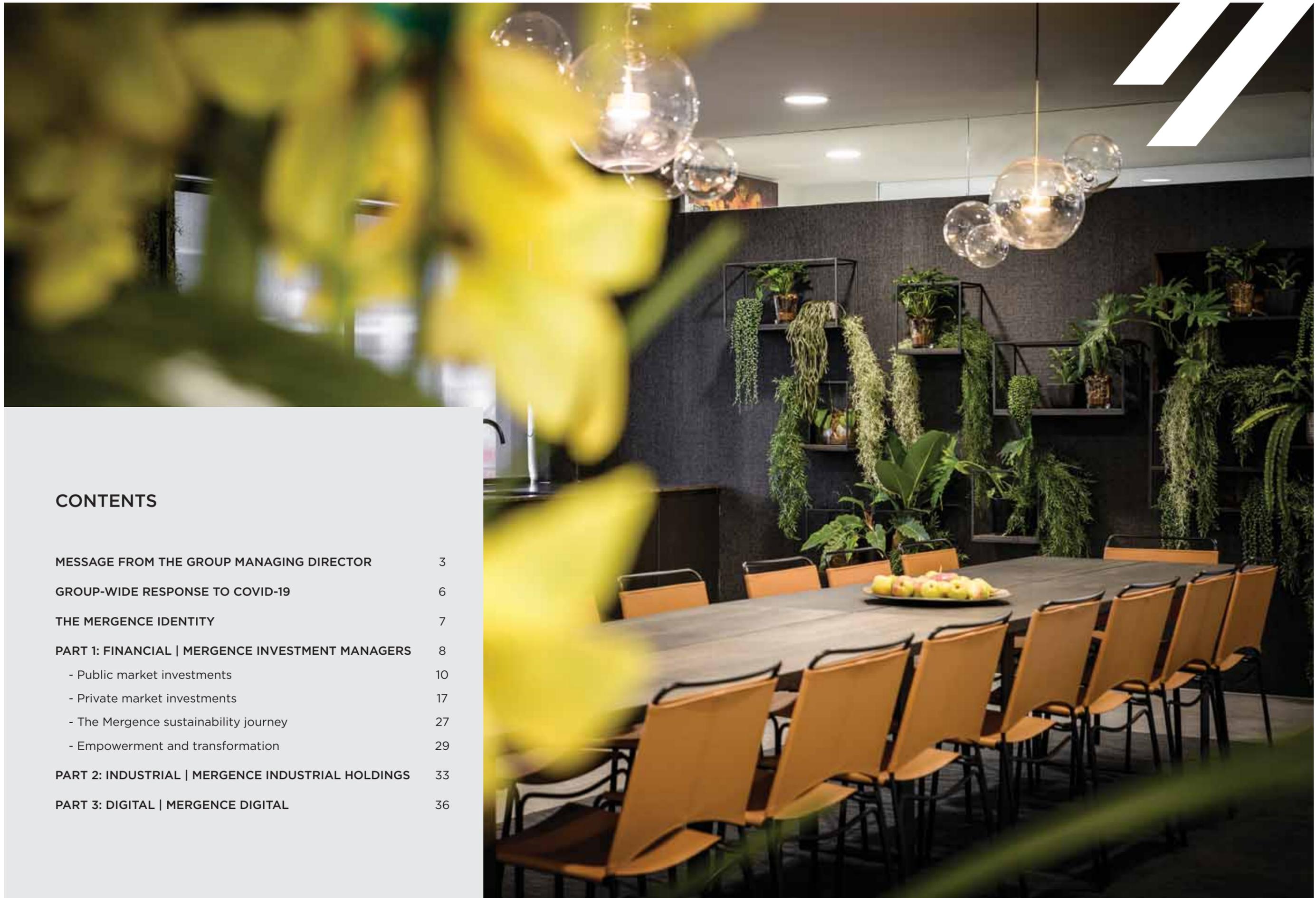




Impact Report 2020/21



M E R G E N C E Creating shared value



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MESSAGE FROM MASIMO

“Come with concrete plans - clear steps to enhance nationally determined contributions by 2020 - and strategies for carbon neutrality by 2050.” - Antonio Guterres, United Nations secretary-general, speaking at the 2020 UN climate change summit.

The world is frankly a strange place right now.

At the very time that we have impassioned pleas like the quote above from the UN Secretary-General, the United States was withdrawing from the 2016 Paris Agreement.

At the same time that human populations are suffering tragically from COVID-19, the pandemic may ironically set the world on course for a more caring, sustainable future.

At the same time that financial markets were expected to be bearish, there have been some extraordinary rallies.

It is not clear what to make of it all, other than to keep our own course steady and - as Mergence has always done - strive to **create shared value** in every aspect of our business.

As one of the **first movers in impact and responsible investing** in South Africa, Mergence continues to be a signatory to multiple responsible investing codes, including the PRI and CRISA. More recently we have also joined the Climate Action 100+ initiative, a worldwide group of asset owners and managers that advocate for environmentally friendly shareholder proposals and push companies to align their businesses with the Paris Agreement.

As an investment house, we are aligning our Environmental, Social and Governance (ESG) engagement with six key UN Sustainable Development Goals (SDG's), in order to achieve a globally aligned approach. *See the below graphic.*



Growth within Mergence Investment Managers

Against the above backdrop, the sustainability of our own business model as a group is important.

As one of the first asset managers in South Africa to offer **capability across both Public market (listed) and Private market (unlisted) investments** and to keep in line with growth, we are pleased to report that within Mergence Investment Managers we have appointed two joint managing directors, Brad Preston and Yoza Jekwa, to lead the Public and Private market investment teams respectively as well as develop a forward-looking strong strategic focus. This move reflects an increase in the depth and breadth of management.

Brad has been with Mergence since its inception and was most recently head of the equities team. Yoza joined us in January 2020 with a stellar track record in corporate finance and independent non-executorship on several listed companies. Her appointment is in line with our talent strategy of hiring and empowering more women. Fabian de Beer, Director: Investments, is Deputy Managing Director.

Peter Takaendesa has been promoted to Head: Equities and we have made several high-level hires in the Private market area of our business which will be a significant focus going forward.

We have long been aligned with the aims of the National Development Plan and our infrastructure funds are now more relevant than ever as the government strives to ramp up infrastructure to stimulate economic growth.

Diversification

We are proud to announce that, as a group, we have now **diversified further business streams** as follows below. I have moved up to the position of Group Managing Director and Executive Chairman, to spearhead this diversification and growth.

- **Mergence Industrial** - we acquired majority stakes in two manufacturing companies, BFG Africa, an environmentally-friendly composites manufacturer, and Lasercraft Mergence, a leader in precision metal cutting. The strategic intent behind these two significant investments is to be part of and help promote the government's black industrialist programme.
- **Mergence Digital** - we acquired in November 2019 a 26% stake in 2Engage, an innovative fintech organisation in customer retention and loyalty programmes, with an Africa-wide focus at the middle mass consumer market. Leveraging off the 2Engage technology platform we have strategic plans for developing various consumer value-add products into Africa, such as funeral policies, insurance, and other financial services. Andrew Weinberg, CEO of 2Engage, was awarded Entrepreneur of the Year in 2019.

I hope you find the more detailed subsidiary reports and case studies elsewhere in this impact report of interest and value. I also hope that you, like us, will feel positive about the future - perhaps a COVID-altered future - in which we can all be more caring of scarce resources and each other as communities and individuals. I remain convinced that Africa as a continent will be a massive growth and success story - and Mergence will be part of that.

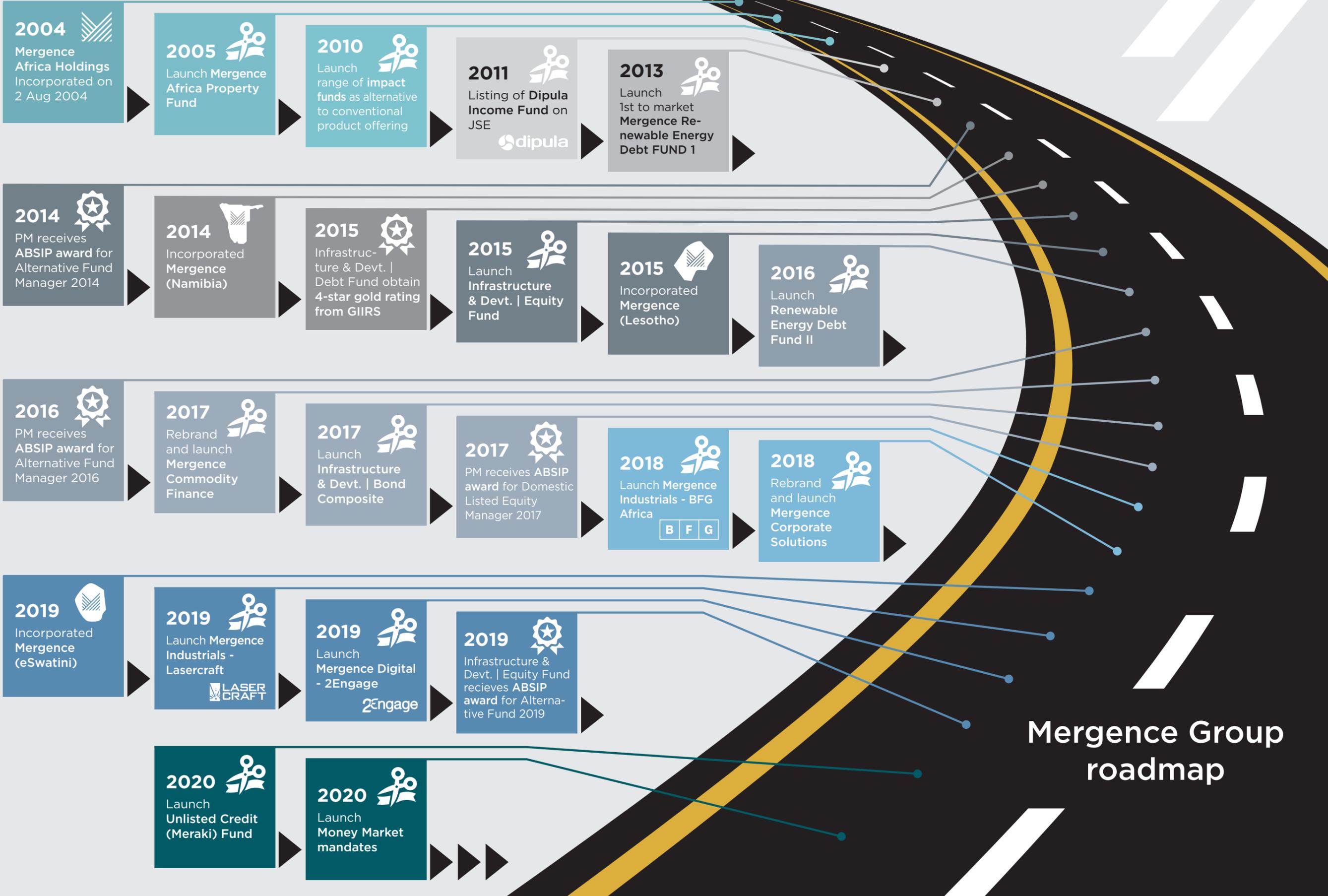
Lastly, I would like to thank sincerely all stakeholders, including our loyal clients and our own "Mergies" for their hard work and ongoing support during these challenging times.

Sincerely yours,

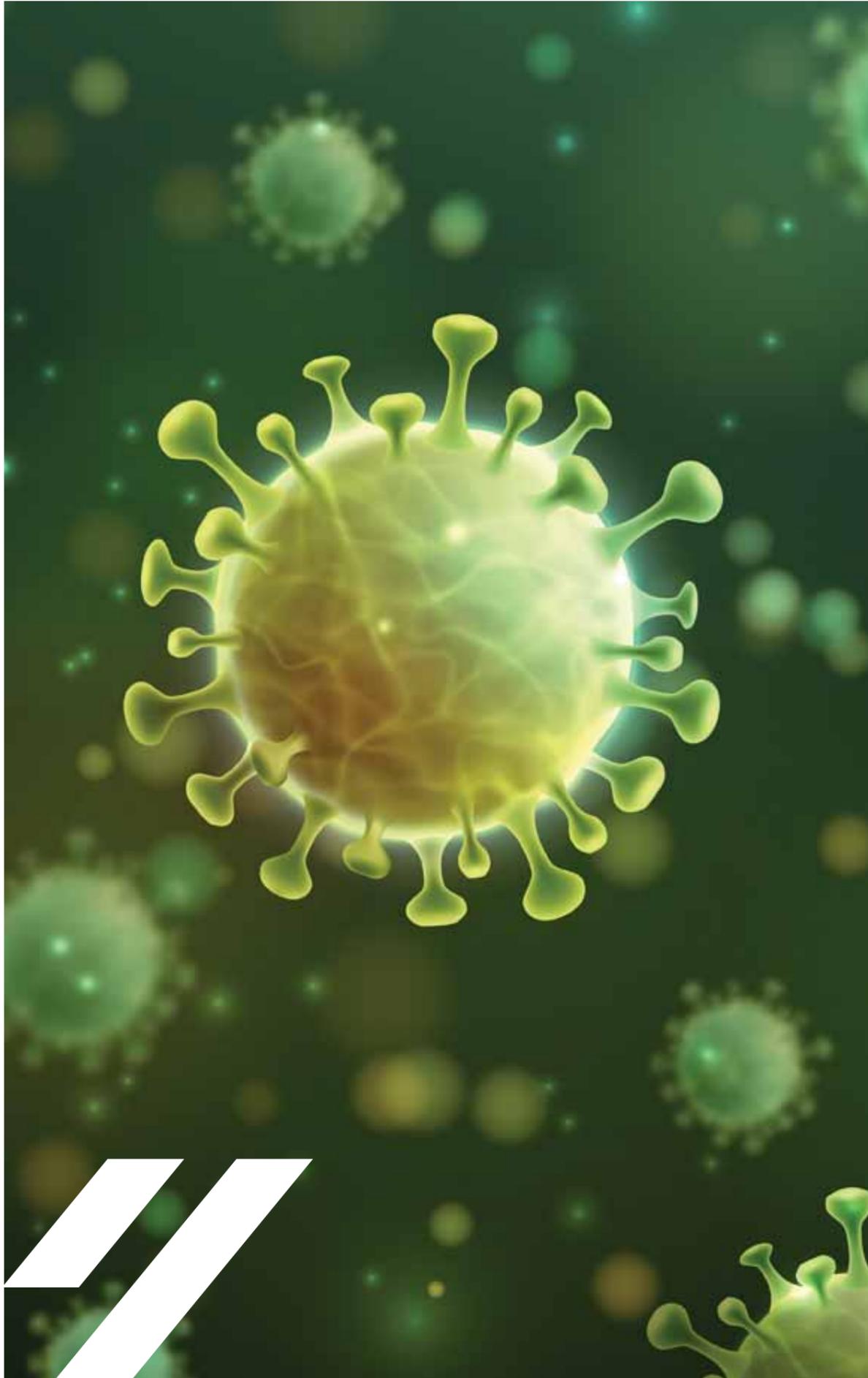
Masimo a Baduio

Executive Chairman





Mergence Group roadmap



GROUP-WIDE COVID-19 RESPONSE

As Mergence Group, we have made an effort to play our part in combatting the COVID-19 pandemic and alleviating the suffering experienced by countless individuals and communities.

- **Rural support in Lesotho**

With a massive 75% of the population in Lesotho living in rural areas and lockdown making it impossible for people to obtain food essentials during the lockdown, we supported Thobela, a local essential services provider, which provided access to food essentials to 50,000 families during the lockdown.

- **RussellStone Protein**

Mergence Commodity Finance donated 800 kg of soya mince during April 2020 towards the RussellStone Protein Pandemic Food Parcel Project to get nutrition to those in need and made more vulnerable during level 5 lockdown in South Africa.

- **“Lasercrafted” items**

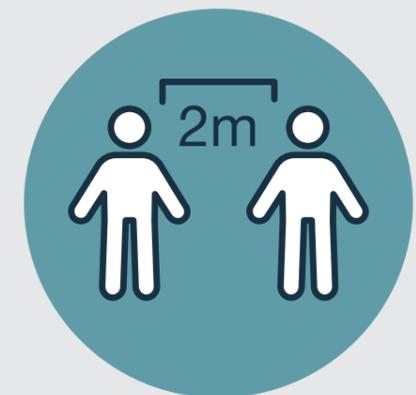
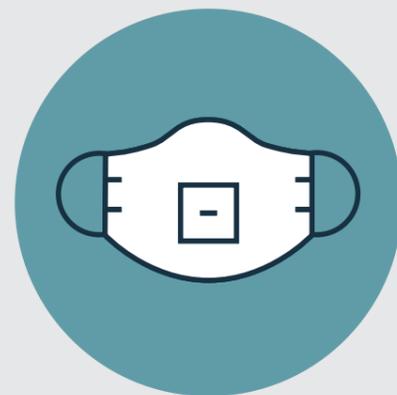
In a response to assist with the short supply of Personal Protection Equipment (PPE) and ventilators within South Africa, the team at Lasercraft developed face visors, walk-through sanitisation tunnels, and continuous positive airway pressure therapy (CPAP) devices.

- **Personal Protection Equipment (PPE)**

Learning of the short supply of PPE in state hospitals, we, in collaboration with one of our market peers Aluwani Capital Partners, initiated a drive to raise funds to purchase such items. This was done with the assistance of the Moshe Foundation, which procured the PPE for the R Moosa Mother & Child Hospital in Gauteng.

- **Staff donation**

During July 2020, in commemoration of Mandela Day, Mergence staff donated money for care packages for the Cape Town-based NGO Rape Crisis in support against gender-based violence.



THE MERGENCE IDENTITY

Mission

Our Mission is to provide socially responsible, value-adding, unique pragmatic solutions to our clients whilst remaining independent and ethical.

Vision

Our long-term Vision is to build a truly African diversified company that provides world-class tailored investment, financial and industrial solutions to our clients whilst ensuring growth for our business, value creation for our clients, and the empowerment of our people.

Winning culture

At the heart of our DNA is our people. We operate with an entrepreneurial, owner-managed culture that always puts clients first. We employ talented individuals, each with their own unique skills, intellect and experience. We operate with a flat structure, which we value greatly. By creating an environment where world-class teams can excel, we are able to deliver positive outcomes for our clients. Our people are critical to our success.



Integrity & honesty



Excellence



Entrepreneurial spirit



Fiduciaries



Growth & innovation



Diversity

PART 1: FINANCIAL | MERGENCE INVESTMENT MANAGERS

In a tough and highly competitive environment, Mergence Investment Managers has held steady. The reasons for this are manifold:

- we have excellent people in our investment and operational teams, many with decades of experience;
- we have been fastidious about communicating with clients throughout lockdown;
- our pragmatic investment style is style- and cycle-agnostic; and
- we have a diversified product range across both Public and Private markets. This sets us apart in the market as being one of the few boutique asset managers with such a range of capability across all listed asset classes, as well as private equity, private debt, infrastructure, and developmental assets.



Fabian de Beer, Deputy Managing Director



In recent years, we have observed how responsible investing and stewardship in investment markets have evolved from being a fringe to a mainstream consideration. But, at Mergence, for over a decade now environmental, social and governance (ESG) issues have been part of our investment DNA and incorporated into our investment process.

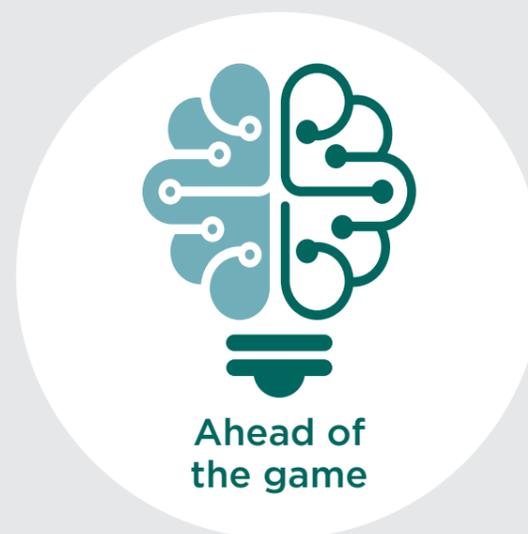
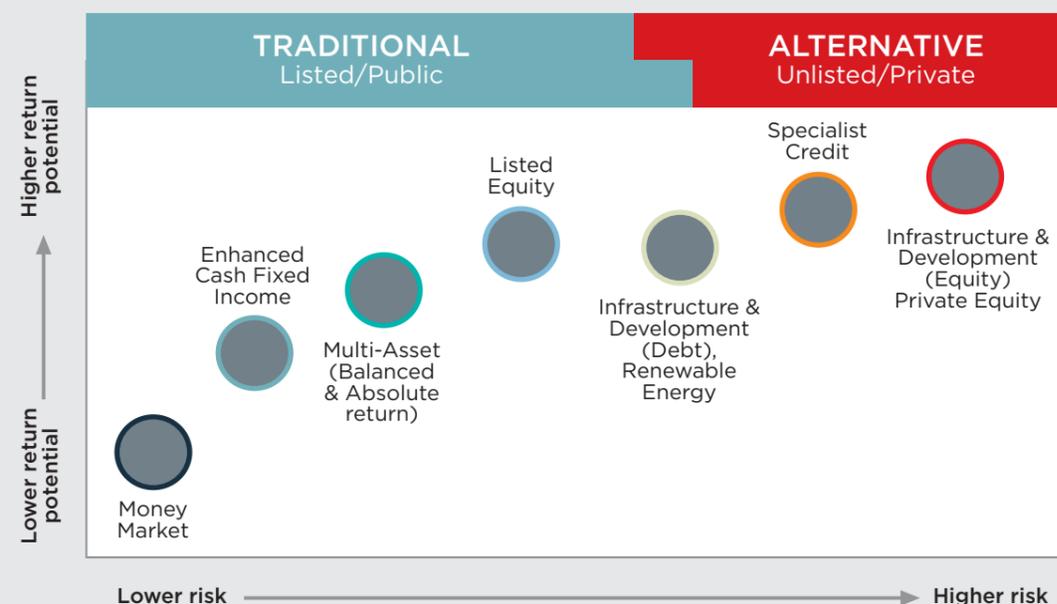
We have believed for a very long time that integrating sustainability factors into the investment process leads to better-informed investment decisions and, ultimately, better long-term, risk-adjusted returns for our clients. Importantly, it helps in creating a better socio-economic environment for our society and investors. As the role of responsible investment has grown in importance, prominence, and complexity, so too has our understanding and knowledge of the different aspects that can affect a company or project/asset materially over the long term. Drawing on these insights, we have taken our role as fiduciaries of our clients' capital seriously for almost 16 years.

With this in mind, we do not pay lip service to responsible investing or treat it as a tick-box exercise. Our approach has always been about achieving meaningful outcomes, rather than just merely generating activity metrics. Mergence was one of the **prime movers in making public our proxy voting**, as well as researching and establishing ways to incorporate the measurement of carbon emissions.

With investors looking to a post-COVID-19 future, ESG has now come into its own. We like to think we are again one step ahead of others by looking increasingly through an even wider, global lens, to incorporate the UN's sustainable investment goals (SDGs) into our ESG thinking.

In summary, we are proud to be leaders in responsible investing, allowing us to report back to clients comfortably in all these areas.

Our suite of strategies along the risk/return spectrum



We are proud of the positive impact we have made on society and communities throughout Southern Africa, in line with the Mergence Group ethos of “creating shared value”.

On the following pages are reports by the Joint MDs of Mergence Investment Managers: Brad Preston (Public market/listed investments) and Yoza Jekwa (Private market/unlisted investments). Their respective overviews lead into some case studies focusing on the impact created.

Public market investments

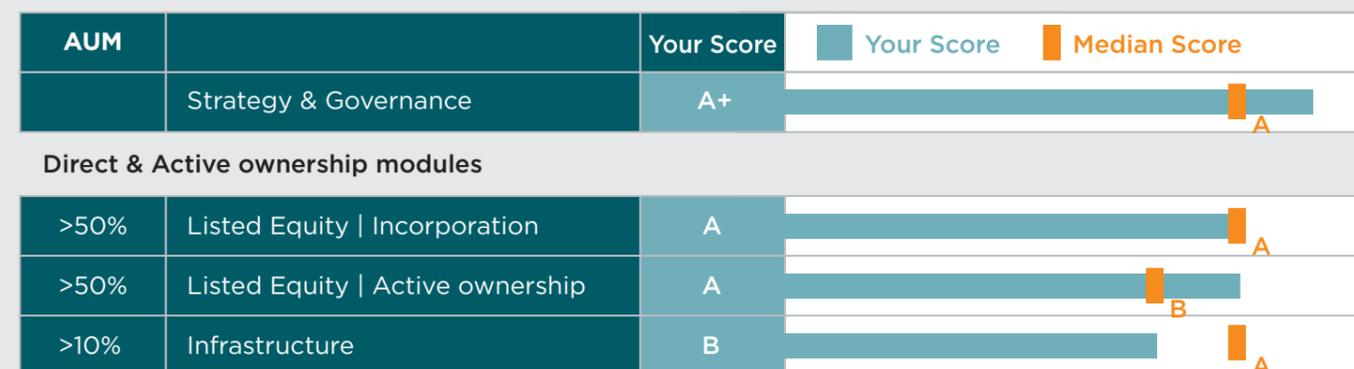
Our suite of listed investment mandates spans specialist equity, money market, and multi-asset class funds. We currently manage 13 different strategies within the public markets space, with a specialist money market mandate being the most recent offering in response to client demand to hold assets in a low-risk cash product.

Specialist equity is our anchor strategy and we are proud of the quality of our **proprietary research** into various stocks and sectors. Through a rigorous process, our investment analysts present their research to the investment committee, and a large part of their work is focused on assessing the strategic direction and culture of companies, the capital allocation and skill of management teams, engaging with management, and aiming for alignment of all stakeholders.

PRI assessment

As a signatory to the Principles for Responsible Investment (PRI) supported by the UN, we undergo a rigorous annual assessment which helps us determine where we stand and where we can improve. In 2020, for Strategy & Governance as well as Active Ownership, we achieved scores well ahead of the market median. For the category of Incorporation, we were on par with the median and are working at improving this score.

Our scorecard is summarised as follows:



This year we voluntarily completed the Infrastructure section of the PRI assessment as well. Infrastructure assets are less than 10% of our overall assets under management and we did not score as well as we scored a B as compared to the market median of an A. We have started working on providing the necessary input next year to improve this area.



Brad Preston, Joint Managing Director

PRI's assessment methodology

At a module level, the percentages of core and additional indicator scores obtained are converted into a final performance band, as per the conversion table below.

SCORE	0%	>0%-25%	>25%-50%	>50%-75%	>75%-95%	>95%
BAND	E	D	C	B	A	A+

The PRI does all these calculations for each assessed module and presents them in an easy-to-understand summary scorecard present at the beginning of the Assessment Report. Our full Assessment Report can be found [here](#).

For the period 1 July 2019 to 30 June 2020, we participated in **287 engagements** across **145 companies**



Navigating ESG

Despite Mergence focusing on ESG since 2010, we have seen a strong trend of growing interest in, and awareness of ESG, as well as sustainability issues from most clients and regulators during the past few years. In some ways, the Covid-19 pandemic has permanently altered the ESG conversation and serves as a brutal illustration of the pressing need for a cohesive vision of how human and economic value can be created. ESG has therefore become an important consideration for investors globally.

Again, at Mergence we have been ready - for over a decade now, we have never believed that achieving both a good return and sustainability are conflicting objectives.

Our evolving framework aims to capture, inter alia, the following metrics:

<p>E</p>  <p>Environmental</p> <ul style="list-style-type: none"> • GHG emissions • Energy efficiency • Water usage • Environmental operations • Climate risk mitigation • Waste management 	<p>S</p>  <p>Social</p> <ul style="list-style-type: none"> • Executive compensation • Local impact • Local employment • Gender diversity • Non-discrimination • Injury rate • Health and safety • Working conditions • Child & forced labour • Human rights 	<p>G</p>  <p>Corporate governance</p> <ul style="list-style-type: none"> • Board diversity • Board independence • Shareholder rights • Ethics and anti-corruption • Data privacy • ESG reporting • Disclosure practices • Alignment of interests • Third-party assurance
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Environmental and climate change

Climate change is already a measurable global reality and is a complex issue to address from an investment perspective. South Africa has an energy-intensive economy and as such is a significant contributor to global carbon emissions.

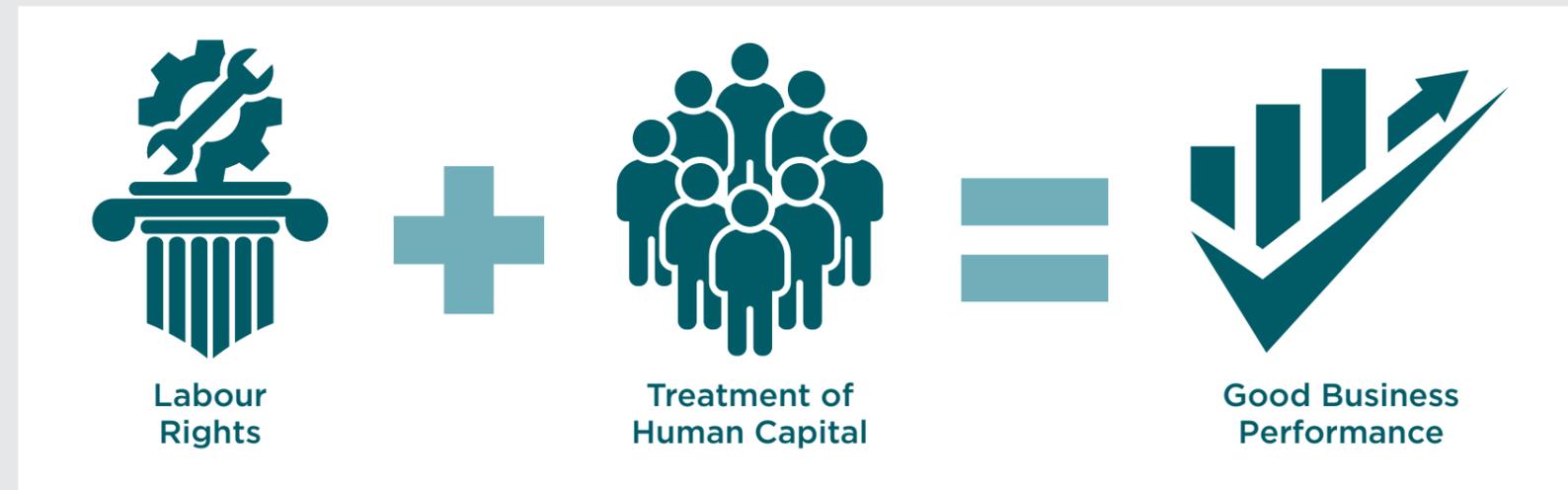
At Mergence, as active managers with a long history of engaging with companies to drive meaningful change and our long-standing measurement of CO² emissions in our investment decisions, we believe that we are well positioned to be an active and meaningful change agent to influence favourable climate-related resolutions.

During 2020, Mergence became a signatory to the Climate Action 100+, a large investor-led initiative focusing on systematically significant greenhouse gas (GHG) emitters. As a signatory, investors agree to engage with more than 100 of the world's largest such corporations to curb emissions, strengthen climate-related financial disclosures, and improve governance on climate change risks and opportunities. To date, signatories have been important catalysts for action, alongside significant moves by policymakers and civil society.

The complexity of climate change for investors is compounded by factors that include the absence of historical data, the need for an ability to forecast probabilities into the future, and a lack of standardised disclosure among companies.

Social issues

The social element within ESG considerations is often the most difficult to assess and requires case-by-case consideration. Our overarching belief is that a company's long-term strategy should take into account the development of its employees.



A fair basic minimum wage, good health, safety standards and investment in training and development programmes is the result of good human capital management - a culture that is demonstrably linked to more stable and productive workforces and, ultimately, long-term value creation.

Consequently, an interrogation of these practices forms part and parcel of our ongoing investment analysis and, where warranted, of our engagement process with investee companies.

In the past, our investment team conducted a detailed investigation into the mining industry, looking specifically at employee safety records. This work is still being consulted and forms the backbone of a longer and more nuanced engagement process with several companies, aimed at improving the safety of the working environment for mineworkers.



Governance

The dangers of ignoring poor governance are well understood and to our mind, the “G” is arguably the most important of the ESG trio. Our investment team spent a large amount of time during 2020 on several matters relating to corporate governance. The most material of these include:

Board composition, functioning, and independence

A key part of our assessment is focused on trying to gain an understanding of the genuine independence and skills of a company’s board. Our inherent aim is to ensure that boards comprise a diverse range of competencies, knowledge, perspectives, and experiences to enable them to effectively carry out their duties and responsibilities. We believe that an independent chairperson is pivotal in creating conditions for the effectiveness of the overall board and individual directors.

Executive remuneration

We have done extensive work on executive remuneration in the past and we continuously update and refer to it. Consideration is given to important issues that centre on aspects such as enrichment versus compensation, alignment with shareholders, and whether remuneration is sufficiently long term in nature and set against appropriate key performance indicators.

Mandatory auditor rotation

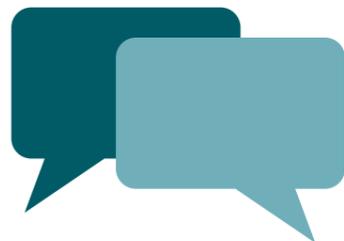
Following several accounting-related scandals, we have become strong supporters of a mandatory audit firm rotation for all companies after 10 years. Our success in driving mandatory audit rotation has been encouraging, and we will continue in our efforts to champion this change.

ESG and SDG risks and/or opportunities are embedded within our investment process and underpinned by three core pillars: integration, engagement, and collaboration.



Integration

Risks and opportunities stemming from potentially material ESG factors are integrated into our decision-making process.



Engagement

Informed dialogue with investee companies around ESG disclosure, practices, monitoring, corporate activities and exercising our ownership rights.



Collaboration

Collaborate with like-minded organisations to advocate better policies and encourage better ESG-related practice.





Integration

Mergence's ESG framework integrates environmental, social, and governance issues into the investment analysis and decision-making process with the view of mitigating overall portfolio risk and/or making a constructive impact where warranted. The purpose of integrating ESG factors is to enhance the analysis of all investments by explicitly taking ESG issues into account, promoting improved standards of practice, and assisting the investment process to mitigate any ESG risks to potential or existing loans or investments.



Engagement

Our equity analysts engage actively with target investment companies where we are of the view that active engagement on ESG issues can lead to sustainability and value unlock. Each equity analyst is responsible for collaboration with like-minded investors/asset managers on issues of governance or corporate action. In particular instances, we follow up with a letter or phone call highlighting the reasons to the company why we voted in a certain way or against some resolutions.

Active ownership and meaningful engagement on material ESG issues can have a greater positive impact on a company's practices than divestment. The two case studies in this report demonstrate that we can more effectively drive positive change by being an active, engaged investor instead of sitting on the sidelines. We look at the ESG factors both before and after investing, and they can be very important factors in determining whether a potential investment is attractive. Where considerations are material, they can significantly affect our assessment of a company's risk and return profile.

Our engagements encompass the full range of issues that affect the long-term value of a business, as well as vital ESG practices for sustainability. We assess:

- strategy
- capital structure
- operational performance
- risk management
- remuneration
- corporate governance
- labour practices
- the creation of a culture that favours long-term value creation
- dealing openly and fairly with suppliers and customers
- having proper and effective environmental controls in place



Collaboration

Our in-house investment professionals have developed a screening process to help identify ESG factors that could impact an investment case. Our equity analysts frequently meet with management and as part of the research process discuss various ESG risks. In certain cases, we engage with the board of directors to unlock value by discussing and resolving ESG issues. In addition to being a member of the PRI and CRISA, we are involved, liaise and network with bodies, forums and organisations related to ESG matters. For example, we are a committee member of ASISA's Technical & Operations Board Committee.



Proxy voting

Engagement with companies and voting at shareholder meetings are both powerful tools that we have considered to be an essential part of our active management offering since the very beginning of our responsible investing journey.

We believe that constructive dialogue with the companies in which we invest is far more effective than excluding companies from the investment universe. Only if enhanced engagement does not lead to the desired change do we consider alternative actions that may include collaboration with other shareholders to help achieve the desired outcome. If all else fails, we might look to divestment and exclusion.

Mergence Investment Managers was **one of the first South African asset managers to make public its proxy voting decisions.**



Case studies | Active engagement

Climate-related



Overview

Sasol Limited is a global integrated chemicals and energy company. They source, manufacture, and market chemical and energy products globally. With South Africa being the world's 14th largest emitter of greenhouse gases (GHGs), Sasol is one of the largest contributors to this problem.

Action

Mergence collaborated with five other institutional shareholders seeking greater transparency from Sasol on an emissions reduction strategy and its link to executive rewards. Issues raised included:

- The requirement for improved disclosure on current emissions and a pathway to emissions reduction; and
- Lack of a direct management incentive link to emissions reduction.

Outcome

- Sasol has committed to reducing, by 2030, the absolute GHG emissions from its South African operations by at least 10%, off a 2017 baseline.
- Sasol reported Scope 3 emissions in its latest climate change report.
- Sasol has agreed to release an "Emissions Reduction Roadmap" by November 2020.
- We will continue to engage Sasol on linking executive remuneration outcomes to emissions reduction targets.

Case studies | Active engagement

Corporate governance and value unlock



Overview

Brait is an investment holding company focused on a portfolio of unlisted businesses operating in the broad consumer sector. Its two largest assets are the global fitness chain, Virgin Active and the South African Consumer Goods business, Premier Foods. Brait had suffered significant value destruction over recent years due to a number of poor capital allocation decisions, an over-gearred balance sheet, and an inefficient and expensive holding company structure. We purchased a holding in Brait in Q4 2019 premised on the view that the companies key underlying assets were attractive, high-quality businesses, and that a change in strategy at the holding company level could realise significant value for ordinary shareholders.

Action

We actively engaged the company's board and shareholders and targeted the following issues to drive change to unlock shareholder value:

- Management team and board poor capital allocation record
- Unsustainable balance sheet
- Insufficient cash available to underlying assets
- Inefficient structure and excessive costs
- Holding company discount

Outcome

- Reconstituted board which includes a director from Mergence (Yoza Yekwa)
- An investment team focused on value realisation is now in place (Ethos Private Equity)
- Repaired the balance sheet through a rights issue providing ability to optimally reinvest in portfolio companies and realise value from assets
- Significant cost reduction implemented and simplification of holding company structure in progress
- Two average quality assets have been sold at a combined premium to NAV
- Remaining asset realisations to be executed over 3 to 5 years





Yoza Jekwa, Joint Managing Director

Private market investments

Infrastructure and developmental investments have come to the fore globally with recognition of the benefits of these investments in providing non-correlation, diversification, and steady risk-adjusted returns - in particular when looking to a post-COVID-19 world. At Mergence, we are proud to have led the way over the past decade - long before they became fashionable - with our suite of private equity and private credit funds spanning infrastructure and developmental investments both in SA and other SADC regions.

The COVID-19 pandemic has exposed what South Africa as a country has neglected for decades: gaps in social protection, environmental damage, inadequacies in health systems, structural inequalities, and an almost unimaginable economic fall-out for those in the informal sector, SMMEs, and those with caring responsibilities, who are mainly women.

According to UN Secretary-General Antonio Guterres, in his 2020 Mandela Day speech, up to one hundred million more people could be pushed into extreme poverty, and we could see famine of historic proportions.

As custodians of retirement fund members' hard-earned savings, it is therefore incumbent on asset managers such as Mergence to finance the right projects, with the requisite due diligence and ongoing monitoring, to improve communities into which people can retire. In choosing and monitoring these projects, we need to measure the impact on both job creation and on the environment.

I also fervently believe in education as a means of achieving impact. My hope is that government spending would be reprioritised towards:

- education and market-relevant skills training; and
- ensuring universal affordable access to fast internet connectivity as a mechanism for the delivery of a variety of services and benefits including:
 - online education and skills training;
 - healthcare services to remote locations;
 - digital access to municipal and state services;
 - cost-efficient establishment and running of digitalised SMMEs; and
 - financial inclusion of all South Africans.

Mergence supports all industry efforts to mobilise funds and implement government's shovel-ready projects, including through private-public sector partnerships.

Financial return and investments

I am happy to report that clients and our rapidly growing Private market investment team alike are pleased with our overall portfolio resilience as demonstrated in the table below. All our Private market funds have outperformed their respective investment targets since inception, providing stable returns to investors.

Performance summary of Private market investment strategies for the periods ending 31 December 2020:

	1 Year	2 Years (p.a.)	3 Years (p.a.)	5 Years (p.a.)	Inception (p.a.)
Mergence Infrastructure & Development Debt Fund	8,55%	9,56%	9,86%	10,57%	9,70%
Benchmark (CPI + 3%)	6,17%	6,36%	6,97%	7,62%	7,94%
Out/Under performance	2,38%	3,19%	2,90%	2,95%	1,76%
Mergence SRI Fund	7,71%	8,62%	8,30%	9,37%	10,43%
Benchmark (CPI + 3%)	6,17%	6,36%	6,97%	7,62%	7,94%
Out/Under performance	1,54%	2,26%	1,33%	1,75%	2,49%
Mergence Renewable Energy Debt Fund I	9,31%	10,25%	10,57%	-	10,71%
Benchmark (JIBAR + 3%)	7,41%	8,77%	9,25%	-	9,47%
Out/Under performance	1,90%	1,48%	1,33%	-	1,24%
Mergence Infrastructure & Development Equity Fund	15,64%	21,00%	18,48%	17,88%	17,72%
Benchmark (CPI + 7%)	10,17%	10,36%	10,97%	12,62%	11,52%
Out/Under performance	5,47%	10,63%	7,51%	5,26%	6,20%
Mergence Renewable Energy Debt Fund II	8,76%	10,11%	11,53%	-	10,89%
Benchmark (CPI + 4%)	7,17%	7,36%	8,27%	-	8,04%
Out/Under performance	1,59%	2,75%	3,26%	-	2,85%
Mergence Infrastructure & Development Composite Bond Fund	7,49%	9,59%	-	-	9,47%
Benchmark (ALBI)	8,65%	9,48%	-	-	10,07%
Out/Under performance	-1,16%	0,11%	-	-	-0,60%

We are well positioned to innovate further and - in line with the government's focus on economic growth through infrastructure - we have recently upscaled our infrastructure & developmental funds and equity funds.

Mergence has successfully raised R1,7 bn for its renewable energy funds, and invested in a total of 14 renewable energy project across both wind and solar, 11 projects of which have been operational for some years. We welcome government's reactivation of the Renewable Energy Independent Power Producers Procurement Programme (REIPPPP), be it in the opening of the Bid 5 window or risk mitigation associated with the REIPPPP.

We also manage and have invested a total of R3bn across a wide spectrum of sectors that deliver positive social impact, including affordable housing, ICT, water and sanitation.

In response to client needs, we have launched a new credit fund, the Mergence Meraki Credit Fund. We are now set to attract a further R3bn of new capital for IDF debt and equity funds to invest in new high quality opportunities that deliver significant social impact.

Mergence pioneered impact investing in South Africa, with a range of SRI funds launched a decade ago. We were also the first to launch a renewable energy debt fund under South Africa's world-acclaimed REIPPPP in 2013.

From the outset, we aimed to align our investment with government's concerns voiced through the National Development Plan, and employees' concerns reported by the HSRC's 2010 South African Social Attitudes Survey.

Growing our shared value



HOUSING

No. of loan applications approved (2019/20) **29,245**
 No. of affordable units in book **34,415**



WIND



SOLAR

RENEWABLE ENERGY

Capacity **611MW**
 WIND **34%**
 SOLAR **46%**
 STEAM **20%**

Socio-economic development spend **R31.1m**

Wind **R8.5m**
 Solar **R22.6m**



STEAM



TRANSPORTATION

BENEFICIARIES

Black female beneficiaries **5,971**
 Black youth beneficiaries **4,222**



ICT / COMMUNICATION



HEALTH



WATER



FOOD SECURITY

Jobs:
19,287

Total invested:
R4.0bn



Case studies | Infrastructure & Development (SA)

Small, Medium and Micro Enterprises (SMMEs)



Overview

The world urgently needs to move towards models where economic growth is decoupled from natural resource use and climate mitigation pathways. In South Africa, this means investment in businesses that can generate verifiable green outcomes, whilst creating jobs, including in energy, water, waste, infrastructure, and land management.

In January 2020, a R488-million Green Outcomes Fund (GOF) was launched as a partnership between the Jobs Fund (a National Treasury initiative) and GreenCape, a non-profit organisation that drives the widespread adoption of economically viable green solutions in South Africa. The GOF is a product offering that will allow for green SMMEs to get alternative access to much-needed financial support.

Mergence's role in the GOF:

Mergence was involved in conceiving the concept and bringing the Green Outcomes Fund to fruition, as was appointed as one of the initial Catalyst Fund Managers to mobilise investments into the SMME sector. We believe the timing could not be better as the world is surely set to emerge from the COVID-19 pandemic as a different place with populations more conscious of protecting the environment, economic sustainability and job creation.

As an incentive to the Catalyst Fund Managers, the GOF funding assists fund managers to reduce risk by compensating with additional returns for jobs created and specific post-investment support, as well as monitoring and evaluation of the businesses. This will allow for green businesses to scale to the critical size required to be sustainable.

Impact of the GOF:

Funders can select from a portfolio of 13 Green Outcomes metrics across the sectors of clean energy, waste, water and sustainable agriculture.

Green Outcomes Fund Process



The Green Outcomes Fund represents a significant milestone in the impact investing sector to boost jobs and create a greener economy. This fund will incentivise South African fund managers to invest in green businesses, as well as track verifiable green metrics.

The GOF has initiated two projects this year:

- The pilot project of R488m with the Jobs Fund (a National Treasury initiative)
- A project providing short-term resilience support funding to a cohort of green SMMEs. This project has been implemented with the financial support of the European Union's Partnership Instrument and the German Federal Ministry for the Environment, Nature Conservation, and Nuclear Safety (BMU) in the context of the International Climate Initiative (IKI).

Case study | Infrastructure & Development (SA)

Renewable energy

Co-investment to refinance a major solar plant in a remote area of South Africa

Overview

In June 2020, Mergence and Third Way Investment Partners, another established women-led black fund manager, invested R225m each to refinance a major renewable energy plant in a remote area of South Africa.

The private sector plays a major part in financing future domestic infrastructure, needed more than ever to accelerate growth following the devastating economic aftermath of the COVID-19 pandemic. Asset manager support will bolster the government's R100bn package to stimulate infrastructure development.

This renewable project transaction invested on behalf of our institutional investors, mainly retirement funds whose long-term liabilities are a perfect match for long-term infrastructure investment, providing an inflation-linked return. We were excited to collaborate with Third Way to co-invest into the struggling South African economy.

The refinancing or secondary investments in an existing project indicates a positive maturation of the renewable energy market in that transactions between project lenders can be executed. It means that the projects can be sustained, jobs retained, and energy continued to be dispatched into the grid.

Impact

- *Environmental*

The solar farm, located in South Africa's Northern Cape Province, is estimated to save six million tons of CO² over 20 years.

The project undertook a massive rescue operation to scrub the site of endangered and sensitive plant species. This involved walking the entire site searching for plant species and 12 different varieties were located. The plants, mostly bulbs, were carefully removed, preserved in tubs, and relocated to a portion of the site which will be left undeveloped and preserved in natural condition. This project takes pride in working with the community to help preserve the natural heritage of the area in a socially responsible manner. Over 20 residents were employed for two weeks to help relocate the plants.

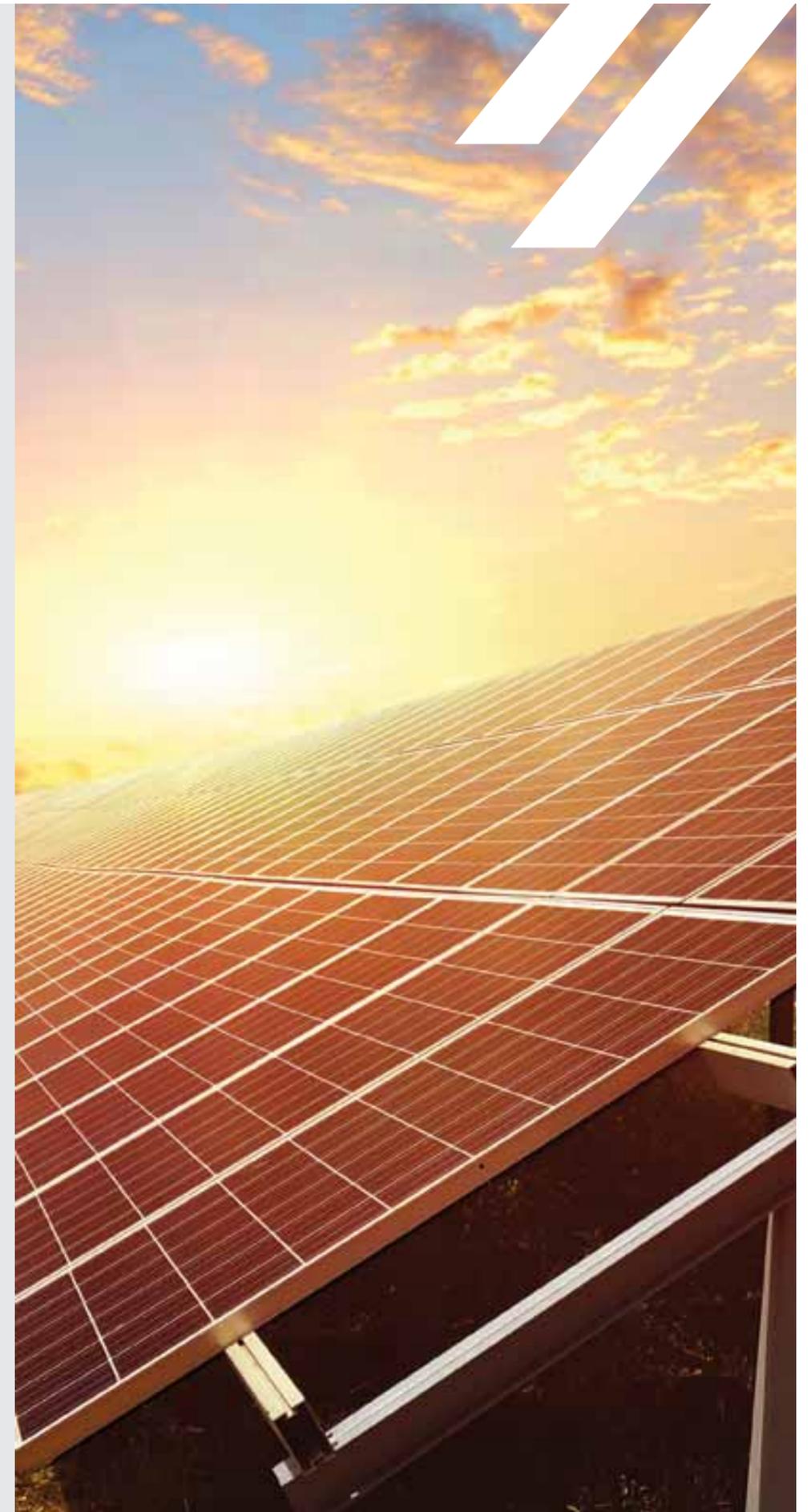
- *Social*

The project will stimulate economic revival in the region, where communities had been plunged in depression due to the enormous slump in mining activities in the area. A structured process for local prospective jobseekers and suppliers was established for these individuals to participate in the project.

500 jobs were created for South African citizens during construction (at peak with 1,200 jobs during construction). The project is currently employing 81 employees during operation.

A trust will also be established to share revenue from the project with disadvantaged communities. These revenues will be in the form of dividends which will be paid out towards the end of the project.

The overall investment of the project amounted to a R12bn investment and local content attributed to 42.5% of this spend.





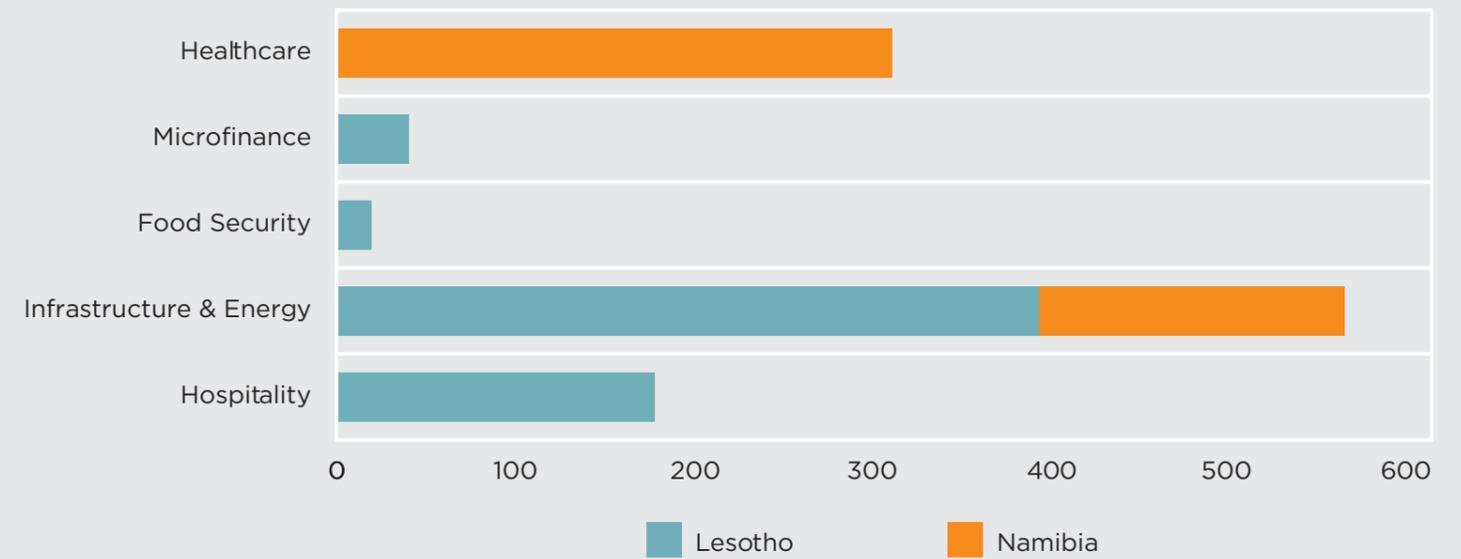
Mergence has invested in a total of 14 renewable energy projects across both wind and solar, 11 of which have been operational for some years in remote parts of South Africa, helping to create jobs and sustain communities.



Kasief Isaacs, Lead Investment Principal

Private market investments (SADC)

Mergence (in addition to its domestic private market funds) has private market funds operating in Lesotho and Namibia, investing in-country opportunities that yield high ESG returns in addition to attractive capital returns, attesting to our firm belief that sustainability focused business is good business.



Key differentiators:

- Mergence was the first boutique investment manager to carve a niche for itself and move into the SADC market alongside larger institutional players, some of whom are yet to establish a physical in-country presence.
- We have an extensive network of contacts at the highest industry and governmental level across the SADC region, boosted by the appointment of key dealmakers in several countries over the past five years.
- We continue to deliver on innovative investment opportunities such as the utility-scale solar project in Namibia and the medicinal cannabis and trout farming operations in the highlands of Lesotho.



Case studies | SADC

Renewable energy



Overview

In June 2019 Mergence Unlisted Investment Managers (Namibia) bought a majority stake in the 6MWp Momentous Solar One solar energy plant, located near Keetmanshoop, Namibia. The seller was NASDAQ-listed Canadian Solar, one of the world's largest solar power companies.

The shares purchased are held in the Mergence Namibia Infrastructure Fund Trust on behalf of the Namibian Government Institutions Pension Fund (GIPF). In line with previous projects and with a view to localisation of the solar industry for Namibians, Mergence ensured that there was full and equal participation of previously disadvantaged Namibians (PDNs). The case study further illustrates enhanced corporate governance in investee companies by Mergence.

As a sign of localisation, accounting and reporting, a function previously done offshore, has been transferred to a local accounting firm. Furthermore, a local, highly experienced firm has also been appointed as the operator for the plant's operations and maintenance.

The Keetmanshoop project will provide CPI-linked solar power generation revenue for 25 years under the Namibian government's Renewable Energy Feed-In Tariff (REFIT) programme, at a rate of NAD1.37 (\$0.10) per kWh. The solar plant has been in commercial operation since November 2017.

Impact

- The plant will generate approximately 14,800 MWh of clean energy each year.
- Shift from 30% to 100% local (Namibian) ownership.
- The Namibian renewable energy market was brought to the attention of global investors through a press release by Canadian Solar, as well as some local media coverage by Mergence to inform Namibians of the importance of this sector.





Case studies | SADC

Food Security and job creation



Overview

In March 2019, on behalf of our client, Mergence Investment Managers (Lesotho) (Pty) Ltd acquired a significant minority interest in SanLei, a leading aquaculture company headquartered in Lesotho.

As a commercial scale rainbow trout farm, SanLei is located on the edge of the Katse Dam in the remote highlands of Lesotho, a site known for its deep, pristine waters and highly favourable environment for growing premium trout.

The company has successfully farmed rainbow trout for the South African market over the past 10 years and has the licence and physical infrastructure capacity to supply the entire South African rainbow trout market. It also exports significant quantities of trout to the Far East.

Mergence is injecting additional capital to fund increased trout production in preparation for expanding SanLei's exports to the Far East. The transaction positions SanLei to accelerate its ambition of becoming the largest trout operation of its kind in Africa.

With the benefit of a strong Lesotho-based shareholder in its capital structure, SanLei is on a firm footing to further accelerate international opportunities, thereby benefiting the Kingdom of Lesotho and its people. Globally, the sector has been expanding by an average of nearly six percent annually, outpacing all other food segments.

Impact:

Fish consumption is growing faster than all other major animal protein sources worldwide. With natural fish resources on the decline, the aquaculture industry is growing in prominence.

- *Environmental*

The farm is not situated in a national protected area and minimising fish escapes is a priority to reduce the impact on the local ecosystem. The company measures various water parameters including phosphorus and oxygen levels at regular intervals to remain within set sustainable limits for healthy water bodies. Rigorous requirements are adhered to in order to minimise disease outbreaks and antibiotic use.

A special feed formula adheres to strict limits to minimise the use of wild fish as an ingredient for feed and, despite fish being farmed at low densities (around 7 kg per cubic meter) to reduce stress on the fish, SanLei will be sustainably farming 800MT of product in 2020, exporting most of the product to South Africa and the Far East.



- *Social*

As the largest employer in the local Katse community, SanLei currently **sustains 90 jobs in Lesotho**. 40% of the company's workforce is comprised of women.

For employees outside of managerial positions, the average monthly salary at SanLei is substantially higher than per capita GDP. The lowest-paid employees of SanLei are paid more than the minimum wage per month.

With the planned expansion of the production facilities over the next two to three years, the number of jobs is expected to double. The company's European and Asian expansion drive increases Lesotho's access to hard currency revenues as sales in these markets are generally euro or dollar denominated as well as growing the Lesotho brand.

SanLei provides further education and training for employees to develop themselves and advance in their roles within the company. Most of the courses and certifications are focused on aquaculture production management and costing, maintenance for food safety and vaccination training.

As part of its local community beneficiation strategy, Sanlei has purchased rosehip harvesting equipment, which was handed over to local community representatives in August 2020.



The breathtaking Kingdom of Lesotho is commonly considered 'the roof of Africa'. The name 'SanLei', loosely translated from Japanese, means 'where the mountains meet the sky'.



The Mergence sustainability journey

Mergence Investment Managers has been on its own sustainability journey for some years now to reach carbon neutrality as a firm. With input from an external consultant, we closely monitor waste recycling, electricity and water usage and other metrics.

- *Recycling*

The move from Sea Point to our expanded new offices in the Cape Town Cruise Terminal in late 2019 hindered access for our regular company to measure our recycling with the landlord. As a result, although we are recycling, we do not currently have a third party who can measure and report on it independently. We are working on resolving this problem and hope to report actual numbers in our next Impact Report.

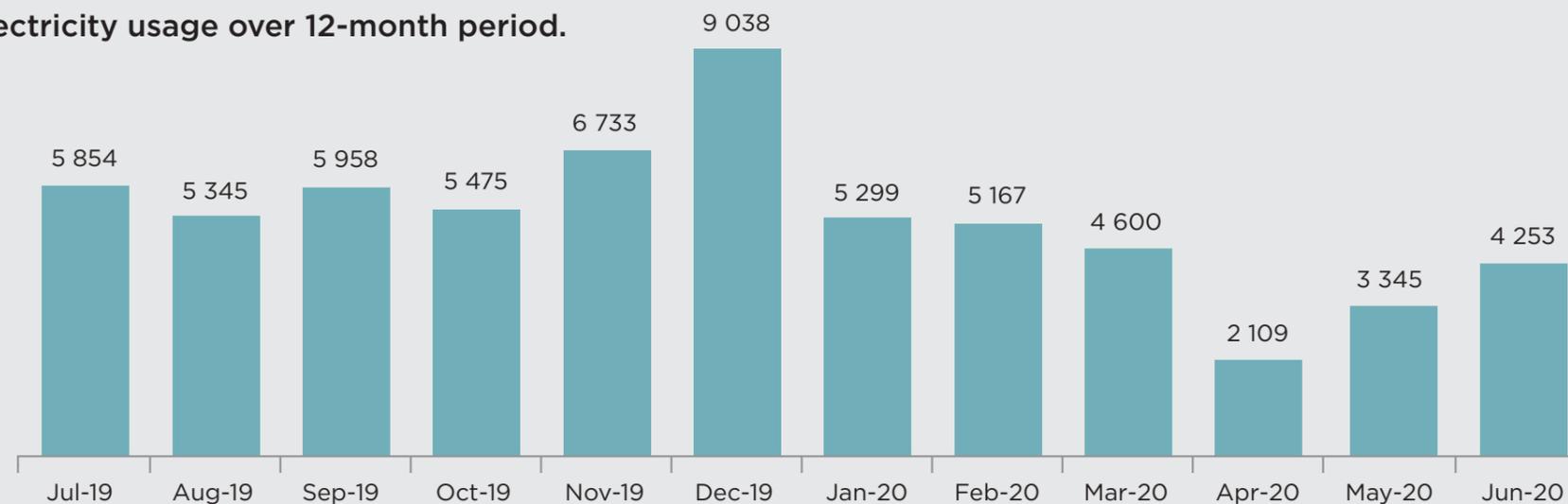
- *Electricity usage*

During 2019/20, we aimed to maintain our reduced electricity consumption as recorded in 2018. With our move into bigger premises towards the end of 2020 and most of our staff working from home during the higher COVID-19 lockdown period, we still need to re-evaluate our baseline and set a new target. We managed to maintain an average of 5 265 units per month during the past 12 months ending 30 June 2020 with the outlier being December 2019 which was the first month of us moving into new premises and the staff getting to grips with changes that come with an unfamiliar space.



John Afordofe - Chief Operating Officer

Electricity usage over 12-month period.



- *Water usage*

After the Western Cape water scare of 2017/18, Mergence employees have been vigilant about limiting water usage. With the move from temporary offices to our new offices, we have not fully established a measuring mechanism to limit water usage but in the meanwhile, we have continued to use biodegradable cups, introduced dishwashers and kept the toilet flush mechanism adjusted for a shorter flush. Further water-saving mechanisms including the fitment of aerator nozzles in our taps will be investigated in the near future.

- *Carbon neutrality*

We continued to monitor our footprint in line with the methodology used which is based on the international Greenhouse Gas (GHG) Protocol which defines three different scopes of emissions as follows:

- Scope 1: All direct GHG emissions (i.e. own generation of energy)
- Scope 2: Indirect GHG emissions from own consumption or use of electricity, heat, or steam purchased from an energy generator.
- Scope 3: Other indirect emissions, such as the extraction and production of materials and fuels purchased, transport-related activities in vehicles not owned or controlled by the reporting entity, outsourced activities, waste disposal, etc.

However, during 2020 we did not allocate money towards achieving carbon neutrality as a result of overall COVID-19 cost constraints. We intend to make the contribution this year for both years.

During 2020, Mergence showed its commitment to carbon-neutral operations by investing in technology through a move to a cloud-based environment - instead of adding capacity to our on-site servers. Cloud computing - large-scale, shared IT infrastructure available over the internet, is here to stay and has been shown by Microsoft to be as much as 93% more energy-efficient and as much as 98% more carbon-efficient than on-premises solutions.

Cloud computing makes it possible to collect, analyse, and store huge quantities of data and reduce the total cost of ownership of IT. We believe that this move will increase our business agility and also help our clients understand and reduce the environmental impact of their computing.



Empowerment and transformation

For Mergence, transformation has been a priority from inception. We were one of the first asset managers in South Africa to represent full diversity. Five years ago, with an external facilitator, we conducted “deep-dive” sessions for all employees to understand the country’s past, how to respect and understand each other’s cultures and work together to transform our office, our homes, and our communities.

We believe that the Financial Sector Charter is not just a tick-box exercise, but one of the tools to keep us on track. We have always been one of the first to join efforts to call for transformation of the asset management sector.

We continue to build on the progress we have made, in particular with a focus on women empowerment and thus contributing to the national imperative of increased female empowerment.



78.75% black ownership



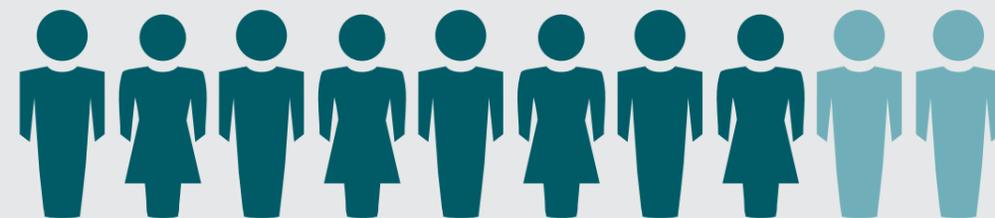
BOARD MEMBERS
100% black (25% black female)



EXECUTIVE & SENIOR MANAGEMENT
71% black (33% black female)



INVESTMENT PROFESSIONALS
70% black (35% black female)



TOTAL STAFF
80% black
(55% Black female)



Corporate Social Investment

Community development



Overview

Number 43 Trelawney Park, a modest house in a suburb of Manzini, eSwatini, was for many years a vital base of operations for the ANC, providing a safe house and base of operations. Many cadres of both the ANC and the PAC passed through Number 43, which was owned, run and managed by Rebecca Makgomo Kekana (married Masilela).

Rebecca would later in her life be known simply as uMagogo, in honour of the motherly position she held amongst South Africans exiled in Swaziland and the pioneering role she played in sheltering and conscientising members of the ANC, in particular operatives of MK, since the early 1970's.

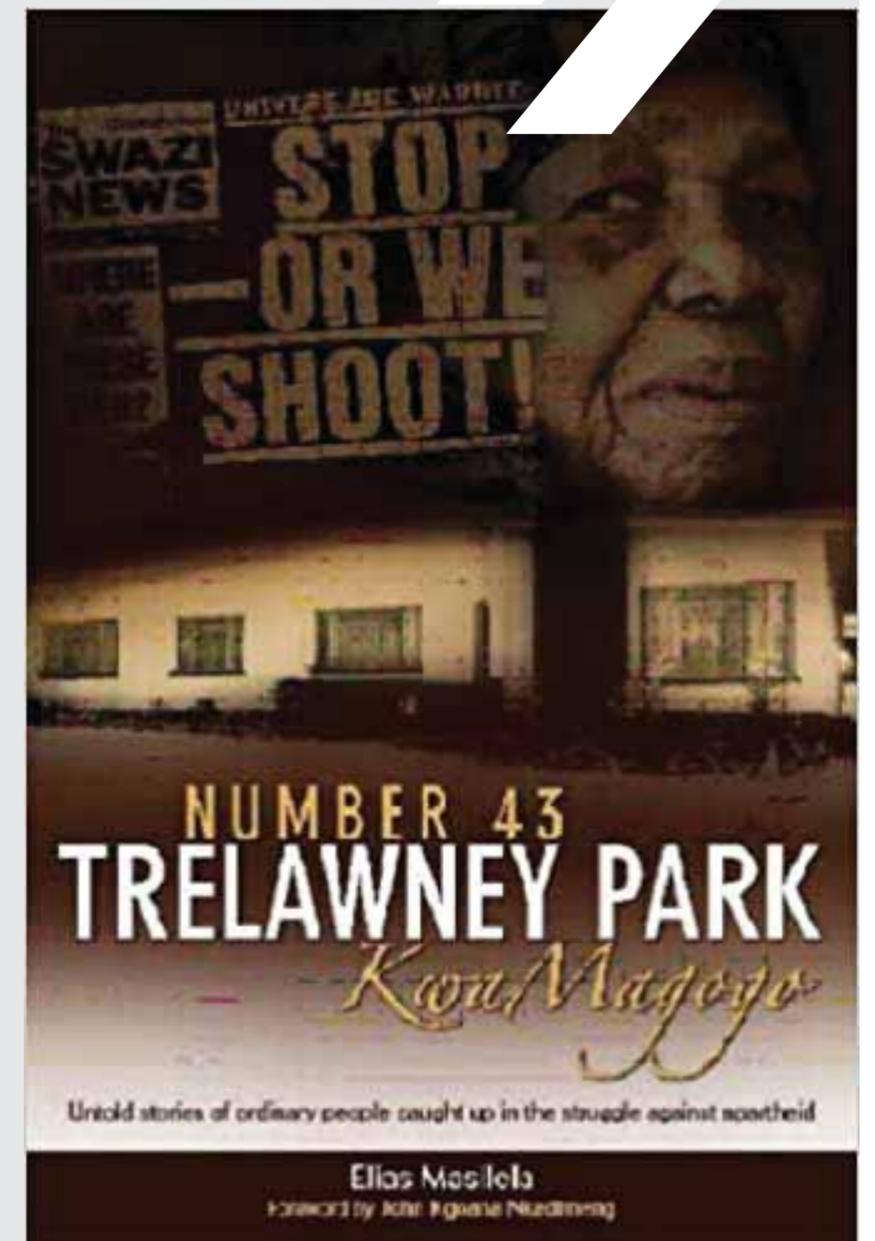
A not-for-profit foundation, Number 43 Trelawney Park; kwaMagogo Foundation, was set up on the back of a book of the same name written by the renowned businessman Elias Masilela in 2007 with a foreword by the recently deceased John Kgoana Nkadameng. In rewriting the history of South Africa's liberation, the book unfolds the untold stories of ordinary people caught up in the struggle against apartheid. It won enormous recognition, including:

- 2007 - historical launch by two Heads of State
- 2007 - Top 40 of the Alan Paton award
- 2009 - Luthuli Award in Silver to uMagogo
- 2010 - representing SA at historic London bookfair
- 2018 - gave birth to a fourth book and 43 Publishing
- 2020 - produced and published in partnership with UN South Africa, *number 43 covid-19 journey*, a book of families in lockdown across the globe

The Foundation holds an annual Legacy Event which attracts over 2,000 people from across the world for two days of activities, including a Legacy Event speech, golf, a walk and run, and "Magogoism" through which 43 destitute families are given food parcels and blankets.

In 2020, the Legacy Event could not be held on account of the COVID-19 lockdown. In its stead, the Foundation decided to document this historical occurrence in the form of a coffee table book - to tell a simple human story of families in lockdown, both in South Africa and across the world. Launched in August, Women's Month, the publication was adopted by the UN South Africa, for its pioneering leadership and boldness and will likely be one of the first comprehensively documented experience of families in lockdown.

Mergence is the longest-standing and most consistent supporter of Number 43 and the most consistent. We also earned the Magogo Award in 2015.





Impact

Number 43 has played a monumental role in bringing to the world at large the stories of the brave cadres who sought refuge in safe houses, thus helping to bring about a liberated South Africa. A legacy is preserved and, most important, hands it on to future generations. In addition, this organisation helps to re-unite families, relatives, and friends separated by the struggle.

Under the spirit of Magogoism, their social programme includes:

- Library and book publishing programmes - 43 Publishing promotes writing among the youth and provides publishing opportunities
- with a total of eight books now published, including two by young black female writers
- Feeding scheme
- Blanket donations
- Providing street beggars the opportunity for decency by giving them clean T-shirts and caps, to keep their dignity.

The annual Legacy Event actively involves some 2,000 people and has a global following of over 4,000. It often hosts business breakfasts for the youth and promotes eSwatini tourism. There are currently plans underway to create a heritage museum of Number 43, Trelawney Park.



Corporate Social Investment

Sport education



Overview

African Grassroot Hoops, a non-profit organisation established in Cape Town in 2014, relentlessly pursues its Vision - to use a basketball to grow community leaders that change Africa to impact the world aim.

That is quite some goal, yet Giovanni Freeman, founder and prime mover behind African Grassroot Hoops, has the energy and vision to lead his team to fulfil it. He has an unshakeable conviction that sport can be used as a powerful social development tool.

Giovanni says: "We want to get a basketball in the hand of every kid we encounter and for them to understand that the ball symbolises a vehicle of opportunity. Through our programmes we teach basketball and life skills like teamwork, communication and discipline. Our kids learn these traits all while having fun. This we feel will instill a can-do mindset that can carve and transform the life path of that young individual and help uplift communities."

African Grassroot Hoops allows people to showcase their talents both on and off the court. The curriculum of programmes and events programmed curriculum of events allows for the chance to take young people out of their normal environment, providing them the exposure and support needed to ensure that their leadership qualities can shine.

Mergence has been a supporter and funder of African Grassroot Hoops since its inception.

Impact

Over the past six years, African Grassroot Hoops has touched at least 2,000 young individuals through its programmes.

In 2017 African Grassroot Hoops sent 11 young ladies between the ages of 14 and 19 to Washington DC in the USA to attend a leadership programme.

In 2018 and 2019, for consecutive years African Grassroot Hoops held its first-ever Youth Day Classic at the Cape Town International Convention Centre, with 244 participants. This was not only the first basketball tournament to be held at this world-class venue, but it also showcased some of the top basketball talent in Africa. A highlight of the above event is that one of the top ladies' players was identified and selected to play in the Basketball without Borders in Johannesburg - the most celebrated youth basketball tournament in all of Africa.

PART 2: INDUSTRIAL | MERGENCE INDUSTRIAL HOLDINGS

In 2019, in a bid to make an impact and contribute to job creation and economic growth, Mergence made two significant industrial investments. The two manufacturing companies are BFG Africa, an environmentally friendly composites manufacturer, and Lasercraft Mergence, a leader in precision metal cutting.

Lobbying

The Black Industrialists Scheme is a grant incentive programme of the Black Industrialist Policy provided by the Department of Trade and Industry. The grant aims to promote the participation of black industrialists as manufacturers in key sectors as identified in the Government's Industrial Policy Action Plan.

The Black Industrialists Scheme provides coordinated and explicit guidelines for the promotion and long-term development of black manufacturing entities. It provides a platform to supervise the direction of Black enterprise development; and emphasises Black industrialist significance for national and local economic growth and sustainability.

Mergence Group MD, Masimo Magerman, had an opinion piece published in Business Day in March 2020 where he wrote about the metals and engineering (M&E) industry and the need for the policy environment to undertake a major overhaul to facilitate the re-industrialisation of SA and surrounding regions.

The M&E sector has a spillover effect on the rest of the economy, and its labour-intensive characteristics, requiring only rudimentary skills, will help boost job creation which currently sits at some 30% according to Statistics SA.

Public procurement and increased local content are badly needed. In his article, Masimo applauded the steel master plan that reaffirms the government's commitment to the sector, including:

- The Industrial Development Corporation's revised criteria for the R1.5bn downstream steel competitiveness fund to provide greater access and better interest rates for the sector;
- The R30m metals fabrication programme to establish new foundries and mills and;
- The new South African Automotive Master Plan 2035, which would increase local content from 39% to 60%, providing substantial opportunities for the metals value chain.

Unfortunately, 20% import duties protect the industry from fair competition and halt the competitiveness of the entire steel value chain.

Mergence and others are working hard with the government to ameliorate the situation so that the badly needed boost to local content and black industrialisation can proceed.



*Andy Howard - Mergence Group COO, Mergence
Industrial Holdings CEO*



Mergence Industrial



Overview:

Lasercraft Mergence ("Lasercraft"), a world-class precision sheetmetal and plate engineering company, is based in Gauteng and was established in 2004. Occupying 8,600 m², and with a capacity to employ a workforce of 250 people, the Lasercraft facility is regarded as one of the most modern process-oriented operations in South Africa and probably the Southern Hemisphere.

This facility has earned a reputation of offering competitively priced, high quality products enhanced by efficient and reliable service. With such a solid reputation, Lasercraft has acted as a supplier to several major projects, including the Gautrain and stadiums for the Soccer World Cup in 2010. It has widened its client base and services to include a wide range of industries nationwide including those in the motion industry, electrical distribution, shopfitting, automotive, defence, material handling and general engineering sectors and more. In June 2020, Lasercraft Mergence was awarded a R100 million contract by Gibela, a BEE consortium comprising Alstom, Ubumbano Rail and New Africa Rail.

Gibela was mandated in 2013 by the Passenger Rail Agency of South Africa (PRASA), representing the SA government, to build 1 200 new trains for the country's urban rail commuters. Gibela will generate 1,500 direct jobs and thousands of indirect jobs through the supply chain for over 10 years.

The Gibela contract with Lasercraft Mergence is for 100 sets of bogie primary parts to be frame cut and bent in the Lasercraft Mergence manufacturing facility in Germiston, Gauteng.

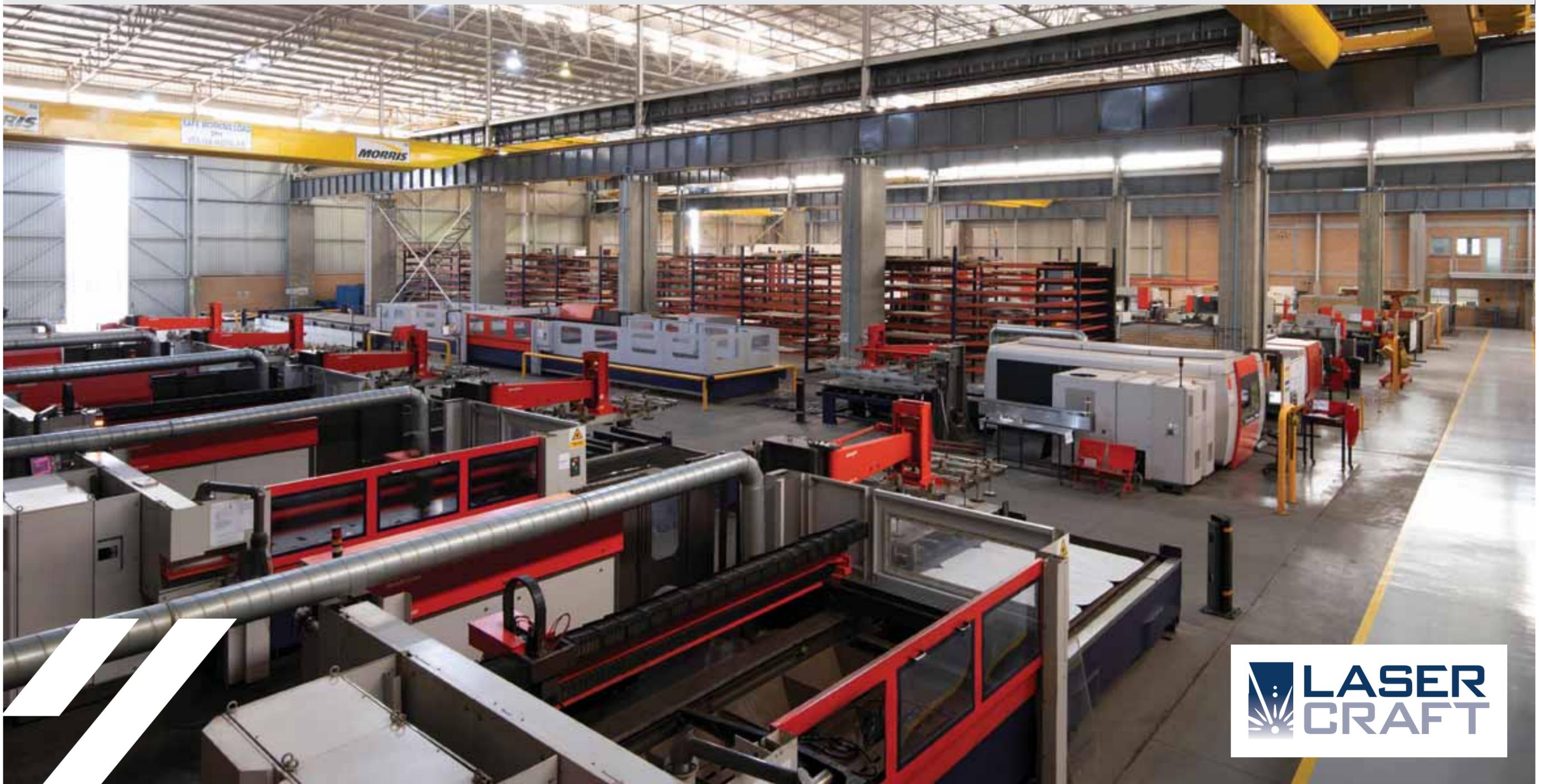
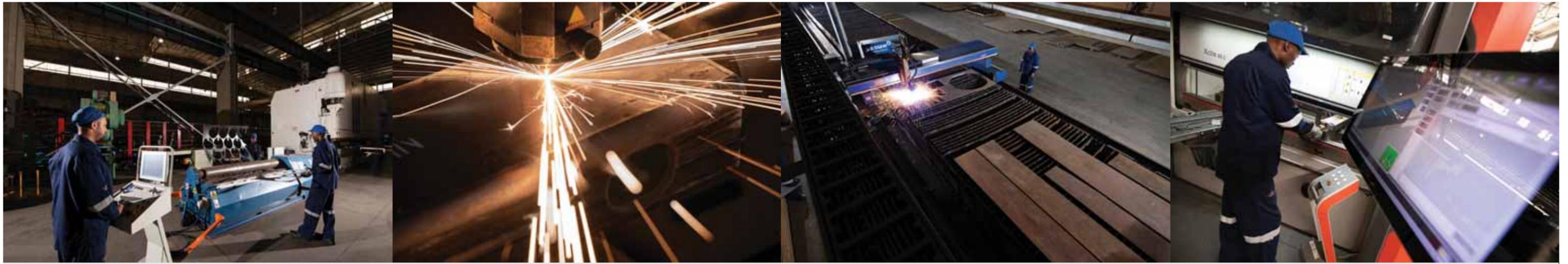
Lasercraft bogie parts fitted to the Alstom Ubunye jig were approved in September 2020.

Lasercraft is majority black-owned, with majority black female representation and has a level 2 B-BEEE status. In addition to its high industry reputation, this means Lasercraft is well placed to bid for work where B-BEEE credentials count.

Lasercraft MD and metal cutting precision expert, Paul Dreyer, believes fervently in training and has personally trained many of his factory workers, including women.



Lasercraft bogie parts fitted to the Alstom Ubunye jig were approved September 2020.



PART 3: DIGITAL | MERGENCE DIGITAL HOLDINGS

In November 2019, Mergence Group acquired 27% of the shares of privately-owned 2Engage, a leading customer engagement and incentive solutions business. Andrew Weinberg, 2Engage CEO, was awarded Entrepreneur of the Year in 2019 in the Sanlam and Business/Partners-sponsored competition.

The strategic aim is for Mergence and 2Engage subsidiary, Retail Engage, to leverage off the rewards and loyalty programmes and financial services platform to offer additional services to loyal consumers.

This will enable 2Engage to aggressively grow its footprint and unique consumer rewards programmes. The company has already expanded its pan-African footprint to Nigeria, Ghana, Kenya, Uganda, Zambia, Angola, Tanzania, Mozambique, Botswana and Namibia.

Mergence Digital



Overview

Conceived by 2Engage founders, Andrew Weinberg and John Shaw, **bonsella**® is South Africa's largest digital rewards and loyalty programme in the independent retail sector, targeting over 10 million LSM 3-7 consumers and representing some 60% of the economically active consumer base in South Africa.

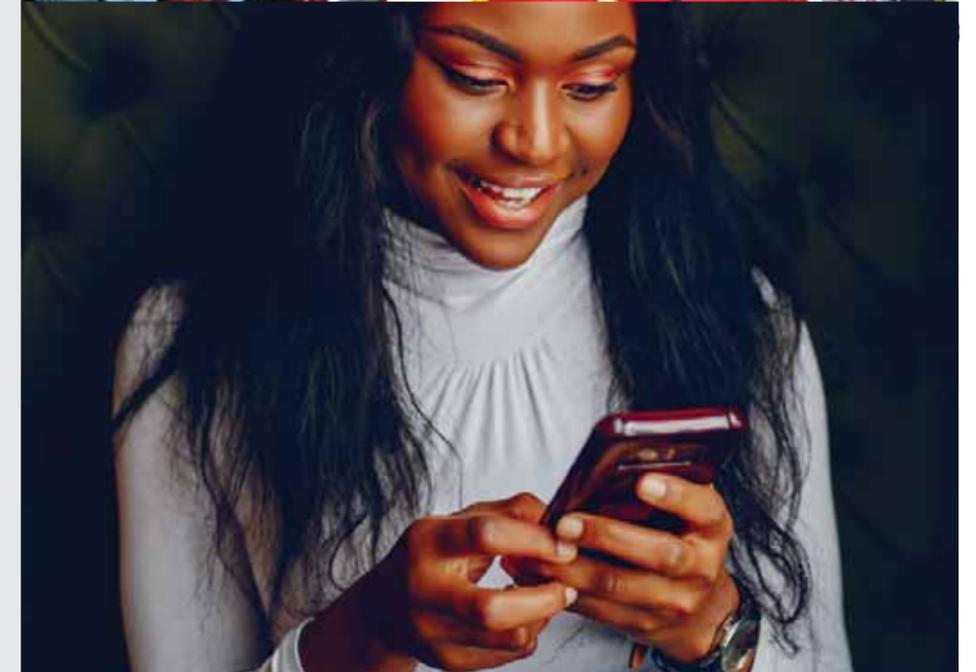
bonsella® is derived from the isiZulu word “úbansela” which means to express thanks with a gift. With a free **bonsella**® loyalty card, shoppers are rewarded with instant airtime to their mobile phones for purchasing products on promotion in participating stores.

To date **bonsella**® has just over 1,65 million registered members and growing at an average of 2,500 new members daily. The programme is operating in 160+ retail stores across South Africa, with employment opportunities offered to local communities utilising 200 in-store and roaming marketing agents who promote and sign up new members via mobile devices. Competitions with prizes add an element of entertainment and promote brand engagement in stores.

Launched in July 2020, **bonsella**® **elect** offers affordable funeral cover that delivers everyday added benefits to the member and their families. Benefits include: exclusive funeral, travel and everyday discounts, 24-hour health advice and emergency medical assistance and repatriation and funeral assistance.

For a fee of less than R50 per month, consumers can get a **bonsella**® **GOLD** card which provides a range of value-added benefits which include double airtime rewards, personal accident cover, as well as lifestyle discounts such as discounted soccer tickets and bus tickets and vouchers for selected national retailers. The **bonsella**® **GOLD** card benefits also extends to access to 24-hour emergency assistance, health advice, clinic services, legal advice and homework help for children.

The **bonsella**® programme is aligned with the Mergence ethos of “creating shared value” and as such the staff of Mergence Industrial Holdings have been gifted free **bonsella**® **GOLD** cards.





- **1.65 million registered members**
- **growing at an average of 2,500 new members daily**
- **operating in 160+ retail stores across South Africa**
- **brands achieve an average between 20%-44% increase in product sales per campaign**

Impact

Stores participating in the **bonsella**® programme realise increased sales revenue and increases in average basket size and foot traffic, while brands achieve an average of 40% increase in product sales per campaign.

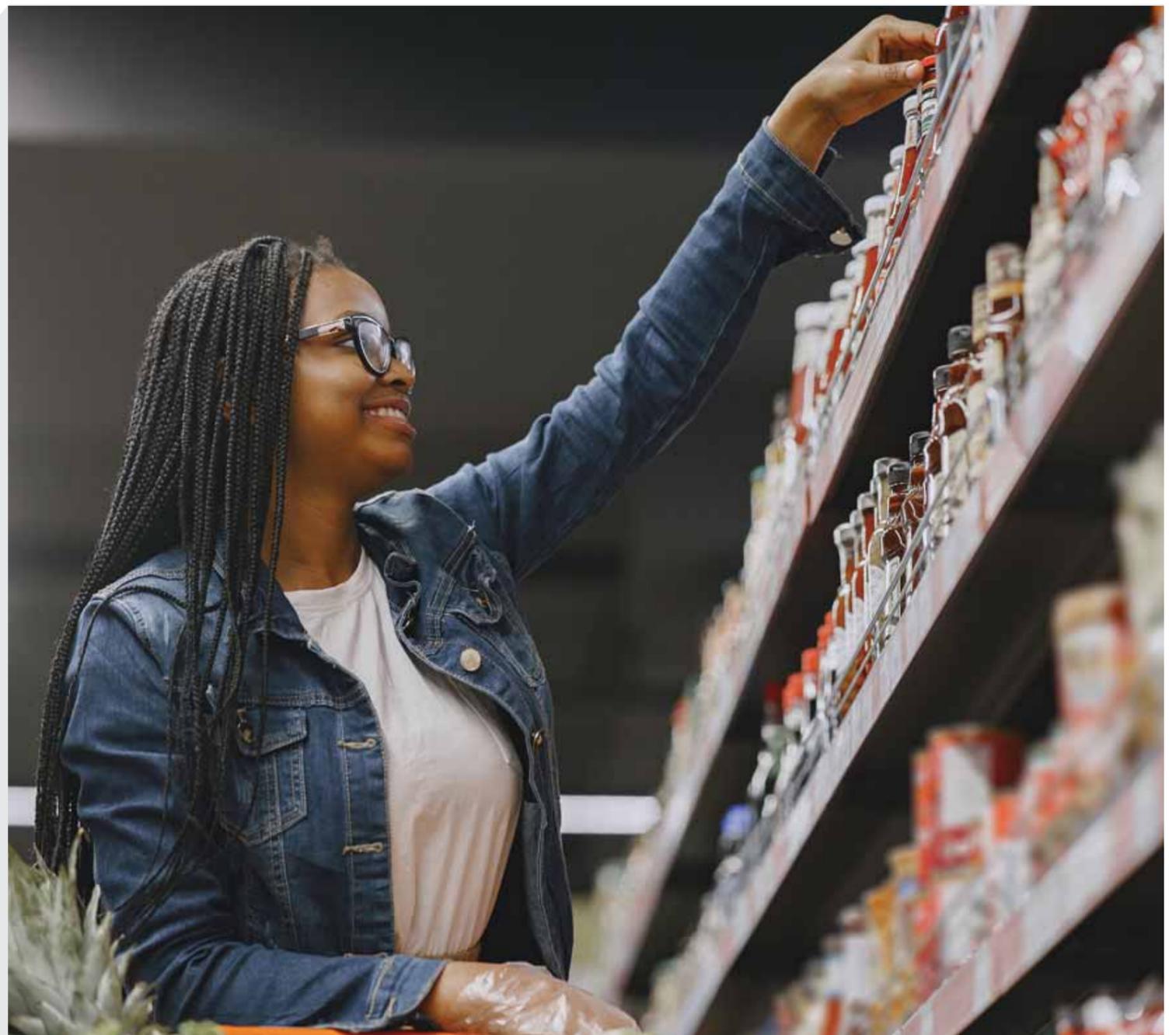
Just before the start of South Africa's nationwide lockdown, **bonsella**® donated 1,280 one-kg bags of White Star Quick to the Hope Foundation, who together with the Ethekewini Disaster Management team, gave the mielie meal to 400 families in disaster-stricken areas in KwaZulu Natal on 26 March 2020.

Activations and giveaways

bonsella® executes Spin & Win activations monthly across its store universe for members. Any customer who belongs to the programme and purchases a qualifying product, gets the opportunity to spin the wheel to win on the spot prizes. A drastic increase in sales is seen on the days the activation takes place in stores, proving the added value for the customer is most beneficial in this market.

Testimonial from one of the winners

*"I'm Xolelwa Shumi, I live Cape Town. I'd like to say thanks to **bonsella**®. At first, I couldn't believe that I won a R2500 grocery voucher. It was a difficult time for me because I didn't have a job because of this PANDEMIC so I had no money to buy food. Thanks a million times to whoever came up with this idea it's real helpful to us. To all **bonsella**® customers please don't take **bonsella** for granted. Buy products that are on Campaign Competitions, then swipe your card and **bonsella**® will do miracles for you too. Thank you!"*





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