (PAPERLESS)

Customer profile: Groupwide



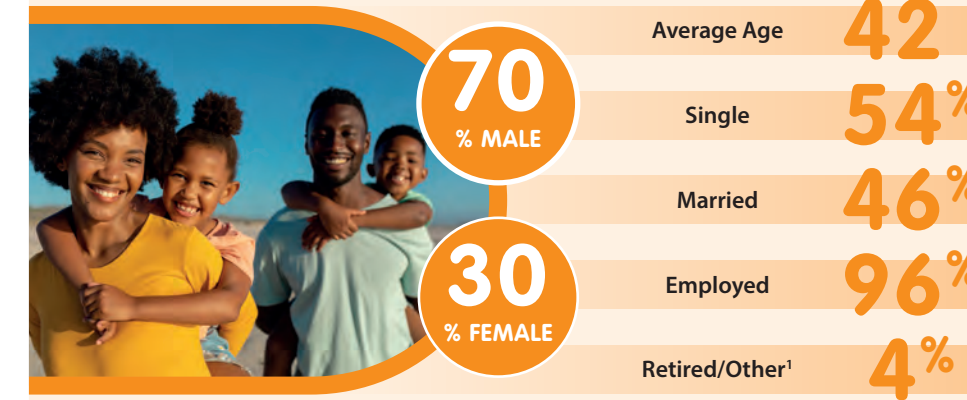
LOAN USE % (indicating volume)



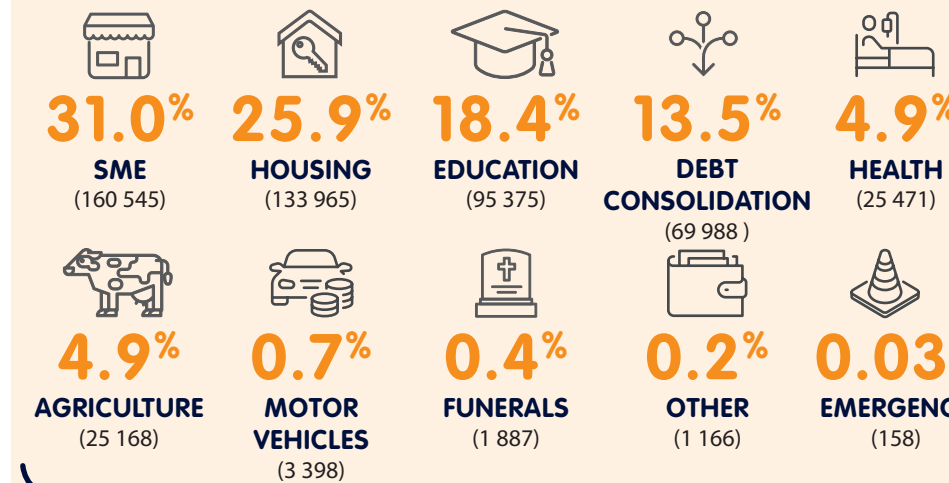
100% TOTAL
(680 559)

¹ Other = Unemployed who could have been terminated, resigned or absconded.

Customer profile: Africa²



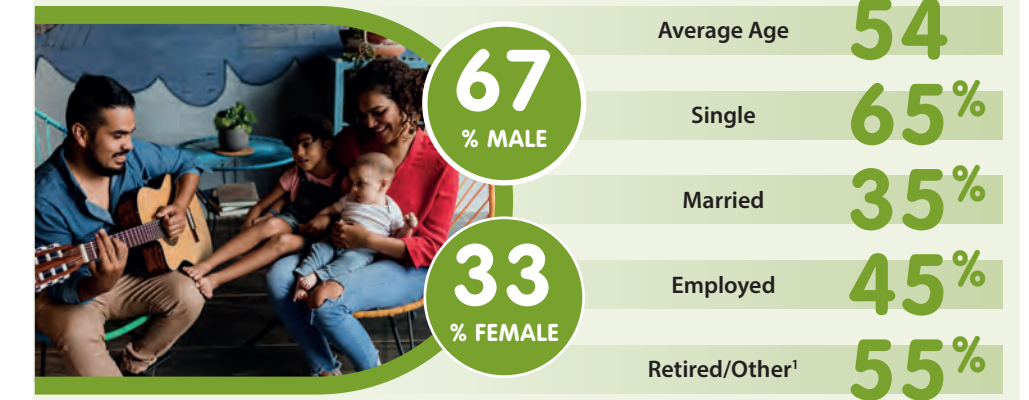
LOAN USE (indicating volume)



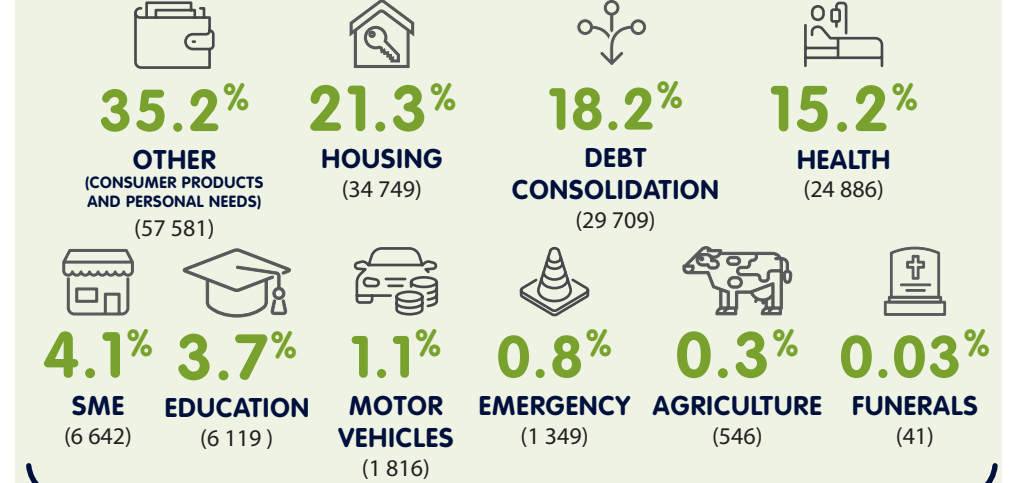
100% TOTAL
(517 121)

² Customer profiles (based on active loan book as of 31 December 2022)

Customer profile: Latin America²



LOAN USE (indicating volume)



100% TOTAL
(163 471)

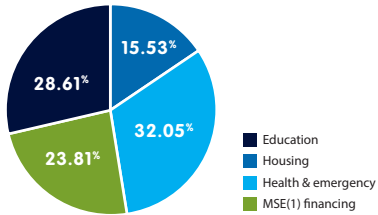


Sophia Pius Rwsa from Mbagala, Tanzania, supplements her teaching salary by raising poultry, cows and goats, and running a small-scale fishery.

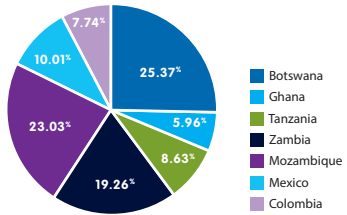
Social bond

In 2022, we issued a social bond with a total nominal value of USD300 million. The full volume has been allocated, with 31% of proceeds financing new loans, and 69% for refinancing purposes.

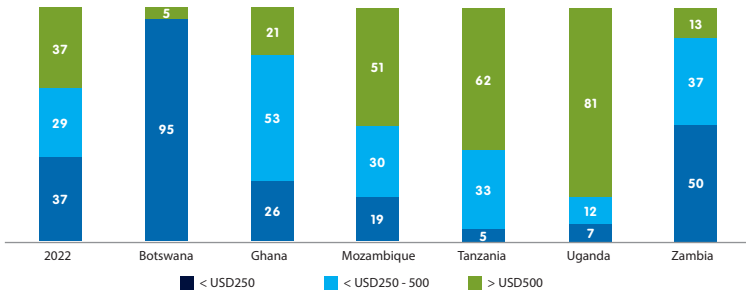
Allocation of proceeds to loan categories



Allocation of proceeds per country



Customer personal monthly income levels



Allocation of proceeds

	Botswana			Ghana			Tanzania			Zambia		
	Value of loans	Value of loans to ageing individuals	Value of loans to women	Value of loans	Value of loans to ageing individuals	Value of loans to women	Value of loans	Value of loans to ageing individuals	Value of loans to women	Value of loans	Value of loans to ageing individuals	Value of loans to women
Education	14 583 856	-	2 690 536	4 776 119	-	988 544	18 432 197	-	3 601 560	6 286 405	-	2 276 002
Housing	14 384 253	11 507	8 751 157	6 028 056	-	476 807	5 024 170	-	660 079	8 026 945	-	2 255 002
Health & emergency	49 453 923	4 606	14 122 132	6 840 160	-	415 276	5 089 394	-	2 816 229	3 093 049	-	116 263
MSE(1) financing	22 049 105	9 603	8 070 465	5 976 547	-	1 663 665	5 617 904	1 294	245 840	58 868 067	3 013	20 154 435
Total	100 471 135	25 716	33 634 291	23 620 882	-	3 544 292	34 163 665	1 294	7 323 708	76 274 467	3 013	24 801 702

	Mozambique			Mexico			Colombia			TOTAL	
	Value of loans	Value of loans to ageing individuals	Value of loans to women	Value of loans	Value of loans to ageing individuals	Value of loans to women	Value of loans	Value of loans to ageing individuals	Value of loans to women	Value of loans	Proportion
Education	10 472 394	2 611	1 098 042	1 707 861	-	-	5 225 664	527 702	427 625	61 484 496	15,53%
Housing	60 951 285	51 325	4 291 806	12 416 774	-	-	20 077 218	548 130	3 975 536	126 908 701	32,05%
Health & emergency	7 018 921	8 224	308 332	19 530 858	-	-	3 265 895	8 714 189	387 867	94 292 199	23,81%
MSE(1) financing	12 738 332	138 844	1 192 613	5 999 795	30 368 587	10 394 652	2 064 855	5 002 801	6 493 537	113 314 605	28,61%
Total	91 180 932	201 004	6 890 794	39 655 288	30 368 587	10 394 652	30 633 631	14 792 822	11 284 565	396 000 000	100%

Number of loans

	Botswana	Ghana	Tanzania	Zambia	Mozambique	Mexico	Colombia	Total	
Education	2 441	6 066	12 242	2 667	5 158	270	899	29 743	21,16%
Housing	6 645	2 017	962	2 200	20 199	3 343	5 153	40 519	28,83%
Health & emergency	11 628	2 470	2 860	146	1 075	8 741	614	27 534	19,59%
MSE(1) financing	4 433	4 042	6 170	20 830	5 336	1 675	254	42 740	30,41%
Total	25 147	14 595	22 234	25 843	31 768	14 029	6 920	140 536	100%

New financing	18,50%	34,30%	28,30%	27,40%	22,50%	24,00%	48,60%	31,00%
Refinancing	81,50%	65,70%	71,70%	72,60%	77,50%	76,00%	51,40%	69,00%
Total	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%	100,00%

ESG strategy overview

“

ESG is the new normal, it is the lens that allows us to develop a deeper understanding of the risk and opportunities faced by Bayport and provides the foundation for a sustainable business going forward.

– Akwasi Aboagye,
CEO, Bayport Ghana

”

Ghana Bayporters work on improving their health.



Bayport's ESG strategy is born from an expanded view of Bayport's place in and responsibility towards the world in which we do business.

The Bayport vision states, inter alia, that we will engineer a new reality in the provision of financial services; and will be recognised for consistently demonstrating the highest standard of care, responsibility and innovation. In this ambition our ESG philosophy is rooted: care, responsibility and innovation also characterise how we mitigate our environmental impact, contribute to the upliftment of people and communities, and pursue economic success.

Introduced during 2021, the strategy seeks to focus Bayport's advancement and sustainability efforts, rather than only improving reporting. Our goal is to balance fiscal targets and ESG aspirations.

To this end, we identified five ESG principles:



1. Balanced: We balance economic success with environmental responsibility and the social upliftment of our people and our communities.



2. Socially aware: We identify and address the environmental and social impacts of our business activities.



3. Sustainable: We prioritise business that enables financial inclusion and sustainable growth.



4. Globally relevant: We endeavour to adhere to the letter and spirit of internationally recognised ESG principles and standards.



5. Governed: We ground our sustainability strategy in robust governance policies and leadership key performance indicators (KPIs).

ESG strategy overview

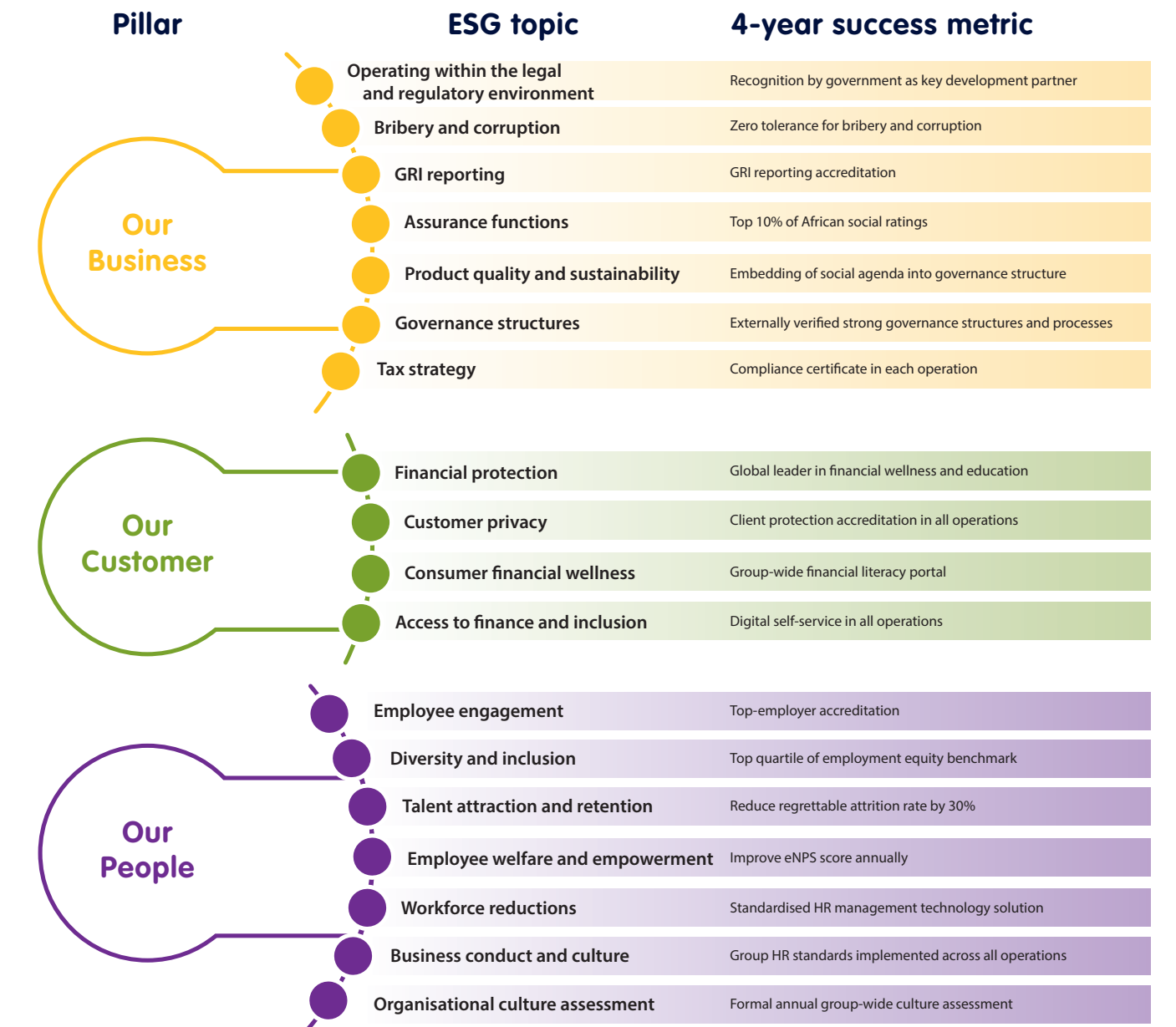
Strategic pillars

Our ESG strategic pillars are our three most critical and actionable areas of influence, ie, our business, our customers and our people.

We mapped each of these pillars to specific ESG topics and developed metrics to measure our success over four years (2022 to 2025):



Zambia Bayporters at the AGM.



Contributing to the SDGs

The United Nations Sustainable Development Goals (SDGs) are an ambitious plan of action defining sustainable development priorities at a global level to 2030, with the aim of eradicating poverty

and promoting decent lives with opportunities for all.

The 17 interconnected and ambitious SDGs are applicable to all nations and people and represent a call to action

aimed at governments, civil society and the private sector. While the SDGs do not explicitly target financial inclusion, greater access to financial services is a key enabler, recognising the role of financial inclusion and

microfinance in reducing poverty and in economic and social development.

Bayport directly and indirectly contributes to 10 of the 17 SDGs: SDG 1, 2, 3, 4, 5, 6, 8, 9, 10 and 17



ESG group strategy, local relevance

Our ESG strategy is rooted in global best practices across the environmental, social and governance areas and aligned with our core principles and values. Our approach was carefully crafted through extensive engagement with our operating countries and group functions, resulting in the creation of our three pillars, setting of our KPIs and implementation of a multi-year roadmap, with a focus on customisation to meet local needs.

To ensure successful implementation of the ESG strategy, we identified ESG champions and executive sponsors in every subsidiary, and engaged with country excos and ESG champions to disseminate the strategy and reporting templates. Each country then took their ESG strategy to their local board for approval and formal adoption. We ensured that the standardised reporting template was customised to meet local requirements, and country-level ESG KPIs, metrics, objectives and targets with a 3- to 5-year horizon were finalised in 2022.

The executive head of ESG, together with the group head of ESG, works with country ESG champions to implement the strategy within their operations, ensuring that the balance between the group's goals and the countries' specific needs is maintained.

This localisation approach positions us to address environmental, social and governance issues that are most relevant to our stakeholders, and it demonstrates our commitment to responsible and sustainable operations.



Mozambique Bayporters planting trees – one of the many employee volunteerism initiatives.

ESG strategy overview

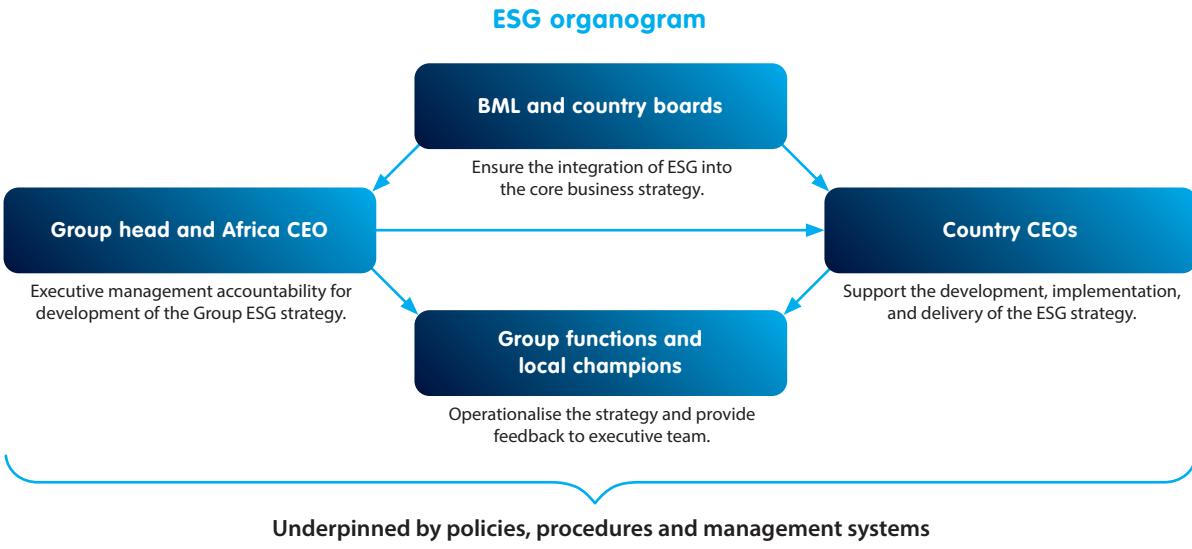
ESG governance

At Bayport, we view ESG as a strategic priority that is integrated into our business at every level.

To ensure that our ESG efforts remain aligned with our overall business strategy, we provide quarterly updates to our group and local boards on our

progress towards our ESG targets, as well as our achievements, challenges and plans going forward. Additionally, we ensure the boards are briefed on an ongoing basis regarding any emerging ESG-related issues that may impact our businesses going forward.

The group head of ESG collaborates with other group functions and country ESG champions to share best practices and provide support for the effective implementation of our ESG strategy across all our operations.



“ Our ESG strategy is our commitment to play an active role in the solution to uplift and empower our people in the communities where we serve and live for generations to come.

– Mwenzi Mulenga, CEO, Bayport Zambia

”



Our ESG KPIs

To ensure we stay committed to delivering sustainable growth and value to all stakeholders, we set ambitious targets and track our performance through various KPIs.

This table looks back at what we achieved in 2022 and gives an overview of our objectives and targets.



Table key:

- Significantly achieved
- Achieved
- Not achieved
- No data

ESG Metrics	Target	Botswana	Ghana	Mozambique	South Africa	Tanzania	Uganda	Zambia	Colombia	Mexico	Support	Group
NPS score	Positive and meet/exceed previous score	72	0	28	N/A	19	-14	39	N/A	52	N/A	26
eNPS score	Positive	-27	22	-5	-20	53	5	-33	84	79	6	20
eNPS score participation rate	≥80%	94.1%	95.2%	70.8%	75.1%	98.7%	87%	89.4%	90.9%	91.2%	90%	86.6%
Regrettable attrition % (voluntary turnover)												
• Executive³	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	N/A
• Senior & middle management³	<10%	0%	0%	0%	7%	3%	0%	1%	6%	0%	1%	N/A
• Skilled technical/professional non-sales³	<15%	1%	0%	1%	3%	0%	3%	1%	5%	4%	5%	N/A
• Skilled technical/professional sales³	<20%	1%	0%	0%	0%	0%	0%	0%	6%	9%	N/A	N/A
Total regrettable attrition full year												23%
Gender diversity (% female) – total	≥40%	63%	40%	38%	64%	56%	43%	49%	67%	61%	35%	56%
Gender diversity (% female) – executive management	≥30%	29%	67%	0%	0%	50%	40%	100%	100%	0%	38%	38%
Gender diversity (% female) – board	≥20%	33%	50%	20%	14%	50%	33%	56%	25%	11%	8%	29%
Number of new customers	Growth	10,869	7,244	17,162	10,235	10,089	1,351	6,129	3,735	17,439	N/A	84,253
Employee engagement (number of townhalls open to all staff)	Quarterly	8	12	1	0	5	7	8	4	6	3	54
Employer engagement (number of executive engagements)	Quarterly	34	24	8	N/A	5	14	14	36	84	N/A	219
Regulatory engagement (number)	Bi-annual	5	7	7	22	5	20	17	3	12	N/A	98
Staff training (average hours per employee)		7.8	34.5	9.9	13.7	10.8	7.9	31.2	11.6	27.4	0.2	15
Volunteerism (average hours per employee)		0	3	2	5	1	1	0	0	0	0	1.2
Funder engagement	Quarterly	11	13	17	47	205	17	36	120	127	121	714

³Results as of Q4 only

Our business

66

ESG is the bedrock to meeting the needs of our customers and people, while making our business sustainable and saving humanity. Our commitment to this cause will inspire others to follow in Bayport's footsteps, and together, we can change the world for the better.

—Bene Machatine,
CEO, Bayport Mozambique

99

Bayport Mozambique savings event.



To ensure that we achieve our ESG success metrics while also driving the sustainable improvement of our business, we selected specific initiatives and their corresponding KPIs.

For 2022, we set ourselves eight objectives and two specific KPIs related to Our Business.

They are listed here, along with an indication of the extent to which we have achieved each one:

KPIs

- Regulatory engagement
- Funder engagement

Objectives and outcomes

- Reduce our environmental impact by increasing our digital channel penetration: **69%**
- Further embed our governance, risk and compliance structures across the group: **100%**
- Leadership buy-in and group and local board-assigned responsibility: **100%**
- Local customisation of standardised reporting template: **100%**
- Define country-level ESG KPIs/metrics: **100%**
- Provision of country-level ESG objectives/targets (3- to 5-year horizon): **100%**
- Clear roles and responsibilities, including review and approval: **100%**
- Include ESG in enterprise risk matrix: **75%**
- Review of travel policy and approval system: **50%**
- Country level Ecovadis baseline self-assessment: **11%**

Our business

The highlights in terms of implementing the Our Business pillar in the ESG strategy were:

- All subsidiary boards adopted and approved the **ESG policy and strategy**.
- We appointed **ESG champions** in each subsidiary.
- Board chairpersons, CEOs and ESG champions signed off on subsidiary and group **roles and responsibilities**.
- Funder engagements steadily increased during the year, totalling **714 across the group** by year end 2022.
- Executives conducted **219 engagement sessions** with employers.
- We recorded **98 regulatory engagements** across our operations.
- We agreed on and finalised **environmental, social and governance action plans** with Swedfund and Finnfund.
- We **partnered with Water.Org on technical assistance services** for a water and sanitation related product offering.



One of the quarterly Bayport Ghana funder engagement sessions.

Areas for improvement for this pillar were:

- We postponed the individual country **Ecovadis self-assessments** to 2023 to focus on achieving other outcomes. However, **Tanzania did complete its self-assessment** against the Ecovadis questionnaire to serve as an example for the other operations.
- The review of **subsidiary-level travel policies and approval system** was delayed.



Towards a better life

DO YOU REGULARLY:

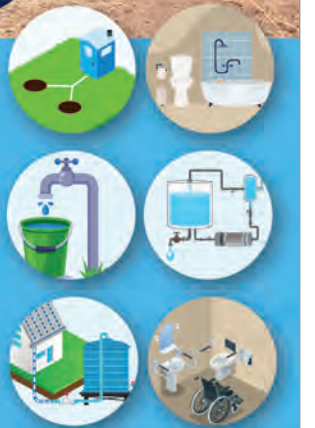
- Walk a long way to fetch drinking water
- Restrain yourself when you need to relieve yourself
- See your children fall ill
- Spend a lot of money on:
 - Buying drinking water
 - Paying medical bills



Get a Bayport loan today and change your life!

BUILD, INSTALL OR RENOVATE

- Toilet with a twin leach pit
- Toilet with bathroom
- Tap water connection
- Water filter
- Rainwater harvesting structure
- Accessible toilet for the elderly and differently abled



water.org

your future now
BAYPORT
FINANCIAL SERVICES

Funder engagement

In September 2022, Swedfund conducted an ESG due diligence in Tanzania and Uganda, which involved visiting customers in Dar es Salaam and Kampala.

This on-site visit followed several weeks of off-site due diligence sessions and resulted in an agreed-upon environmental, social and governance action plan (ESGAP) that will be implemented over the next two years. The ESGAP addresses various issues, such as the development and implementation of an environmental and social management system (ESMS), the establishment of an impact management and measurement (IMMS) framework, client protection, ESG capacity and resources, financial awareness, gender equality and women's empowerment, and Bayport's anti-corruption management system.

In alignment with the SDGs focused on water and sanitation, we have forged a valuable partnership with Water.Org. Our collaboration aims to drive the promotion and accessibility of water and sanitation loans within our African subsidiaries in 2023.

By teaming up with Water.Org, a renowned organisation dedicated to addressing global water challenges, we are leveraging its expertise and technical assistance to enhance our efforts in advancing water and sanitation initiatives.

This partnership underscores our commitment to supporting SDG 6, which aims to ensure availability and sustainable management of water and sanitation for all, contributing to improved health, hygiene and overall wellbeing within the communities we serve.

Through targeted financial solutions and strategic initiatives, we are empowering individuals and communities with the means to access safe water and sanitation facilities, fostering socioeconomic development and making tangible progress towards the SDGs.



2022 Swedfund due diligence visit.

Our environment

As a microfinance company, Bayport's core business operations have a negligible direct environmental impact. However, this does not mean that we are exempt from taking action to promote sustainability.

As a socially responsible business, Bayport has a unique opportunity to demonstrate leadership in the promotion of sustainable practices. By taking proactive steps to reduce our environmental footprint, we can align our values with those of our customers, employees and other stakeholders, enhancing our reputation and building stronger relationships with the communities we serve.

Promoting sustainability also makes good business sense. Customers are increasingly demanding sustainable products and services, and investors are prioritising companies that demonstrate a commitment to environmental and social responsibility. By undertaking environmental initiatives, we position ourselves as a responsible and forward-thinking company, attracting new customers, investors and partners.



Ghana

Bayport Ghana has begun monitoring its electricity consumption as part of its ESG KPIs. To accomplish its consumption-reduction objective, the operation installed energy-efficient bulbs, solar-powered air conditioners and inverted air conditioning units, and employees are educated on the efficient use of electricity.



Botswana

As part of its ESG KPIs, Bayport Botswana launched an initiative to lower its consumption of printing paper and associated expenses by 30%. The project has made a good start, with printing costs decreasing by 26.6% from January to December 2022.



Tanzania

With 100% of loans already originating through the digital channel, Bayport Tanzania intends to minimise paper usage throughout its operations by going entirely paperless.



Uganda

Bayport Uganda has teamed up with Dunia-Mukwano Industries Uganda Limited, a business that supports the recycling of plastic waste in Uganda. Dunia provides Bayport with recycling bins and disposes of plastics when the bins are full, free of charge.



Thinking about a loan and wondering what your options are?

Get the answers and get started with Bayport's digital channels.



Access the info in your own time, on your own phone:

- Simply dial *154# to use the USSD menu OR send a WhatsApp to 713680000 OR go to applynow.bayportbotswana.com and complete the form.
- The maximum amount Bayport can offer you is shown on your screen.

Simple, quick and convenient – the Bayport Way.

your future now

BAYPORT
FINANCIAL SERVICES

Digital innovation

Digital technology can boost financial inclusion and Bayport leverages it to create value for all our stakeholders by enhancing our operations, improving efficiency and driving social impact.

Our digital transformation journey has been driven by a commitment to sustainable development and a desire to make a positive impact on the communities we serve. The rapid advancements in digital technology have opened up new opportunities for us to address sustainability challenges. As such, we see our digital initiatives as instrumental in expanding our reach and providing access to financial services to more people in need.

Digital customer servicing

Since the launch of our various digital access points, also known as our multi-channel approach, the focus has been on consolidating our digital offering and driving efficiencies throughout the value chain.

Our customers vary in age and level of technological adoption and Bayport's task is to ensure that their different needs are catered for, while providing options and choice in terms of channels to interact with the business.

It is easy to appreciate the benefits of convenience and efficiency that digital channels offer; however, it is critical that the human connection with our customers and stakeholders, which is a cornerstone of Bayport's success, is not compromised as digital utilisation increases. The success and sustainability of our



Bayport Uganda agents with their Digibay tablets.

digital transformation depends on us deepening our relationships with our customers while offering the convenience of an engagement that is not face to face. We are up for the challenge!

Financial literacy is critical in the digital world to ensure that the loan originated meets the customer's requirements and that the associated terms are fully understood.

Some of the our achievements during 2022 included the onboarding of Uganda to the digital platform. The

business embarked on a staggered rollout which is set to be completed in 2023. An incremental innovation advanced in 2022 was self-origination (known as our USSD channel) in Tanzania and Botswana. These were both very successful launches with customers embracing the opportunity to originate loans entirely by themselves.

Our next chapter entails adding the Zambian business to the digital stack and concluding the digital migration with Botswana.

Loan origination channels

Uganda (Digibay)

In September 2022, Uganda launched Digibay, a process through which our agents use tablets to originate loans in the field. The digital progression has not only improved disbursement turnaround times, but has also positively impacted customer satisfaction and reduced the use of paper and operational costs.

Loan origination channels per country

2022	Call centre	Digital agent	USSD & WhatsApp	Paper	Total
Botswana	15%	0%	0%	85%	100%
Ghana	13%	76%	0%	11%	100%
Mozambique	1%	78%	0%	21%	100%
South Africa	35%	60%	5%	0%	100%
Tanzania	68%	6%	26%	0%	100%
Uganda	0%	3%	0%	97%	100%
Zambia	0%	0%	0%	100%	100%
Colombia	5%	95%	0%	0%	100%
Mexico	4%	96%	0%	0%	100%
Groupwide	14%	51%	3%	31%	100%

*SA not included in group number

Botswana (USSD)

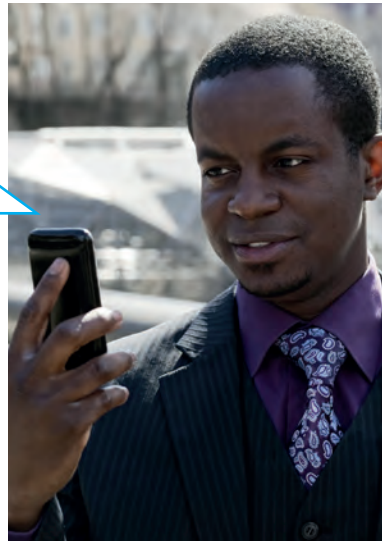
In Q4 Botswana launched its self-origination channel (USSD) to improve the overall customer experience by allowing customers to originate their own loans without visiting a branch or interacting with agents. Over 1 200 people accessed the USSD self-service platform; the lead is generated online, but the loan application process is handled via the call centre. The platform currently offers sales generation at the customer's convenience. The business plans to expand the functionality of the platform to include account balance checks and allow bank account details to be changed. In addition, the bi-annual distribution of electronic loan statements was implemented.

Digitally originated loans as a % of total issued loans

	2021	2022
Botswana	7.7%	14.7%
Ghana	83.8%	89.0%
Mozambique	76.1%	79.2%
South Africa	100.0%	100.0%
Tanzania	100.0%	100.0%
Uganda	0.0%	3.1%
Zambia	0.0%	0.0%
Colombia	100.0%	100.0%
Mexico	100.0%	100.0%
Groupwide	55.0%	68.5%

*SA not included in group number

*154#





Governance, compliance and ethics

We conduct our business to the highest standards, continually improving our approach to governance, compliance and ethics. Our commitment to doing business the right way is a core component of our business model and drives our mission to create sustainable value for all stakeholders.

BML governance

Bayport is led by a team of 13 globally experienced and industry-relevant directors. Governance structures that drive sustainable growth, manage risk and create value for all our stakeholders are embedded in the business.

The Bayport board of directors is appointed by shareholders in relation to the extent of their shareholding. In addition, up to four independent

directors may be appointed by a majority decision of the board.

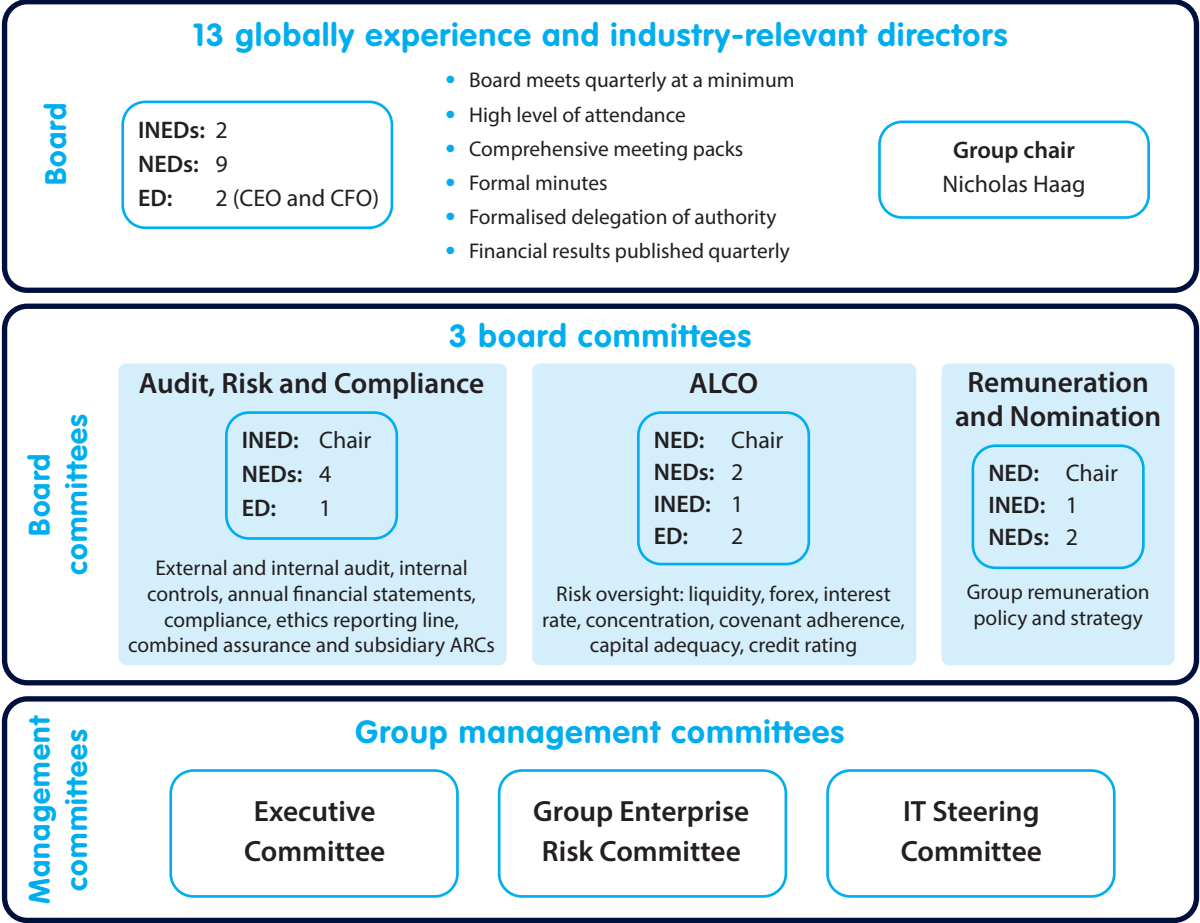
Meetings are held on a quarterly basis with a high level of attendance. Discussions are formally minuted and a formal delegation of authority guides actions and decisions in the best interest of the company.

The board monitors and evaluates its strategies, risks and performance through three sub-committees that meet on a quarterly basis. Group management committees that meet monthly manage the day-to-day risks, ensuring mitigating actions are taken and material risks are escalated timeously.

The board publishes financial results online via news outlets every quarter.

Bellerive Corporate Management Services (Mauritius) Ltd, a management company licensed by the Financial Services Commission, has provided secretarial services to the board since November 2021.

Group governance structure



Subsidiary governance structures

Bayport has established governance structures in all its subsidiaries that are aligned to the group governance structure to the extent necessary and practical. Depending on local governance requirements, additional structures and management committees have been established.

All subsidiaries have strong governance frameworks with operational autonomy:

- Boards of directors that all meet quarterly.
- Audit Risk and Compliance committees in Botswana, Colombia, Mexico, Tanzania, Uganda and South Africa that meet quarterly.
- Audit and Finance committees in Ghana, Mozambique and Zambia that meet quarterly.
- Risk and Compliance committees in Ghana, Mozambique and Zambia that meet quarterly.

Additional structures in certain subsidiaries include (depending on regulatory requirements):

- Remuneration and Nomination committees (Ghana, Mozambique, Zambia)
- Loans Review Committee (Zambia)
- Credit Committee (Mozambique)
- General Assembly (Mozambique)
- Social and Ethics Committee (South Africa)
- Assets and Liabilities Committee (South Africa)
- Various management committees:
 - Executive Committee
 - Management Committee
 - Risk Management Committee
 - Credit and Collections Committee

Governance, risk and compliance (GRC) overview

The Group Risk function has established three functional units, namely, Governance and Compliance, Risk Management and Forensic Services. Each of these functions are managed by specialist staff who monitor and support the GRC functions across the group.

The same functions have been established across the group, with staffing requirements that consider factors such as local regulatory and governance requirements, business size and needs.

GRC department overview and functions (set and staffing)

	Group	Botswana	Colombia	Ghana	Mexico	Mozambique	Tanzania	Uganda	Zambia	South Africa
Function management	Head of GRC	CFO	Risk and compliance manager	Head of risk and compliance	Subdirector: legal risk and compliance	Head of risk/ Head of compliance	Head of GRC and forensics	MD	Deputy CEO	Executive: legal & compliance
Governance and compliance	1	2	2	1	2	1	1	2	1	1
Risk management	1			1	1	5			1	1
Forensic Services	2	1	1	2	1	2	2	1		8



Compliance and oversight

Bayport operates in multiple geographies, each with its own regulatory environment. Compliance remains a top priority and is constantly monitored.

As an established business with a robust compliance framework, we have an opportunity to entrench our position in the market as leaders through compliance, given that the pace of regulatory change may present a barrier to entry for others. We also maintain a high level of vigilance to ensure we can proactively prepare for any impending regulatory changes.

We seek to maintain strong relationships with the regulators and industry boards in all our countries of operation. Where possible, we are represented on industry boards, and in all our markets we are active lobbyists for fair and responsible lending practices. We support regulatory systems that contribute to a safer financial system for all and that facilitate sustainable economic growth.

The Compliance Framework, as summarised here, consists of a multitude of components that together form a robust approach to ensuring high levels of compliance.

Compliance Management Functions

Objectives

- Comply with the relevant laws, regulations and codes within the geographies in which Bayport operates
- Compliance policy statement
- Compliance framework
 - Standardised approach across the group
 - Dedicated local compliance resources in all geographies
 - Compliance framework and defined subsidiaries
 - Processes
 - Culture
 - Monitoring
 - Reporting
- Monitoring of global regulatory developments
- Board monitors compliance through ARC and RCC committees



Compliance framework

- Compliance resources
- Compliance policy statement
- Compliance charter
- Compliance policy
- Compliance manual

Compliance status

- Regulatory universe
- Annual compliance calendar
- Tax health check

Compliance processes

- Regulatory submissions
- Legislative and regulatory developments
- Industry developments
- Stakeholder relationship management
- Regulatory engagement management (inspections, complaints, investigations)

Compliance culture

- New staff induction programme
- Training
- Awareness programmes and surveys
- Institutionalising compliance – new products/processes

Compliance monitoring and reporting

- Annual monitoring plans
- Group engagement framework
- Complaints monitoring and reporting
- Subsidiary ARC Committee
- Subsidiary RCC (Risk and Compliance Committee)
- Group ARC Committee

Compliance: AML

- AML framework
- AML policy
- Sanctions and PEP screening
- Enhanced due diligence
- Awareness programmes
- AML training (all employees)
- Transactional monitoring
- Regulatory reporting
- Dedicated AML reporting officers

Compliance: data protection

- Data protection framework
- Policy management
- Contract management
- Document management
- Data lifecycle management
- Data subject rights
- Incident management process
- IT and security safeguards
- Training and awareness

Fighting bribery and corruption

We value our reputation and strive for integrity in all our dealings. It is a fundamental policy of the group that all our businesses conduct themselves in an honest and ethical manner and without the use of corrupt practices or any form of bribery or inappropriate payments, favours or services to obtain unfair advantage.

Bayport recognises that bribery and corruption harm the societies in which these acts are committed and hinder economic growth and development. To uphold our commitment, we adopt a zero-tolerance approach to bribery and corruption and comply with all applicable anti-bribery and corruption (ABC) laws in every country where we do business.

Our policies and procedures are designed to address the elevated risk of bribery and corruption in our markets, particularly when dealing with third parties, including government officials. Any actual or suspected breach of the ABC policy and Code of Ethics and Business Conduct is taken seriously and investigated thoroughly.

Our systems to ensure compliance with ABC laws and regulations include:

- ABC compliance programme;
- Robust policies and procedures;
- Mandatory training and regular awareness communication; and
- A whistleblowing policy that provides a reporting hotline and mechanisms, as well as whistleblower protection.

Whistleblowing: EthicsPoint reporting

Bayport's Code of Ethics and Business Conduct sets out clear guidelines for conducting business with the highest standards of ethics. We are committed to creating an open and

transparent environment where honest communication is the expectation, not the exception. We actively encourage individuals to report any unethical, improper or illegal behaviour or practices that may impact us or our employees.

To achieve this, we have established several channels through which individuals can report suspected incidents of corruption or violations of our policies. These include direct communication with management or designated employees, such as the Governance, Risk and Compliance (GRC) and Forensic teams, Internal Audit or executive management. For those who may prefer to make an anonymous report in confidence, we have a confidential hotline hosted by an independent third-party provider, Navex Global.

The EthicsPoint hotline is available to all our stakeholders, including employees, customers, third-party providers, contractors, agents, consultants, suppliers and former employees.

All incidents reported through the Navex system are immediately communicated to the chief internal audit executive for investigation in accordance with group policies, which include provisions for protection against retaliation.

Additionally, the Audit, Risk and Compliance (ARC) Committee provides oversight of all cases reported through the EthicsPoint system.

Data protection and privacy

We recognise the importance of safeguarding the personal information of our customers, employees, suppliers and all other individuals with whom we conduct business, and we strive to ensure compliance with international standards and legislation in all the jurisdictions where we operate.

Our commitment to confidentiality is reflected in our policies regarding the collection, storage, transfer and disclosure of personal information. Our employees are expected to maintain the confidentiality of

personal information at all times, and our management team ensures that our policies align with the confidential nature of the data we handle.

We collect personal information through lawful and fair means, and only with the knowledge and consent of the parties involved, where appropriate. The information is retained for as long as necessary to fulfil the purposes for which it was collected, after which it is destroyed in accordance with applicable laws, unless we are required by law to keep a record of it.

We take appropriate and reasonable technical and organisational measures to prevent the loss, damage or unauthorised destruction of personal information, as well as unlawful access or processing of such data. We use secured servers and data-warehousing facilities for proper data storage. We continuously monitor our systems and processes to mitigate potential risks and regularly provide updates on information security to the relevant management committees and boards.

Please don't KEEP QUIET



Manipulation of pay slips and employment confirmation is the biggest fraud problem Bayport has to deal with.

Please help to protect our business by reporting anything that you think is not right.

Our whistleblower line is managed by an independent company called **Navex**, which means **confidentiality is guaranteed**. Simply scan the QR code to make a report:





INTERNATIONAL FRAUD AWARENESS WEEK

November 13-19, 2022

Bayport is a proud supporter of International Fraud Awareness Week.

Play your part in putting a stop to fraud and stay alert.



NAVEX GLOBAL[®]

The Ethics and Compliance Experts



100% ANONYMITY GUARANTEED



ACFE

Association of Certified Fraud Examiners

ASSOCIATE MEMBER

FraudWeek.com

#fraudweek

your future now



BAYPORT

FINANCIAL SERVICES

Bayport operating entities – Regulators

Country	Core regulator/s	License held
Mauritius	<ul style="list-style-type: none">Financial Services Commission of Mauritius (FSC)	<ul style="list-style-type: none">Global Business License Category 1
Botswana	<ul style="list-style-type: none">Non-Bank Financial Institutions Regulatory Authority (NBFIRA)	<ul style="list-style-type: none">Micro Lending License
Colombia	<ul style="list-style-type: none">Superintendence of CompaniesSuperintendence of Industry and Commerce (Customer Protection Agency)	<ul style="list-style-type: none">None: No specific licensing requirements for payroll lenders, however, Bayport is still subject to prevailing consumer protection, AML and labour legislation
Ghana	<ul style="list-style-type: none">Bank of Ghana	<ul style="list-style-type: none">Savings and Loans License
Mexico	<ul style="list-style-type: none">CNBV (National Banking and Securities Commission)CONDUSEF (National Commission for the Protection and Defence of Financial Services Users)	<ul style="list-style-type: none">None: No specific licensing requirements for payroll lenders, however, Bayport is still subject to prevailing consumer protection, social security and AML legislation
Mozambique	<ul style="list-style-type: none">Bank of Mozambique	<ul style="list-style-type: none">License to operate a bank
South Africa	<ul style="list-style-type: none">National Credit RegulatorFinancial Sector Conduct Authority (FCSA)	<ul style="list-style-type: none">Credit ProviderFinancial Services Provider
Tanzania	<ul style="list-style-type: none">Bank of Tanzania	<ul style="list-style-type: none">License to Conduct Micro Finance Business as a Non-Deposit Taking Microfinance Service Provider under Tier 2
Uganda	<ul style="list-style-type: none">Uganda Microfinance Regulatory Authority	<ul style="list-style-type: none">Non-Deposit Taking Microfinance Institution
Zambia	<ul style="list-style-type: none">Bank of Zambia	<ul style="list-style-type: none">License to Operate a Financial Institution

Risk management

Bayport’s business activities have risks and opportunities attached to them, presenting us with a continuous balancing act.

Risk governance

Risk management is the responsibility of every individual in the organisation and is therefore applied not only in setting strategy but also at every level within every business unit in Bayport.

Risk appetite and tolerance

Bayport has implemented a comprehensive risk-management framework with clearly defined risk appetite and tolerance levels.

Appetite is the amount of risk that the business is willing to take in pursuit of objectives, while tolerance as the maximum amount of risk the business is able to absorb before the achievement of objectives is threatened.

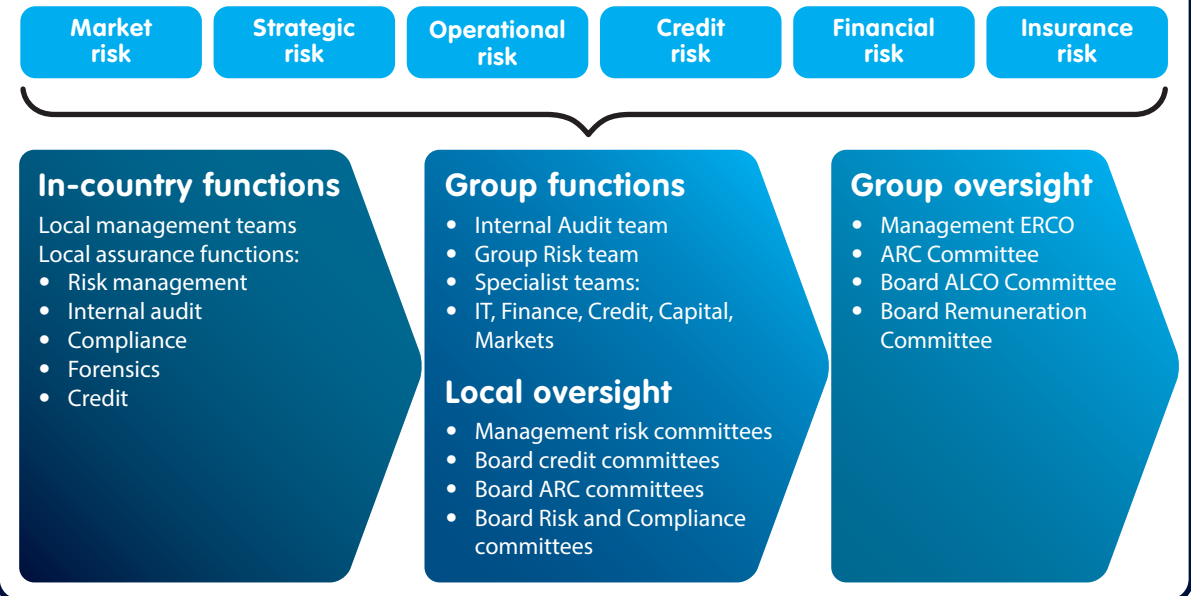
The group dedicates resources and focus to understanding and ensuring risk is identified, assessed, managed and monitored. Controls and mitigating actions are designed to reflect the risk appetite in each instance.

Overall, risk management is the responsibility of the group board, each country board, the Audit, Risk and Compliance (ARC) committees and Risk and Compliance committees (RCC). The ARCs and RCCs meet on a quarterly basis to review reporting on material risks and agree on action plans to address any material deviations from the risk appetite.

Bayport considers all types of risk it faces, namely, strategic, operational, financial, market and liquidity, credit and insurance risks. The structure that supports risk management involves input from numerous stakeholders across the group.

Risk management approach

A comprehensive and structured approach to risk management and control

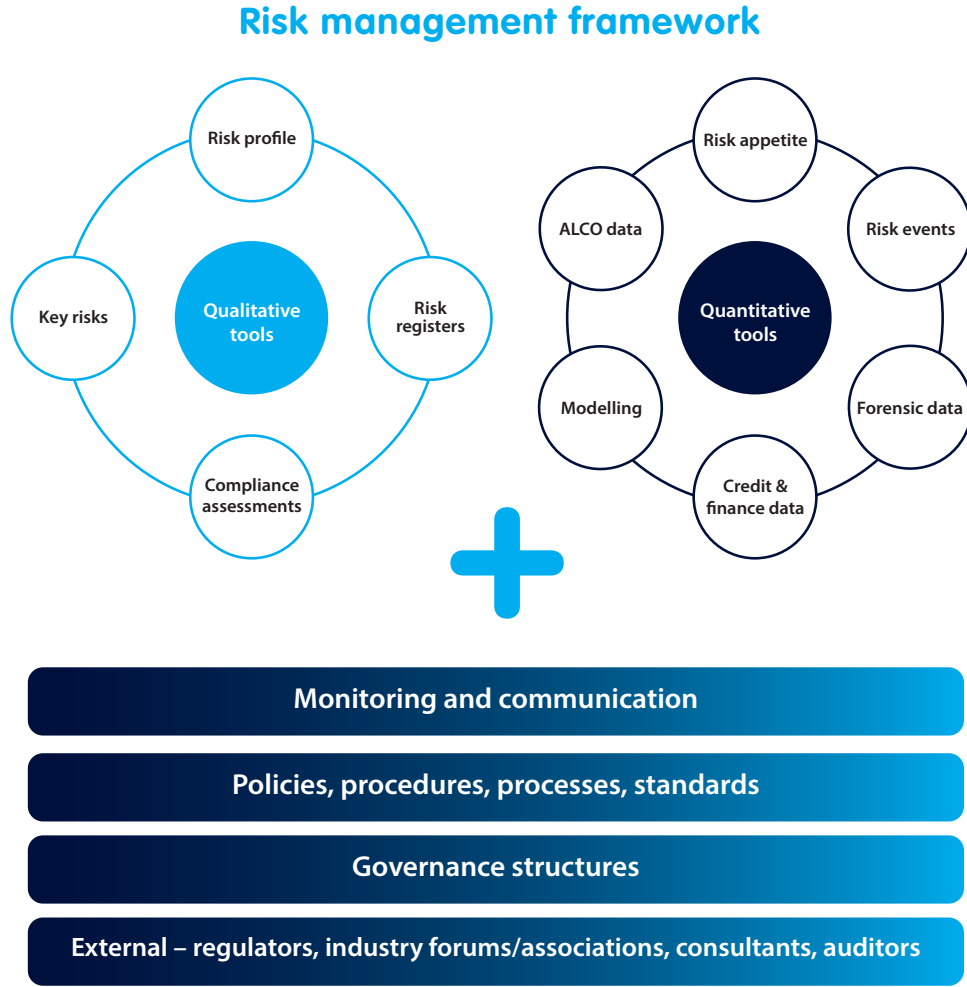


Responsibility and accountability are informed by the Three Lines of Defence model



Three lines of defence

First line of defence: risk owners	Second line of defence: monitor risk	Third line of defence: independent assurance
<p>Highly skilled management team with globally relevant financial service capabilities.</p> <p>Policy framework</p> <ul style="list-style-type: none">Code of ethicsGovernance policiesCompliance policiesIT policies (ISO27001)Human resource policiesCredit and finance policies <ul style="list-style-type: none">Internal controlsManagement controls <ul style="list-style-type: none">Independent anonymous incident reporting facility	<p>Risk management</p> <ul style="list-style-type: none">Standard risk methodologyRisk management policy and frameworkRisk appetite frameworkQuarterly enterprise-wide risk registersGroup enterprise risk committeeRisk oversight by Board ALCO and ARC committeesRCC committees <p>Compliance</p> <ul style="list-style-type: none">Standardised compliance frameworkGlobal regulatory development monitoringAML World-Check sanction screening <p>Forensics</p> <ul style="list-style-type: none">Prevention (charter, policy, rewards, programme, training, automated fraud rules)Detection (audits, investigations, data analytics)Response (corrective action)i2 Link Analysis intuitive intelligence data management applicationRUBIQ case managementParticipation in fraud forums/networks	<p>Internal audit</p> <ul style="list-style-type: none">Systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processesGroup Internal Audit CharterRisk-based approachFunctional reporting<ul style="list-style-type: none">CAE to group ARC chairSubsidiary IA teams to CAETeamMate audit softwareIDEA data mining toolRolling 3-year internal audit plans, aligned to strategic themes of the businessSynchronised work effort with other assurance providersTracking registers of previous reported findings <ul style="list-style-type: none">Annual assessment of effectiveness of internal controls and adequacy or risk management processIndependence quality review at least every 5 yearsARC oversight role:<ul style="list-style-type: none">Approval of internal audit approachApproval of monitoring of annual plansCAE appointment and performance reviewsAssess management responsiveness <p>External audit</p> <ul style="list-style-type: none">Group auditorsSubsidiary auditorsPolicy for non-audit services provided by external auditorsUnqualified audit reports



Risk management framework

A standardised risk taxonomy (risk universe) and risk reporting tools ensure that a consistent risk language and understanding exists throughout the Three Lines of Defence model. This is further supported by a standardised risk matrix which is used to determine risk ratings. A summary view of how the risk management components, tools and activities work together to form the Bayport risk management framework. People and technology components act as enablers.

Loan usage environmental and social risk assessment

In delivering our mission to provide shared value to all our stakeholders, Bayport recognises the rapidly changing global context and risks posed by environmental and social impacts and the importance and relevance of social and environmental risk management in microfinance institutions.

In this regard, we committed to identifying and addressing the environmental and social (E&S) risks associated with our activities through sound risk management at both operational and customer level.

Promoting sustainability for our operational activities and our customer base alike is good business practice. However, based on the nature, size and complexity of our business, Bayport has concluded that the microloans we extend to low-income consumers have low E&S risk. Our customers are screened via World-Check. World-Check serves the KYC and third-party screening needs of the business and ensures compliance with anti-money laundering and countering financing of terrorism legislation.

Furthermore, we are committed to ensure that funds will not be used to finance any activity, production, use, distribution or business listed in the Harmonized EDFI Exclusion List. Although we have a considerably lower E&S risk level than most other financial institutions, we recognise that we also play an important role in the promotion of good E&S practices and standards.

7

Our customer

“

Through ESG in Tanzania we can live the core value of Bayport which is putting people first, hence our Bayport logo resembling a human being. These values ensure that we are impacting humankind in a positive way, not just today but also for future generations to come.

– John Mbagi,
CEO, Bayport Tanzania

”

Lyndia Musalimu, a teacher from the Kigamboni District in Tanzania, used her Bayport loan to buy a property and has started building her home.



KPIs

- Net promoter score (NPS)
- Number of new customers
- Employer engagement

Objectives and outcomes

The focus in terms of the Our Customer pillar for 2022 was on the following objectives:

- Develop our Theory of Change: **100%**
- Complete the annual external survey on our customers' profiles and use of loans: **100%**
- Initiate client protection certification (CPC): **100% complete**
- NPS and customer engagement scoring: **100% complete**
- Country-defined financial wellness approach: **56% complete**
- Support rollout of group financial literacy and wellness capability: **100%**
- Launch CSI projects across all countries: **75%**

Our customer

The highlights in terms of implementing the Our Customer pillar of Bayport's ESG strategy were:

- Botswana and Mozambique were awarded gold- and bronze-level client protection certification (CPC) by MicroFinanza Rating (MFR) respectively (see page 43 on client protection).
- Colombia and Mexico completed the **client protection pathway**

pre-certification assessment aimed at achieving CPC in 2023.

- Overall NPS (from the Sagaci Research survey) for our African operations (excluding SA) increased **from 18 in 2019 to 26 in 2022** (see page 40 for Sagaci Research results).
- Mexico and Colombia implemented an **automated, independent NPS measurement** through Qualtrics.

- Bayport **acquired 84 253 new customers** across all countries.
- The operations registered **219 employer engagements** in the year.
- Launch of the **Bayport Customer Forum** led by Group Credit, with representatives from all subsidiaries' sales and/or customer service divisions. The aim of the forum is to drive greater customer centricity.
- All operations had either implemented or initiated (at the least) the **promotion of financial literacy and awareness among customers** (existing and potential) and staff.

Areas for improvement for this pillar were:

- Initial results of the 2022 Sagaci Research study indicated a **decline on the NPS** for four of our six African operations.



Bayport Colombia financial education campaign.

Our theory of change

The Theory of Change (ToC) is a strategic framework that outlines how an organisation's intended actions result in specific outcomes and impact.

The ToC is used and promoted by a wide range of institutions including the World Bank, the United Nations, as well as development finance institutions (DFIs) and NGOs.

The ToC comprises of:

- Input and activities:** This outlines the actions and processes undertaken by a business to achieve its goals.
- Outputs:** represents direct and tangible results of business activities; deliverables that are generated as a result of the inputs and activities.
- Outcomes:** immediate or short-term changes, effects or benefits experienced by individuals, communities or the broader society resulting from the outputs.
- Impacts:** signify the long-term, sustainable changes that occur as a result of achieving desired outcomes.

We developed BML's ToC to map how our actions and initiatives contribute to our larger goals and objectives and how they align with our mission and vision.

By adopting the ToC, we commit to a systematic and thoughtful approach to understanding, planning, implementing and evaluating our activities with a focus on achieving meaningful outcomes and making a positive impact.

Theory of change

Problem

- 1.7 billion adults globally are financially excluded, living without formal credit or savings.
- 24% of the world's adults struggle to get by without basic financial services needed to protect themselves against hardship and invest in their futures.
- More than two thirds of employment opportunities worldwide are provided by MSMEs
- In emerging markets, MSMEs account for 70% of job opportunities.

Input

Bayport offers financial services...

- Credit (unsecured payroll)
- Savings and deposits
- Insurance
- Financial education

Activity

...in underserved markets,

- Government employees
- Emerging and frontier markets
- Pensioners

Output

...promoting financial inclusion, independence

- Improved and expanded access to (digital) financial services
- Inclusive financial health and resilience in markets, societies and individuals
 - Increased access to education, healthcare, housing and capital for SMEs
 - Enhanced capability to deliver responsible, sustainable and digital financial services
 - Improved financial awareness and wellness

Outcome

...and economic empowerment,

- Increased income generation, trade and employment
- Social, environmental and economic development of local communities
- Increased tax revenues
- Economic system stability

Impact

...improving lives and contributing to sustainable development.

- SDG1** No poverty
- SDG2** Zero hunger
- SDG3** Good health and wellbeing
- SDG4** Quality education
- SDG5** Gender equality
- SDG6** Clean water and sanitation
- SDG8** Decent work and economic growth
- SDG9** Industry, innovation and infrastructure
- SDG10** Reduced inequalities
- SDG17** Partnerships for the goals

Direct effects

Indirect effects

2022 Sagaci Research survey results

We work with Sagaci Research, a market-research firm in Africa, on an annual survey of our customer base across Africa (excluding South Africa) to gather details on actual loan use, and to measure our net promotor score.

The objectives of the research:

- Identify how customers use their loans;
- Understand customers' technology usage and internet connectivity;
- Profile customers in terms of asset ownership; and
- Understand households' education status and readiness to borrow.

A total of 1 571 interviews were conducted in six countries, namely, Botswana, Ghana, Mozambique, Tanzania, Uganda and Zambia.

Choice drivers and loan usage

The Sagaci survey data indicates that pricing is a critical factor in customer choice across our African subsidiaries, with interest rates having a growing impact. It is, therefore, essential for us to maintain competitive pricing to attract and retain customers, which is crucial for our business operations.

It is interesting to note that Botswana is the most price-sensitive market, with 74% of customers indicating pricing as the deciding factor driver, while Ghana is the least sensitive with only 45% of customers indicating the same. This variation could be due to factors such as differences in financial literacy levels and/or the availability of alternative financial products. Understanding these factors can help us tailor our pricing strategies to meet the specific needs of each market.

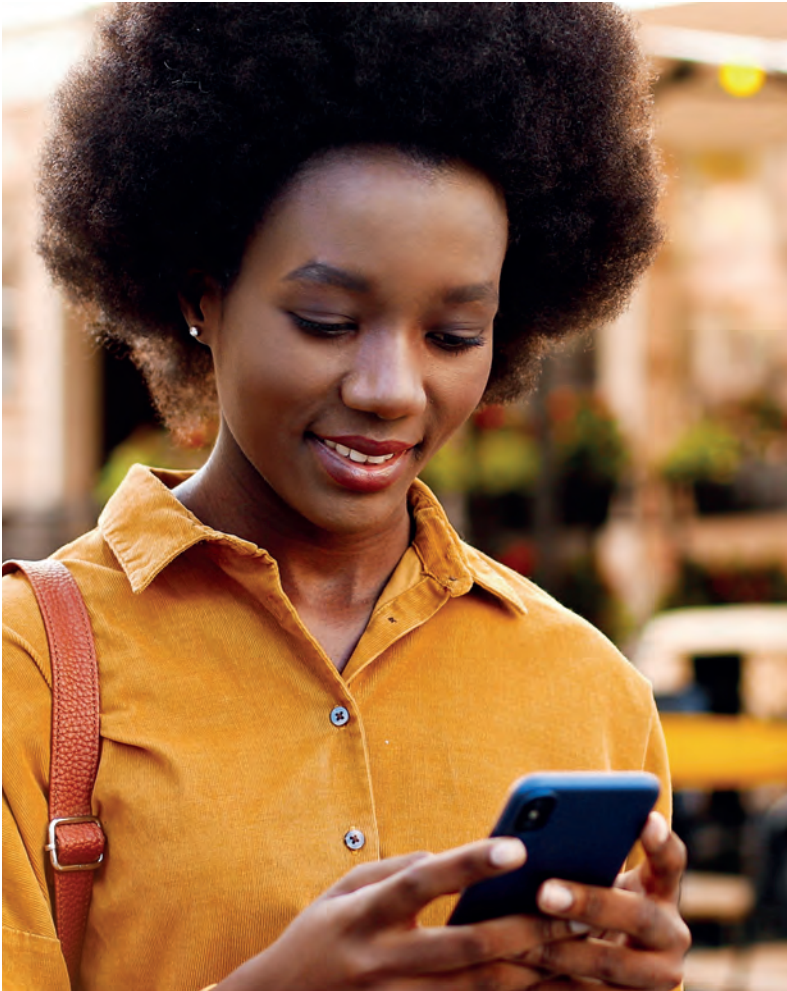
The significant increase in the number of Bayport customers borrowing from other financial institutions (43% in 2021 to 48% in 2022) suggests growing competition in the market. This trend is most prominent in

Uganda, where 85% of surveyed customers reported borrowing from other institutions, indicating the need for us to enhance our products and services to remain competitive.

Despite a slight decrease from the previous year, the majority of our customers (29%) continue to use their loans to pay for education. Interestingly, there was a significant drop in the number of customers who used their loans for secondary purposes, from 36% in 2021 to 29% in 2022, although this figure is consistent with the data from 2019 (30%). This highlights a potential shift in customer preferences and the need to continually assess and adapt our loan product offerings to meet changing customer needs.

Technology and internet usage

The increase in smartphone ownership among our surveyed customers is a promising development in view of digital financial inclusion. With 81% of our customers owning smartphones, we can potentially reach a wider audience and improve financial



inclusion in our African subsidiaries. However, we need to address the low smartphone penetration levels in Uganda (where only 41% of customers own smartphones) to ensure that all our customers have equal access to our digital services. By tailoring our digital services to the specific needs of each country, we can increase smartphone adoption rates and promote financial digital inclusion.

The 2022 Sagaci report shows that 76% of our customers use smartphones to access the internet, with 74% of

them using it to access financial information. This highlights the potential of digital channels to reduce the costs associated with traditional service channels, notably branches. By providing relevant and accessible financial information through digital channels, we can empower more customers to make informed financial decisions.

The increase in customer confidence in using digital channels to contact financial service providers from 54% in 2021 to 60% in 2022 is another positive

trend. As more customers become comfortable with digital channels, we can expect increased adoption of our digital services, which can improve financial inclusion in underserved communities. However, it is important to ensure that these channels are secure and user-friendly, and provide a positive customer experience.

The adoption rates of our digital offerings vary across our subsidiaries, indicating that there is still work to be done in increasing digital channel usage in countries where adoption rates are low. The results highlight that 20% of surveyed customers used a digital channel to take a loan, with Tanzanians leading at 60% and customers in Botswana lagging at only 2%. By exploring strategies to increase adoption rates and promoting digital financial inclusion, we can ensure that all our customers have access to our digital services.

Overall, the increase in smartphone ownership and usage, and confidence in digital channels are positive trends towards digital financial inclusion. By tailoring our digital offerings to each

country, we can improve financial inclusion and promote economic growth in underserved communities.

Financial literacy and education

The survey results indicate that our customers are well informed about various aspects of their loans, which is an essential component of financial literacy. Specifically, 81% of the surveyed customers said they had access to their loan agreements, indicating financial transparency. Additionally, 87% of customers are aware of the terms and conditions of their loans, while 86% understand these terms and conditions. These results suggest that we are successful in providing clear information about loans to our customers, which is essential for building trust and confidence in our operations. That said, there is still room for improvement. We would like to see these stats reach 100%.

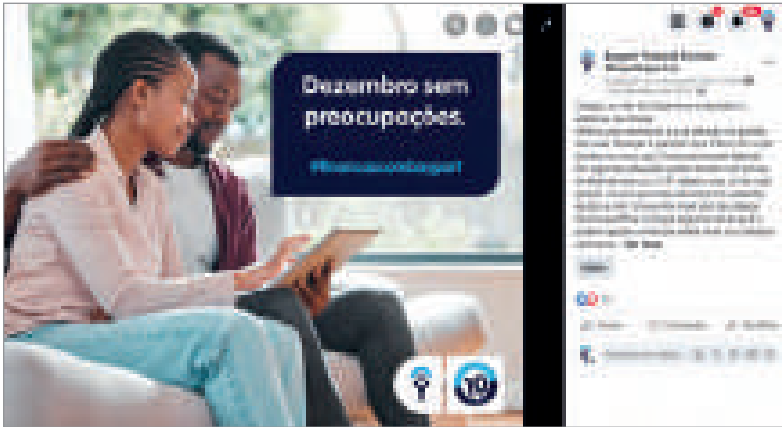
The survey results also highlight an opportunity for us to provide financial wellbeing tools to our customers. Although only 38% of customers

currently have access to such tools, 82% of customers are interested in using them. In meeting this need, we can provide additional value to our customers, improve their financial literacy and empower them to make informed decisions about their finances. As part of our commitment to financial literacy, we plan to implement our financial literacy platform, the Bayport Academy, across our African subsidiaries in 2023, as detailed on page 44. This initiative will provide our customers with access to essential financial education resources and tools to improve their financial literacy and wellbeing.

Bayport contact with customers

The survey results emphasize the importance of convenient loan application methods to attract and retain customers, with 54% of surveyed customers indicating convenience as a critical factor.

As digital channels become more prevalent, it is essential to ensure that they are accessible to everyone, including those who may not yet



Bayport Mozambique financial education savings campaign.

have easy access to the internet or technology.

The survey results also highlight the continued significance of agents as a means of reaching customers. The use of agents increased from 25% in 2021 to 27% in 2022, indicating that they can still be an effective channel for those who may not have access to digital channels or physical locations. In line with this trend, we are equipping our mobile agents with digital tools such as tablets to improve customer-service levels and shorten turnaround times.

Interestingly, the use of physical locations for loan applications has declined, with only 40% of customers using them in 2022, compared to 48% in 2021. This trend aligns with the increasing popularity and growth of our digital channels, such as online platforms, call centres, social media and mobile applications, which offer more convenience and accessibility.

Overall, the Sagaci survey underscores the importance of digital financial inclusion in providing accessible and

convenient loan application methods. By continuing to focus on providing a range of accessible digital channels and making use of agents, we can reach more customers and ensure that everyone has equal access to financial services.

Bayport perception

Our overall net promoter score (NPS) has increased from 18 in 2019 to 26 in 2022, indicating that our customers’

satisfaction with our services has increased over time. However, there is room for improvement, particularly in Uganda, where we received the lowest NPS of -14. To enhance customer satisfaction and loyalty, we need to focus on improving our services in this region. Customers have rated our application process and loan processing time highly, with an average of 8/10. Nonetheless, we are continuously seeking ways to

Year-end NPS per subsidiary

	Botswana	Ghana	Mozambique	South Africa	Tanzania	Uganda	Zambia	Colombia	Mexico	Group
NPS	72	0	28	N/A	19	-14	39	N/A	52	26

streamline and improve our processes to maintain high customer satisfaction levels.

Brand perception has become our strength, with 55% of customers indicating it as a critical factor in 2022, overtaking ease (speed of disbursement).

This suggests that our branding efforts have been successful in creating a positive perception of our operations among our customers.

However, the decrease in ease from 56% in 2021 to 48% in 2022 indicates that we need to focus on improving the ease of use of our services to maintain customer loyalty and satisfaction.

Overall, we need to strike a balance between brand perception and ease of use to enhance customer satisfaction and brand loyalty.



The ‘Bayport nas Escolas’ (Bayport in Schools) competition, in Mozambique, aims to improve the infrastructure of schools in rural areas. The first prize winner in 2022 built a pavilion with two classrooms to replace the ones made of straw.

Client Protection Certification

By adhering to client protection principles, microfinance institutions can ensure that they engage in responsible, sustainable lending practices while respecting data privacy and human rights.

To provide an objective measure of a financial services provider’s adherence to these principles and their commitment to treating clients fairly, the industry offers client protection certification (CPC).

Previously, the SMART Campaign was the industry standard for CPC, but it ended in April 2020. A new certification programme, the Cerise + SPTF Client Protection Pathway, was launched in October 2021. This programme evaluates financial services providers on several areas of client protection principles, including policies, procedures, management systems, training and marketing practices. The

certification is awarded at three levels (gold, silver and bronze) based on the level of compliance with client protection indicators and is valid for three years. Scoring below bronze results in no certification award at all.

Bayport is dedicated to upholding client protection standards and implementing the client protection pathway initiative across all its operating subsidiaries. Our goal is to achieve client protection certification at gold-level status in all operations.

To accomplish this, we have partnered with MicroFinanza-Rating (MFR) as our chosen certification body. MFR is a reputable rating agency with expertise in inclusive and sustainable finance and is authorised by CERISE + SPTF to grant client protection certifications.

Bayport Zambia has held SMART accreditation for over five years and is currently certified until 2025. However, we decided to pursue MFR certification for this subsidiary in 2023.

MFR initiated assessments of our Botswana, Mozambique and Tanzania

operations in 2021 towards obtaining certification in 2022.

Bayport Botswana was awarded gold level in January 2022. The business was awarded gold-level certification in June 2022.

This certification signifies that the most rigorous standards of client protection

are being met, and is a seal of approval for how fairly the business treats its customers.

In Mozambique, MFR awarded the business bronze-level certification. Management has since started implementing suggestions to improve its rating and plans to undergo a re-assessment in 2023

with the goal of achieving gold-level certification.

Bayport Tanzania began its journey towards client protection certification in June 2022 and hosted the MFR team for a field visit assessment in July. Tanzania was awaiting its certification assessment by year end 2022. After meeting all the entry-level



Bayport Mozambique generated awareness through a savings campaign on Facebook and a financial literacy competition at a primary school in Boane district.



accreditation indicators, Tanzania received a silver-level certification from MFR in March 2023.

Bayport Colombia and Mexico engaged MFR to conduct pre-certification assessments in the fourth quarter of 2022.

These assessments will help identify any gaps in their client protection practices and allow the subsidiaries to

address them before undergoing full certification assessments in 2023.

Our Uganda and Ghana subsidiaries have begun assessing their operations against client protection principles by using the self-assessment tool developed by CERISE + SPTF.

Both subsidiaries will then develop action plans towards obtaining client protection certification.

Financial literacy

Bayport's mission is to improve the financial and economic lives of people in its chosen markets.

As a responsible member of the business community, we believe that financial wellness is a crucial aspect of our ESG strategic outcomes.

We are dedicated to expanding our impact on individuals purposefully and deliberately, with the belief that financial inclusion and empowerment can benefit everyone. To achieve this goal, Bayport South Africa's learning and development team is collaborating with our other subsidiaries to implement the Bayport Academy, a digitally-led platform that offers financial literacy content.

Through the Bayport Academy, individuals can access relevant financial literacy content to manage their personal finances more effectively. This platform is designed to be shared with

families and communities, enabling us to support our customers and staff in achieving financial literacy.

Groupwide support for the rollout of the financial literacy and wellness campaign includes:

- Bayport Academy portal implemented in South Africa and Botswana.
- Uganda implementation initiated, with Mozambique and Tanzania to follow.
- Colombia has a publicly accessible online financial education module.
- Mexico shares financial education content with employees via Moodle.
- Ghana promotes financial literacy on social media and internal platforms.

Botswana launched the Bayport Academy in August 2022 to all its staff, customers and the broader public. Its pilot phase was planned to coincide with the Botswana Defence Force marathon and the annual Botswana Consumer Fair on 28 and 29 August. Four modules were launched, namely, dealing with financial stress, responsible credit, saving and budgeting.

Bayport Botswana's existing consumer financial wellness initiatives will support the Bayport Academy. These include Financial Wellness Fridays, where the company shares financial tips on social media networks, and internal communication campaigns.

Bayport Mozambique initiated Bayport forums for existing customers and partner entities in October 2022.

The programme addresses topics of financial literacy, especially those related to customer complaints. The forums are held at partner locations.

Bayport Colombia offered its first online financial education module to the public in Q1 2022 and worked with a public relations agency on articles regarding financial education and saving tips.

In Mexico, to promote financial wellness, the National Commission for the Protection and Defence of Financial Services (CONDUSEF) shares financial education material with Bayport to distribute among agents and customers.



The Bayport Academy launch at the annual Botswana Consumer Fair.

Be the superhero of your money world

Here's what you can learn:

- Create a budget
- Use credit responsibly
- Savings
- Dealing with financial stress

Log in **today** and start learning!

botswana.bayportacademy.com

your future now

BAYPORT
FINANCIAL SERVICES

Employer engagements

Employer engagements are a crucial component our ESG strategy. These engagements aim to bolster our relationship with employer groups, thus benefiting both sales and collections, as well as driving new customer acquisitions.

By forging strong partnerships with employer groups, we demonstrate our value and ability to partner in delivering financial wellness to our customers, while also gaining access to valuable insights that inform our business strategies.

Employer engagements furthermore help build our brand and reputation in the marketplace, and are a means to differentiate ourselves from our competitors and establish ourselves as leaders in the industry.

As Bayport South Africa continues to roll out its social impact agenda to employers and customers, we signed up 9 698 new Bayport customers on the Bayport Money Solutions programme, bringing the total active customer base to 34 720 at 67 employers with whom we have entered into wellness and payroll deduction arrangements.

During the fourth quarter of 2022, Bayport Tanzania's executives visited

five districts, engaging with district executive directors to gain a better understanding of matters such as digital originations, customer mobility, Bayport's status as a preferred lender and the impact of its Ndioo marketing campaign.

The primary objective of Bayport Mozambique's engagements in the 2022 fiscal year was to enhance its ties with employers and regulators, while

also partnering with private entities that specialise in financial health and education. This concerted effort aimed to bolster Bayport's reputation as a financial institution that is deeply invested in the communities it serves.

In Ghana, the Bayport Exco holds monthly meetings with the controller, who oversees all collections, and the accountant general, who is responsible for all government employers. The

purpose of these meetings is to improve collaboration to achieve mutual benefits.

In Mexico, we engage with employers to establish new agreements or following up on existing contracts with government institutions, such as those in the education, health, state government, oil and gas, pension and justice departments.



Bayport South Africa employer engagement.

Employer engagements across the group during 2022

Botswana	Ghana	Mozambique	Tanzania	Uganda	Zambia	Colombia	Mexico	Group
34	24	8	5	14	14	36	84	219

Credit Forum

On 15 December 2021, the Bayport Credit Forum was established, comprising all heads of credit in the African operations, as well as the group chief credit officer and group collections specialist.

Did you know

During 2022, Bayport increased its global customer base by 84 253 clients. The biggest growth was in Mexico.

The Forum's primary objective is to promote collaboration between the credit heads of the various countries and, in so doing, enhance Bayport's Credit function to drive greater customer centricity.

The platform fosters the exchange of successes, challenges and new ideas on predetermined topics and allows members to share any current issues they may be dealing with. It furthermore facilitates a free flow of communication between members through Teams and WhatsApp groups, while the group representatives provide guidance and support.

In 2022, the Credit Forum made progress in achieving its objectives

by introducing the Client Protection Charter and implementing a communication platform for credit heads to share ideas via WhatsApp.

The Forum also discussed ideas on improving off-payroll collections and addressing Baylend challenges through workarounds in their respective countries.

To promote collaboration, communication and customer centricity, Bayport has committed to convene the Credit Forum meetings once a quarter. The goal is to increase collaboration, sharing of best practices and to foster the dedication to continuously improving our product and service offering to customers.



All loan applications are assessed by credit underwriting.

Customer testimonials

Our aim is to empower our customers to shape their own future by offering them more than just cash-flow relief.

We provide unique and tailored financial solutions that foster long-term customer relationships and promote sustainable financial wellness. In doing so, we give our customers a chance at a better life and the tools they need to achieve their financial goals.



Richard Kabachenga lives in the Mukono District of Uganda and is a loyal – and exclusive – Bayport customer who has taken out five loans since 2015.

With his first loan, he ventured into livestock rearing by buying five goats. The goats multiplied and when Richard had 60, he sold them all to invest in six cows. His small herd grew to 12, and he decided to sell them to fund the construction of six houses he could rent out. These days, Richard earns a handsome annual return on his investment of around USD700.

With Richard’s four subsequent loans, he bought 24 acres of agricultural land to grow coffee, sweet potatoes, bananas, maize and cassava. Since 2015, the value of his land has increased dramatically, and Richard has used his farming proceeds to put his six children through school. The three youngest are still in primary school, while the eldest is doing a certificate in motor engineering.

“I have never borrowed from any other microfinance institution,” says Richard. “I am proud that all my successes have come from Bayport loans.”



Rose Mugala started building her road to financial wellness by buying four pigs with her first Bayport loan. The piggery exceeded her wildest expectations when, in the first year, her sows all had litters of between eight and 10 piglets. Some she sold as soon as they were weaned and others only after they were fully grown – for five times the price.

Rose grows maize on several acres of land and has used some of her piggery proceeds to build a maize store. The maize is mainly to feed her pigs, but she also sells what she doesn’t need.

While the piggery is Rose’s primary business, she has set up a mobile-money enterprise on the side. Her son runs the business and earns up to USD80 per month in commission.

With the help of four Bayport loans, Rose has built a business that enabled her to educate her four children and run the affairs of her family with ease. “I earn between UGX500 000 and UGX600 000 (USD133 – USD160) from every mature pig,” says Rose. “Pig farming is the only investment I ever think of.”



Comfort Makundi, a teacher from the Kinondoni District in Tanzania, has been a Bayport customer since 2006. With his first loan, he covered his children’s school fees and with the second paid for himself to complete a qualification in procurement.

The third loan was used to start a chicken business, and loans four and five funded its expansion. In addition to raising broilers, Comfort now has 700 layer hens that produce eggs.

“Now that I can borrow digitally using my phone, I get my loans faster. Bayport is good!”

– Comfort Makundi



Our communities

We recognise that our operations have an impact on the natural environment (albeit minimal) and society, and we are committed to maximising our positive contributions while minimising our footprint.

We furthermore appreciate that sustainable development requires a

holistic approach that goes beyond providing access to financial services.

Each of our subsidiaries develop their own corporate social investment (CSI) plans according to local needs and priorities and with a focus on addressing financial inclusion, poverty eradication, education, health and climate change, and creating lasting value for the communities we serve. We believe that investing in our communities is not only the right thing to do, but also a smart business strategy that drives our long-term success.

KPI

- Volunteerism

Highlights:

- Five subsidiaries started **recording volunteer hours** having initiated several activities for staff to participate in.

Areas for improvement:

- While most subsidiaries gave back to their communities, **not all were able to implement programmes that encourage employee participation** through volunteerism. We expect to see an improvement once the subsidiaries actively implement their planned CSI initiatives in FY2023. However, offsetting volunteerism was donations to community projects and charities in our countries.



During a quarterly visit to the Kasese district, Bayport Uganda extended financial support and donated groceries to the family of the district planner, who underwent surgery for a brain tumour.



In September, USD750 worth of toiletries was donated to a secondary school housing 452 students in Kweneng District, where one of our branches is located. This was done after a needs analysis was carried out in the area and submitted to business for consideration. This is in support of the community health and safety agenda.

Bayport International Group Support Bayporters in South Africa donated funds through salary deductions to assist communities affected by the devastating KwaZulu-Natal floods.



Image: Delwyn Verasamy, M&G.

Volunteerism in our communities



Mozambique

Bayport Mozambique initiated its Volunteer Bayporteur programme in September. The programme is open to all Bayporters that want to develop a volunteer initiative. Several activities have since been implemented, including blood-donation drives, tree planting, street cleaning and on-line classes for students. For some of the activities, the operation partnered with institutions and entities it already has a relationship with in the interest of greater impact and monitoring.



Tanzania

Bayport Tanzania launched its employee volunteer programme in 2022. In March, in honour of International Women's Day, employees initiated a charitable campaign to collect goods for a local autism centre led by women. Representatives from every department also volunteered their time to visit the centre and spend a day with the children.

In November, the operation implemented a tree-planting campaign at Bangulo Secondary School in collaboration with the Dar es Salaam City Municipal Council.



BIGS/Support

At Group Support level, a charity drive was established in support of flood victims in the South African province of KwaZulu-Natal. BML matched donations from Bayporters and used the funds to purchase blankets, clothes and non-perishable foodstuffs.



Ghana

In August, Ghanaian Bayporters led a fund-raising initiative in support of an orphanage. The business built additional bathrooms, refurbished the kitchen and existing bathrooms and enrolled 149 children onto the National Health Insurance Scheme. Bayporters also donated laptops, books, a fridge, TV set and food to the children and teachers.

Education in our communities



Ghana

Bayport Ghana's flagship scholarship scheme welcomed 20 new beneficiaries – 11 males and nine females – from primary, junior and senior high, and tertiary institutions in 2022. These students were chosen from a pool of 84 applicants submitted by Bayport's customers across the country. The scholarship covers tuition, books and accommodation expenses up to university level, as long as the recipient achieves excellent academic results.

Since the scholarship's inception in 2007, 120 students (57 females and 63 males) have benefited from it. Three of the beneficiaries who graduated in 2022 were inducted as medical doctors.



Mozambique

Bayport Mozambique launched 'Bayport nas Escolas' (Bayport in Schools) in 2021 with the aim of improving the infrastructure of schools in rural areas and raising awareness among students about measures to prevent the spread of Covid-19. Schools from 14 districts in the Gaza province participated in the competition, with a multidisciplinary and independent panel selecting the three winners. Sharing the USD14 000 total prize money between them, the winning schools invested in a variety of projects.

The winning school built a pavilion with two classrooms to replace classrooms made of straw, while the winner of the second prize constructed a fence around the school and improved classroom windows, doors and locks. The school that won third prize invested its winnings in the production of cash crops to generate an income and expand access to education in neighbouring areas.



Botswana

Bayport Botswana launched a three-year CSI initiative in Q2 2022 that will see the operation donate toiletries and sanitary towels to girls in 16 schools. The initiative has already reached 588 female students, while a total of 1 149 students, including boys, benefited from the toiletries donations. One of the recipient schools, Donga Junior Secondary School in Francistown, is a highly respected academic institution with an outstanding track record in academics, leadership, sports and culture.

Health in our communities



Ghana

Bayport Ghana donated cutting-edge incubator and phototherapy equipment to the Agogo Presbyterian Hospital in the Ashanti Region in 2022. The donation will not only advance the care of pre-term babies, but also aid in preventing infant mortality in the hospital, which is a critical referral health facility in the region.



Mozambique

Bayport Mozambique has been supporting the Mozambican Gymnastics Federation since 2018 to advance artistic gymnastics at local and international level. The Federation works with children, teenagers and young adults, offering gymnastics sessions and providing opportunities for talented athletes to participate in competitions abroad. In addition to financial support, Bayport uses its association with the Federation to engage the young gymnasts on financial topics such as saving, money management and how to assist with household expenses. In June 2022, in honour of Children's Month, Bayport organised a gymnastics event for the children of its employees.



Mexico

Since 2019, Bayport Mexico has been in partnership with Tapitas Bank, a non-profit, non-governmental organisation that collects and recycles plastic caps to generate funds to support care programmes for children who have been diagnosed with cancer. Bayport's participation has enabled the treatment of patients and the support of their families through the provision of groceries, clothes, medicines, transport and lodging.



Uganda

In November, Bayport Uganda contributed to the 2022 MTN Kampala Marathon and sponsored staff to participate under the "Run for babies" banner. The proceeds went towards improving maternal and neonatal facilities in select healthcare facilities across the country.

8

Our people

“At Bayport Uganda, through our ESG strategy, the focus on the wellbeing of our people has become second nature and this in itself has positively impacted on the relationships with our customers, communities and business partners.”

– Maureen Kayitesi,
Managing Director,
Bayport Uganda

”

Tanzania Bayporters play tug-of-war on the beach.



We recognise the importance of human capital as an essential driver of sustainable growth and long-term success.

As a responsible corporate citizen, we are committed to creating a culture of diversity, equity and inclusion that values and supports our employees, customers and communities. Our people are core to our business strategy, and we are committed to enabling the positive in their lives, as much as in the lives of the customers we serve.

Bayport's success is driven by the talent, skills and passion of our employees. We are therefore committed to attracting, retaining and developing a diverse workforce that reflects the communities we serve and creates value for all stakeholders. Our human capital strategy is focused on providing our employees with a supportive and inclusive work environment that fosters growth, innovation and collaboration.

Our people

KPIs

- Employee net promoter score (eNPS)
- eNPS participation rate
- Regrettable attrition
- Gender diversity (total, executive management and board level)
- Employee engagement
- Staff training

Objectives and outcomes

For 2022, we set ourselves four objectives related to Our People. They are listed here, along with an indication of the extent to which we have achieved each one.

- Organisational culture assessment: **100%**
- Roll out of group-led human capital strategy: **100%**
- Diversity and inclusion baseline assessment: **100%**
- Embed group employee survey and eNPS: **100%**



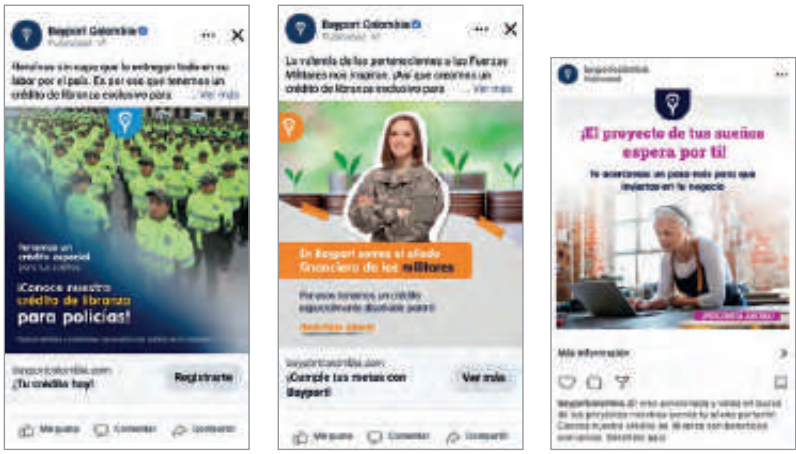
Example of Bayport Colombia's women empowerment campaign messages.

The highlights in terms of implementing the Our People pillar of Bayport's ESG strategy were:

- We completed all our **people-related** FY2022 ESG outcomes.
- We achieved an **86.6% participation rate** with an overall **20.3 eNPS** score in our culture survey.
- Bayport Colombia was recognised as **one of the best places to work** for women and the **eighth best place to work in Colombia**.

Areas for improvement for this pillar were:

- BML, Mexico and South Africa's **gender diversity at board level** is below acceptable industry standards at 7.7%, 11% and 14% respectively.
- Mozambique, South Africa and Mexico **lack female representation** at executive management level.



Example of Bayport Colombia's women empowerment campaign messages.



Our people

	Botswana	Ghana	Mozambique	South Africa	Tanzania	Uganda	Zambia	Colombia	Mexico	BML + BIGS	Group
Total number of full-time employees	120	231	132	531	75	89	373	321	926	118	2 916
% women	62.5%	40.3%	37.9 %	64.2%	56%	42.7%	48.5%	66.7%	61.1%	34.7%	56.3%

	Botswana	Ghana	Mozambique	South Africa	Tanzania	Uganda	Zambia	Colombia	Mexico	Group
Total number of agents	289	1,095	1,013	402	124	421	N/A	627	692	4 663
% women	69%	41%	32%	62%	28%	44%	N/A	61%	66%	49%



Ghana Bayporters celebrate Independence Day.

The Bayport Culture Survey

During the last months of 2022, we conducted a group-wide culture survey – the first of what is intended to be an annual measurement of the state of our culture. The participation rate of more than 86% across the nine operations and support offices in South Africa and Mauritius was remarkable and meant that we could act with confidence on the results, knowing that they are representative and valid.

The overall score relating to culture engagement drivers was 8.2/10. The eNPS score of 20.3 is deemed an indication of a good employee satisfaction level across the group. The employee-focused NPS score was

also good at 32.8, reflecting that our employees would recommend our products to their friends and family.

The highest-scoring culture driver was purpose alignment at 8.7/10, which indicated strong scores across the group on the following dimensions:

- I know how my work contributes to the goals and objectives of Bayport.
- The work I do is meaningful to me.
- I take pride in Bayport's customer value proposition and the impact we make in our customers' lives.
- I take pride in and resonate with Bayport's organisational values.
- I know what the Bayport culture is and believe the culture is right for us.

Based on the survey results, Group Human Capital will cascade six standardised culture engagement action plans to all operations for implementation during 2023. The plans will address communication, growth and development, involvement, recognition and rewards.

In addition to the group-driven action plans, each operation will be conducting focus group sessions with its employees to unpack its specific results and better inform locally designed employee engagement action plans for implementation over the course of 2023.

86%

Survey participation rate

82%

highest-scoring culture driver was purpose alignment

20.3

eNPS score



Our people



International recognition

Bayport Colombia was again recognised as being one of the top workplaces for women in Colombia, a title it has held for three years in a row, by the Great Place to Work Institute.

Moreover, it was ranked as the eighth best workplace in Colombia for companies that have 300 to 1 500 employees for the fifth consecutive year.



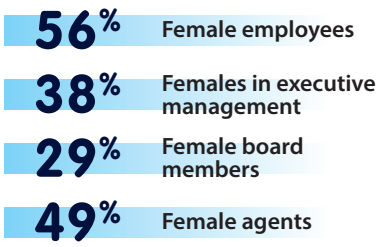
Diversity and inclusion baseline assessment

As stated in the preceding pages, in November 2022, we conducted a groupwide culture survey across all the operating entities in the BML group.

In addition to it giving us a quantitative view of our gender diversity splits, we used the survey as an opportunity to assess the perception of gender inclusion in the business.

The statements posed were “People of all genders and ages are treated fairly at Bayport” and “People from all ethnic groups and diverse backgrounds are treated fairly at Bayport”.

Both statements scored 8.7/10, which is a very good baseline indicator of how Bayporters are experiencing inclusion across the group.



Bayport’s commitment to employing local people in our operations is illustrated by the fact that over 90% of all in-country executive and leadership team members are locals.

ESG Metrics	Botswana	Ghana	Mozambique	South Africa	Tanzania	Uganda	Zambia	Colombia	Mexico	BML + BIGS	Group
Total full-time employees	120	231	132	531	75	89	373	321	926	118	2 916
Male employees	45	138	82	190	33	51	192	107	360	77	1 275
Women employees	75	93	50	341	42	38	181	214	566	41	1 641
Total % women	62,5%	40,3%	37,9%	64,2%	56,0%	42,7%	48,5%	66,7%	61,1%	34,7%	56,3%
Executive management total	7	3	3	4	4	5	2	2	2	13	45
Male executives	5	1	3	4	2	3	0	0	2	8	28
Women executives	2	2	0	0	2	2	2	2	0	5	17
Total % of women executives	29%	67%	0%	0%	50%	40%	100%	100%	0%	38%	38%

In 2022, the Group conducted a total of 54 townhall-type information sessions that were open to all staff members. These events provided an opportunity for leadership to directly engage with around 2 900 Bayporters, ensuring that they received important updates and had the chance to ask any questions they may have had.

from the others. Their Exco meets with heads of department (HoDs) on a monthly basis and they in turn have regular, less formal staff updates with their departments in which company information is shared.

Bayport Ghana’s monthly *BisaAkwasi* (AskAkwasi, the CEO) townhall meetings bring together all Bayporters to discuss the business. Employees share their views and ideas and raise any issues that are of concern to the business and the welfare of staff.

Most Bayport operations hold at least one employee engagement session per quarter open to all staff. South Africa’s approach to employee engagement is different

Training initiatives and progress

The success of a company depends largely on the knowledge, skills and abilities of its employees.

Bayport understands this and invests heavily in training initiatives to ensure that our people are equipped with the necessary skills to provide quality services to our customers. Training also plays a crucial role in enabling our employees to adapt to changes in the industry, including those related to regulations, market trends and technologies.

result, there was a noticeable increase in the number of learning hours quarter on quarter.

Colombia
Bayport Colombia implemented a new digital training platform and psychosocial prevention strategy for employees, and reinforced its Bayport Vital programme that focuses on the physical, emotional and mental wellbeing of its staff. The operation also conducted leadership training for its management and brand leadership training for all staff.

Mexico
Bayport Mexico adopted a training and development strategy aimed at enhancing the regulatory and technical skills of all employees. Topics covered included anti-money laundering (AML) and prevention of terrorism, fraud prevention, technical training for new sales employees (on credit policies, origination systems and products), leadership training for middle management, teamwork, change management, financial education and English language improvement.



Moreover, training initiatives help us to attract and retain top talent by investing in their professional development. This has a positive impact on employee morale and job satisfaction, which ultimately translates to better customer service and increased profitability.

Ghana
Bayport Ghana initiated a programme to recognise key talent within the organisation for development purposes. Twenty-eight staff members from various departments were enrolled in development programmes. Additionally, Bayport Ghana partnered with Coursera, an online learning platform, to provide five months of sponsored learning to its staff. As a

Botswana
Bayport Botswana trained 100 sales agents for the Certificate of Proficiency in Long-term Insurance as per regulatory requirements in 2022. Some 96 agents progressed to the final summative assessment, of which 76 passed the exam. Additionally, the company allocated USD12 709 to fund

bursary payments in Q4 2022. This initiative aims to provide professional and academic support to employees and enhance their skills through long- and medium-term training. The bursary payments are available to all business departments and serve as a retention tool.



Employee wellness

Employee wellness encompasses physical, mental and emotional health, and when employees are well, they are more productive, engaged and satisfied.

At Bayport, we understand that investing in employee wellness not only benefits our employees but also our company. A comprehensive employee wellness programme can result in reduced healthcare costs, decreased absenteeism and increased employee retention, ultimately leading to improved organisational performance and profitability.

Botswana

Bayport Botswana took significant strides in prioritising employee wellness and empowerment throughout 2022. One of the notable achievements was the establishment of the Bayport Health Club in January, which includes an onsite gym and a Covid-19 vaccination clinic. This initiative is aimed at promoting



Bayport Botswana health club.



Bayport Uganda celebrated the end of 2002 with an awards ceremony for Bayporters.

a healthy work-life balance for employees, with a focus on physical fitness as a key component of overall wellness. The vaccination clinic is part of Bayport Botswana's Covid-19 risk-mitigation strategy.

In February, an employee assistance programme (EAP) was launched to help create a work environment that encourages healthy mental and physical habits among employees, while also providing support for those who want to improve their health and wellbeing status. It offers a range of services, including counselling support, group trauma intervention, life management services and employee health and wellness talks.

During Q3, Bayport Botswana opened an onsite clinic to provide psychosocial support and counselling. In Q4 optical care, breast-cancer screenings and one-on-one consultations with medical professionals were made available to staff. The operation also organised health talks on navigating relationships and alcohol and substance abuse.

Tanzania

The Health Club that Bayport Tanzania initiated in 2021 expanded its services by launching an internal financial and mental wellness programme in December 2022. The aim to equip employees with the skills and knowledge to manage their personal finances more effectively, thereby reducing financial stress and improving overall wellbeing. The programme is expected to create a positive workplace culture that will increase productivity, boost employee morale and enhance retention rates.

Others

In April, the **BIGS** staff received flu vaccinations, and were offered one-on-one counselling sessions to help them cope with the loss of a senior leader. **Bayport Ghana** conducted health screenings among its employees in June, while **Bayport Mozambique** partnered with a health clinic to host Zoom talks on topics such as heart disease and breast and prostate cancer. **Bayport Zambia** organised health talks to sensitise its staff on the importance of health check-ups, chronic disease management, staff wellbeing and reproductive health.



Zambia Bayporters participate in teambuilding activities.



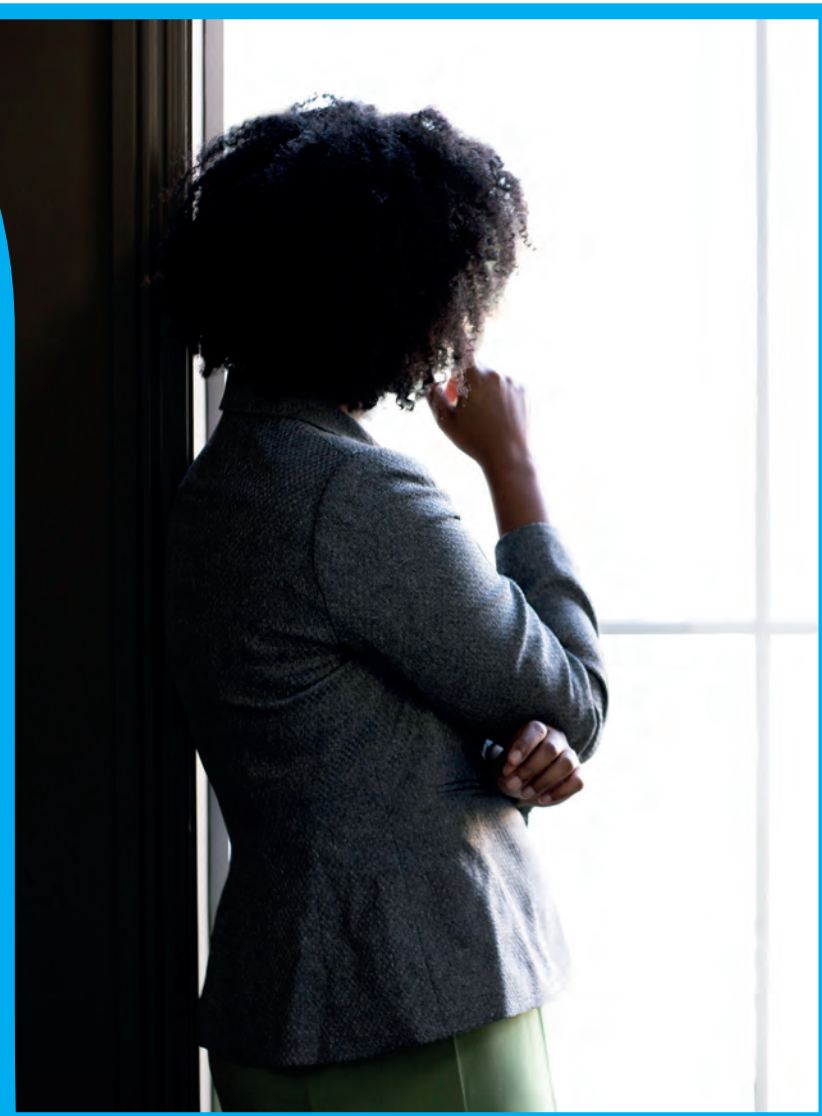
Towards the future

“

For us at Bayport Mexico ESG is a lot more than an acronym for sustainability. Embedding ESG principles in our organisation is about leaving a lasting legacy, one that goes far beyond sustainability and shareholder returns, that focuses and is centred around financial inclusion and equality (topics that are of critical importance for our emerging market countries) as well as leaving a sustainable planet for generations to come. We understand that leaving such a legacy is not something that can be done overnight or by some individuals alone. All of us are, together as one team, committed behind this goal.

– Walter Klucznik,
CEO, Bayport Mexico

”



We continue to see the growing importance of ESG from our funders, regulators and employers, and despite the need to prioritise operational performance, we firmly believe that our ESG strategy remains appropriate, realistic and impactful. We remain committed to enhancing our ESG practices and reporting, and we look forward to sharing our progress with stakeholders.

2023-2024 objectives

Outcome	Pillar
Implementation of standard group HR policies in operations	Our People
Support roll out of group financial literacy and wellness capability	Our Customer
Implementation of CSI initiatives	Our Customer
Client protection accreditation	Our Customer
Employer partnerships	Our Customer
Lobbying and engagement strategy	Our Business
Roll out of environmental management system	Our Business
Senior leadership remuneration linked to ESG strategy	Our Business
Country-level Ecovadis assessment	Our Business
Review and monitoring of ESG data	Our Business
Business impact measurement	Our Business

Towards the future



Our business

In 2023, we will continue to develop our environmental and social management system (ESMS), building on the practical components we have already put in place.

While we consider our ESMS partially implemented, we have made significant progress, including:

- Establishing an ESG policy that has been approved and adopted by the board of directors.
- Assigning responsibilities at management, CEO and board level.
- Providing awareness and training to employees on E&S-related topics.
- Internal and external ESG reporting.
- Developing processes, procedures and controls to manage ESG.

These practical components form the foundation of our ESMS, which will guide our approach to environmental, social and governance issues in future.

By embedding ESG considerations into our operations and decision-making processes, we are better positioned to create long-term value for our stakeholders while minimising negative impacts on the environment and society.

As part of our ongoing commitment to sustainability, Bayport is taking steps to align our senior leadership's KPIs with our ESG strategy and metrics. This will ensure that our leaders are accountable for the progress we make in our ESG initiatives and that we are consistently working towards achieving our goals.

Environmental, social and ethical performance – or sustainability – is a prerequisite for smart business today. Our subsidiary operations will undertake country-level Ecovadis sustainability assessments to assess their material sustainability impacts

based on documented evidence. The Ecovadis sustainability assessment is an independent, questionnaire- and document-based management system assessment.

In FY2022, we prioritised the collection of baseline ESG data across all our operating markets. By regularly tracking and reviewing key metrics on a quarterly basis, we were able to gain valuable insights into our ESG practices. Moving forward, our focus will be on linking these metrics to their real-world impact on our business.

We recognise that the true value of ESG lies in its ability to drive positive change and create meaningful impact, and we are committed to leveraging this data to make informed decisions that benefit both our business and the world around us.

Our customers

We have committed to meeting client protection standards and implementing the client protection pathway initiative in all our subsidiaries.

Over the next two years, we intend to obtain client protection pathway certification, reaching at least the silver-level and ultimately gold-level status across all our operations.

One of our key initiatives for 2023 is to establish customer protection charters in our subsidiaries, which will be overseen by the group credit executive and the group chief commercial officer. These charters will outline ethical and sustainable charges, thresholds and product constructs that we promise to our customers. This initiative was presented at the Group Credit Forum in 2022, and now each operation is responsible for articulating its own customer protection levels and interventions, in alignment with group guidelines.

As a responsible member of the business community, we recognise the

importance of financial wellness as a strategic outcome of our ESG efforts. Our focus for the upcoming year is to fully roll out and implement online modules to enhance financial literacy and awareness for our customers and staff.

Another of our customer focus areas for 2023 is to drive impactful change through increased employer partnerships at country level. By partnering with government and private employers on products, ESG and CSI initiatives, we aim to leverage our collective resources and expertise to drive positive outcomes for our stakeholders and communities.

With approved CSI budgets, our operations are equipped to implement annual CSI plans that prioritise initiatives focused on wellness, financial literacy, consumer protection, the environment and other areas of impact. Through these initiatives, we aim to create meaningful change and drive progress towards a more sustainable and equitable future.

What to teach your daughters about money

Money beliefs and habits are passed down from parents to their children – whether we do it deliberately or not. Why not use Women's Month to empower your daughters and other young girls with a positive money mindset?



Use the WIT acronym to get started:

W – You are *worth* it. You deserve the best – to be treated well, to get opportunities you have earned and to be paid accordingly.

I – This stands for both be *independent* and *invest*. You should never put the responsibility for your future in someone else's hands. Secure your best life...yourself. And the way you do that is by starting to save and invest early. We have to teach our girls and daughters to not depend on a man for their financial wellbeing. That is how women become trapped in abusive relationships.

T – *Target* goals. Money is for spending, just not all at once. By setting yourself targets and goals, and then changing your financial habits to achieve them, you can spend your money on things that will change your life for the better.



Want to know more?
[Read our full article.](#)

For **FREE** financial freedom tools and tips, visit Bayport's Information Centre.
<https://www.bayportsa.com/information-centre/>

Borrow for the right reasons.
Bayport Financial Services 2010 (Pty) Ltd is an authorised Financial Services Provider (FSP: 42380) and a registered Credit Provider (NCRCP: 4685). Terms and conditions apply.

your future now

BAYPORT

FINANCIAL SERVICES

Bayport publishes financial wellness content every month. This content is shared with employers and on our digital and social media platforms.

Our people

In Q4 2022, we kicked off the process of developing the groupwide e-learning platform, which we plan to launch in Q1 2023 with the first mandatory training modules.

Throughout the course of 2023, we plan to cascade multiple modules of training to all Bayporters across the group. This will be a combination of mandatory training (such as information-security awareness, fraud awareness and diversity and inclusion training modules), as well as optional personal development courses.



Closing message



Nothando Ndebele
Africa CEO & Executive
Lead on ESG

Through this report we hope we have demonstrated our commitment to our ESG strategy and how it relates to our core pillars namely our customers, our business and our people.

At Bayport, customer protection is paramount. We have taken extensive measures to ensure that our customers are treated fairly and ethically. By implementing robust safeguards, providing transparent financial products and services, and fostering a culture of responsible lending, we have safeguarded the interests of our valued customers.

Financial literacy and inclusion have remained central to our operations as we recognise that financial empowerment is a fundamental right. Through partnerships, workshops and digital resources, we have worked tirelessly to bridge the financial literacy gap and promote inclusive economic growth.

Embracing digital technology has been a cornerstone of our strategy. By leveraging innovative solutions, we have enhanced access to financial services and reached underserved communities. Our commitment to digitalisation has not only improved convenience and efficiency but has also paved the way for financial inclusion, ensuring that no one is left behind in the digital era.

We firmly believe that our employees are the driving force behind our

success. Their wellbeing, engagement and professional growth remain paramount. We have fostered a supportive work environment that encourages diversity, inclusion, and personal development.

Community development lies at the core of our purpose. We have strived to be an active agent of positive change in the communities where we operate. Through strategic partnerships, volunteer programmes and impactful initiatives, we have sought to uplift and empower local communities, addressing their specific needs and fostering sustainable socioeconomic development.

The foundation of our success lies in upholding the highest standards of governance. By strengthening our corporate governance framework, enhancing risk management practices,

and ensuring regulatory compliance, we have fortified the trust that our stakeholders place in us.

Looking ahead, we are cognisant of the challenges that lie on the horizon. However, we are resolute in our commitment to building a future that is both sustainable and inclusive. We will continue to evolve, innovate, and collaborate to address emerging needs, harnessing the potential of digital technology and pushing the boundaries of responsible lending business practices.

By exploring this report, you have witnessed the tangible impact of our ESG efforts. It is our hope that these stories inspire others to join us on this journey towards a more sustainable and equitable world. Together, we can create lasting change and build a future that benefits all.

Bayport's ESG team



Group head of ESG – Catherine Kameja



Botswana – Kabo Tladi



Colombia – Luis Mendez Lozano



Ghana – Candice Adjei



Mexico – Elsa Barrera



Mozambique – Ana Karina



Tanzania – Suzan Kapinga



Uganda – Dorothy Nankunda



Zambia – Precious Mutemwa



South Africa – John White





Bayport Management Ltd

3rd Floor, Ebène Skies, Rue De L'Institut, Ebène, Mauritius
Tel: +230 465 1605 • Fax: +230 465 1606

Bellerive Corporate Management Services (Mauritius) Ltd

7th Floor, Tower 1, NeXTeracom, Cybercity, Ebene 72201, Mauritius
Tel: +230 403 4250 • Cell: 5782 6400

www.bayportfinance.com