



Lekela 

**Delivering clean, reliable
energy across Africa**

2019 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 2019 and outline future goals designed to help us achieve our aim of being Africa's leading renewable energy platform.

Introducing Lekela	1
Lekela's year in review: 2019	2
Operating across Africa	3
A message from our CEO	4
Climate change mitigation and adaptation in Africa	5
Stakeholder engagement and materiality	6
Lekela's material areas	7
Securing Africa's sustainable future through renewable energy	8
1: Delivering clean, reliable energy	12
2: Partnering with contractors and employees	16
3: Empowering local communities	22
4: Protecting the environment	30
5: Integrity	36
UN Global Compact Ten Principles	41
Lekela's impact on the SDGs in 2019	42

Introducing Lekela

Lekela is a renewable power company, building and operating utility-scale projects that generate much-needed clean energy in countries across Africa. Energy is a key catalyst for growth, prosperity and sustainability on the continent. Since 2015 we've delivered 415 MW of wind power into operations and brought a further 605 megawatts (MW) under construction. This shows our capacity to transform energy ideas into operational reality – a skill that remains critical in Africa to deliver competitively priced, clean, reliable power projects quickly and at scale.

Providing Africa with renewable energy; delivering environmental and social benefits

Delivering clean power is only part of Lekela's operational 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 produce transformative change in society. Central to our strategy is taking an active role in driving the long-term prosperity of the local communities in which we operate.

Through each of our projects, we seek to make a long-term positive impact. As well as providing power

and associated employment opportunities, Lekela supports local education, enterprise and environmental programmes. These initiatives help build up local skills, promote sustainable livelihoods and tackle the pressing environmental challenges that threaten communities near our projects.

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




– Taiba N'Diaye
Wind Farm

Lekela's year in review: 2019

Over **1,200 MW** in the portfolio

Over **1,304 GWh**
zero-carbon energy generated




Over **1,166,000**
tonnes CO₂ avoided



6
communities benefitted
community investment initiatives



Total **605 MW**
under construction

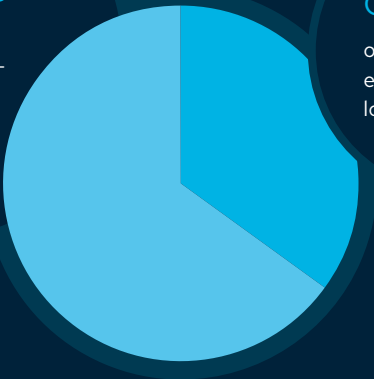


Total **415 MW**
in operations



Achieving over **1,000 MW**
under delivery since our founding
in 2015

Over **1,800**
workers employed at
the peak of construction
across three
different sites




Over **35%**
of these workers
employed from
local communities

252 MW
under construction
in Egypt



55 MW
commissioned into
operations in Senegal





Operating across Africa

Lekela's project portfolio consists of over 1,200 MW. Over 1,000 MW have been delivered into operation or construction since 2015.

Operation – 415 MW

Senegal: Taiba N'Diaye Wind Farm – Phase 1 (55 MW)

South Africa: Noupoort Wind Farm (80 MW)

South Africa: Loeriesfontein 2 Wind Farm (140 MW)

South Africa: Khobab Wind Farm (140 MW)

Construction – 605 MW

Egypt: West Bakr Wind Farm (252 MW)

Senegal: Taiba N'Diaye Wind Farm – Phases 2 and 3 (103 MW)

South Africa: Kangnas Wind Farm (140 MW)

South Africa: Perdekraal East Wind Farm (110 MW)

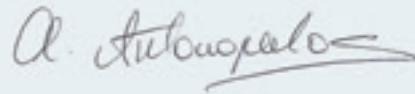
Development – 225 MW

Ghana: Ayitepa Wind Farm – Phase 1 (150 MW)

Ghana: Ayitepa Wind Farm – Phase 2 (75 MW)



A message from our CEO, Chris Antonopoulos



Lekela has built on its objective to set the sustainability benchmark for energy companies in Africa. By keeping sustainability central to our approach, we have continued to successfully deliver on our objectives, bringing renewable assets under construction and into successful operations across the continent.

In 2019, the first 55MW from the region's first utility-scale wind power project started to generate into Senegal's grid. This will be followed in early 2020 by the second and third phases to complete West Africa's largest wind farm. Financial close was also achieved on Lekela's largest project, the 252 MW West Bakr Wind Farm in Egypt, expanding our portfolio under construction to 605 MW. This progress was underpinned by excellent operational performance in South Africa, where we currently have 360 MW of installed capacity generating power and are on track to provide another 250 MW of clean power to the grid in 2020. At the same time our development pipeline continues to mature, with an expert team exploring the latest renewable technology solutions that will support the continent's growing need for power.

Our progress this year can be attributed to our commitments to operate with integrity, build excellence with our contractors and partners, empower and uplift local communities, and be good stewards of the environment. We know that valuing sustainability creates the right conditions for achieving our goals – by seeking to avoid and mitigate environmental and social risks while optimising the transformative impact we can deliver to society and the communities we operate in. This strategy underpins Lekela surpassing more than 1 GW of projects under construction or in operations – all since our founding in 2015.

Our 2019 Sustainability Report captures our performance and the challenges we faced achieving this milestone. To drive ourselves forward we have built on our previous ESG targets, ensuring they are linked to key sustainability frameworks such as the Sustainable Development Goals (SDGs) and the Paris Agreement's intent to keep within 2 degrees of warming this century. Our 2020 targets are influenced by regular engagement with our stakeholders and recognition of the tenets of conducting good business, including the ten principles of the

UN Global Compact (p41). We know that if we set robust targets and place ESG at the heart of operations, we are better set to deliver Africa the energy it needs while empowering communities and protecting the environment and climate for future generations.

Indeed with climate change as a real and present risk in Africa, securing a sustainable path to development has never been more important. Now is the time to take bold action and Lekela is committed to help lead the continent's journey to decarbonisation. Our renewable energy projects can both outcompete high-carbon sources in cost and avoid emissions. At the same time, we are seeking to help society adapt in the face of the emerging climate crisis. We recognise we can't do it alone, but this report sets out how we are responding to these challenges with our partners to secure the sustainable future Africa needs.

Climate change mitigation and adaptation in Africa, Jennifer Boca

Global warming is being caused by increasing concentrations of greenhouse gases in the earth's atmosphere, which in turn change the conditions of our climate. Global temperatures are now averaging over 1 degree higher than the pre-industrial period, the impacts of which are being felt across the world. And while the 2015 Paris Agreement intended to keep heating well below a 2-degree threshold, the current trajectory of global emissions risks pushing us past this, to a point where the impacts of climate change are uncertain and potentially catastrophic.

While Lekela has always recognised the importance of mitigating climate change through zero-carbon technologies, now we are clear the issue is inseparable from our ambition to work with communities to achieve positive developmental outcomes. In recent years existing community vulnerabilities have been put into sharp perspective by emerging risks that are strongly correlated to what has been predicted by climate change models:

- The Northern Cape of South Africa (home to four of our wind farms) has experienced a severe period of drought for several years
- Senegal experienced its third severe drought in six years in 2018
- Ras Ghareb (the community nearest our West Bakr Wind Farm in Egypt) experienced unprecedented flash flooding in 2016, causing loss of life and severe damage to infrastructure

Climate change already appears to be having a disproportionate impact on people living near our

wind farms. Lekela has a responsibility to help society find the zero-carbon solutions to meet the targets of Paris, but in this landscape of increased risk it is also incumbent on our business to identify and address climate vulnerabilities impacting our host communities. We believe this approach – combining efforts to mitigate emissions and help communities adapt – is essential to safeguard future prosperity and meet developmental targets such as those set out by the SDGs.

To ensure this pillar of our sustainability strategy is strengthened, in 2019 Lekela undertook a Climate Resiliency Assessment to better understand how existing and projected climate risks intersect with the socio-economic vulnerabilities of our host communities.

In 2020 we will use the assessment to identify where our community investment programmes can address vulnerabilities and strengthen resilience. This will ensure that as well as our core business being compatible with a low-carbon future, we will target our resources at community initiatives that are climate smart, serving to protect communities even under the worst impacts of climate change. Corporately, Lekela is also committed to reducing our operational carbon footprint and will be working towards achieving carbon neutrality in the coming years.

See more on how we are addressing climate change risk on p31.

Climate projections for the regions where our projects are located

- Longer and more frequent heat waves/ warm spells
- Increases in daytime and night-time temperature extremes
- Increasing chances of drought along with trends of short-duration but extreme precipitation events

Stakeholder engagement and materiality

This 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.

Identifying and responding to the issues that matter is a core part of our strategy. By doing so we increase our chances of building a successful business while adding value to the communities where we work.

Identifying our material issues

In 2019 we expanded on our materiality review of 2018, particularly to understand emerging issues as our operations expand, and whether the importance and potential impact of existing issues has shifted. This iterative process ensures we can respond to the issues at hand, in a rapidly moving business, political and social environment.

Engagement with stakeholders on materiality

Undertaking conversations with stakeholders is integral to this process. Our potential impact spans multiple interest groups and our value chain, hence we consulted key internal and external stakeholders to identify the ESG issues that matter most to them about our business.

Through this process, we sought to ensure that Lekela's commercial objectives align with the goal of delivering sustainable development outcomes to those impacted by our business.

Our community engagement

Lekela's 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 (p22).

Read case studies on how we engage with communities:

- On community investment (p26)
- On ensuring fair access to land (p27)
- On climate change (p31)
- On biodiversity (p33)

And read interviews with key ESG staff and stakeholders:

- On community health and safety (p19)
- On project ESG management (p37).

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 strive 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

Our reviews of materiality keep us up to date with the ESG issues most significant to our stakeholders and the risks and opportunities that relate to our business. Undertaking this process improves our decision-making and accountability, and ensures our ESG Strategy and report focus on what matters most to us and our stakeholders.

Our sustainability priorities

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

One cross-cutting theme that developed for Lekela in 2019 was gender equality and women's empowerment. We recognise that we have both the responsibility and the ability to drive economic and social empowerment for women in the communities where we operate. Across our business we are starting to work on diversity and inclusion, including gender. Our goal is to be able to say that we are an inclusive energy company where the contributions of women are valued and celebrated.

The following issues, grouped under five overarching priorities, 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

Securing Africa's sustainable future through renewable energy

Sustainable economic growth in Africa has been challenged by the lack of access to reliable and affordable energy. Meanwhile, the continent is vulnerable to deteriorating effects of climate change.

Through our aim to build and operate renewable power projects quickly and at scale, Lekela is responding to these challenges to show that clean, reliable energy can bring long-term benefits to society and the environment, along with sustainable returns.

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

Lekela is committed 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 focus areas and targets that will help us achieve our goal of being the leading renewable power platform in Africa. This approach and resulting performance is covered in the corresponding 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**



Partnering with contractors and employees

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



Empowering local communities

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



Protecting the environment

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



Integrity based on the highest standards of governance and business ethics

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

Our commitments

Our foundation

7 AFFORDABLE AND CLEAN ENERGY



13 CLIMATE ACTION



Lekela's core SDGs

The projects we deliver to increase the share of renewable power in Africa, reduce emissions and work with partners to improve awareness and capacity for climate change management.

New material SDG for 2019

5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



10 REDUCED INEQUALITIES



15 LIFE ON LAND



Material SDGs

We seek to be an equal opportunities employer and positively impact jobs where we operate by providing safe and secure working conditions. Through our community investment strategies we aim to reduce structural inequalities by enhancing lives in local communities, and through our operations we always seek to mitigate our impact on the natural environment.

1 NO POVERTY



4 QUALITY EDUCATION



6 CLEAN WATER AND SANITATION



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



16 PEACE, JUSTICE AND STRONG INSTITUTIONS



SDGs further impacted by Lekela's ESG commitments

Lekela's approach to business can positively or negatively impact a broad range of SDGs beyond those highlighted by materiality reviews. Read on to see where Lekela has had an impact on each of these.





1

Delivering clean, reliable energy



- Kangnas Wind Farm,
South Africa

The route to secure plentiful energy for all will have a key impact on Africa's future. Poor energy access and grid reliability hinders growth, yet providing affordable, reliable power remains a huge challenge. Lekela is seeking to meet this challenge using the continent's extensive renewable resources. With the continued improvements in zero-carbon technology, we are determined to harness this energy to help secure Africa's path to sustainable growth.

Achievements

Milestone reached of a gigawatt of projects either under construction or in operations

Completed financing of the 252 MW West Bakr project in Egypt within five months of signing the power purchase agreement

Challenges and learning

A change in engineering, procurement and construction contractor for the West Bakr project shortly before construction required us to re-permit the wind farm through supplementary environmental impact assessments to ensure the project's delivery

Sustainable power, sustainable livelihoods

Harnessing Africa's natural solar and wind resources can provide an affordable, secure and sustainable solution to the continent's energy problem. This demand for power can be reconciled with the need to urgently transition to a global low-carbon economy.

In Africa, the lack of access to reliable and affordable power continues to challenge economic growth. In addition to the two-thirds of people without access to electricity at home, it is widely recognised that a lack of reliable electricity supply significantly harms the productivity of African businesses.

Bridging Africa's electricity supply gap would help bring about transformative change: reducing business uncertainty and improving performance in the wider economy. Together these would potentially lead to more and better jobs.

Through our mission to develop, build and operate renewable power projects, Lekela aims to deliver long-term benefits and prosperity to Africa. Our pipeline of projects will deliver low-carbon electricity across the continent, while offering affordable and stable prices over the long term.

Better energy for Africa

Our assets will harness Africa's abundant supply of natural solar and wind resources for many years, proving that energy and prosperity do not need to compromise the environment for future generations.

Improved renewable 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 of power, 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 further still. 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 play its role in 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.



*- Turbine deliveries for
Taiba N'Diaye*

Our operations

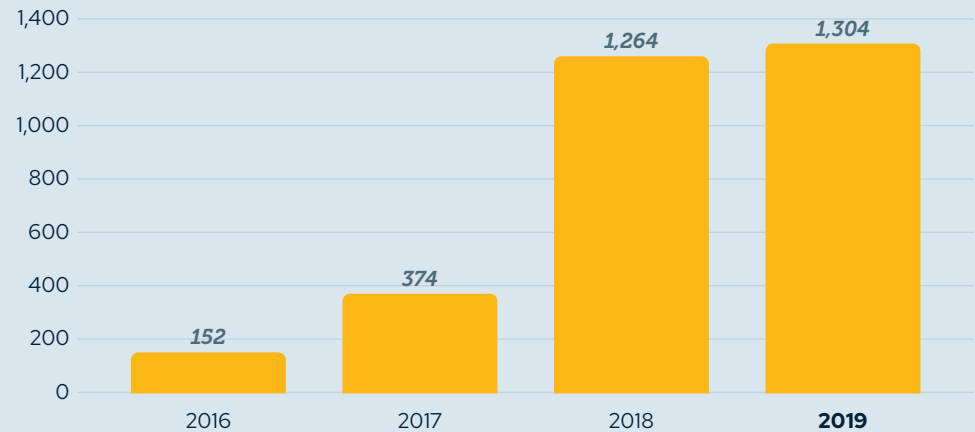
In 2019, 55 MW of our 157.8 MW Taiba N'Diaye project commenced producing power in Senegal to join our existing portfolio of 360 MW in South Africa. Senegal is now enjoying its first utility-scale wind power from the project, which once complete in 2020 will provide a 15% uplift to Senegal's electricity generation capacity. This year the project provided technical skills training for community members as well as supporting a range of community investment programmes across the local area.



SDG 7

Affordable and Clean Energy

Energy generated (GWh)



Construction

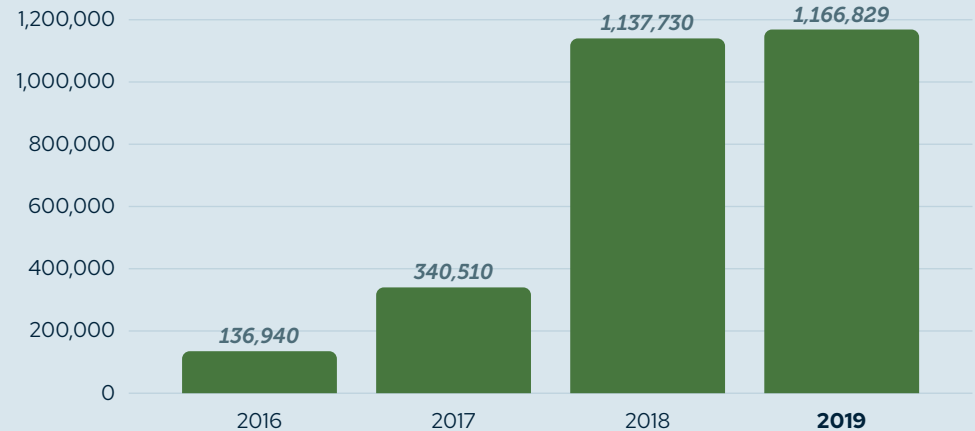
In August 2019 Lekela reached financial close on its West Bakr Wind Farm in the Gulf of Suez region of Egypt. At 252 MW gross capacity, the project has taken Lekela to over 1,000 MW in construction or operations in the five years since we were established. The West Bakr project joins our three existing sites under construction, which have progressed at a rapid pace while prioritising safety and maintaining excellent environmental and social performance throughout the year.



SDG 13

Climate Action

Carbon emissions avoided (tonnes of CO₂)



Lekela construction sites



Perdekraal East Wind Farm **110 MW**

Due for completion in the Western Cape, South Africa in mid-2020



Taiba N'Diaye Wind Farm **158.7 MW**

55 MW operating with 103 MW due for commissioning in early 2020



Kangnas Wind Farm **140 MW**

Due to be operational in the Northern Cape, South Africa in mid-2020



West Bakr Wind Farm **252 MW**

Impact on SDG targets

7.2

Egypt plans to generate 22% of its electricity from renewable sources by 2022

In focus:

West Bakr Wind Farm

West Bakr Wind Farm is now under construction in Egypt. Once complete the project will utilise 96 turbines and the excellent wind resource in the Gulf of Suez to generate up to 252 MW of power. With a 24-month construction period, the project will contribute towards the country's goal of producing 20% of its electricity from renewable sources by 2022. The project is expected to have a capacity factor in excess of 50%, providing excellent zero-carbon power availability for the Egyptian grid. In total the project is anticipated to avoid over 550,000 tonnes of CO₂ each year. Similar to Lekela's existing projects, the West Bakr Wind Farm is expected to boost local employment and contribute to local development in the region. It will also employ a state-of-the-art turbine shut-down programme to mitigate against impacts it might have otherwise had on migratory birds.

7.2

West Bakr Wind Farm was the largest wind power project to be brought under construction in Africa in 2019

13.3

The carbon emissions avoided by this project are the equivalent of removing 119,000 passenger vehicles^[1] from the road

One challenge for the project in 2019 was to reissue the wind farm's environmental permit following a change in engineering, procurement and construction contractor. Proactive cooperation with all stakeholders ensured the changes did not impact the construction schedule. One upside to the change was that the project's installed capacity could be expanded from 250 to 252 MW.

^[1]Source: United States Environmental Protection Agency (2018)

Partnering with contractors and employees

- Final foundation completed at Kangnas Wind Farm



Lekela provides our staff, contractors and suppliers with safe working conditions, valuable training and competitive terms of employment, aiming to create lasting, mutually beneficial partnerships built on trust. In doing so, we build successful teams that deliver well-performing assets.

This focus on looking after partners and contributors is key to achieving our goals 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

Highlights

Over 1,800 construction jobs created, with 35% of these for local community members

Challenges and learning

A transport contractor suffered a fatality in a motor vehicle accident

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 ability 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 and provide a positive working environment. We value our partnerships for enabling Lekela to stand out as Africa's leading renewable energy platform.

Prioritising health and safety

The power sector requires the most rigorous H&S and security practices. We are fully committed to promoting 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

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

Lekela's H&S Strategy 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 agreements with partners and suppliers we aim 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.



– Blade delivery at Perdekraal East

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 expect our employees and contractors to match our values and performance, and apply fair labour practices across all 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). Our Social Policy commits us to:

- Promote good worker-management relations
- Protect rights to collective bargaining
- Manage grievances effectively
- Prioritise local employment
- Engage with communities
- Develop work skills to aid recruitment

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

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, ensuring that any issues our workforce raises are dealt with quickly and transparently. This aids accessibility, accounts for cultural sensitivities and imposes no costs or retribution on the concerned parties.

Local employment

We hire locally wherever we can, meaning communities are as involved as possible in the construction and operation of our projects. Similarly, we work closely with our contractors to train workers to participate in construction and operations.

Local procurement

While Lekela often contracts with global equipment manufacturers to deliver our projects, we seek to ensure that procurement is done through local suppliers and subcontractors as much as possible. A key consideration is to offer fair and competitive terms of business. This aims to help our projects deliver positive socioeconomic impacts and provide lasting employment opportunities. As well as seeking local consultants to assist with project development, we prioritise local suppliers in community investment opportunities.

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

In focus:

Delivering technical training to young Senegalese

Lekela funded technical traineeships for young adults living in the community around Parc Eolien Taiba N'Diaye in Senegal. We spoke to two of our trainees, Mamadou Ndour and Moussa Ndiaye, who explained that the training offered an opportunity to young people whose families couldn't afford to fund further study. They gained a certificate of attainment recognised in the professional environment.

The traineeship was designed to equip participants with knowledge attained through classroom-based modules and practical experience gained through training onsite at the windfarm. Classroom subjects included English and electrical wiring. The field training, delivered by the farm's primary electrical works subcontractor, focused on its substation, electrical works installation and commissioning process. Mamadou and Moussa explained that the trainees participated with great enthusiasm, building good relationships with their field trainers, classroom tutors and one another.

Mamadou and Moussa hope the training will help the boost the participants' job prospects, thereby reducing the unemployment rate of young people in the community and contributing to its economy.



– Technical trainees at Taiba N'Diaye



– Ousmane Diedhiou



– Ousmane Diedhiou (left) and Kalilou Sagna (right) with a local farmer



– Kalilou Sagna

A conversation about:

Partnerships in outreach activities that promote community health and safety

We spoke to Ousmane Diedhiou, Parc Eolien Taiba N’Diaye (PET-N)’s Community Liaison Officer, and Kalilou Sagna, the Social Coordinator of Vestas (Lekela’s primary construction contractor). This team works together to facilitate outreach activities on community health and safety in Senegal.

How do the activities aim to protect the community?

During the construction phase we focused on safety measures to avoid incidents at the site when the machines are operating. Local communities appreciated this communication, as many farmers and families work in fields next to the works. We also ran activities in schools to make sure young people understand the risks of being in the operation areas. Safety measures include staying at least 300m away from the turbine components during construction.

What do community members think of outreach activities?

Feedback from our community indicates that PETN’s outreach helps maintain the company’s close links and relationship with the local communities. It shares a lot of information – through mosques, women and youth groups – about safety during the construction and installation phases.

Have the activities affected the relationship between the community and the wind farm?

They have greatly strengthened relations between the local communities and the wind farm and the exchanges are very cordial. Many people regularly come to share and exchange with the PETN team at our offices in Taiba N’Diaye.

Is there a plan for future activities?

We intend to continue communication with the 35 villages of the Taiba N’Diaye commune during the operational phase – different communication is needed for each phase of the project.

Contractor and employee ESG commitments and targets

Commitments	2019 targets	2019 performance	2020 targets	
Prioritising H&S Pursuing continual improvements with the aim of achieving zero harm ^[1]	No LTIs on operational sites	No LTIs on operational sites	✓ No LTIs on operational sites	
	Outperform the US Occupational Safety and Health Administration (OSHA) Total Recordable Incidence Rate for utility system construction ^[2]	Total Recordable Incident Rate (LTIs, RWCs, MTCs) of 1.27 per 200,000 hours worked and an LTI rate of 0.51 per 200,000 hours worked	✓	Outperform the US Occupational Safety and Health Administration (OSHA) Total Recordable Incidence Rate for utility system construction ^[2]
	Conduct at least one third-party health and safety audit at all construction sites to review processes against best practice	Third party health and safety audits completed at each construction site ^[3]	✓	Establish a Lekela H&S Forum including all operational sites to leverage experience from across our markets
Ensuring fair labour practices	No serious grievances from Lekela employees and resolve 80% of grievances within 30 days	No serious grievances from Lekela employees, 100% of Lekela employee grievances resolved within 30 days	✓	No serious grievances from Lekela employees and resolve 80% of grievances within 30 days
	At each construction site establish a Worker Committee to promote engagement and discussion on labour practices and working conditions	Worker Committee functional at each construction site ^[3]	✓	In addition to site Worker Committees, at our new construction sites implement weekly labour spot checks to check compliance with IFC Performance Standards
Achieving the highest standards with contractors and partners	Conduct defensive driver training for at least 90% of the drivers employed by Lekela (or those subsidiaries managed by Lekela)	100% of Lekela and Lekela subsidiary drivers trained in defensive driving	✓	Implement a group-wide transportation and driving policy that will also be applied to contractors and partners that accords with international best standards
	Undertake training exercises at all projects under construction to boost local employment	Technical training sessions delivered at each construction site increasing access to local employment pool ^[3]	✓	Establish a partnership to operate construction and operations vocational training with contractors at the West Bakr Wind Farm in Egypt

✓ Target fulfilled
○ Target on track
● Target unfulfilled

^[1] all LTI performance figures and targets include direct Lekela employees and all contractors

^[2] Lekela aims to outperform the US OSHA Total Recordable Incidence Rate for our industry. In 2018 the OSHA rates for utility system construction (NAICS 2371) were published as 2.3 per 200,000 hours and 1.3 per 200,000 hours (for LTIs and RWCs combined) by the Labor Statistics. Source: Bureau of Labor Statistics

^[3] West Bakr Wind Farm construction site established in December 2019 Health, safety and environmental (HSE) audit, Worker Committee and technical training to coincide with mobilisation of main subcontractors during 2020

LTI – lost time incident: a work accident that requires an employee or contractor to spend days away from work to recover

RWC – restricted work case: the requirement for an employee or contractor to be temporarily reassigned to a different task at work as a result of an accident

MTC – medical treatment case: a work accident that requires treatment beyond first aid

- Livestock in the fields
at Taiba N'Diaye



Empowering local communities

- Local farmers transporting produce in Taiba N'Diaye



Building and operating renewable power plants is the cornerstone of Lekela's business strategy. However, we always accompany this by taking 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.

We aim to generate employment opportunities during construction and operation either ourselves or by appointing local service providers. We also fund education, enterprise and environmental initiatives from project revenues. 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

Highlights

More than 4,500 children and youths at schools and nurseries supported by Lekela's community investment programme

Challenges and learning

Completing livelihood restoration for 415 households economically impacted by our project in Senegal (see p27)

Community engagement

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 operating systems to appropriately manage grievances.

We recognise that shared value is best delivered by talking openly 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. Using a two-way dialogue that is timely, transparent and inclusive to build trust, 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.

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

Grievance management

Our grievance management systems help us respond to issues raised by communities affected by our projects, thereby supporting participatory engagement. Every project has a grievance mechanism to receive, and help resolve, any concerns raised by the communities.

In 2019 Lekela started using a web-based application (TIMBY) to log and manage grievances by employees in the field. This has significantly improved our processes by enabling employees to respond and track resolutions in real time, while improving governance and accountability.

We inform communities about the mechanism from the start of our engagement with them. Any serious or recurring grievances are discussed by Lekela's senior management team at ESG Committee meetings (p37).



– Community engagement event for Kangnas Wind Farm

Creating local employment

When entering new markets and communities, Lekela strives to widen our positive impact on jobs and skills development, whether or not this is a contractual or regulatory requirement.

All the assets we develop are able to support jobs – both directly and indirectly – throughout their lifecycles. Our participatory approach to development prioritises local communities and suitably qualified nationals for employment opportunities wherever possible. To support this, we invest in skills development and training programmes to encourage community participation. We work closely with our contractors to make these accessible, using frequent communication and workshops to upskill workers.

If appropriate training opportunities are made available then local participation in the workforce can be enhanced significantly. This is especially important in communities where there is limited experience of large-scale infrastructure projects.

– Construction workers celebrating the completion of the final foundation at Taiba N'Diaye Wind Farm



During 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.

*Peak number of jobs supported on our three construction sites in 2019: **1,892***

Operations – Renewable energy projects typically operate for between 20 and 25 years. We also aim to employ suitably qualified local workers as priority in this phase. 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.

Skills programmes to catalyse employment

In both Egypt and Senegal Lekela is developing skills programmes for local communities. In Senegal we worked together with a local construction partner to offer skills development for youths, while in Egypt we plan to upskill community members to participate in both construction and future operations as these activities ramp up in 2020.

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.

Lekela's Community Investment Strategy sets out our collective response to these challenges. We use participatory community engagement to identify focus areas that 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 continues throughout the project lifecycle, ensuring our investment strategy is flexible to the changing needs and socioeconomic challenges communities face.

Examples of our 2019 community investment initiatives

Education and skills

- In Senegal we started building a new Information Technology Centre for the Taiba N'Diaye High School in October 2019. The new facility will provide vital e-learning resources to more than 1,500 students.
- We forged a partnership with our electrical works contractor to provide vocational training for young people from the Taiba N'Diaye community. Read our 'In focus' case study to understand more about this initiative (p18).

- In South Africa we have continued to support all levels of education in each of our communities. In 2019 we built on the success of the previous year, which saw improved teaching resources, learning infrastructure and attainment levels in key subjects such as maths, literacy and science. In addition to supporting schools, in 2019 our community investment funds have supported 18 students with bursaries for higher education.

Enterprise and job creation

- In Senegal we completed our second marketplace for the Taiba N'Diaye commune. With more than 60 covered stalls it has allowed women vendors to relocate from the makeshift shelters they previously used. By providing a safe and secure trading environment, the marketplace will help contribute to job creation in the area.
- In South Africa our three operational projects have continued supporting entrepreneurs through business incubation programmes. New businesses were launched in 2019 and existing enterprises were developed to support additional jobs. An example of a successful venture is a new cooperative established in Loeriesfontein that supports 15 full-time jobs providing local services such as construction, cleaning, catering and home-based care.

Energy and the environment

- In Egypt Lekela has helped establish a Centre of Excellence for Bird Monitoring Training in the Gulf of Suez. We sponsored 38 trainees through courses in 2019, capacitating these individuals to seek work as bird observers on the many wind farms being developed in the region.
- In South Africa we continued work on Loeriesfontein's sports field refurbishment, upgrading floodlighting and installing an improved irrigation system from the water treatment plant constructed in 2018.



– New market place in Taiba N'Diaye



– Loeriesfontein Safe Park

In focus:

Building a safe and vibrant marketplace

Lekela's social investment programme in 2019 funded a new marketplace in a village in Taiba N'Diaye, Senegal, at the request of a local women's association. This builds on the previous year's successful completion of a marketplace in the next-door village, Mbayenne. Those who have been making use of it were happy to discuss some of the benefits they have experienced since its completion.

Vendor, Nogaye Diop, explains that women from eight of the surrounding villages now come to the Mbayenne market to buy and sell products. She describes the sheltered market hall – which replaced outdoor stalls under trees – as an “achievement of quality and beauty”. She says it's a “good social investment” for local women, boosting the hygiene and safety of their selling space as well as vendors' sales and incomes.

Madame Diop says her community very much welcomes the establishment of the new lively marketplace for the economy of the municipality of Taiba N'Diaye.



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 work to 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

Before the first phase of the Parc Eolien Taiba N'Diaye wind farm was operational, we completed the programme to restore and enhance the livelihoods of people and families adversely impacted by its footprint. Following our standards, and those defined by the IFC, we set out to help families adjust to any disruption from the project, and at a minimum maintain

their existing standards of living. From the start of construction in 2018 Lekela has assisted 415 economically impacted families with the following initiatives:

- Transitional financing
- Economic tree replacements
- Financial management training
- Irrigated garden establishment

During construction it was especially challenging for our community team, who had to undertake regular communications on works with many impacted individuals. As an example, it was important to ensure that none of the 5,000 mango saplings distributed as tree replacements would be planted within the construction footprint at risk of being felled. In the few situations when trees were mistakenly cut, our community team followed up with a timely investigation and provided requisite compensation to those involved.

Although the initiatives are now established, Lekela continues to support and engage with the impacted households, alongside running a monitoring and evaluation programme to help achieve maximum benefits from the initiatives.



– Abdou Gueye with project CLOs

In focus:

Seeking to enhance project-affected people's livelihoods

Abdou Gueye received financial compensation through Taiba N'Diaye's Livelihood Restoration Programme that he used to buy a field of mango trees. He also received a plot in the irrigated garden Lekela has created to boost agricultural production for those farmers most impacted by the wind farm's footprint.




Abdou explains there has been "intensive reforestation by field owners". Alongside mangos, affected farmers have used money they saved through the programme to buy and replant cashew and lemon trees, among others.

Abdou also attended financial education training organised by Lekela, which is "very well appreciated by local communities". He says it has impacted him positively by teaching him how to better manage his investments for the future, so "they can bring back some additional resources".

Abdou believes the programme has enhanced the living conditions and well-being of people living in his community – many of whom have also used their grants to improve their houses.

Community ESG commitments and targets

Commitments	2019 targets	2019 performance	2020 targets	
Engaging with communities	Zero serious community grievances and 80% of grievances to be resolved within 30 days	While classified in severity as minor grievances, Lekela considers the recurring issues related to contractor encroachment as a serious community grievance in aggregate	Target unfulfilled	Zero serious community grievances and 80% of grievances to be resolved within 30 days
	Implement a cross-portfolio technology solution that streamlines grievance management for Lekela staff	Mobile application deployed to manage grievances on site and remotely while in the field	Target fulfilled	Undertake quarterly community newsletters for projects under construction in Egypt and Senegal
Investing in education, enterprise and the environment	Implement a programme to monitor and evaluate the developmental impacts of Lekela's community investments	Community investment monitoring and evaluation programme implemented	Target fulfilled	Implement an environment-related community investment initiative in each country of our operations
	Establish apprenticeships at our projects focusing on vocational training and encouraging the participation of female candidates where possible	Youth training programme established at Taiba N'Diaye with 41% participation from female candidates	Target fulfilled	Support at least 100 jobs and sponsor at least 20 educational bursaries through Lekela's community investment programme
Accessing land responsibly	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	Irrigated gardens established and mango tree replacements distributed to impacted farmers across the project area	Target fulfilled	Establish an LRP-specific monitoring and evaluation programme, applied by an independent third party, to ensure it leads to sustainable positive impacts
	Finalise project land acquisition including for the Ayitepa transmission-line Right of Way in accordance with international standards	Land acquisition for Ayitepa project finalised	Target fulfilled	
Improving gender equality and driving women's empowerment	New commitment for 2020 based on an evolution of Lekela's material areas		Target fulfilled	Implement gender-focused community interventions across the portfolio, beginning with a gender assessment

 Target fulfilled
  Target on track
  Target unfulfilled

LRP - livelihood restoration programme



Protecting the environment



- Taiba N'Diaye Wind Farm

As a market leader in delivering and operating renewable energy projects in Africa, we aim to minimise as far as possible our impact on the environment, while also responding to environmental issues such as climate change and habitat degradation. Through our fully integrated environmental management approach, we seek to identify any negative impacts our operations could have on local landscapes and biodiversity, and manage these as a priority. At every stage of a project we respond to risks and ensure impacts are mitigated – from project screening, through construction and operations, to final decommissioning. With this approach we are well placed 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

Highlights

Sponsoring 38 trainees to complete ornithology training in Egypt, increasing local capacity to manage wind farm-related biodiversity risks

Undertaking a Climate Resiliency Assessment to map the potential climate risks posed to communities near our operational wind farms

Challenges and learning

Falling short of targets to avoid ambitious amounts of emissions and water use through the renewable power we generated in 2019

Mitigating against and adapting to climate change

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 impacts and deliver net environmental gains.

Africa is exposed to many negative 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; delivering low-carbon power can improve the economic and environmental sustainability of countries' energy mixes. We can also 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 by 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.

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. 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.

Some key findings across communities

Risks

- Longer and more frequent heat waves/warm spells
- Increases in daytime and night-time temperature extremes
- Higher incidence of drought conditions
- Increasing trend of heavy precipitation

Vulnerabilities

- Reliance on agricultural livelihoods sensitive to projected climate change impacts

In focus:

Climate resiliency

Climate change forecasts show that vulnerable communities will be impacted across Africa, and in previous reports we have recognised that it is important for companies like ours to support climate resilience and adaptation strategies where we operate.

This year we explored the links between community vulnerability and climate risks, noting that our community development programmes must account for these risks and vulnerabilities to be sustainable and contribute to resilience. The thrust of this was a Climate Resiliency Assessment with the following objectives:

- Understand the present-day and near future (within a 20-year horizon) implications of climate change for Africa
- Identify which socioeconomic vulnerabilities of our host communities are most exposed to forecast climate risks
- Use this information to better integrate climate change mitigation and adaptation strategies in Lekela's broader Community Investment Strategy

Job creation and enterprise development, local content use and environmental stewardship can help contribute to Africa's future prosperity. Climate change puts all these at risk. Lekela seeks to ensure that mitigating risk, and using opportunities to successfully adapt, are central to our Community Investment Strategy and our wider work with our partners, local communities and the environment.

This approach safeguards Lekela's social licence to operate and ensures our long-term sustainability and that of our stakeholders, including our host communities, employees, contractors and wider society.

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 strive to maintain these standards across all our 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 lifetime environmental impact. The most significant impacts arise from the use of raw materials – especially concrete, steel and aluminium – which are resource intensive to produce. With our construction partners, we seek to reduce our construction footprint.

Water and construction

From the outset of construction, Lekela aims to use water in a way 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 major 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 prevent any adverse impacts on water supplies are mitigated.

- Wind power's low demand for water relative to other sources of power generation means it is ideally placed to operate in arid environments with the least impact on other users.



– Kangnas Wind Farm substation

Preserving and enhancing biodiversity

Lekela seeks to avoid or, where this is not possible, minimise potential 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 residual impacts.

Evidence shows that bats and birdlife can be vulnerable during wind farm operations. Bird and bat mortality has been observed at wind farm sites around the world, leading to recommendations that operators rigorously monitor before, during and after construction. When we identify risks to bat and birdlife, we employ specialists to monitor activity and apply appropriate mitigation measures to offset risks. Regular reporting ensures we have a responsive strategy to keep negative impacts to a minimum and ensure no net loss to biodiversity during our operations.

Biodiversity management at West Bakr Wind Farm

The Gulf of Suez is an important migratory bird fly-way during spring and autumn for several weeks. For four years we have monitored migration patterns to understand whether wind energy will adversely impact bird migration and what measures can be taken to mitigate any potential impacts.

- Lekela has committed to operate in the Gulf of Suez with no net loss to biodiversity. With our first project under construction, we are continuing to develop programmes to ensure we achieve this aim. Our first step beyond monitoring was to work with local stakeholders – the Egyptian Environmental Affairs Agency and the Migratory Soaring Birds Project – to help establish a fit-for-purpose ornithological training centre in the region. Established in 2018, this institution is helping to build local capacity to manage biodiversity risks at wind energy facilities in Egypt. In 2018 we committed to support trainees through the programme, but greatly exceeded our expectations in 2019 when 38 candidates completed the training at the centre.

- Over the next two years of construction, we will finalise 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 the risks to migratory birds on-site, while maintaining optimum annual energy production from the site.

Hooded vultures in Senegal

Hooded vultures are in rapid decline in Africa and listed as a critically endangered species. As the Taiba N'Diaye project is located within the habitat range of hooded vultures, we are working to mitigate any negative impact on and deliver a net gain to the species.

Pre-construction research comprehensively indicated that hooded vultures in Senegal tend to concentrate near inhabited areas where they often visit 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.

We are expanding on this research and have committed to undertake operational-phase monitoring in the wider project area to continue to expand the regional understanding of vulture activity. We are aiming to use this research to guide a programme to manage domestic waste deposits (known to attract scavenging birds and cause vulture deaths through poisoning) and supplementary feeding outside the project area.

In focus:

Training community members to avoid risks to migrating birds

Eslam Mohamed Ibrahim was a trainee at the ornithological centre Lekela helped to set up in Egypt's Gulf of Suez region. He explained that he heard about the training during a community event held by Lekela in 2018 and straight away expressed his interest in taking part.

He said the centre itself was really good – the right size for the number of trainees and equipped with training tools such as a presentation monitor and sound system.

Following the training, Eslam would now love to join a consultant firm responsible for bird monitoring activities and the active turbine management programme in the area. He thinks the training will open up job opportunities “as there will be new wind developments in our region in the near future”. He noted the clear advantage of the centre being established nearby his community, making the training accessible to local people.



Environmental ESG commitments and targets

Commitments	2019 targets	2019 performance	2020 targets
Helping climate change mitigation and adaptation	Avoid over 1.25 million tonnes of CO2 emissions	1.17 million tonnes of CO2 emissions avoided ^[1]	Undertake an emissions assessment in order for Lekela to set a pathway to achieve carbon neutrality as an organisation
	Develop a climate change resiliency framework that will enable Lekela to assess the resiliency and adaptive capacity of communities near our assets	Climate change resiliency framework established through an assessment of community vulnerability in the context of predicted climate scenarios	Integrate Lekela's climate resiliency considerations into existing community investment strategies
Managing our lifecycle impacts	Zero serious environmental incidents	Zero serious environmental incidents	Zero serious environmental incidents
	Avoid over 1.96 billion litres of water use	1.79 billion litres of water use avoided ^[2]	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	Gather another year of data at operational sites on avifauna mortality and, if necessary, apply independently recommended mitigation measures	Full year of avifauna monitoring completed at all South African sites. Monitoring at Taiba N'Diaye Wind Farm commenced in December	Successfully apply recommended mitigation measures if advised by biodiversity monitoring consultants at South African operational projects
	Establish the operational commitments to deliver net biodiversity gains for hooded vultures in the region	Additional surveys established that the Taiba N'Diaye project poses low-risk to hooded vultures. Diversionary feeding and research assistance committed for 2020	Use the Taiba N'Diaye project research and monitoring to implement a supplementary feeding programme for hooded vultures in Senegal
	Complete the first round of Lekela-sponsored ornithology training	38 ornithologists trained through the Gulf of Suez Centre of Excellence in Egypt, sponsored by Lekela	Commission new research to understand the relationship between regional climatic conditions and bird migration in the Gulf of Suez, with the aim to inform avifauna mitigation programmes

✔ Target fulfilled
 ○ Target on track
 ● Target unfulfilled

^[1] based on an electricity grid emission factor of 0.9 tonnes of CO2 per MWh for South Africa, 0.59 tonnes per MWh for Senegal relative to our respective generation in those countries in 2019

^[2] based on South Africa's electricity system using an average of 1,400 litres per MWh generated hour (Senegal litres per MWh unavailable) and approximately 1.28 GWh of energy production in South Africa in 2019

Although wind farm operational availability was excellent in 2019, wind conditions were lower than average during the period. Despite this we continue to recognise wind energy's significant contribution to reducing emissions and water consumption.



- Components stored before installation at Taiba N'Diaye Wind Farm

Integrity



*- Some of the Perdekraal
East construction team*

Our commitment to integrity is one of the cornerstones of our ESG Strategy. For us, integrity forms the foundation on which we build partnerships, interact with communities and protect the environment.

We believe that it goes without saying that compliance with legislation and regulations is crucial for a well-governed business. We view lasting relationships based on trust with our stakeholders as 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 consistent adherence to environmental and social standards across our portfolio of operations.

Our ESG commitments

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

Highlights

Carrying out enhanced training and risk assessment workshops with regards to anti-bribery and corruption in local offices

Implementing externally facilitated whistleblowing hotline

Challenges and learning

In our first year of producing a statement for the Modern Slavery Act we were unable to complete a comprehensive risk assessment of third-party suppliers which remains an ongoing work stream

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. The Board has empowered the ESG Committee to provide close oversight and strong governance in this area.

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 a 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 implementing and delivering the ESG strategy. 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.

A conversation with:

Amadou Sow – Senegal E&S Manager

What does your role at Lekela cover?

In short, my role is to implement the environmental and social management system for the Taiba N'Diaye Wind Farm. This has included implementing the livelihood restoration programme (LRP) and the biodiversity conservation programme, and maintaining stakeholder relations. I also ensure that employees and contractors are working safely and treated well. Finally, Lekela supports community investment as a tool to promote local development and I manage the implementation of these projects in Taiba.

What are the key challenges that you have experienced in delivering the project through construction and into operations?

The construction phase involved some social challenges. We worked with the contractors to maximise employment from the local community and meet local expectations. The project also impacted land users in the area. These impacts were managed through the LRP. However, keeping regular contact with over 400 individuals spread over 35 villages during construction posed a challenge. Fortunately, open communications and an effective grievance mechanism ensured transparency and maintained positive relations with people impacted the project.

How does environmental and social management at the Taiba N'Diaye Project connect with Lekela's broader sustainability commitments?

We have the technical support and guidance of the group's management team. All our procedures at Taiba are based on the guidelines defined by the group's ESG strategy, and all documents produced are reviewed and validated by the group before implementation. We also communicate regularly – monthly reports are provided to Lekela management, while we hold regular calls with the ESG team and participate in quarterly board meetings.

Where do you think Lekela can demonstrate best practice as a power company and deliver greatest positive impact?

In my opinion, our stakeholder engagement programme at Taiba N'Diaye has been a success. Lekela can model future engagement on our experience while making sure to adapt for different socio cultural contexts. Lekela has also established a corporate monitoring and evaluation framework that is being rolled out to measure the social impact of its operations. From my experience in the ESG and extractive industries sector this should be of significant benefit to our community development programme. It should reveal what the challenges are and also what delivers most success in this community. We'll be able to apply some of these lessons across the portfolio.



– Amadou Sow

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 continues to implement and further develop our ABAC training programmes for all employees.

As Lekela grows as a business, our risk management framework necessarily needs to adapt to suit a more complex operational environment. During 2019 and early 2020 we provided enhanced ABAC training for our employees and held detailed ABAC risk assessment workshops in Egypt, Senegal and South Africa. We will use our findings from these workshops to monitor and manage risks at both local and group level.



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.

This is supported across our operations by establishing project-specific grievance mechanisms that all our staff and contractors have access to. The aim is to ensure that everyone is treated fairly and with dignity.

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 (p17)
- Labour practices (p17)
- Community development and investment (p25)
- Accessing land responsibly (p26)

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.

In focus:

Mitigating risks of slavery and human trafficking

Lekela condemns any form of modern slavery or human trafficking. We recognise the risk in our sector and some places where we operate, especially when engaging with third-party providers. In 2019 we published our first [Transparency Statement](#) detailing how we mitigate these risks.

In summary:

Supply chain: Risks are highest in the construction phase. Our first-tier suppliers – the contractors providing the equipment for our wind farms – must comply with the UK Modern Slavery Act 2015; we assess their compliance.

Relevant policies: We are revising our Code of Conduct to ensure it sets a clear message on this topic. We also have a Social Policy, which sets out how we treat our workforce and communities.

Due diligence processes: In 2020 we plan to document how our due diligence processes reduce the risk of slavery or trafficking in our supply chain.




Risk management: We maintain an ESG risk register for each asset (which includes the risk of trafficking and slavery).

Effective action: Contractors provide labour management plans explaining how they – and their subcontractors – meet our labour and working conditions standards. We seek improvements where we identify non-conformity.

Training: We regularly train staff who manage key suppliers and work with local communities.

Integrity ESG commitments and targets

Commitments	2019 targets	2019 performance	2020 targets	
Ensuring robust governance practices	Design enhanced refresher ABAC training programme and roll out training across the group	Refresher ABAC training 100% completed across the group	✓	Engage a third party to conduct audit and verification of Lekela's internal controls
	Integrate ABAC risk assessment methodology in group risk management processes	Internal first phase risk assessments substantially progressed	○	Complete internal risk assessment and update of group risk management processes
Upholding the highest ethical standards when we do business	Establish an external whistleblower hotline to provide a safe, secure and confidential escalation route for all employees and contractors	Lekela's Whistleblower Policy and Hotline implemented, including employee training	✓	Undertake an exercise to codify and widely promote Lekela's employee values, including the value of upholding our ethical standards by acting with integrity
Respecting human rights	Undertake an exercise to map human rights risks across our operations	First phase undertaken – to assess country-level risks for each of Lekela's business units	✓	Undertake workshops with Lekela business units to understand the capacity of our controls and policies to mitigate human rights risks
	Implement training on modern slavery to help Lekela employees better understand modern slavery risks and mitigation actions	ESG personnel attended UN Global Compact Working Group on Modern Slavery	○	Roll out training including human rights and modern slavery aspects at the project level for all Lekela environmental and social staff
	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	Lekela's first transparency statement on modern slavery published	✓	Ensure modern slavery risk is captured in the quarterly risk registers for each project

 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 third 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	p38-40
	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;	p17-20
	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;	p32-33
	Principle 8: undertake initiatives to promote greater environmental responsibility; and	p30-34
	Principle 9: encourage the development and diffusion of environmentally friendly technologies.	p12-14, 31
Anti-corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	p38-40

Lekela's impact on the SDGs in 2019

	Commitment	Lekela indicator	SDG target	Linked SDG indicator
Partnering	Prioritising H&S	LTI during operations	8.8 – Protect labour rights and promote safe and secure working environments	8.8.1 – Frequency rates of fatal and non-fatal occupational injuries
		Total reportable incident rate	8.8 – Protect labour rights and promote safe and secure working environments	8.8.1 – Frequency rates of fatal and non-fatal occupational injuries
		Third-party HSE audits	8.8 – Protect labour rights and promote safe and secure working environments	8.8.1 – Frequency rates of fatal and non-fatal occupational injuries
	Ensuring fair labour practices	Lekela employee grievances	8.8 – Protect labour rights and promote safe and secure working environments	8.8.2 – Increase in national compliance of labour rights based on International Labour Organization (ILO) textual sources and national legislation
		Site worker committees	8.8 – Protect labour rights and promote safe and secure working environments	8.8.2 – Increase in national compliance of labour rights based on ILO textual sources and national legislation
	Achieving the highest standards with contractors and partners	Defensive driver training	8.8 – Protect labour rights and promote safe and secure working environments	8.8.1 – Frequency rates of fatal and non-fatal occupational injuries
		Construction site training	8.3 - Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation 8.6 – By 2020, substantially reduce the proportion of youth not in employment, education or training	8.3.1 – Proportion of informal employment in non-agriculture employment 8.6.1 – Proportion of youth (aged 15-24 years) not in education, employment or training
Empowering	Engaging with communities	Community grievances	10.3 – Ensure equal opportunity and reduce inequalities of outcome	10.3.1 – Proportion of the population reporting having personally felt discriminated against or harassed within the previous 12 months
		Grievance management	10.3 – Ensure equal opportunity and reduce inequalities of outcome	10.3.1 – Proportion of the population reporting having personally felt discriminated against or harassed within the previous 12 months
	Investing in education, enterprise and the environment	Monitoring and evaluation	1.4 – Ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services	1.4.1 – Proportion of population living in households with access to basic services
		Establish apprenticeships	4.4 – Ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education	4.3.1 – Participation rate of youth and adults in formal and non-formal education and training in the previous 12 months, by sex
			8.6 – By 2020, substantially reduce the proportion of youth not in employment, education or training	8.6.1 – Proportion of youth (aged 15-24 years) not in education, employment or training
	Accessing land responsibly	Complete Taiba LRP	1.4 – Ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services	1.4.2 – Proportion of total adult population with secure tenure rights to land, with legally recognised documentation and who perceive their rights to land as secure, by sex and by type of tenure
		Finalise Ayitepa land acquisition	1.4 – Ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services	1.4.2 – Proportion of total adult population with secure tenure rights to land, with legally recognised documentation and who perceive their rights to land as secure, by sex and by type of tenure

 Target fulfilled
  Target on track
  Target unfulfilled

Lekela's impact on the SDGs in 2019

	Commitment	Lekela indicator	SDG target	Linked SDG indicator	
Protecting	Helping climate change mitigation and adaptation	Avoiding CO2	13.3 – Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning	13.3.2 – Number of countries that have communicated the strengthening of institutional, systemic and individual capacity-building to implement adaptation, mitigation and technology transfer, and development actions	
		Building climate change resilience	13.3 – Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning	13.3.2 – Number of countries that have communicated the strengthening of institutional, systemic and individual capacity-building to implement adaptation, mitigation and technology transfer, and development actions	
	Managing our lifecycle impacts	No serious environmental incidents	12.2 – achieve the sustainable management and efficient use of natural resources	12.2.1 – Material footprint, material footprint per capita, and material footprint per GDP	
		Avoiding water usage	6.4 – substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity	6.4.1 – Change in water-use efficiency over time 6.4.2 – Level of water stress: freshwater withdrawal as a proportion of available freshwater resources	
	Preserving and enhancing biodiversity	Avifauna data and mitigation in operations	15.5 – Take urgent and significant action to reduce the degradation of natural habitats, the loss of biodiversity, and prevent the extinction of threatened species	15.5.1 – Red List Index	
		Biodiversity plan for hooded vultures	15.5 – Take urgent and significant action to reduce the degradation of natural habitats, the loss of biodiversity, and prevent the extinction of threatened species	15.5.1 – Red List Index	
		Ornithology training	8.6 – Substantially reduce the proportion of youth not in employment, education or training 15.5 – Take urgent and significant action to reduce the degradation of natural habitats, the loss of biodiversity, and prevent the extinction of threatened species	8.6.1 – Proportion of youth (aged 15-24 years) not in education, employment or training 15.5.1 – Red List Index	
	Integrity	Applying robust governance to E&S issues	Enhanced ABAC training for employees	16.5 – Substantially reduce corruption and bribery in all their forms	16.5.1 – Proportion of persons who had at least one contact with a public official and who paid a bribe to a public official, or were asked for a bribe by those public officials, during the previous 12 months
			Integrating ABAC risk assessments	16.5 – Substantially reduce corruption and bribery in all their forms	16.5.2 – Proportion of businesses that had at least one contact with a public official and that paid a bribe to a public official, or were asked for a bribe by those public officials during the previous 12 months
		Upholding the highest ethical standards	Whistleblowing hotline	16.5 – Substantially reduce corruption and bribery in all their forms	16.5.2 – Proportion of businesses that had at least one contact with a public official and that paid a bribe to a public official, or were asked for a bribe by those public officials during the previous 12 months
Respecting human rights		Human rights risk mapping	8.7 – Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking	8.7.1 – Proportion and number of children aged 5-17 years engaged in child labour, by sex and age	

Abbreviations

ABAC	Anti-bribery and corruption
BAP	Biodiversity action plan
CO2	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 programme
LTI	Lost time incident
MW	Megawatt
MWh	Megawatt hour
NGO	Non-governmental organisation
SDGs	United Nations Sustainable Development Goals, also known as the Global Goals
UN	United Nations

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

General enquiries – info@lekela.com | Jennifer Boca, Head of ESG – Jennifer.Boca@lekela.com

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 B.V. or its subsidiaries or any of their respective officers, employees, agents or other representatives in relation to the adequacy, accuracy, completeness or reasonableness of this report. All and any such responsibility and liability is expressly disclaimed.

Photos: All photographs used in this report are supplied by Lekela's project partners, purchased from stock libraries or taken by Lekela employees on site visits.





Lekela Power B.V.

Registered Office: Amstelveenseweg 760

1081 JK Amsterdam

The Netherlands

www.lekela.com

