



SPEAR
CAPITAL

SUSTAINABILITY AND IMPACT REPORT **2022**

SECTION 1		SECTION 4		5.2 Enar		30	5.6 Millhouse International		38
Letter from the managing partner		4	Responsible investment at Spear		18	5.2.1 Business overview	30	5.6.1 Business overview	38
			4.1 Environment and social management system policies	20	5.2.2 SDGs and impact	30	5.6.2 SDGs and impact	39	
			4.1.1 Anti-bribery and Corruption Policy	20	5.2.3 Key ESG metrics	30	5.6.3 Key ESG metrics	39	
SECTION 2			4.1.2 Diversity, Equality and Inclusivity Policy	21	5.3 Associated Foods Zimbabwe	32	SECTION 6		
Impact and the SDGs at Spear Capital		6	4.1.3 Human Rights Policy	22	5.3.1 Business overview	32	Corporate social responsibility at Spear		40
2.1 Sustainable Development Goals	8		4.2 Environmental and social management through the investment lifecycle	23	5.3.2 SDGs and impact	32	6.1 Gogo Olive	41	
2.1.1 SDG 5: Gender equality	9				5.3.3 Key ESG metrics	32	6.2 Sky Eagles	44	
2.1.2 SDG 8: Decent work and economic growth	13				5.4 FML	34	6.3 MyTrees Trust	46	
2.1.3 SDG 13: Climate action	14				5.4.1 Business overview	34			
					5.4.2 Key ESG metrics	34			
SECTION 3			SECTION 5		5.5 Arkay Plastics	36	SECTION 7		
Current investments and geographies		16	Portfolio companies		5.5.1 Business overview	36	Contacts		48
			5.1 MyRunway	28	5.5.2 SDGs and impact	37			
			5.1.1 Business overview	28	5.5.3 Key ESG metrics	37			
			5.1.2 SDGs and impact	28					
			5.1.3 Key ESG metrics	28					

At Spear, we realise that our commitment to having a positive social and environmental impact is critical to being able to thrive in the future. The need to marry profit and impact in Africa is an investment imperative – one that Spear is ideally positioned to execute well.

Strategic change and renewal continued at pace in the company in 2022. In the first quarter, we took the decision to recruit a full-time ESG officer into the Spear team. We are happy to report that in May 2022 Spear appointed Brondwyn Douglas as the dedicated senior ESG officer, providing critical attention to and oversight of sustainable business practices in emerging markets for its assets. Brondwyn not only brings over 18 years' experience in reviewing and developing environmental, social and governance (ESG) strategies, but also extensive experience in supporting organisations and their respective portfolio companies to meet investor requirements and adhere to performance standards. Within our portfolio, each company has appointed an ESG coordinator to ensure continued day-to-day focus on its ESG priorities.

At Spear, we are committed to a high level of ESG performance, which helps us drive sustainable value for our business and society. Simultaneously, we understand that our portfolio companies are at different stages on the ESG maturity continuum. With this in mind, we aim to tailor our approach to each portfolio company based on a solid internal fund-level environmental and social management system (ESMS). During the year, Spear revisited its internal ESG management processes, which resulted in a revised fund-level ESMS. Spear also revised and developed associated policies relating to overall ESG management; anti-bribery and corruption; human rights; and diversity, equality and inclusion.

We understand that a fund-level ESMS is a set of policies, procedures, tools and internal capacities that supports Spear's ability to identify and manage exposure to the environmental and social risks (and opportunities) of its clients/investees. By developing a formalised and deliberate approach to environmental and social (E&S) management, Spear is able to mitigate potential E&S risks as well as identify E&S business opportunities that will enhance a portfolio company's financial and social viability.

We continue to place emphasis on our contribution to the United Nations Sustainable Development Goals (SDGs) as we continue to analyse and measure our positive impact. As a business, we feel that we can have the most impact on SDGs 5, 8 and 12, and we have therefore focused our time and energy on developing strategies pertaining to these three SDGs. One such example is the preparation of a climate-action strategy. Another example is the adoption of the 2X Criteria of the 2X Challenge in November 2022. We are proud to report that Spear Capital, as a fund manager, and two of our portfolio companies are 2X compliant, and we are actively working on being more intentional about increasing the representation of women in the workplace throughout our portfolio. Moreover, we have made great strides in establishing plastic recycling operations within two of our portfolio companies – Enar and Arkay Plastics. We hope to grow this initiative further as it is good for business and for the planet.

With this report – compiled by our head of ESG, Brondwyn Douglas – we are taking an important step in communicating more actively about what we do in terms of sustainability and impact.

We hope that you will enjoy reading it.

SECTION 1

Letter from the managing partner

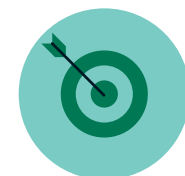




SECTION 2

Impact and the Sustainable Development Goals at Spear Capital

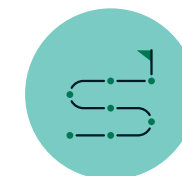
Spear is at the beginning of its impact journey. Initial strategic thinking has been focused on four dimensions: intentionality, measurability, scalability and risk.



INTENTIONALITY

Management is aligned on prioritising and growing the impact of the business

ESG requirements and milestones are specifically written into deal contracts



MEASURABILITY

There is clear impact from the company's business model/product

The impact is reliably measurable



SCALABILITY

Impact scales co-linearly with business growth and financial performance



RISK

Potential negative impacts are limited, clearly outweighed by the positive impact and/or can be mitigated

There is no perfect way of measuring impact, but we see this as an important start and one that we are looking to continually improve. Going forward we aim to introduce theory-of-change thinking into the management of our new investments.

A theory of change is a comprehensive description and illustration of actions or occurrences through which organisational and financial resources are hypothesised to be converted into the desired social and environmental results. It provides a conceptual roadmap for how an organisation expects to achieve its intended impact and is often displayed in a diagram. A theory of change specifies what the organisation does and what its expected results are. It is focused on mapping out what has been described as the missing middle between what a programme or change initiative does (its activities or interventions) and how these lead to desired goals/impacts being achieved. It does this by first identifying the desired long-term goals and then works

back from these to identify all the conditions (outcomes) required for the goals/impacts to occur. These are all mapped out in an outcomes framework.

The outcomes framework then provides the basis for identifying what type of activity or intervention will lead to the outcomes identified as preconditions for achieving the long-term goal/impact. Through this approach, the precise link between activities and the achievement of the long-term goals/impacts are more fully understood. This leads to better planning because activities are linked to a detailed understanding of how change happens. It also leads to better evaluation, as it is possible to measure progress towards the achievement of longer-term goals/impacts, which goes beyond the identification of programme outputs.

Millhouse International is Spear's newest investment, and we are currently developing a theory of change specific to its impacts.

SUSTAINABLE DEVELOPMENT GOALS

At Spear, we believe that it’s important to contribute to the 2030 Agenda for Sustainable Development. As such we have selected the three SDGs that will allow us to contribute the most consistently across our portfolio companies. Where relevant, portfolio-company-specific SDGs will be identified. These are discussed within the portfolio-company sections.

PORTFOLIO COMPANY	SPEAR-WIDE SDG			ADDITIONAL SDGS	
	 Gender equality	 Decent work and economic growth	 Climate action	 Responsible consumption and production	
	 Gender equality	 Decent work and economic growth	 Climate action	 Responsible consumption and production	
	 Gender equality	 Decent work and economic growth	 Climate action	 Responsible consumption and production	 Zero hunger
	 Gender equality	 Decent work and economic growth	 Climate action		
	 Gender equality	 Decent work and economic growth	 Climate action	 Responsible consumption and production	
	 Gender equality	 Decent work and economic growth	 Climate action	 Responsible consumption and production	 Zero hunger
				 Good health and well-being	 Partnerships for the goals

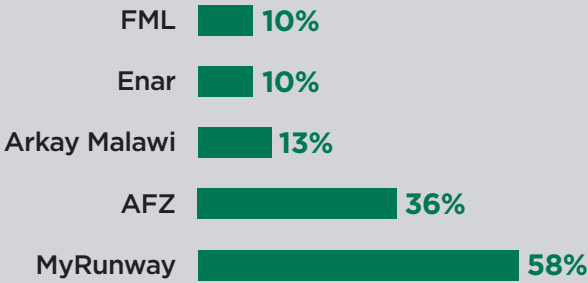


SDG 5: GENDER EQUALITY

While Spear is not a gender-smart-only investor, we have been building aspects of the gender-smart process into our investment mandate. We’ve not only invested in women-led businesses, but also in companies that have gender-equal hiring practices. By applying a gender lens to the investment process, we’re working to mitigate gender biases and to identify opportunities to serve women customers throughout the investment lifecycle.

While the metric on the right is currently underwhelming, certain portfolio companies are doing better than others in terms of the representation of women.

INDIVIDUAL PORTFOLIO COMPANY METRICS:



SPEAR CAPITAL FUND-MANAGER-LEVEL METRICS:

37% men

63% women

COMBINED PORTFOLIO COMPANY METRICS:

75% men

25% women





The last three months of 2022 saw Spear intensifying its focus on SDG 5: Gender equality – one of its three ESG focus areas. This was part of its drive to be more intentional about increasing the representation of women in its portfolio companies. Not only did this culminate in Spear joining the 2X Collaborative, but also saw Spear committing to applying the 2X Criteria to itself and its investments.

		THRESHOLD
DIRECT CRITERIA	1 ENTREPRENEURSHIP OR 2 LEADERSHIP	1A. Share of women ownership 1B. Business founded by a woman 30%
	3 EMPLOYMENT OR 4 CONSUMPTION	2A. Share of women in senior management 2B. Share of women on the board or Investment Committee 30%
		3A. Share of women in the workforce 3B. One quality indicator beyond compliance 30%
		4. Product or service specifically or disproportionately benefits women Y/N
INDIRECT CRITERIA		
5 INVESTMENTS THROUGH FINANCIAL INTERMEDIARIES		
		5A. <i>On-lending facilities</i> : percent of the investor / financial intermediary loan proceeds OR 5B. <i>Funds</i> : percentage of portfolio companies that meet the direct criteria 30%

For more details, please visit [Criteria - 2X Challenge](#). The 2X Challenge was launched at the G7 Summit 2018 as a bold commitment to inspire development finance institutions / international finance institutions and the broader private sector to invest in the world's women.

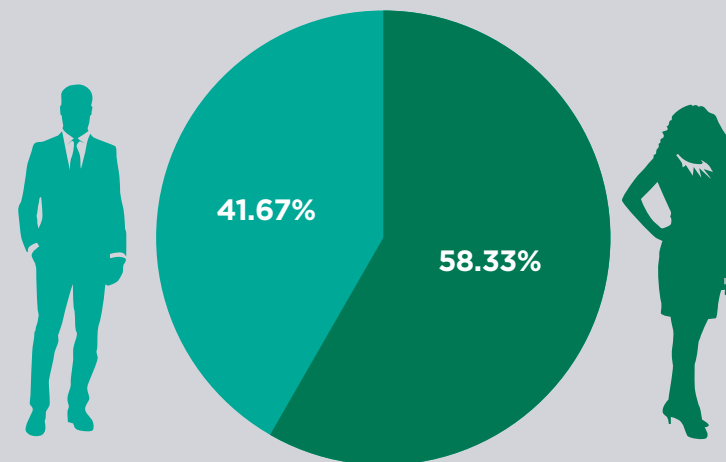
2X CHALLENGE
FINANCING FOR WOMEN

At Spear, we are committed to promoting the meaningful economic participation of women in Sub-Saharan Africa. We view the 2X Challenge as a credible way to advance opportunities for women through enterprise support, leadership, career progression, quality employment, and products and services that enhance women's economic participation.

To date we are very proud to report that Spear Capital, MyRunway and AFZ all meet the 2X Criteria.

MYRUNWAY METRICS

Total employees: 120
Women employees: 70



AFZ METRICS

Going into 2023 Spear will focus on implementation and training within our portfolio companies and the integration of 2X Criteria-aligned gender-lens processes within our investment lifecycle.



SDG 8: DECENT WORK AND ECONOMIC GROWTH

By investing in our portfolio companies, Spear supports a substantial number of jobs directly. In addition to this, jobs are created indirectly through the economy-wide effects of the intermediary goods and services purchased in the supply chain, or by employees spending wages and paying taxes. A total of 888 people is employed across Spear Africa Holdings II Limited (SAHL II).

NUMBER OF PEOPLE EMPLOYED ACROSS SAHL II

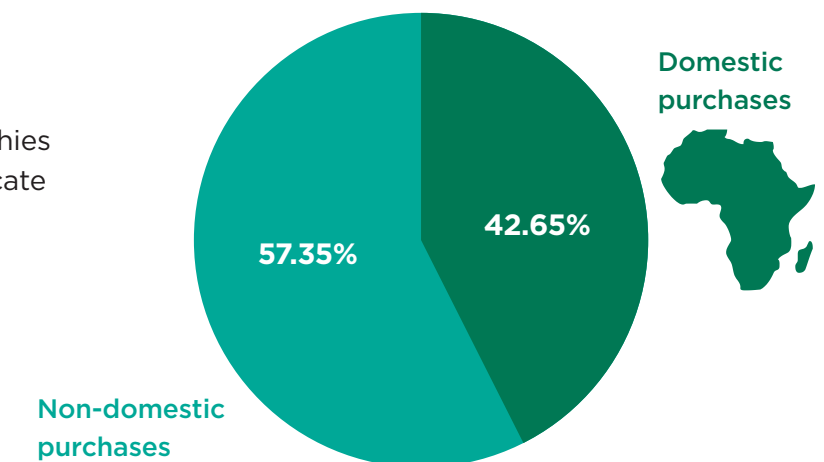
Spear monitors the value of payments made to enterprises and individuals for goods or services provided to the organisation during the reporting period. A total of US\$17 949 992 was spent on goods and services, of which US\$10 293 849 entered the domestic market.



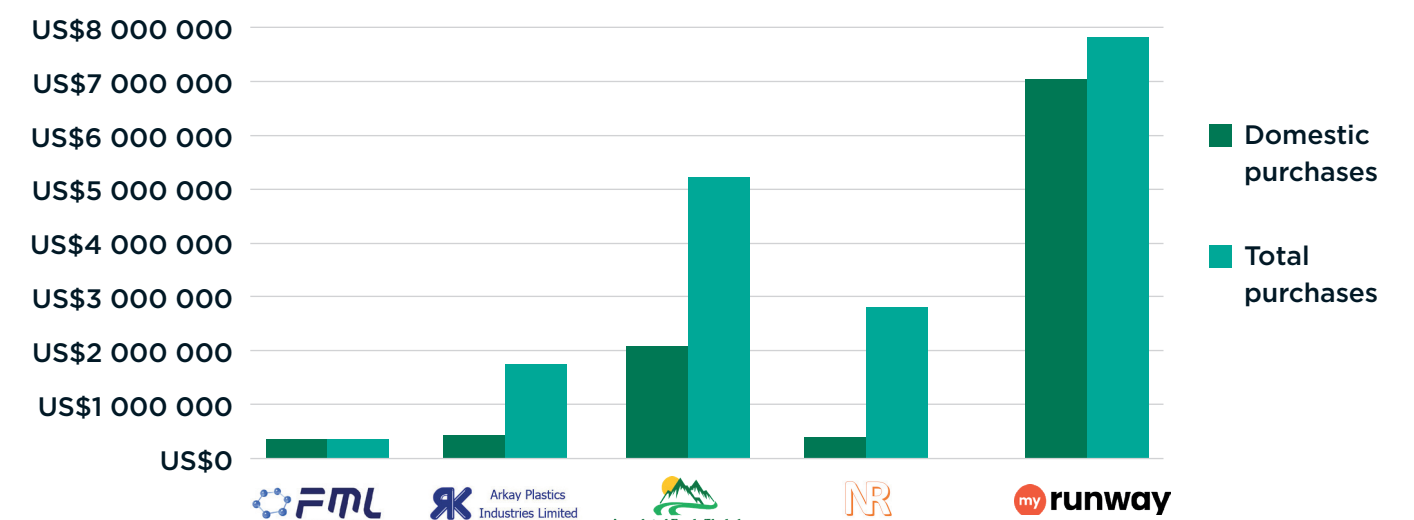
Permanent employees Part-time employees

SPEAR PAYMENTS TO ENTERPRISES OR INDIVIDUALS

Each portfolio company is tracked to understand their impact in the geographies where they operate. These metrics indicate the purchase of raw materials for each portfolio company.



PORTFOLIO-COMPANY PURCHASES





SDG 13: CLIMATE ACTION

Spear takes climate action seriously and, as a starting point, we have developed a Climate Action Strategy. This strategy is based on three core pillars:

Climate-related risk management:

Integrating climate-related investment risk into our investment lifecycle through our fund-level ESMS.

Climate-related opportunities: Identifying attractive investment opportunities related to climate change.

Measurement: implementing meaningful performance metrics within the companies we invest in and managing performance.

Spear Capital, the fund manager, began collecting its own carbon emissions data in July 2022. The results show that Spear emitted 30.6 tCO₂e over the last six months of the year. The majority of these emissions came from staff travelling to site and meeting with investors (Scope 3 emissions).

Spear Capital emitted
30.6 tCO₂e
over six months

Spear has started collecting baseline data within the SAHL II portfolio companies to measure their climate impact and identify and implement reduction programmes. Carbon-footprint calculators have already been deployed to two of the six portfolio companies within SAHL II. Going into 2023 Spear will ensure that the remaining portfolio companies develop and implement appropriate carbon-footprint calculators.

Spear's investment into Enar and Arkay Plastics presents an exciting opportunity with respect to plastic/carbon credits through its recycling programmes. Spear and the leadership team at Enar and Arkay Plastics have embarked on a project to understand and quantify this opportunity. This will potentially lead to us setting up a plastic-waste-reduction programme through Verra, which describes its Plastic Program as follows:

“The Plastic Program is used for consistent accounting and crediting of a variety of plastic collection and recycling activities. It drives investment into projects that increase the collection and/or recycling of plastic waste. The program enables the independent auditing of projects to determine the extent to which they have reduced plastic waste. The program issues credits based on the volume of plastic collected and/or recycled above baseline rates (i.e. what would have happened in the absence of the project activity). This ‘plastic crediting mechanism’ provides an efficient and powerful means of financing activities that verifiably reduce plastic in the environment anywhere in the world.”





SECTION 3

Current investments and geographies



● Spear Capital investment locations

At Spear, responsible investment means the integration of ESG considerations across our investment process and ownership practices. We revised our ESG Policy in 2022 (publicly available on our website), which, coupled with our ESMS, forms the backbone of our approach to responsible investment across the assets we invest in and manage.

Through active ownership we not only manage ESG risk, but also add value and look for ESG opportunities; these translate into improved financial performance and improved ESG-risk mitigation. From initial screening through to exit, ESG matters are considered and analysed to maximise positive societal impact and financial returns.

Spear Capital considers the management of environmental and social (E&S) issues as being critically important as an investment consideration to mitigate risk, protect capital and create value. Therefore, it is committed to working in close partnership with its portfolio companies to understand, reduce and manage the E&S risks and opportunities to which it, and its investors, are exposed throughout the investment process. Spear also recognises that within the constantly evolving business environment in which our portfolio companies operate, responsible investing is vital to building sustainable businesses. In this way portfolio companies are actively encouraged to conduct operations in a way that meets the interests of all stakeholders, including shareholders, employees, customers and the societies in which they operate.

SECTION 4

Responsible investment at Spear

ESMS POLICIES

ANTI-BRIBERY AND CORRUPTION POLICY

Spear recognises that, wherever they occur, corruption and bribery have an adverse effect on communities. They undermine the rule of law and democratic processes, impoverish states and distort free trade and competition. Corruption and bribery can reduce the efficiency of investment and financing, particularly within economically disadvantaged societies, and are often associated with organised crime.

In light of the above, Spear is committed to maintaining the highest standards of honesty, integrity and ethical conduct. It has adopted an Anti-bribery and Corruption Policy to avoid bribery and corruption and to ensure consistent and effective investigation, reporting, recovery and disclosure of acts of corruption or bribery within Spear and its portfolio companies.



DIVERSITY, EQUALITY AND INCLUSIVITY POLICY

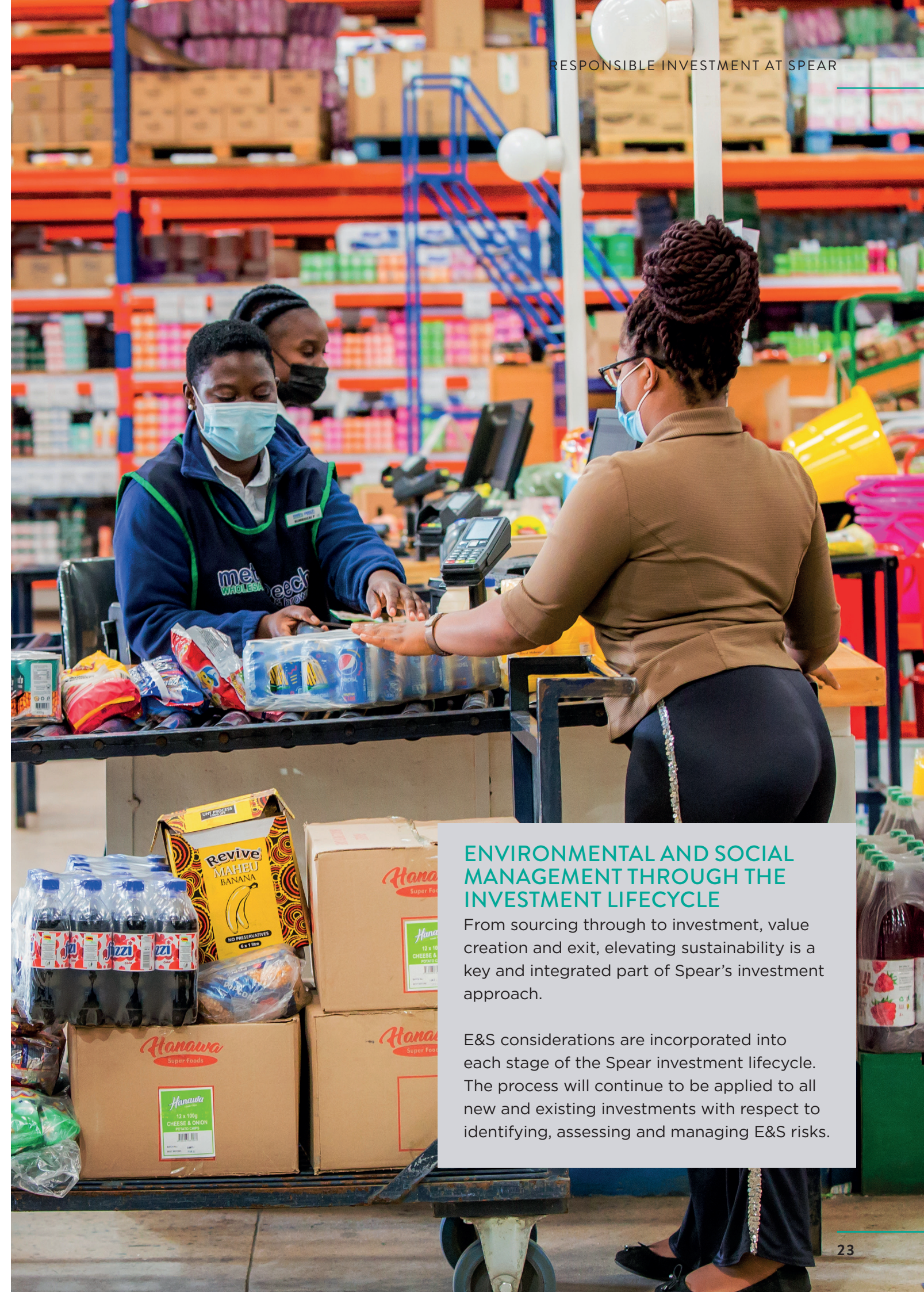
Spear is committed to creating workplace diversity and fostering a culture of equality, inclusion and belonging across our organisation. For Spear, diversity and inclusion means respecting and valuing difference. These differences can include, but are not limited to, dimensions such as sex, gender identity or expression, sexual orientation, age, colour, race, ethnicity, national origin, language, religion, education, political belief, disability, family or marital status and socio-economic status.

We believe everyone has the right to a safe and inclusive work environment and, as such, bias and discrimination against these characteristics and others is not tolerated at Spear.

HUMAN RIGHTS POLICY

Spear recognises that respect for human dignity and the rights of all people is critical for the sustainability of our company. Through ongoing due diligence and appropriate management, Spear aims to identify, assess and minimise potential adverse human-rights impacts that it may cause or contribute to, or that are linked to its business activities.

Spear commits to addressing both adverse human-rights risks and impacts and to contribute positively to creating an enabling environment in which human rights are respected. Spear is also committed to paying special attention to the rights of potentially vulnerable groups.



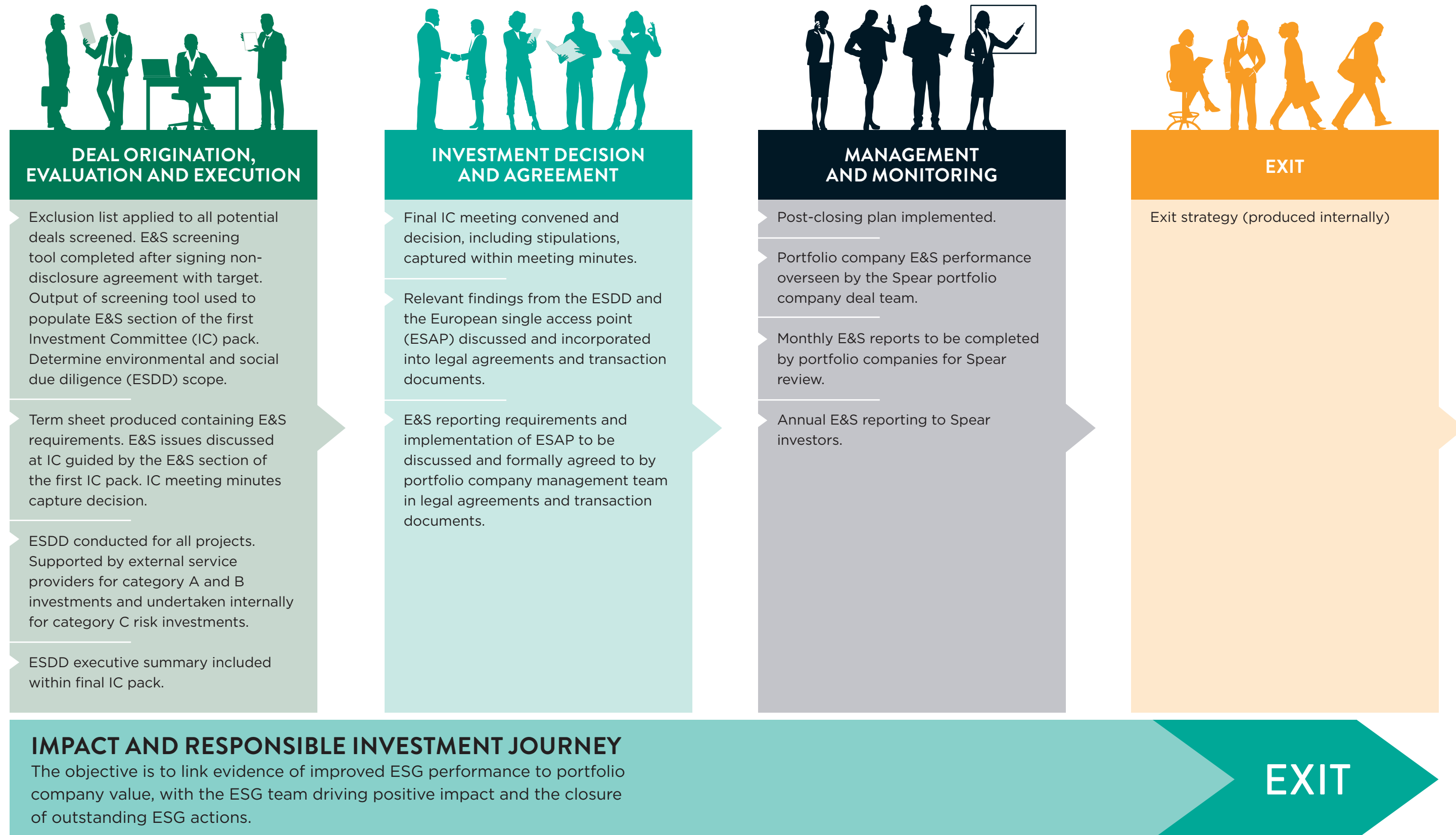
ENVIRONMENTAL AND SOCIAL MANAGEMENT THROUGH THE INVESTMENT LIFECYCLE

From sourcing through to investment, value creation and exit, elevating sustainability is a key and integrated part of Spear's investment approach.

E&S considerations are incorporated into each stage of the Spear investment lifecycle. The process will continue to be applied to all new and existing investments with respect to identifying, assessing and managing E&S risks.


Spear has identified practical procedures that set out how we operationalise our E&S Policy on a day-to-day basis. This includes a set of procedures to operationalise the implementation of the E&S Policy on a deal-by-deal basis, covering all the investment stages.

These investment stages are outlined in detail below. It should be noted that there is overlap between stages to ensure efficiency.



SECTION 5

Portfolio companies



Spear takes an active approach to ownership by partnering with our portfolio companies on their growth journey. As shareholders, our vision is to co-create winning companies of the future economy by delivering sustainable financial performance alongside magnified positive impact.

MYRUNWAY
BUSINESS OVERVIEW

MyRunway is South Africa's largest online discount fashion retailer, offering a premium portal and more advantageous pricing on high-end brands than traditional outlet stores. It is a women-founded business, with the majority of its employees being women.

The fashion industry has a key role to play in the future of the environment, and in a field that sometimes veers toward excess and waste, achieving sustainability can be a challenge. According to the World Economic Forum, the fashion industry

produces 10% of human carbon emissions and is the second-largest consumer of the world's water supply. What's more, 85% of all textiles go to the dump each year. It is estimated that the equivalent of one garbage-truckload of clothes is burned or dumped in a landfill every second.

This is where MyRunway's impact story begins as their business model is based on extending the life of clothing products that would otherwise have potentially landed in landfills.

SDGS AND IMPACT
SDG 12: Responsible consumption and production

The fashion industry is steadily becoming part of a larger dialogue on sustainable consumption and production. Through the extension of the lifespan of clothing products, MyRunway is directly contributing to SDG 12 by reducing the production of new items sold in outlet stores.

KEY ESG METRICS

ESG management ESG resource in place: **Yes**

Employment	Board of directors total:	Board of directors women:	Number of employees:	Number of women:	Percentage women:
	4	1 (25%)	121	70	58%
Health, safety and environmental management	Fatalities:	Serious incidents:	Scope 1 emissions:	Scope 2 emissions:	
	0	0	1.2 tCO ₂ e	174 tCO ₂ e	



ENAR
BUSINESS OVERVIEW

Enar is a Mauritian holding group with operations in Mozambique and Zambia that trade under the Arkay brand name. Enar produces homeware plastics products and crates used in the beverage industry. The company has two manufacturing plants that both supply the local markets and export products into the Democratic Republic of the Congo (DRC) and Zimbabwe.

Due to the nature of Enar’s operations, it is possible to use recycled plastic in the manufacturing process. This cuts down on the volumes of virgin plastic required and is therefore more environmentally friendly as well as being better economically. This ultimately constitutes a circular economy. (A circular economy is an economic model

designed to minimise resource input, waste and emissions. Circular economies aim to reach maximum efficiency in the use of finite resources, the gradual transition to renewable resources, and recovery of the materials and products at the end of their useful life.) Both operations within Enar collect and recycle plastic items. The weight of recycled material has been reported to Spear as of Q4 2022 as follows:



These recycling programmes are being reviewed to increase volumes and obtain more efficient machinery.

SDG 12: Responsible consumption and production

Through its recycling programme, Enar is directly contributing to SDG 12 as it is using recycled material within its production processes, thus reducing the amount of virgin material required for manufacturing.

KEY ESG METRICS

ESG management ESG resource in place: **Yes**

Employment	Board of directors total:	Board of directors women:	Number of employees:	Number of women:	Percentage women:
	4	0	207	21	10%

Health, safety and environmental management	Fatalities:	Serious incidents:	Scope 1 emissions:	Scope 2 emissions:
	0	0	138 tCO ₂ e	1684 tCO ₂ e



ASSOCIATED FOODS ZIMBABWE BUSINESS OVERVIEW

A leading manufacturer and distributor of quality spreads, preserves, canned products, snacks and cereals in Zimbabwe, Associated Foods Zimbabwe (AFZ) holds strong brand equity in the market, with a leading position in peanut butter.

In Q4 the AFZ board took the final decision to consolidate both AFZ facilities by relocating them to one location in Harare. This decision will have ESG implications in

terms of staff resettlement and possible voluntary retrenchment should individuals choose not to relocate. An appropriate site is yet to be found and secured. The positive ESG outcomes of this decision will be a purpose-built facility for AFZ that focuses on food safety. The Vumba facility ESDD ESAP has already been updated with action items relating to the move, which will ensure that risks are managed in a timely manner.

SDGS AND IMPACT



SDG 2: Zero hunger

AFZ is a food manufacturer and, as such, contributes to solving the challenges of eradicating hunger and improving food and agriculture systems. It is focusing on sourcing locally produced, quality raw materials. AFZ's target market is low- to middle-income groups, thus it aims to provide affordable and nutritious food.



SDG 12: Responsible consumption and production

Most of the themes covered under SDG 2 are consistent with the themes of SDG 12 for AFZ. Reducing food waste during the production of their products remains a focus. AFZ have begun exploring out-grower schemes, which is an exciting development relating to SDG 12. During 2022 discussions were held regarding the out-grower schemes and how they can support local farmers. These are continuing in 2023.

KEY ESG METRICS

ESG management ESG resource in place: **Yes**

Employment	Board of directors				
	total:	women:	Number of employees:	Number of women:	Percentage women:
	5	3	124	45	36%
Health, safety and environmental management	Fatalities:		Scope 1 emissions:		Scope 2 emissions:
	0		Not yet measured		Not yet measured



FML BUSINESS OVERVIEW

FML is a fuel logistics company that focuses on the transportation of petroleum products in Sub-Saharan Africa and offers haulage services within Zimbabwe. Its current service routes are primarily Beira to Zambia and Beira to the DRC.

A serious incident took place at FML Logistics in November 2022 when one of their haulage trucks struck a significant pothole while overtaking. This resulted in the truck jack-knifing and the tanker rolling 270 degrees (not a full rollover) onto the road.

The driver sustained injuries that required him to be hospitalised as a precaution, but there were no fatalities caused by this incident. The spilt fuel was cleaned up within 36 hours of the incident. A full root-cause investigation has been carried out and the outcomes have been actioned.

FML recruited a permanent, full-time health, safety and environmental (HSE) manager to mitigate its HSE risk profile. This has been a success and a real value-add to the business.



KEY ESG METRICS

ESG management ESG resource in place: **Yes**

Employment	Board of directors total: 2	Board of directors women: 0	Number of employees: 40	Number of women: 4	Percentage women: 10%
Health, safety and environmental management	Fatalities: 0	Serious incidents: 1	Scope 1 emissions: Not yet measured	Scope 2 emissions: Not yet measured	



ARKAY PLASTICS
BUSINESS OVERVIEW

Arkay Plastic Industries is a well-known brand name for plastic houseware and homeware, packaging products and beverage crates. It was founded in Blantyre, Malawi, in 1997.

Due to the nature of Enar’s operations, it is possible for them to use recycled plastic in the manufacturing process. This cuts down on the volumes of virgin plastic required and is therefore both more environmentally friendly and better economically. This ultimately constitutes a circular economy. (A circular economy is an economic model designed to minimise resource input, waste

and emissions. Circular economies aim to reach the maximum efficiency in the use of finite resources, gradually transition to renewable resources and recover materials and products at the end of their useful life.)

The Arkay Plastics operation has collected and recycled
179.19 tonnes
of plastic items within the quarter.



The recycling programme is being reviewed to increase volumes and obtain more efficient machinery. Arkay Plastics is also building relationships to enhance its recycling capability. Spear is assisting in this process by assessing service providers and making introductions where appropriate. The latest introduction was related to the assessment and determination of fit-for-purpose equipment to meet Arkay Plastics’ recycling ambitions.

It is with deep regret that we report a fatality at the Arkay Plastics operations in

October 2022. The fatality occurred when a person climbed into the mixture basin to clean it.

Spear have commenced a full investigation into the incident and are in the process of gathering information. We are reviewing all operating procedures relating to the mixture basin and general operating procedures relating to lock out / tag out of machinery, confined spaces and lone working. Reporting systems are also being reviewed to ensure timely and accurate reporting of incidents.

SDGS AND IMPACT



SDG 12: Responsible consumption and production

Through its recycling programme, Arkay Plastics is directly contributing to SDG 12 as it is using recycled material in its production processes, thus reducing the amount of virgin material required.

KEY ESG METRICS

ESG management ESG resource in place: **Yes**

Employment	Board of directors total:	Board of directors women:	Number of employees:	Number of women:	Percentage women:
	4	1	173	23	13%
Health, safety and environmental management	Fatalities:	Serious incidents:	Scope 1 emissions:	Scope 2 emissions:	
	1	0	Not yet Measured	Not yet Measured	

MILLHOUSE INTERNATIONAL BUSINESS OVERVIEW

Millhouse International (Pty) Limited (Millhouse) is Spear's newest investment. It is a manufacturer of micronutrient and vitamin blends for the fortification of staple food products, such as sugar, maize and flour. Millhouse currently focuses on the sugar industry, where regulation requires the addition of vitamin A to sugar sold for direct consumption.

Millhouse is based in the Dube TradePort in KwaZulu-Natal, South Africa, where it is not subjected to value-added-tax regulation and is ideally positioned to export its products around Africa. It exports over 95% of its products, predominantly to Mozambique, Zimbabwe and Malawi. The fortification of various foods is mandatory in these countries, and Millhouse is either the only, or one of the few, registered suppliers of blends.

Millhouse provides both regulated and customised blends to customers as well as the equipment for fortification. The equipment is supported by technology to monitor and report fortification levels, which is beneficial to both customers and government. The equipment is built in-house and is delivered at a large discount to the cost of import. The equipment is fully automated and is designed to fit Millhouse's bags of blends. In addition, the software

provided allows customers to receive real-time data on fortification levels and to use this for real-time reporting to government. Therefore, switching costs are high and have helped Millhouse maintain client retention.

To further entrench themselves, Millhouse provides yearly training to customers' staff to ensure proper use of equipment, and they visit customers' operations regularly. Millhouse prides itself on its after-sales support, which no other competitor currently provides. Training and after-sales support help to ensure that customers maintain the correct fortification processes and levels in environments that regulatory bodies struggle to monitor.

Millhouse is certified with the International Organization for Standardization (ISO), Food Safety System Certification (FSSC), Hazard Analysis Critical Control Point (HACCP), South African National Halaal Authority (SANHA) and BOD SA. There is a high level of regulation in this space, and Millhouse has good relationships with regulatory bodies in all their key operating regions. In addition, their technology enables real-time upload of fortification data to government bodies, assisting both customers and government with data reporting and enforcement.

SDGS AND IMPACT

The following are the target SDGs for the investment:



SDG 2: Zero hunger

Fortification is one of the most effective interventions to prevent nutritional deficiencies and is a useful strategy to improve the diets of vulnerable populations. Millhouse produces a food-fortification product that is currently added to sugar, a widely consumed product, thus reaching a large percentage of the population in the applicable geographies.



SDG 3: Good health and well-being

Investments in nutrition are critical to "ensure healthy lives and promote well-being for all at all ages". Fortifying staple foods with essential vitamins and micronutrients is an important measure to improve micronutrient deficiencies in developing and emerging countries, where malnutrition is considered a severe public-health problem.



SDG 12: Responsible consumption and production

Sustainable consumption and production, as defined by SDG 12, is about doing more and better with less. Millhouse, through its products, improves the nutritional quality of staple foods, offering the end consumer greater value. Millhouse holds itself to high food-safety standards and is certified to ISO 22000 and FSSC.



SDG 17: Partnership for the goals

Successful fortification programmes require multiple partnerships across both private and public sectors. Millhouse is in a unique position to partner with organisations to add value to their products and contribute to several of the other SDGs. Millhouse is in the process of engaging with Gain and the World Food Program to be listed as a certified supplier, which will open opportunities for supply to worldwide food programmes.

KEY ESG METRICS

Millhouse will begin reporting on ESG metrics in Q1 2023.



SECTION 6

Corporate Social Responsibility at Spear



GOGO OLIVE

Gogo Olive is a charity (Registered Charity SC041281) based in Zimbabwe that is providing employment for women. Their focus is on supporting women while they are in prison and giving them hope for their futures after their release. They teach the women how to knit a variety of products, which are then marketed and sold. One of Gogo Olive's main goals is to give each woman the opportunity to earn a living wage, which is a wage sufficient for a worker and their family to live comfortably. Gogo Olive also provides the women with training in budgeting skills.





Quote from founder, Julie Johnston

“There is a sense of joy and achievement in making something beautiful and to a standard of excellence. We want to make products that bring joy to those who purchase or receive them – both through their unique appearance and in the knowledge that it has directly benefited the lives of a family in Zimbabwe. We want to create links between the producer and the consumer as we believe we can learn a lot from each other. We want to support the ladies in all areas of their lives, so we also run workshops for them in areas such as healthcare, parenting and family values, and there is also an emergency fund available to them when they face situations where they need extra support. We also work at creating a work environment where everyone feels included and where we can share the ups and downs of life together – supporting each other in the tough times and celebrating together in the good times. Our workshop can be a very noisy place to be, but I love how the ladies are so quick to laugh, dance, sing, and it really does feel like we are a family.”

SKY EAGLES

As part of our corporate social responsibility, Spear has partnered with a Zimbabwean football team that holds the aspirations of many talented young players. For Spear, the new partnership with Sky Eagles goes beyond just playing the beautiful game. In the next two years, we intend to use the power of football to reach the many vulnerable youths, sharing the message about the importance of getting an education while developing talent. We are also pleased that Sky Eagles is supporting a successful women's netball team.





MY TREES TRUST

Spear Capital has partnered with My Trees Trust to donate funds that offset Spears' fund-level carbon footprint. The calculation used is based on the annual carbon footprint multiplied by Norway's carbon tax per tonne of CO₂e. The calculation itself is not perfect, but it provides a point of departure.

My Trees has grown rapidly to become the largest community-driven indigenous-tree-planting initiative in Southern Africa. It is driven by a goal shared widely by local communities, local corporates and, of course, the whole environmentally aware world – to save vulnerable habitats and restore what has been lost.

 **MyTrees**
MITI YANGU
mytreestrust.org

Since beginning work with rural communities in August 2019, My Trees has planted **180 000 trees** of new woodland while also securing 120 000 ha of wilderness under new long-term leases in order to protect vulnerable habitat and restore once-iconic wildlife populations.



SECTION 7

Contacts



This report was prepared by the Spear Senior ESG Officer with the support of the Spear Deal Teams.

For any further information, please contact Spear’s Senior ESG Officer.



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