



Delivering clean, reliable energy across Africa

2018 Sustainability Report



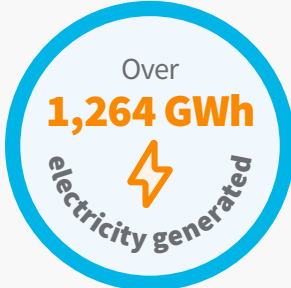
About this report

This report sets out Lekela’s approach to sustainability, and the important links between the successful delivery of clean and reliable energy in Africa and high environmental, social and governance standards. In this report we present our performance during 2018 and outline future goals designed to help us achieve our aim of being Africa’s leading renewable energy platform.

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— Noupoort Wind Farm

Lekela in 2018

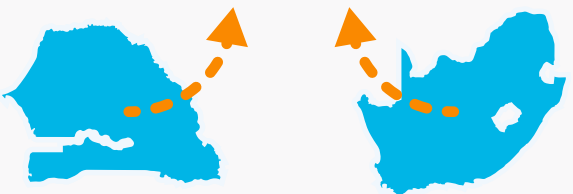


43,000

the approximate number of people currently within the catchment areas of our community investment trusts



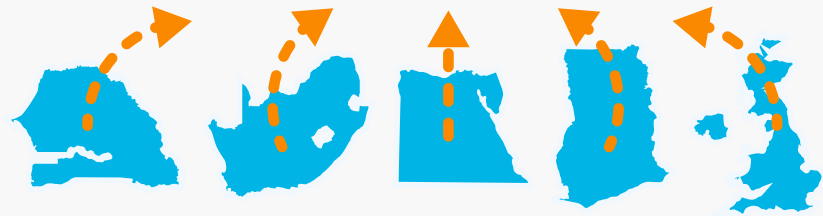
500+ people
working on our construction sites



Senegal

South Africa

39 employees
in 5 countries



Senegal

South Africa

Egypt

Ghana

UK



Introduction to Lekela

Lekela is a renewable power company, established to deliver utility-scale projects and generate much-needed clean energy in countries across Africa. Energy is integral to growth, prosperity and sustainability on the continent. In 2018, Lekela moved three projects into construction and expanded our pipeline of projects, demonstrating our capacity to transform energy ideas into operational reality. This skill remains critical in Africa to deliver competitively priced, clean, reliable projects quickly and at scale.

Long-term power, long-term prosperity

Providing electricity to countries in Africa is only part of the equation. We develop our projects while applying rigorous environmental, social and governance (ESG) practices with the aim of delivering net positive environmental and social impacts. We especially recognise our power as a business to deliver transformative benefits. Central to our strategy is taking an active role in driving the long-term prosperity of the local communities in which we operate.

On every project we develop and operate, we aim to make a positive impact that lasts for generations. As well as providing power and associated employment opportunities, Lekela

supports local education, enterprise and environmental programmes. These initiatives help address skills gaps, create or revive sustainable livelihoods, and tackle environmental challenges.

This approach is integrated within every project from the earliest stages of development or project acquisition. To ensure success, we assign a dedicated member of staff to work together with and empower local communities throughout the project lifespan and beyond.



Operating across Africa

Lekela's project portfolio consists of over 1,200 megawatts (MW). Over half of that has been delivered into operation or construction since 2015.

Operation – 360 MW

South Africa: Noupoort Wind Farm (80 MW)

South Africa: Loeriesfontein Wind Farm (140 MW)

South Africa: Khobab Wind Farm (140 MW)

Construction – 408 MW

Senegal: Taiba N'Diaye Wind Farm (158 MW)

South Africa: Kangnas Wind Farm (140 MW)

South Africa: Perdekraal East Wind Farm (110 MW)

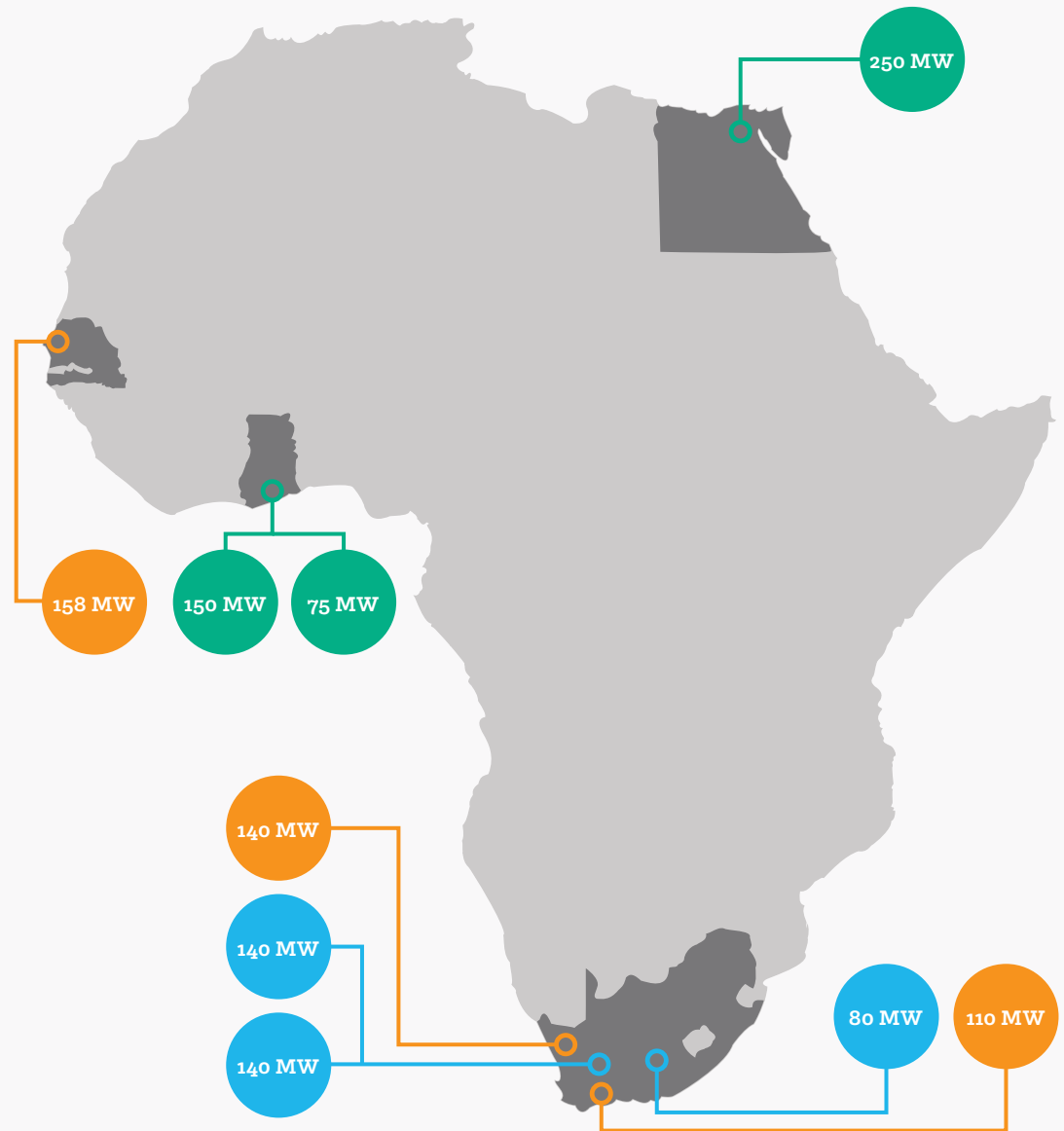
Development - 475 MW

Egypt: West Bakr Wind Farm (250 MW)

Ghana: Ayitepa Wind Farm phase 1 (150 MW)

Ghana: Ayitepa Wind Farm phase 2 (75 MW)

Lekela is also exploring further renewable energy opportunities across Africa.





“We intend to champion sustainability while working to deliver Africa the energy it needs, and in doing so empower communities and protect the environment and climate for future generations.”

A letter from our CEO, **Chris Antonopoulos**

Lekela aims to set the sustainability benchmark for companies providing energy in Africa. Our core objective is to deliver assets that provide clean, reliable power and we achieve this vision by keeping sustainability central to our strategy. Our 2018 Sustainability Report sets out how we achieve this. Built on a foundation of integrity, we commit to work with our contractors and partners to empower communities and protect the environment while carrying out and expanding our operations. This creates the right conditions for success, by avoiding and mitigating environmental and social risks and maximising the transformative benefits we can deliver across society and to the communities we operate in.

This approach was key in Lekela’s success in bringing three wind farms totalling over 400 MW under construction in 2018. Parc Eolien Taiba N’Diaye in Senegal will be West Africa’s largest wind farm when it starts operations. In South Africa, construction is well underway on two sites in the Northern and Western Capes, which in 2020 will join our three operational assets that have spent 2018 delivering zero-carbon power to the grid. Beyond construction and operations, our development teams continued progress towards the delivery of projects in Egypt and Ghana, as well as exploring emerging opportunities to expand Lekela’s development pipeline.

Looking at wider industry trends, it is encouraging to see wind and solar energy continuing to improve in efficiency and cost at great speed. This is key for a continent in demand of affordable power. In addition to improvements in renewable technology, falling costs of battery storage are presenting new and innovative business opportunities to explore in our markets. Historically, wind and solar intermittency has restricted the integration of renewables at scale. Across Africa, energy storage can now provide the solution to meet this challenge in a competitive and reliable manner.

In 2018 we built on our first Sustainability Report, demonstrating how we turned our commitments made in 2017 into measurable performance. Our ESG targets have emerged from continued stakeholder engagement and our recognition of the principles of good business. We have continued work to uphold the UN Global Compact (p34) which serves to improve human rights, labour practices, environmental protection and anti-corruption practices through good corporate governance. With this approach, we intend to champion sustainability while working to deliver Africa the energy it needs and, in doing so, empower communities and protect the environment and climate for future generations.

– **Chris Antonopoulos**, Chief Executive Officer



Lekela and the SDGs with our Head of ESG, Jennifer Boca

Lekela aims to contribute to the successful delivery of the United Nations Sustainable Development Goals (SDGs). Five have been identified where our business will have key impacts.



As a renewable energy-generating platform working across Africa, we recognise the role businesses like ours can play towards achieving the SDGs. To this end, and to place Lekela's ESG commitments in the context of global sustainability, our 2017 materiality assessment incorporated a review of the SDGs likely to be impacted by our operations across the continent. This exercise was repeated in 2018.

Through our ESG Strategy, Lekela has an opportunity to make multiple transformational impacts that stretch beyond our objective of delivering affordable, clean and reliable energy. These can impact positively on SDGs related to job creation and economic growth, inequality, climate mitigation and resilience, and protecting natural habitats and biodiversity.

In 2018 we tracked our performance against the SDGs impacted by our operations and we highlight

our achievements in this review. We are particularly proud of bringing 408 MW of renewable energy under construction in Africa, helping increase the future share of renewable power generated on the continent and contributing significantly to SDG7.

Lekela continues to commit to contributing to the successful delivery of the SDGs. We believe this creates shared value for our business and host communities across Africa.

Five salient SDGs emerged during the 2018 materiality review; these are where the impacts of our business are mostly focused. Focusing on key goals and their targets helps us achieve our strategic aim to deliver clean energy but also increases our chances of positively influencing sustainable development at all levels.



Lekela aims to deliver utility-scale power projects to increase the share of renewable energy generated in Africa. Beyond this direct business aim, we seek to improve energy access through energy-focused community investment initiatives.



Lekela can positively impact jobs where we operate, by showing how employees and contractors should be treated. From construction through to long-term operations, we seek to recruit local applicants and provide competitive terms of employment in a safe and secure working environment. We also encourage participation from local community members through training and technical courses.



We aim to enhance livelihoods in host communities. A key aspect of this is providing good jobs that include social and wage protection policies. Our community investment initiatives also target social infrastructure improvements, aiming to improve living standards for all.



Lekela works with partners to improve awareness and capacity for climate change management. This includes a community investment approach that seeks to improve resiliency and adaptation to climate risks in the communities near our projects.



Wind farms can alter natural habitats and lead to negative impacts on biodiversity, particularly for birds and bats vulnerable to moving turbine blades. Lekela seeks to minimise our impact, adopting robust strategies to limit mortality and implementing schemes to offset losses that might occur.



Stakeholder engagement and materiality

Our Sustainability Report focuses on the ESG issues perceived to be most significant – or material – to our business and our stakeholders, and outlines how we respond to them to improve our performance.

By identifying and responding to the issues that matter, we increase our chances of building a successful business while adding value to the communities where we work.

Identifying our material issues

In 2017 we identified and prioritised our material ESG issues through an externally led materiality analysis.

We built on this in 2018, seeking feedback on our material areas and whether the importance and potential impact of existing and emerging issues had shifted.

Engaging with stakeholders

Facilitating discussion with stakeholders was integral to this process. Our potential impact spans multiple interest groups and our value chain, and we made sure to consult key internal and external stakeholders to identify the ESG issues that matter most to them about our business.

By carrying out this exercise, we have sought to ensure that Lekela's commercial objectives are compatible with the goal of delivering sustainable development and shared value to the parties impacted by our business.

Engaging with communities

Our engagement with stakeholders extends beyond validating the ESG issues that matter to us. We recognise that our operations impact on local communities and that we need to engage local stakeholders actively and in a participatory manner. This ensures we make a positive impact and avoid or manage any impacts that might be negative. See Section 3: Empowering local communities for more on our community engagement process (p19).

By **value chain**, we mean the steps (or chain of activities) we undertake to ensure we deliver a product of value to our market.

By **shared value**, we mean delivering benefits beyond traditional business goals by also tackling social issues such as lack of access to energy.

Step 1

Identify

Review of Lekela's strategy, operations, activities and stakeholder relationships with guidance from the Global Reporting Initiative (GRI) guidelines, the UN Global Compact Principles and the UN SDG Compass*. We prioritise material issues drawn from these standards according to:

- Lekela's business objectives
- Lekela's operations
- Key stakeholders linked to Lekela
- External influences and global trends

*the SDG Compass guides companies on how they can align their strategies as well as measure and manage their contribution to realising the SDGs.

Step 5

Review

Annual review of our material ESG issues which allows us to refine our sustainability strategy, ensuring we continue to meet stakeholder expectations in our ever-evolving environment and align ESG commitments with our business objectives.

Validate internally

Engagement with internal stakeholders to identify any missing issues or adjustments needed, and prioritise issues by their importance to business success.

- Lekela's management team including the Executive Committee and ESG Committee
- Employees
- Shareholders

Step
2

Validate externally

Engagement with external stakeholders to adjust and identify gaps in our material issues and understand their priorities.

Step
3

Consolidate

Steps 1 to 3 used to prioritise and group our material issues to develop our ESG strategy (p8) and define the focus areas for our ESG activities and sustainability reporting.

Step
4

Lekela's material areas

Lekela's 2018 review of our materiality process has allowed us to keep up to date with the ESG issues most significant to our stakeholders and the risks and opportunities relevant to our business. In doing so we improve our decision-making and accountability, and keep our ESG Strategy and report focused on what matters most to us and our stakeholders.

Our sustainability priorities

Our desk review identified over 20 ESG issues that are considered relevant to Lekela and our stakeholders. This list was then refined through our validation exercise based on feedback from internal and external stakeholders. Some issues were added to the review while others were consolidated.

The following issues, grouped under five overarching priorities, emerged to inform our strategy and ESG objectives:

Clean, reliable energy

- Renewable and reliable energy production

People and partners

- Contractor partnerships
- Health and safety
- Fair employment practices

Communities

- Community engagement and consultation
- Community investment to support jobs and develop skills
- Responsible land development

Environment

- Climate change and emissions
- Lifecycle environmental impacts
- Biodiversity

Integrity

- Governance and accountability
- Ethical standards
- Human rights



Integrating ESG in our business strategy

Sustainable economic growth in Africa has been held back by a lack of access to reliable and affordable energy. At the same time, the continent is vulnerable to some of the worst effects of climate change.

Through our aim to deliver renewable power quickly and at scale, Lekela has the opportunity to help address these challenges and demonstrate that long-term benefits and sustainable returns can be provided through clean, reliable energy.

This core objective focuses our ESG Strategy, which includes commitments that support our long-term sustainability and business performance.

We commit to:

- Achieving the highest standards with our partners
- Empowering local communities
- Protecting the environment

These commitments are built on a foundation of integrity – an assurance that we seek to apply best practice governance and the highest ethical standards in everything we do.

All our commitments are supported by specific focus areas and targets that will help us achieve our goal of being the leading renewable power platform in Africa. Our approach and performance in each area is covered in the following sections of this report.

Our strategy

Build a platform to enable best-in-class delivery of utility-scale clean energy projects in Africa

Our ESG focus



Create long-term environmental and social benefits through the delivery of **clean, reliable energy**

Our foundation

Integrity based on the highest standards of governance and business ethics

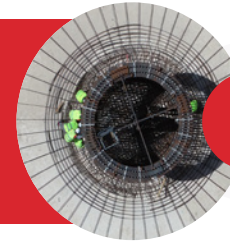


Our commitments

Partnering
with contractors and
employees



- Prioritising health and safety
- Ensuring fair labour practices
- Achieving the highest standards with contractors and partners



p14

Empowering
local communities



- Engaging with communities
- Investing in education, enterprise and the environment
- Acquiring and developing land responsibly



p18

Protecting
the environment



- Helping climate change mitigation and adaptation
- Managing our lifecycle impacts
- Preserving and enhancing biodiversity

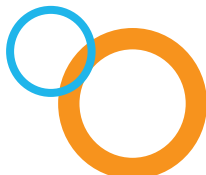


p24

- Applying robust governance to environmental and social issues
- Treating people fairly
- Upholding the highest ethical standards when we do business



p30



– Turbine rotor lift at
Noupoort Wind Farm

1 Delivering clean, reliable energy

Africa's future will be defined by its route to secure sufficient energy for all. The lack of access to energy today is hindering growth, yet providing affordable, reliable power remains a huge challenge. Lekela believes this can be met by using the continent's extensive renewable resources. With the continued improvements in solar and wind technology, we are determined to harness this energy to help secure Africa's path to sustainable growth.

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AFFORDABLE AND
CLEAN ENERGY

7



CLIMATE ACTION

13



408 MW brought under
construction

2018 HIGHLIGHT

Sustainable power, sustainable livelihoods

Harnessing Africa's natural solar and wind resources can provide an affordable, secure, timely and sustainable solution to the continent's energy problem.

In Africa, the lack of reliable and affordable power is a major barrier to growth. Two-thirds of people do not have electricity at home, and half of African businesses say the lack of reliable electricity harms production.

Bridging Africa's electricity supply gap would bring about transformative change: reducing business uncertainty and stimulating growth in the manufacturing sector, together leading to more and better jobs.

Lekela aims to deliver long-term benefits and prosperity to Africa by providing clean, reliable power. Our pipeline of projects is set to deliver low-carbon electricity across the continent, while offering affordable and stable prices over the long term.

Why renewable energy matters for Africa

Our assets will operate for decades, using Africa's abundant supply of natural solar and wind resources to prove that energy and prosperity do not need to compromise the environment for future generations.

We recognise that thermal power has aided growth and access to affordable power globally and in developing

economies. But for new generation capacity, the utility and cost of renewable power now outweighs many of the benefits that were provided by fossil fuels.

Improved technologies have made reliable, low-carbon generation possible at a competitive cost, where wind and solar resources are available. Renewable energy also provides a secure, domestic source, independent from resource constraints and volatile fuel prices.

Security of supply and economic value complement the clear environmental advantages of renewable power. As capacity increases, the cost and reliability of solar and wind technology are set to improve. And because the infrastructure can be deployed quickly, it is ideal for economies in urgent need of new generation capacity.

The technical benefits of renewable power sit alongside improved global regulations and commitment, through the 2015 Paris Agreement, to decarbonise the global economy. Lekela is determined to lead the transition to low-carbon power. Our assets are already helping countries achieve their climate goals while delivering a more sustainable, secure and affordable energy system.



Helping countries achieve their climate goals:

At the Paris Accord in 2015, the world came together in agreement to reduce emissions, with the aim of limiting the impacts of climate change to within 2°C. Each signatory has pledged to work towards this goal, outlining mitigation targets in their intended nationally determined contributions (INDCs).

Lekela is on track to bring 158.7 MW of wind power online in Senegal within the next 18 months, an achievement that will surpass a key commitment in Senegal's INDC by 2020. This shows that with the right approach, clean and reliable energy can be established rapidly and at scale, meeting the complex challenge presented by a growing demand for energy in a world with an increasingly fragile climate.

Our operations

Our sites in South Africa celebrate a successful year of operations, generating over 1.25 terawatt hours of clean energy for the grid in 2018, enough energy to serve the needs of around 309,000 South African households. For each project we have signed a 20-year Power Purchase Agreement with Eskom, ensuring price security and the long-term supply of clean energy to consumers.

Construction

Lekela successfully completed the financing of three wind projects in 2018. Two of these are under construction in South Africa, with construction progressing rapidly towards the delivery of turbine components in 2019. In Senegal we are building the country's first utility-scale wind farm. Developed in three phases, Parc Eolien Taiba N'Diaye will be delivering clean power to Senegal's national grid as early as the end of 2019.

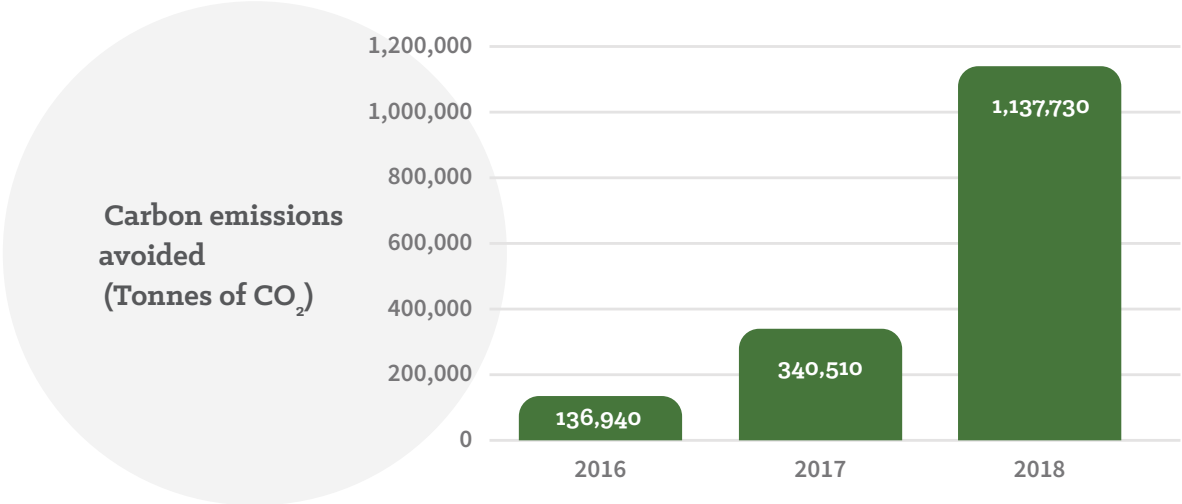
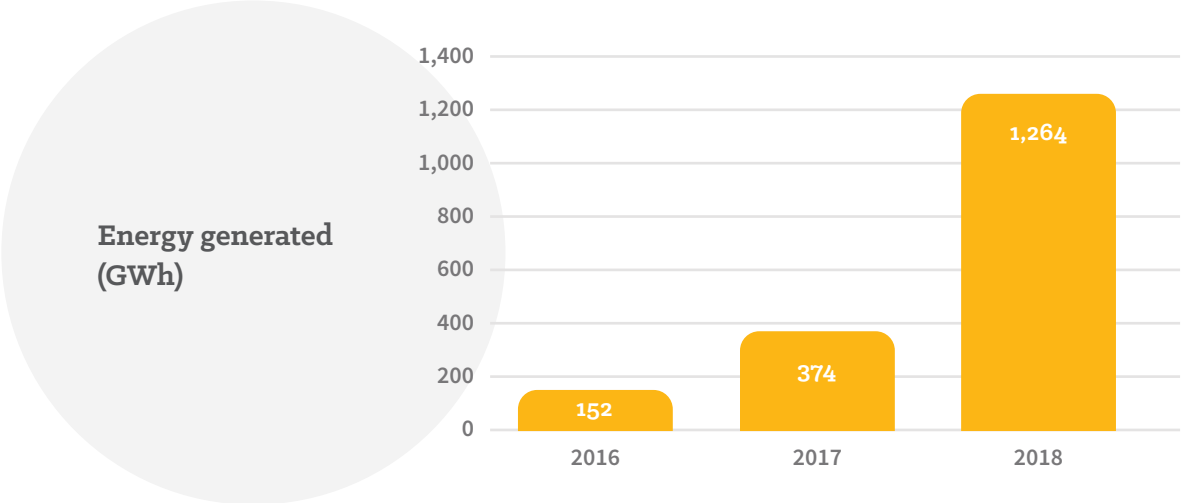


Parc Eolien Taiba N'Diaye will be the largest Wind Farm in West Africa when it becomes fully operational in 2020.



— Turbine foundation at Kangnas Wind Farm

Clean, reliable energy - our performance



Key SDG target:
INCREASE SUBSTANTIALLY THE SHARE OF RENEWABLE ENERGY IN THE GLOBAL ENERGY MIX

7.2

Key SDG target:
IMPROVE EDUCATION, AWARENESS-RAISING AND CAPACITY ON CLIMATE CHANGE MANAGEMENT

13.3

2 Partnering with contractors and employees

Lekela aims to maintain excellent work standards across our operations. To do this, we provide our staff, contractors and suppliers with safe working conditions, valuable training and competitive terms of employment, aiming to build lasting, mutually beneficial partnerships built on trust.

This focus on looking after contributors to Lekela's performance is key to achieving our ambition but also serves to maintain the rigorous standards we place on our business – across health and safety (H&S), fair labour practices, community engagement, the environment and our integrity as a company.

Our ESG commitments

- Prioritising H&S
- Ensuring fair labour practices
- Achieving the highest standards with contractors and partners

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DECENT WORK AND
ECONOMIC GROWTH

8



REDUCED
INEQUALITIES

10



Over 500 construction
workers being employed to
construct our three wind
farms

2018 HIGHLIGHT

Contractors and employees

Lekela sets the highest standards for how we treat the people we work with and in turn expect our employees, contractors and suppliers to apply these rigorous standards too.

Lekela's performance depends on our capacity to recruit, develop and motivate a skilled workforce of employees and contractors.

We seek to treat our people and contractors fairly, protect their health, safety and security in full, provide a positive working environment and value our partnerships as assets that allow Lekela to stand out as Africa's leading renewable energy company.

Prioritising health and safety

The power sector requires the most rigorous H&S and security practices. We are resolutely committed to securing the well-being, safety and welfare of our employees and contractors.

We also recognise that applying best practice techniques boosts our:

- Operational efficiency
- Compliance with regulations and performance standards
- Corporate reputation

Maintaining robust H&S standards and management systems is critical in a pan-continental business that partners with contractors and suppliers under diverse regulatory frameworks. Our management systems are designed to ensure our contractors maintain the international H&S standards that Lekela and our stakeholders expect.

Lekela's H&S Strategy defines these standards and commits to:

- Continuously assess and manage H&S risks
- Maintain safe and clean assets
- Prepare for potential incidents and emergencies
- Provide regular and applicable H&S training
- Actively improve performance

When entering into any agreement with partners and suppliers we seek to ensure our values are aligned and their management systems reflect the standards set under our own. This means we can effectively monitor and manage H&S performance across our entire portfolio.



Fair labour practices

We apply the International Labour Organization Conventions alongside the IFC Performance Standards on environmental and social sustainability. While safeguarding our workers is our top priority, our management policy extends to nurturing a happy and motivated workforce. We maintain workforce standards across our portfolio, ensuring our partners match our values and performance.

We expect our employees and contractors to apply fair labour practices across our operations, following Lekela's Social Policy. This protects the rights of all workers: directly employed, contracted and in our supply chain, and links to our aim of advancing human rights (p31). Lekela's Social Policy commits to:

- Promoting good worker-management relations
- Protecting rights to collective bargaining
- Managing grievances effectively
- Prioritising local employment
- Engaging with communities
- Facilitating work skills development to aid recruitment

Lekela employs based on job requirements and candidate skills, not on personal characteristics. Our employer-employee relationships put equal opportunity and fair treatment first.

– Toolbox talk at Parc Eolien Taiba N'Diaye



Workforce relations

Lekela respects the right of all employees and contractors to organise collective bargaining or join a trade union. Our workforce has our full support and we commit to participatory engagement with all employees and their representatives.

All employees can also access our grievance mechanism, meaning any issues our workforce raises are dealt with quickly and transparently. This facilitates accessibility, accounts for cultural sensitivities and imposes no costs or retribution on the concerned parties.

Local employment

Lekela's policy is to hire locally wherever we can, thereby maximising the involvement of communities in the construction and operation of our projects. Similarly, we work closely with our contractors to train workers to participate in construction and operations, where possible.

Local procurement

To positively impact the wider regional economy, Lekela's procurement process uses suitable local businesses to establish and maintain our value chain. This should help our projects deliver positive socioeconomic impacts and provide lasting employment opportunities. In addition to seeking local consultants to assist with project development, Lekela prioritises local suppliers when it comes to community investment opportunities. In Senegal our first community interventions – new and renovated marketplaces – are being built by local contractors employing local labour.

See Section 3: Empowering local communities for more on our approach to communities.

Partnering to deliver local employment

To maximise opportunities available to job seekers living near the Taiba N'Diaye Wind Farm, we engaged with our contractors in Senegal to establish an effective local recruitment policy. The process began with an employment fair hosted in Taiba N'Diaye, attended by over 300 people from the surrounding villages. Hosting this event and communicating the process helped our contractors fill their first job openings with local applicants. Three months into construction and 40 people have been employed from the surrounding villages.

– Parc Eolien Taiba N'Diaye employment fair



Key SDG target:

PROTECT LABOUR RIGHTS, PROMOTE SAFE AND SECURE WORKING ENVIRONMENTS FOR ALL

8.8

Contractor and employee ESG commitments and targets

COMMITMENTS	2018 TARGETS	2018 PERFORMANCE	2019 TARGETS
Prioritising H&S Pursuing continual improvements with the aim of achieving zero harm*	No lost-time injuries (LTIs) on operational sites	→ No LTIs on operational sites	→ No LTIs on operational sites
	Less than 1.2 LTIs per 200,000 hours worked on sites under construction**	→ No LTIs on construction sites	→ Outperform the US Occupational Safety and Health Administration (OSHA) Total Recordable Incidence Rate for utility system construction**
	48 proactive H&S observations per year at each operational site	→ Target achieved at Lekela's operational sites	→ Conduct at least one third-party health and safety audit at all construction and operation sites to review processes against best practice
Ensuring fair labour practices	No serious grievances from Lekela employees	→ No serious grievances from Lekela employees	→ No serious grievances from Lekela employees and resolve 80% of grievances within 30 days
	Resolve 80% of employee grievances within 30 days	→ 100% of employee grievances resolved within 30 days	→ At each construction site establish a worker committee to promote engagement and discussion on labour practices and working conditions
Achieving the highest standards with contractors and partners	Deliver Toolbox Talks daily at construction sites	→ Target achieved at all three of Lekela's construction sites	→ Conduct defensive driver training for at least 90% of the drivers employed by Lekela (or those subsidiaries managed by Lekela)
			→ Undertake training exercises at all projects under construction to boost local employment



Target fulfilled



Target on track



Target unfulfilled

*all LTI performance figures and targets include direct Lekela employees and all contractors

**Lekela aims to outperform the US OSHA Total Recordable Incidence Rate for our industry. In 2017 the OSHA rate for utility system construction (NAICS 2371) was published as <1.3 per 200,000 hours worked by the Bureau of Labour Statistics

3 Empowering local communities

Providing clean power is only part of Lekela's approach. We also take an active role in initiatives that support the long-term prosperity of the communities where we operate. Our business model and participatory approach aim to make a lasting positive impact. This may be through generating employment opportunities during construction and operation, or using local services. We also build education, enterprise and environmental initiatives. We aim to make a positive, transformative impact on our host communities and further afield in Africa, securing our social licence to operate now and into the future.

Our ESG commitments

- Engaging with communities
- Investing in education, enterprise and the environment
- Accessing land responsibly

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**DECENT WORK AND
ECONOMIC GROWTH**

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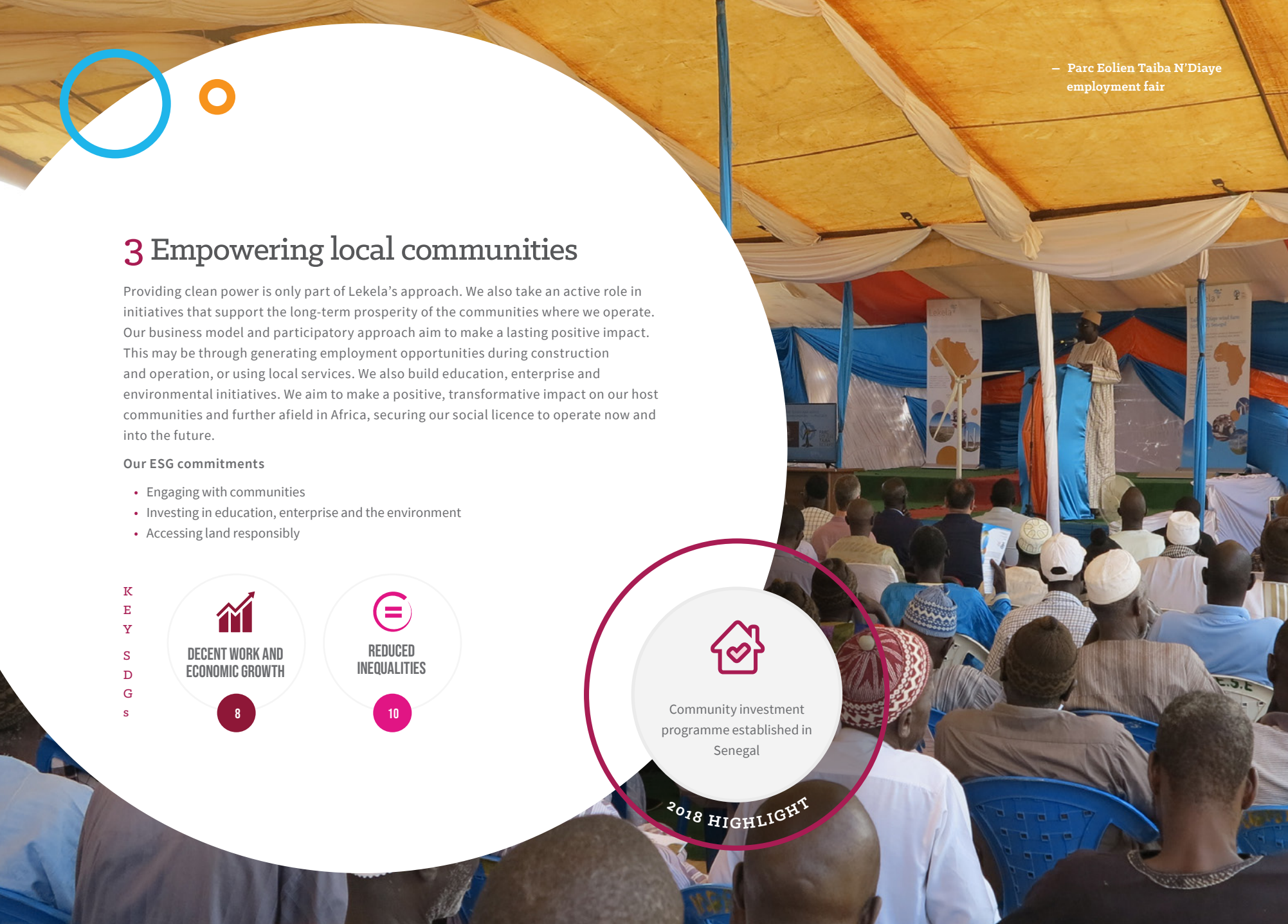
**REDUCED
INEQUALITIES**

10



Community investment
programme established in
Senegal

2018 HIGHLIGHT



Engaging with local communities

Lekela is highly invested in the communities where we work – aiming to support their long-term prosperity by creating jobs directly and indirectly, investing in community initiatives and offering systems to appropriately manage grievances.

Lekela recognises that shared value is best delivered by maintaining a participatory dialogue with local communities and other stakeholders close to where we operate.

Such engagement is a valued aspect of our approach to project development and operations, providing a transparent and inclusive platform to inform our strategy, objectives and values. By building trust through a two-way dialogue that is timely, transparent and inclusive, we aim to reduce social risk and optimise positive relationships with stakeholders across our project lifecycles.

We integrate our engagement process in every project from the earliest stages of development or project acquisition, dedicating a Lekela employee to work together with, and empower, local communities. In South Africa, we host a monthly steering committee in each community where we work. These keep community members up to date on construction progress, operations and our community investment schemes. At the projects that we recently

brought into construction, this process began with community Employment Fairs to promote employment opportunities on the wind farms.

Lekela's approach to engagement and communities is set out in our Social Policy.

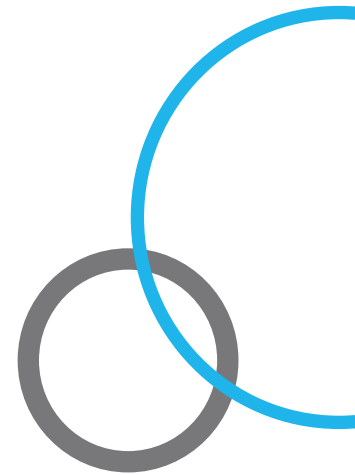
Grievance management

Our grievance management systems are set up to respond to issues raised by project-affected communities, thereby supporting participatory engagement. Every project has a grievance mechanism to receive, and help resolve, any concerns raised by local communities.

Communities are kept informed about the mechanism from the start. Any serious or recurring grievances are discussed by Lekela's senior management team at ESG Committee meetings (p31).



– Community engagement event in Ghana



Local job creation

When entering new markets and communities, Lekela strives to widen our positive impact on jobs and skills development, no matter whether this is a contractual or regulatory requirement.

Every asset we develop will have the capacity to support jobs – both directly and indirectly – throughout its lifecycle. Our participatory approach to development prioritises local communities and suitably qualified nationals for employment opportunities wherever possible. To support this approach, we invest in skills development and training programmes to encourage community participation. We work closely with our contractors to make these accessible, through effective communication and workshops to upskill workers.



– Mbayenne market in Senegal funded through Lekela's social investment programme

Over a project's life, job opportunities emerge in three key areas:

Construction – While an asset is being built, a significant number of jobs are available for up to two years. Workers are given training and skills development opportunities to boost their eligibility for future roles. Once assets transition to operations, we seek to ensure that workers have a record of these skills so they can pursue future construction jobs.

Number of jobs supported on our three construction sites by the end of 2018:

572

Operations – Renewable energy projects operate for between 20 and 25 years. Here we also aim to employ suitably qualified workers from the local area as priority. Where possible, Lekela and our contractors provide skills and training to enable optimum community participation.

Enterprise development – Our community investment programmes are designed to build capacity for enterprise in local communities, aiming to support meaningful jobs that extend beyond our direct operations. We hope our investment plans will positively impact job creation for long after the operational lifespan of our projects.

Community investment

To increase our participation in local communities and deliver shared value, Lekela sets aside a portion of our energy revenue for community investment schemes.

Our projects are based in countries with immense and varied development challenges. Many communities have low levels of formal education and employment, insufficient healthcare, environmental degradation, inadequate infrastructure and poor living conditions.

The Lekela Community Investment Strategy determines our collective response to these challenges. We use participatory community engagement to identify focus areas that aim to make best use of our expertise and competencies as a renewable energy business.

Our three focus areas for community investment are:

- Education and skills
- Employment and enterprise
- Environment and energy

Our participatory approach to investment extends over the project lifecycle, ensuring our investment strategy is flexible to the changing needs and socioeconomic challenges communities face.

Examples of our 2018 community investment initiatives

Noupoort, South Africa

Education: In November we completed the construction of the Eurekaville Crèche. This brand new early-childhood facility has the capacity to take care of 200 children between the ages of 2 and 6, addressing the community's previous shortage of safe and secure educational spaces for young children.

We have also continued to sponsor maths and science teachers

at the high school. This follows successful interventions in 2017 that have improved classroom teaching conditions and attainment levels in these key subjects.

Enterprise: Entrepreneurs who took part in business skills training in 2017 are continuing to find success in Noupoort Wind Farm's enterprise capacity-building programme. Two businesses that have found further success this year are Karoo Fresh Eggs and Sandawana Brick Manufacturing Company. Both have doubled their output and number of community members employed in 2018.

Loeriesfontein and Khobab, South Africa

Education: Our wind farms have directly funded further renovations at Loeriesfontein's primary and high schools and continued to sponsor teachers. In addition to this support, a Community Safe Park has been built to offer a suitable space for vulnerable children and youths. Staffed by trained child and youth care workers, the park offers space for recreation, homework and a kitchen that can cater for children.

Environment: Additional work was carried out at Loeriesfontein's water treatment plant to improve the management of the municipality's water resources. Having identified a needless quantity of waste water, a treatment system has been designed and built to process this and redirect it to irrigate Loeriesfontein's sports field.

Parc Eolien Taiba N'Diaye, Senegal

Enterprise: Alongside the start of project construction we built a new marketplace in one of the villages of the Taiba N'Diaye Commune. The need for the marketplace, which benefits local produce vendors, was identified by the Taiba Women's Association. The building provides shelter and stalls, improving community members' environment and livelihoods.



Community investment to boost local employment

Noupoort Wind Farm opted to use a local building contractor to manage the construction of the Eurekaville Crèche. The team comprised three bricklayers, sixteen labourers, a driver and a local plumbing subcontractor.

As well as affording direct local employment, Eurekaville Crèche is built using bricks made by a local enterprise, Sandawana Brick Manufacturing Company. Through Noupoort Wind Farm's capacity-building support, the company now provides full-time employment to five local people and has recently purchased its third brick-making machine to meet local demand for its products.

Accessing land responsibly and managing our impact

We seek to avoid, and where that is not possible, minimise any adverse impacts our operations could have on communities and stakeholders by using a precautionary approach.

Land use is one of the most challenging aspects of project development and we must ensure that consultations with all stakeholders are transparent and exhaustive in ensuring equitable outcomes.

We employ dedicated community liaison officers to encourage community participation, increase dissemination and transparency of project details, and respond to community feedback.

Where certain adverse impacts are unavoidable, Lekela takes care to consider all stakeholders affected, and establishes programmes to restore and enhance the livelihoods impacted by the project.

Livelihood restoration in Senegal

With construction underway, we are implementing a programme to restore and enhance the livelihoods of people and families adversely impacted by the footprint of Parc Eolien Taiba N'Diaye. Early in the project development phase, individuals were offered the option of alternative land parcels or financial compensation. In mid-2018 final payments were settled for land being acquired by the project. This compensation was followed by transitional allowances, paid monthly to people with over 20% of their revenue disrupted by the construction works.

The Livelihood Restoration Programme was finalised in 2017, however sustained stakeholder engagement has enabled us to adapt our approach to respond to the changing needs of the community.

In 2017 business skills development courses were proposed to provide training for and encourage the development of local businesses. Community feedback indicated there would be greater uptake of courses if two streams of training were provided. We are now offering a household skills course, covering basic domestic management, alongside the business course. These courses will commence in 2019.

We are also running an economic tree replacement programme for farmers losing productive fruit trees. Financial compensation for the trees was paid in 2018 alongside a proposal to provide replacement trees on a 2-for-1 basis. During consultations beneficiaries overwhelmingly agreed that June 2019 would be the preferred time to start the programme to coincide with the region's rainy season.

On the same timeline as the training courses, Lekela will establish irrigated gardens to improve agricultural production for the farmers most significantly impacted by the footprint of the wind farm. Consultations took place to secure land and design the project to be implemented in 2019.



Key SDG target:

EMPOWER AND PROMOTE THE SOCIAL AND POLITICAL INCLUSION OF ALL

10.2



— Community Liaison Officer working with farmers at Parc Eolien Taiba N'Diaye

Community ESG commitments and targets

COMMITMENTS	2018 TARGETS	2018 PERFORMANCE	2019 TARGETS
Engaging with communities	No serious community grievances	No serious community grievances	No serious community grievances and 80% of grievances to be resolved within 30 days
	Resolve 80% of community grievances within 30 days	90% of community grievances resolved within 30 days	Implement a technology solution that improves our ability to monitor and respond to grievances
Investing in education, enterprise and the environment	Invest over \$2.5 million in social enterprise and community development schemes	\$2.52 million invested in social enterprise and community development schemes*	Implement a programme to monitor and evaluate the developmental impacts of Lekela's community investments
			Establish apprenticeships at our projects focusing on vocational training and encouraging the participation of female candidates where possible
Accessing land responsibly	Implement the Taiba N'Diaye Wind Farm livelihood restoration plan (LRP), on time and on budget	First phase of Taiba LRP complete – payment of land compensation, transitional allowance payments and foundation of business & household skills programme**	Complete the second phase of Taiba LRP, including the establishment of irrigated gardens in the project area and a tree replacement programme for farmers adversely impacted by the project
	Develop an LRP for the Ayitepa project in Ghana	Livelihood asset inventory surveys undertaken, LRP on track with project development	Finalise project land acquisition including for the Ayitepa transmission-line Right of Way in accordance with international standards



Target fulfilled



Target on track



Target unfulfilled

*based on exchange rates of 13.3 South African Rand to 1 US Dollar and 558 West African Franc to 1 US Dollar

**remaining programmes will be undertaken in 2019 to coincide with the agricultural produce seasons

4 Protecting the environment

Lekela aims to be a market leader in delivering and operating renewable energy projects in Africa. We rigorously apply ourselves to identify the negative impacts our operations could have on local landscapes and biodiversity, and manage these as a priority. To do this we set out an environmental management approach that applies to every stage of our projects. Lekela proactively responds to environmental risks and works to mitigate our impact all the way from project screening, through construction and operations, to final decommissioning. We aim for best practice environmental performance, and to deliver net environmental benefits to local communities and ecosystems.

Our ESG commitments

- Mitigating against and adapting to climate change
- Managing our lifecycle impacts
- Preserving and enhancing biodiversity

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CLIMATE ACTION

13



LIFE ON LAND

15



Over 1,130,000 tonnes
of carbon dioxide
emissions avoided

2018 HIGHLIGHT

Protecting the environment is at the heart of Lekela's operations as well as our business model, and we design and run our projects to minimise adverse impact and aim to deliver net environmental gains.

Climate change and emissions

Africa is particularly vulnerable to the adverse impacts of climate change. In response, the continent is contributing to the international effort to mitigate it, with African economies making ambitious commitments under the 2015 Paris Agreement to help keep global warming below 2°C.

At Lekela our business model means we can contribute to this mitigation effort; our delivery of low-carbon power can improve the economic and environmental sustainability of countries' energy mixes. We can improve resilience so that communities and countries are equipped to adapt to the forecast impacts of climate change.

Reducing emissions

Climate change poses huge risks. Social, environmental and economic costs could be significant if action is not taken to decarbonise. Yet securing affordable, clean and reliable energy can help enable sustainable development.

Lekela commits to mitigate climate change through delivering low-emission, renewable technology. In doing so, we can help African countries achieve low-carbon development and fulfil their commitments to the Paris Agreement.

Building resilience

As well as reducing emissions by delivering clean energy, it is important for companies to support

climate resilience and adaptation.

We believe Africa's prosperity can be secured and protected through job creation and enterprise development, local content use, environmental stewardship and community investment. Focusing on our host communities, Lekela commits beyond our direct operations. We aim to facilitate sustainable development, expand climate-resilient agriculture and improve the well-being of people impacted by our projects.

Our focus on mitigating risk, and using opportunities to successfully adapt, are clear themes that underpin our strategy with our partners, local communities and the environment. This approach secures Lekela's social license to operate and safeguards our long-term sustainability and that of our stakeholders, including our host communities, employees, contractors and wider civil society.

Safeguarding the future

From the earliest stages of development, we design our projects with environmental resilience in mind. We identify, assess and mitigate potential hazards so our operations have long-term environmental sustainability. For projects in initial stages of development, this includes undertaking climate resilience assessments. This approach safeguards our performance as a business and helps increase the integrity of energy supply, which we hope will contribute to the energy security of countries in which we operate.

Drought relief for farmers in South Africa

The Northern Cape has been suffering from a prolonged period of drought, leading to significant negative on rural livelihoods. In 2018, a severe lack of seasonal rainfall threatened the survival of livestock belonging to 118 farmers based around Loeriesfontein. The Loeriesfontein and Khobab wind farms stepped in to provide much-needed support, ensuring the local livestock industry's resilience and safeguarding the livelihoods of up to 600 local people who depend on farming for their living.



— Sheep farming supports many livelihoods in the Northern Cape

In 2018 a landmark report by the UN Intergovernmental Panel on Climate Change concluded that there are only 12 years to keep global warming within the Paris Accord goal of 1.5°C. The leading climate scientists warned that beyond 1.5°C, hundreds of millions of people would be exposed to a greater risk of droughts, floods, extreme heat and poverty.



Managing our environmental impact

Best practice environmental stewardship includes adhering to internationally recognised performance standards, such as those of the IFC, as well as those set out by our own policies and commitments.

Through our principles of governance and partnership, we maintain these standards across our entire field of operations and hold our direct employees, contractors and suppliers to them.

To minimise our environmental impact and deliver a net benefit to communities and the environment, we have two main priorities:

- Ensure effective resource management during construction
- Create action plans that effectively manage environmental issues and deliver positive impacts on biodiversity

Our management systems

From the outset, Lekela uses environmental management systems that seek to limit and mitigate any negative environmental impacts of our projects. Before construction, each project has a full environmental and social impact assessment. These identify environmental risks so appropriate responses can be developed and applied across the project lifecycle.

Once construction and operations are underway, we employ a full environmental and social management system.

For projects with identified risks to biodiversity, Lekela establishes detailed biodiversity action plans to avoid, reduce and offset any potential negative impacts.

Lifecycle impacts and construction

The construction phase is the most significant in determining a wind farm's lifecycle environmental impact. These arise from the use of raw materials – particularly concrete, steel and aluminium – which are resource intensive to produce. With our construction partners, we seek to reduce our construction footprint to minimise the adverse environmental impact of our projects.

Mitigating our impact in practice

The site layout of the Taiba N'Diaye Wind Farm is optimised to minimise its footprint and reduce the negative impact on both livelihoods and the environment. During construction our contractors have also reduced the cutting of mature trees through micro-siting techniques.

Once the clearance work is complete the wind farm will implement a biodiversity replacement programme for mature trees that have been removed. Like the replacement of fruit trees under the livelihood restoration plan on a 2-for-1 basis, this offset measure will ensure a suitable number of younger trees will be replanted to preserve the pre-existing ecology of the site.



Water and construction

From the outset of construction, Lekela aims to use water in a manner that does not negatively impact people or the environment.

Many of our assets are based in regions that are arid with limited and poor-quality water supplies, so water scarcity is a key concern for our local stakeholders. Hence sustainable water management is key, especially during the construction period when our demand for water is greatest. We use water assessments and management plans to ensure any adverse impacts on water supplies are mitigated.

Water and energy

Producing and consuming water and energy have historically been closely linked. Many power generation technologies rely on a plentiful water supply, particularly thermal plants which often need water for driving turbines as well as cooling processes.

This is not the case for wind power, demonstrating yet another benefit of using this renewable resource in areas with water stress.

- Wet-cooled coal-fired power plants in Africa can consume over 2,000 litres of water per MWh (World Bank, 2017)
- Wind generation only requires significant water withdrawals during construction
- To produce the energy we generated in 2018, an average power plant in South Africa would consume over 1.75 billion litres of water

Low water consumption provides several benefits:

- Operations and maintenance costs have relative long-term stability
- Operations are unlikely to negatively impact the needs of other water users, even under significant changes in regional supply or enhanced demand from other users
- Operations will not negatively impact the natural water table or local biodiversity through water withdrawals

– Arid Namaqualand landscape

Looking after water at Kangnas Wind Farm

Located in Namaqualand in the Northern Cape of South Africa, Kangnas Wind Farm is mid-construction. This phase is the most demanding on resource consumption and the wind farm is taking steps with the local authorities to safeguard water supplies. The Environmental Officer is responsible for tracking water usage and measuring borehole water levels weekly. Extraction will be immediately halted should the water level drop.



Preserving and enhancing biodiversity

Lekela seeks to avoid, or where this is not possible, minimise any negative effects on biodiversity brought about by our operations. When negative material impacts occur, after mitigation strategies have been implemented, we will pursue offsetting measures to remedy any residual impact.

We are particularly mindful that bats and birdlife can be vulnerable during wind farm operations. Heightened bird and bat mortality has been demonstrated at various wind farm sites around the world, leading to recommendations that operators rigorously monitor before, during and after construction. Further due diligence is needed to ensure that the threats to aerial wildlife are understood and minimal impacts are made. When we identify risks to bat and birdlife, we employ specialists to monitor activity. Regular reporting ensures we have a responsive strategy to keep negative impacts to a minimum and guide offsetting measures if needed.



Key SDG target:

REDUCE THE DEGRADATION OF NATURAL HABITATS, HALT THE LOSS OF BIODIVERSITY AND BY 2020 PROTECT AND PREVENT THE EXTINCTION OF THREATENED SPECIES

15.5

Egypt biodiversity

The Gulf of Suez is an important migratory bird route for several weeks in spring and autumn. For the past three years we have monitored migration patterns to understand whether our wind farms will adversely impact birds and what measures can be put in place to mitigate any potential impacts.

Lekela has committed to operate these projects with no net loss to biodiversity and so has a pipeline of schemes to mitigate impacts.

— An active turbine management programme that will combine the use of radar and bird spotters to shut down specific turbines when migratory birds are in their range.

- This system will minimise both the risks to migratory birds on-site, and the impact on annual energy production

— Collaboration with local stakeholders to help set up an ornithological centre in the Red Sea region. This will help build local capacity to manage biodiversity risks using wind energy facilities in Egypt.

- Our first commitments are to fund up to eight trainees from the community of Ras Ghareb through preliminary ornithological training, and to equip the centre with professional-grade binoculars.



— Bird surveys being undertaken in the Gulf of Suez

Taiba N'Diaye Biodiversity Action Plan

Hooded vultures are in rapid decline in Africa and listed as critically endangered by the International Union for Conservation of Nature. As we are located in the range of hooded vultures, we are implementing a biodiversity action plan (BAP) at the Taiba N'Diaye Wind Farm to mitigate any negative impact on and deliver a net gain to the species.

In addition to preliminary development-phase research, as part of the BAP Lekela commissioned 12 months of transect surveys in 2017 and 2018 to understand more about vulture populations in Senegal. The research suggests that hooded vultures concentrate around inhabited areas where they often frequent abattoirs, marketplaces and rubbish dumps. The vast majority (96%) of hooded vultures were observed near towns and villages, and none were seen in the project area.

Although the research suggests that the project will have limited adverse impact on hooded vulture populations in Senegal, Lekela will implement operational-phase monitoring and carcass searches in addition to a domestic waste management scheme.

Deposits of domestic waste are known to attract scavenging birds, and some vulture deaths may have been caused by poisoning from these sources. Lekela aims to minimise this practice and remove waste deposits in the wider project area which might attract the birds.

Environmental ESG commitments and targets

COMMITMENTS	2018 TARGETS	2018 PERFORMANCE	2019 TARGETS	
Helping climate change mitigation and adaptation	Avoid over 1.25 million tonnes of CO ₂ emissions	→ 1.13 million tonnes of CO ₂ emissions avoided*	⊖	Avoid over 1.25 million tonnes of CO ₂ emissions
	Build resilience in local communities through community investment schemes	→ Support provided in South Africa to secure community agricultural resilience in 2018 drought conditions	⊕	Develop a climate change resiliency framework that will enable Lekela to assess the resiliency and adaptive capacities of communities near our assets
Managing our lifecycle impacts	No serious environmental incidents	→ No serious environmental incidents	⊕	No serious environmental incidents
	Avoid over 1.96 billion litres of water use	→ 1.75 billion litres of water use avoided**	⊖	Avoid over 1.96 billion litres of water use
Preserving and enhancing biodiversity Lekela commits to upholding IFC Performance Standard 6 for all assets. This means we must avoid impacts on biodiversity, and where avoidance is not possible, pursue adequate mitigation measures and/or establish offsetting to deliver net gains to biodiversity	Undertake post-construction avifauna monitoring at Loeriesfontein and Khobab wind farms	→ Avifauna monitoring surveys at Loeriesfontein and Khobab completed for 2018 with no concerns raised	⊕	Gather another year of data at operational sites on avifauna mortality and, if necessary, apply independently recommended mitigation measures
	Successfully implement the Taiba N'Diaye Wind Farm BAP	→ BAP requirement to undertake 12 months of vulture surveys in the region completed. No evidence found of elevated threat to vultures. Carcass searches and monitoring will begin at the start of operations in 2019.	⊕	Establish the operational commitments to deliver net biodiversity gains for hooded vultures in the region
	Develop a procedure to mitigate the biodiversity impacts for the operation phase of our Gulf of Suez projects	→ Critical habitat and cumulative effects assessments undertaken to inform mitigation strategy. Memorandum of Understanding (MoU) agreed with environmental authorities to establish an ornithological training centre in the region.	⊕	Complete the first round of Lekela-sponsored ornithology training

⊕ Target fulfilled
 ⊕ Target on track
 ⊖ Target unfulfilled

*based on South Africa having an electricity grid emission factor of 0.9 tonnes of CO₂ per megawatt hour and 1,264GWh of zero-carbon energy production within our portfolio in 2018

**based on South Africa's electricity system using an average of 1,400 litres per MWh generated and 1,264 GWh of energy production within our portfolio in 2018

In 2018 we avoided slightly less emissions and water use than was targeted. This shortfall was primarily a result of lower than average wind conditions during the period. We recognise this

factor remains out of our control, however Lekela remains committed to ambitious targets that demonstrate the positive impact renewable power has on carbon emissions and water consumption.



5 Integrity

We believe that integrity forms the foundation on which we build partnerships, interact with communities and protect the environment. As such, our commitment to integrity is one of the cornerstones of our ESG Strategy.

To us, it goes without saying that compliance with legislation and regulations is crucial for a well-governed business. We also believe that establishing lasting relationships based on trust with our stakeholders is an important element of sustainability. Our stakeholders include the communities in which we operate and the governments and partners we work with. We believe that an ethical approach should be at the centre of sustainable business. We embed ethical standards in our governance framework, internal policies and professional standards; these in turn form the basis on which we engage with our stakeholders. This gives us confidence that we can deliver the most benefits possible while avoiding or minimising any negative impacts to the communities in which we operate. It also ensures adherence to consistent environmental and social standards across our portfolio of operations.

Our ESG commitments

- Applying robust governance to environmental and social issues
- Upholding the highest ethical standards when we do business
- Treating people fairly



Anti-bribery and corruption procedures strengthened with the design of a tailored risk-assessment methodology

2018 HIGHLIGHT

Who is accountable for integrity?

Lekela ensures integrity and ethical business practices by choosing to be accountable to the highest international standards and by embedding good processes across our organisation.

Lekela is committed to upholding the highest ethical standards wherever we do business. We strive to respect human rights in all our dealings with our stakeholders. We hold ourselves accountable by embedding integrity in our governance framework, and by making sure our ESG initiatives are overseen and managed by our senior leadership.

The board of directors of Lekela Power B.V. (the Board) is responsible for ESG matters across the group and has empowered the ESG Committee to provide close oversight and strong governance in this regard.

Who is responsible for delivering our ESG Strategy?

The ESG Committee is a specialist committee that oversees, guides and governs how we achieve our ESG Strategy. It monitors Lekela's compliance with legislation and best practice codes and reports to the Board and Lekela's shareholders on the group's performance in ESG matters. Our CEO is an active member of the ESG Committee and senior management actively directs and contributes to the group's ESG initiatives.

The ESG Committee's focus areas are:

- Health, safety and the environment
- Community relations, investment and development
- Business integrity
- ESG risk management

The ESG Committee meets at least quarterly, and more often if significant ESG issues arise or are anticipated. This ensures our

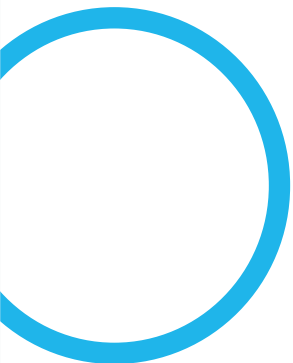
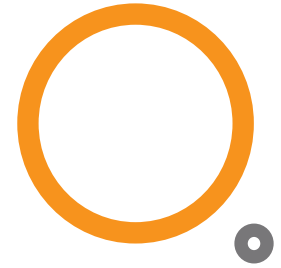
environmental and social performance is under regular review and that key ESG risks and opportunities are reported and under active management.

Lekela also has an ESG team which supports the ESG Committee and the Board, by working on every project. Our operating regions have complex and evolving development requirements and this team draws on the expertise of consultants, NGOs and others to keep our ESG policies, procedures and programmes focused and responsive to the needs of our stakeholders.

How do we practice integrity when we do business?

We work to ambitious standards. Compliance with laws and regulations is the minimum standard against which Lekela measures itself. We are also guided by international best practice, as set out in the UN Guiding Principles on Business and Human Rights, the IFC Performance Standards, the ILO Core Conventions and the Universal Declaration of Human Rights. These standards are the overarching framework in which Lekela operates.

Lekela also has its own policies and procedures which set the standard for behaviour expected of employees and officers in the group. Lekela's Code of Business Conduct and Ethics (Code of Conduct) makes it clear that business integrity, social responsibility, health and safety, protecting the environment and the dignity and respect of employees are key to the business. The Code of Conduct forms the backbone of Lekela's internal ethical framework.



How do we manage bribery and corruption risks?

Lekela's Anti-Bribery and Corruption (ABAC) Policy sets out our approach to ethical business dealings and our zero-tolerance position on bribery and any form of corruption.

Our associates, including contractors, partners and suppliers, are made aware of and held to, our required high standards. At the start of potential engagements, we conduct risk-based due diligence (which may also include assessment by external risk consultants) to help identify risks to corruption or political exposure. We seek strong contractual protections in our agreements with counterparties.

Lekela employees, and those working for or with us, are given guidance on how to recognise and deal with bribery and corruption issues. Lekela provides mandatory ABAC training for all its employees and we are designing a refreshed training programme for all employees. This will include refresher training and enhanced training for employees in higher risk functions.

As Lekela grows as a business, our risk management framework necessarily needs to adapt to suit a more complex operational environment. We therefore set out to refine our risk assessment methodology. With the help of external consultants, we undertook a thorough assessment of our current risk assessment processes, specifically in relation to identifying and mitigating bribery and corruption risks across the business cycle in all countries where we operate. We were heartened to learn that our existing processes and procedures measure up well against similar organisations. The review also confirmed that awareness and engagement with these risks are well embedded in the organisational culture. Our key focus for 2019 is on improved documentation of our processes and procedures. We are also rolling out an externally facilitated whistleblowing hotline, to provide a safe, secure and confidential escalation route to our employees, contractors and partners.

How do we treat people?

For Lekela, respecting human rights translates into fair employment practices for our employees. Our Code of Conduct and Staff Handbook emphasise our commitment to dignity at work, respect for co-workers and freedom from discrimination on any grounds. We do not condone any form of slavery or enforced servitude, and in 2019 we will be publishing our first ever transparency statement to set out the measures we are taking to ensure ethical employment practices.

We also seek to make positive contributions in the communities in which we operate. Lekela works hard to understand the social challenges faced in the communities that host our operations. Our engagement process helped us to identify where our ESG Strategy could address challenges in the following areas:

- Health, safety and security (p15)
- Labour practices (p15)
- Community development and investment (p21)
- Accessing land responsibly (p22)

We aim to bring positive change to our host communities but recognise we may not always get it right at first and therefore have grievance mechanisms in place at each project site to give community members a way to bring any concerns to our attention. By actively supporting the communities and providing access to remedy, we show our commitment to dignity and integrity.

With integrity as the base on which we grow our business and execute our ESG Strategy, we boost our ability to deliver clean, reliable energy across Africa alongside our partners, while fostering positive change in our host communities and protecting the environment that supports us.



Key SDG target:

SUBSTANTIALLY REDUCE CORRUPTION AND BRIBERY IN ALL THEIR FORMS

16.5



Integrity ESG commitments and targets

COMMITMENTS	2018 TARGETS	2018 PERFORMANCE	2019 TARGETS	
Applying robust governance to environmental and social issues	100% of Lekela employees to have completed ABAC training	→ 100% completed ABAC training	⊞	Design enhanced and refresher ABAC training program and roll-out training across the Group
	Implement phase 2 of Lekela's ABAC Policy: establish our own methodology to assess and manage ABAC risks across the Lekela portfolio	→ Lekela ABAC risk assessment methodology established	⊞	Integrate ABAC risk assessment methodology in group risk management processes
Upholding the highest ethical standards when we do business	100% of Lekela employees to sign up to our code of conduct	→ 100% signed up to code of conduct	⊞	Establish an external whistleblowing hotline to provide a secure and confidential escalation route for all employees and contractors
Respecting human rights	No human rights incidents reported within our operations	→ No human rights incidents reported within our operations	⊞	Undertake an exercise to map human rights risks across our operations
	Implement employee or partnership training that includes a focus on human rights	→ IFC Performance Standards and human rights training undertaken with our Community Liaison Officers in Ghana	⊞	Implement training on modern slavery to enhance employees' ability to identify modern slavery risks and apply suitable mitigation measures
				Publish our first transparency statement to describe the steps we have taken to mitigate the risks of slavery or forced labour in our organisation and supply chain



Target fulfilled



Target on track



Target unfulfilled

UN Global Compact Ten Principles

Lekela stands in full support of the UN Global Compact's Ten Principles, committing to continuously pursue improvements in human rights, labour, the environment and anti-corruption.

This report describes our actions to continually improve the four areas established by the UN Global Compact, and demonstrates how the Ten Principles are fully integrated into our business strategy, culture and day-to-day operations.

We are pleased to present this report as our second Communication on Progress to our stakeholders. The table directs readers to the sections of the report that apply to each of the Ten Principles.

Applying the Ten Principles

	PRINCIPLES	PAGE
Human rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and	p32-33
	Principle 2: Make sure they are not complicit in human rights abuses.	
Labour	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	p15-17
	Principle 4: the elimination of all forms of forced and compulsory labour;	
	Principle 5: the effective abolition of child labour; and	
	Principle 6: the elimination of discrimination in respect of employment and occupation.	
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges;	p26, 28
	Principle 8: undertake initiatives to promote greater environmental responsibility; and	p24-29
	Principle 9: encourage the development and diffusion of environmentally friendly technologies.	p10-13, 25
Anti-corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	p32-33

Report Abbreviations

ABAC	Anti-bribery and corruption
BAP	Biodiversity action plan
CO ₂	Carbon dioxide
ESG	Environmental, social and governance
GWh	Gigawatt hour
H&S	Health and safety
IFC	International Finance Corporation
ILO	International Labour Organization
LRP	Livelihood Restoration Plan
LTI	Lost time injury
MW	Megawatt
MWh	Megawatt hour
NGO	Non-governmental organisation
PV	Photovoltaic
UN	United Nations
UN SDGs	United Nations Sustainable Development Goals, also known as the Global Goals

We appreciate your feedback. For any comments or enquiries please contact:

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Data disclaimer: The information in this report, which does not purport to be comprehensive, has not been independently verified. While the report has been prepared in good faith, no representation, warranty, assurance or undertaking (express or implied) is or will be made, and no responsibility or liability is or will be accepted by the Lekela Power BV or its subsidiaries or any of their respective officers, employees or agents in relation to the adequacy, accuracy, completeness or reasonableness of this report. All and any such responsibility and liability is expressly disclaimed.

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