



Lekela

# 2020 Sustainability Report

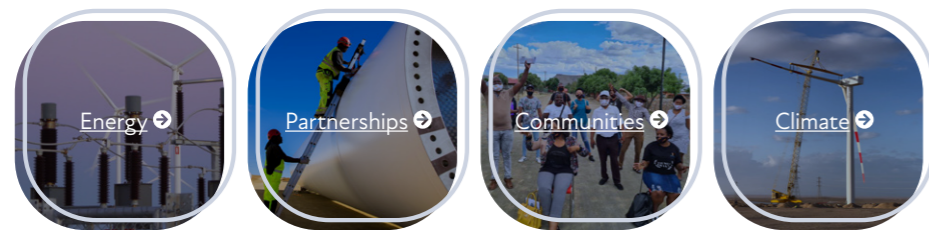
Celebrating five years of generating  
clean energy in Africa

## About this report

This report sets out Lekela's approach to sustainability, and how we deliver clean and reliable energy projects in Africa while meeting the highest environmental, social and governance standards. We discuss our activities during the 2020 calendar year, reflect on performance and outline our goals to achieve our aim of being Africa's leading renewable energy platform. Our 2020 Sustainability Report also serves as our Communication on Progress to the UN Global Compact, where we seek to advance the Compact's Ten Principles – pursuing improvements in human rights, labour, the environment and anti-corruption.

- Lekela's mission** ..... **1** ➔
- Celebrating five years of generating clean energy at Lekela with our CEO** ..... **2** ➔
- Operating across Africa** ..... **4** ➔
- Powering Africa's transition to a sustainable future with our Chairperson** ..... **5** ➔
- Stakeholder engagement and materiality** ..... **6** ➔
- Lekela's material areas** ..... **7** ➔
- Lekela's ESG Strategy** ..... **8** ➔
- 1: Delivering clean, reliable energy** ..... **10** ➔
- 2: Partnering with contractors and employees** ..... **16** ➔
- 3: Empowering local communities** ..... **24** ➔
- 4: Protecting the environment** ..... **34** ➔
- 5: Integrity** ..... **42** ➔
- UN Global Compact Ten Principles** ..... **48** ➔
- Lekela's key performance indicators** ..... **49** ➔
- SDG impact index** ..... **51** ➔

### See our Impact on:



## Lekela's mission is to energise Africa's sustainable future

The world clearly needs to transition to a system of clean energy to ensure a sustainable future. Lekela's focus is on doing this across Africa. The continent needs a clean, modern energy system to support development, industry and prosperity and Lekela has a track record in delivering this. We have 768 megawatts (MW) now generating power, a further 252 MW under construction and a growing development pipeline. Each year we build on our capacity to transform energy ideas into operational reality. This skill of delivering competitively priced, clean, reliable power projects quickly and at scale remains critical in Africa.

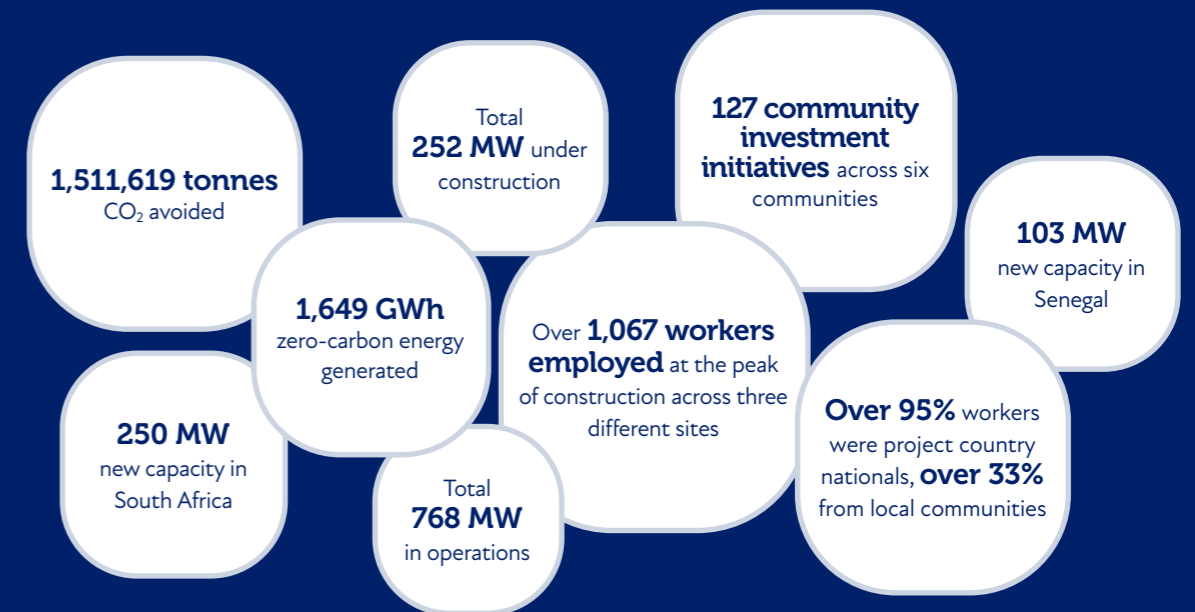
### Environmentally and socially positive energy

Power is just one part of the equation; for Lekela, it can't happen without our goal of delivering projects to the highest environmental, social and governance (ESG) standards. Our objective is to provide net positive environmental and social impacts. From the earliest stages of our projects we recognise our opportunity to positively impact society through social development. Inseparable to our work is our long-term commitment to transform the local communities in which we operate for the better. We continue to focus on local education, enterprise and environmental programmes, drawing on our competence as an energy company. These initiatives help build

up local skills, promote sustainable livelihoods and tackle the pressing environmental challenges that threaten communities near our projects, including the impacts of climate change.

We put in place an environmentally and socially positive approach from our earliest stages of development or project acquisition. To ensure success and equitable outcomes, our efforts focus on building local teams to work together with and empower local communities as far as we can. Our aim is that even beyond the lifespan of our projects, positive benefits remain from our work.

### 2020 performance highlights





## Celebrating five years of generating clean energy at Lekela

In July 2016 Lekela commissioned its first renewable power project into operations – the 80 MW Noupoort Wind Farm in South Africa’s Northern Cape. This 2020 Sustainability Report marks almost five years since that first milestone, during which time Lekela has expanded its operational portfolio to 768 MW across six projects. A further 252 MW under construction in Egypt will bring our renewable power generation portfolio to over one gigawatt in 2021.

These operational achievements have primarily allowed us to grow the supply of clean wind energy across our markets. This year we generated 1,649 GWh of zero-carbon electricity, helping Africa work towards its climate goals while serving the growing demands of a continent in need of reliable, low-cost energy. On the development side we’ve also evaluated options for grid-scale battery storage in Senegal. There’s no doubt that energy storage will provide further solutions to help renewables integrate into the existing energy system. We look forward to helping drive these technologies forward.

However, five years on from our first operations it is evident that 2020 has been our most challenging year yet. With the onset of the COVID-19 pandemic, our teams had to apply remarkable resilience to ensure our projects kept generating power. Our construction sites also had to swiftly adapt to ensure our completion timelines were met, while at the same time safeguarding workers’ health, safety and welfare. In addition, we extended our response to communities near our projects, diverting a portion of community funds to assist with the pandemic response.

Our challenges were put into perspective by the experience of these communities. Socioeconomic conditions in rural Africa are challenging and have been significantly exacerbated by economic and social restrictions as a result of the pandemic. I am proud that our community teams responded quickly to the circumstances: identifying areas where Lekela could support in reducing the spread of the virus, ensuring any deep impacts were mitigated, and still seeking opportunities to support businesses and create jobs during this difficult time.

Despite the challenging backdrop of COVID-19, we also advanced our efforts to further integrate sustainability into our wider operations. This year we completed our first full emissions assessment to better understand and learn how to reduce and offset our carbon footprint. We also undertook a gender assessment across our

entire scope of operations to find out how we can best advance the role of women in the energy sector. This expands on our existing commitments to work towards the UN Sustainable Development Goals (SDGs) and support the communities near our wind farms.

At Lekela we believe that renewable power projects are an engine of new economic growth. This report aims to help illustrate the wider benefits of investing in the delivery of clean, reliable energy. Indeed, the transition from a high-carbon economy to one that is equitable for future generations has been put into stark perspective by the pandemic. Lekela’s Board Chair, Lucy Heintz speaks to this in more detail, demonstrating the opportunity companies like ours have to support a just transition to sustainable means of production. That’s why this year we’ve chosen to focus our Sustainability Report on **impact**, taking themes covered in previous years and diving deeper into how we’ve helped deliver positive impacts over our five years of operations.

You’ll see that this year we’ve kept to our aims of maintaining strong partnerships with contractors and stakeholders, empowering communities through our social outreach and protecting the environment by paying close attention to the impact of our operations. And we have done so while ensuring business integrity and the support of our workforce and society. We hope you enjoy the report, celebrating five years of generating from and building wind power projects across Africa, and framing our plans to continue delivering the continent’s sustainably energised future.



**Chris Antonopoulos,**  
CEO

### Lekela’s milestones

<b>2016</b>	→	<b>July</b> – Noupoort wind farm commences operations (80 MW) in South Africa	
<b>2017</b>	→	<b>December</b> – Loeriesfontein (140 MW) and Khobab (140 MW) wind farms commence operations in South Africa	
<b>2018</b>	→	<b>July</b> – Construction starts at Perdekraal East (110 MW) and Kangnas (140 MW) wind farms in South Africa	
	→	<b>September</b> – Construction starts at Taiba N'Diaye Wind Farm (158.7 MW) in Senegal	
<b>2019</b>	→	<b>September</b> – Construction starts at West Bakr Wind Farm (250 MW) in Egypt	
	→	<b>December</b> – First phase of operations (55 MW) commence at Taiba N'Diaye	
<b>2020</b>	→	<b>September</b> – Development of grid-scale battery storage system begins in Senegal	
	→	<b>October</b> – Perdekraal East commences operations (110 MW)	
	→	<b>November</b> – Kangnas commences operations (140 MW)	
	→	<b>December</b> – Taiba N'Diaye all phases operating (158.7 MW)	

## Operating across Africa

Lekela's portfolio is made up of more than **1,200 MW** of wind projects and **175 megawatt hours (MWh)** of storage across four countries.

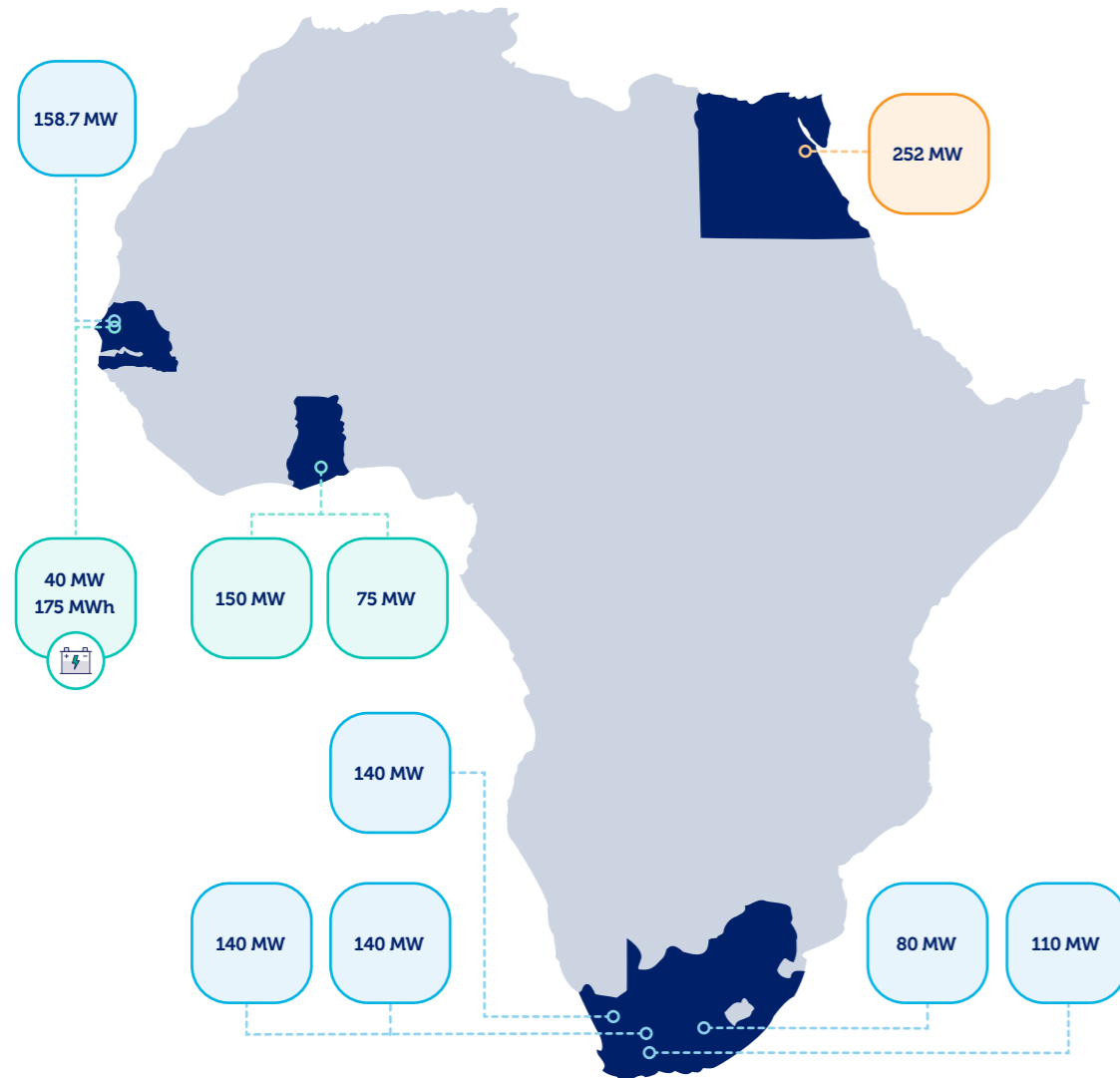
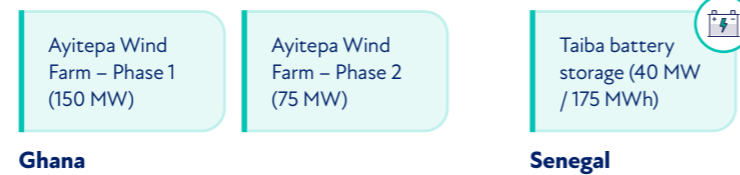
### Operational projects 768 MW



### Projects under construction 252 MW



### Projects in development 225 MW and 175 MWh



## Powering Africa's transition to a sustainable future

### Energy in our changing world – the Climate Crisis and COVID-19

The COVID-19 pandemic has created a dual health and economic crisis that continues to have impacts worldwide. The crisis is disproportionately affecting people in emerging economies including those in Africa. Lekela's mission of energising Africa's sustainable future is more important than ever. Recovery and economic resilience depend on access to a modern energy system and electrification. Around 600 million people on the continent still do not have access to electricity; at the same time capital and technology need to be mobilised at record pace to address climate change. While there are few simple solutions, our industry has an opportunity and a responsibility to spearhead renewed growth by creating new low-carbon jobs and infrastructure.



**Lucy Heintz,  
Lekela Chairperson**

### Renewing our focus on people

Lekela can offer part of the solution: cost competitive, renewable power. The company is resolutely committed to delivering this, and COVID-19 has reinforced the positive interventions we are able to make for the countries, cities and communities in which we operate. Helping employees adjust to remote working habits, keeping staff who were unable to isolate as safe as possible on their worksites, and adjusting community engagement and investment approaches to prioritise public health, have all underlined the need for Lekela to consider people first – our employees, our contractors and local community members. As part of this focus on human capital, we have rolled out a comprehensive training programme for all employees across the group, and have initiated a pipeline of opportunities that will benefit aspiring technical trainees in Lekela's markets.

### Africa's just transition

Training a new generation of renewable energy professionals will underpin how the energy industry achieves a just transition in Africa through sharing the considerable benefits of shifting to a green economy across the continent. Africa has a significant opportunity to develop the abundant, reliable, clean and affordable power that is essential to realising this potential. Developing the human capital to build and operate renewable power plants is integral to this and, if done the right way, should provide opportunities for people previously employed in high-carbon industries that might be in decline. Lekela has sharpened its focus on skills and training, and we continue to coordinate with other industry participants and stakeholders. This must also include a renewed, meaningful focus on diversity and inclusion to ensure that progress is shared equitably across society. We look forward to forming more partnerships and to leveraging shared learning across the African energy industry as we work towards achieving an impactful just transition.

### An industry's ambition to match the opportunity

The capacity and strength of cooperation to drive progress in our industry has already been demonstrated. In South Africa, a broad group of independent power producers, which included four of Lekela's projects, united to coordinate their response and community support to the pandemic. This ensured community needs were efficiently met, and pooled resources multiplied the positive impact. Lekela is also a founding member of [Energy2Equal](#), a pan-African partnership of energy companies seeking to advance the representation of women in the energy industry. The programme has raised ambition on gender equality, pushing us to assess and review our performance on equality each year.

These partnerships show the impacts that can be achieved beyond the fundamental goal of expanding zero-carbon electricity supplies. They also show that despite deep and persisting challenges, the renewables industry in Africa is equipped with the resources, knowledge and ambition to effect transformative change for all. The opportunity for a just transition – to a system of universal, modern and sustainable energy access across Africa – is in plain sight.



## Stakeholder engagement and materiality

*Our reporting strategy is to focus on the ESG issues seen as most significant – or material – to our business and stakeholders. This section outlines how we identify and respond to these issues to improve our performance. This is a core part of our sustainability work, and helps us build a successful business while adding value to the communities where we work.*

### Defining our material issues

Lekela conducts a periodic external stakeholder engagement and materiality analysis exercise, which is supported by annual informal internal reviews of the ESG issues identified. In 2017, through interviews with around 25 internal and external stakeholders, we identified a long list of 20 material issues. We then prioritised these with input from the same stakeholders, who span multiple interest groups from academia to contractors and suppliers, development finance institutions, environmental and social consultants, NGOs and governments.

Our annual internal review enables us to verify the continued relevance of ESG issues and update the list as appropriate. To do so, we draw on the latest developments in the energy industry as well as global, regional and local ESG factors. This ensures we keep responding to the most pressing issues, while aligning our commercial objectives with our goal of delivering sustainable development outcomes to those impacted by our business.

This year we have expanded our efforts on gender equality and

women's empowerment and added COVID-19 response as a new material issue (see our full list overleaf). Our next external review is planned for 2021.

### 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 potentially negative. See Section 3: Empowering local communities for more on our community engagement process.

#### Read case studies on how we engage with communities:

- [On community investment](#) ↗
- [On ensuring fair access to land](#) ↗
- [On climate change](#) ↗
- [On biodiversity](#) ↗



## Lekela's material areas

Lekela's materiality analysis keeps the company up to date with the ESG issues most important to our stakeholders and the risks and opportunities that relate to our business. It also allows us to flag new and emerging issues while operating in uncertain environments. It improves our decision-making and accountability, and ensures our ESG Strategy and report focus on what matters most.

### Our sustainability priorities

Our stakeholder engagement and materiality analysis exercise identified that 20 ESG issues are considered most relevant to Lekela and our stakeholders.

In 2019 we incorporated gender equality and women's empowerment as a cross-cutting material area. This year we made good progress integrating it across Lekela's ESG Strategy. Meanwhile, the global and likely persisting impacts of the coronavirus pandemic meant we unquestionably added the new issue of our COVID-19 response.

The following issues, grouped under five overarching priorities, shape our strategy, ESG objectives and the targets in this report:

#### New material areas

- Gender equality and women's empowerment
- COVID-19 response

#### 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 use and development

#### Environment

- Climate change and emissions
- Lifecycle environmental impacts
- Biodiversity

#### Integrity

- Governance and accountability
- Ethical standards
- Human rights

# Energising Africa's sustainable future through renewables

Sustainable economic growth in Africa continues to be impacted by the lack of access to reliable and affordable energy. Meanwhile, the continent is vulnerable to the deteriorating effects of climate change, and has – like the rest of the world – experienced the acute effects of the COVID-19 pandemic.

Our aim remains to build and operate renewable power projects in Africa quickly and at scale, while our response to these multiple challenges shows that clean, reliable energy can bring long-term benefits to society

and the environment, along with sustainable returns to our stakeholders.

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

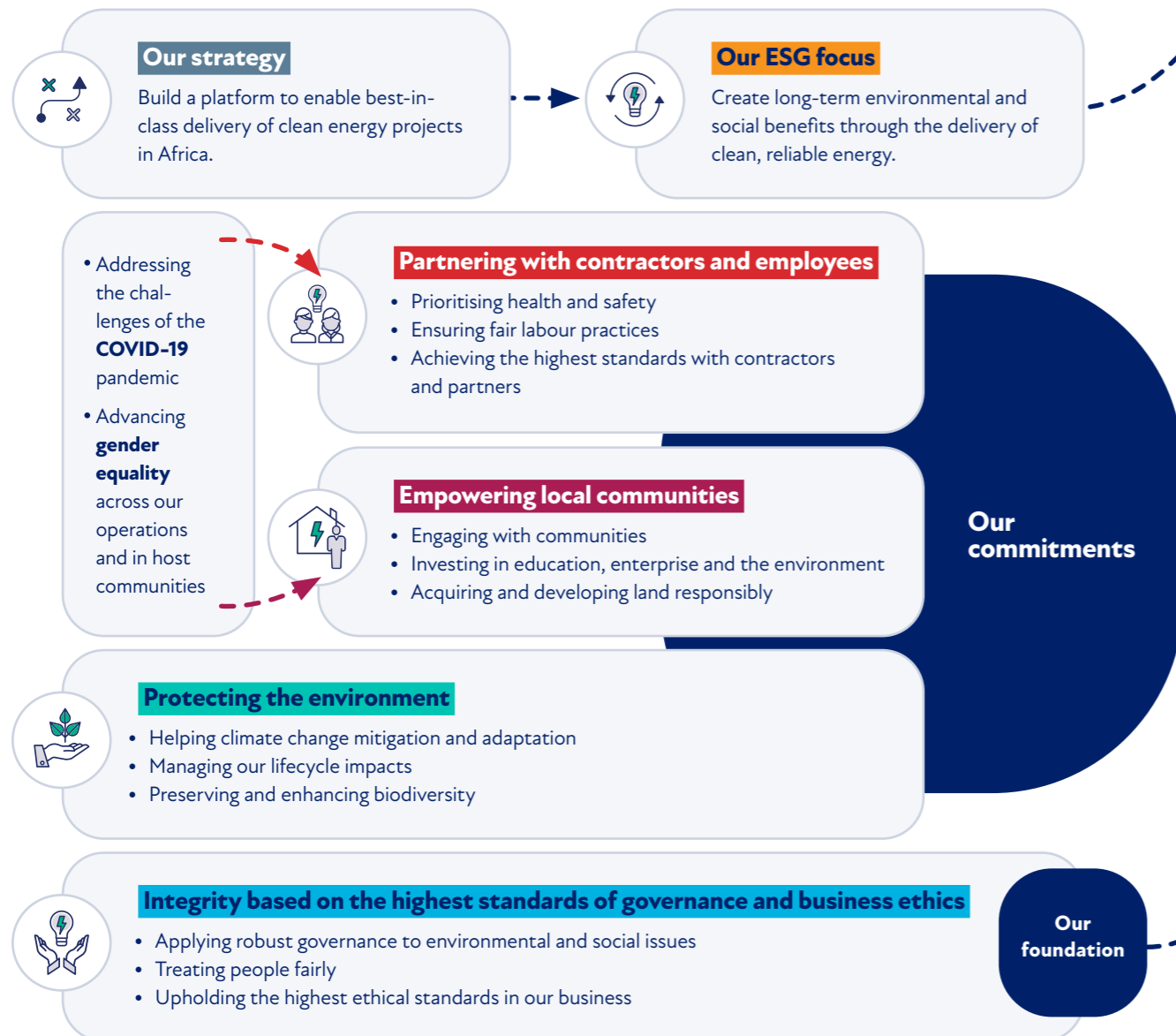
- Achieving the highest standards with our partners
- Empowering local communities
- Protecting the environment

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.

Each commitment is supported by focus areas and firm targets that will help us achieve our goal of being the leading renewable power platform in Africa. We explore each in turn in the following three sections of the report.

leading renewable power platform in Africa. This approach and resulting performance is covered in the corresponding sections of this report.



# Lekela's impact on the SDGs

## Lekela's core SDGs

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



## 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.



## 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

Africa has an abundant reserve of renewable energy resources, providing the opportunity to design and build a truly sustainable and future-facing energy system. Indeed, the path taken to secure modern energy for all will have a key impact on the continent's prospects for growth and prosperity. Today, unreliable electricity systems and poor levels of energy access are dampening growth, but rolling out affordable, reliable power remains a significant challenge. Lekela's core aim is to meet this challenge using the continent's extensive renewable resources. With continued developments in energy technology, including that of energy storage, we will harness these natural power sources to energise Africa's sustainable future.

## Achievements

→ Delivering an additional 354 MW across three wind projects into operations and expanding our development pipeline with a 40 MW/175 MWh battery project to support the integration of grid-scale renewables in Senegal

## Challenges and learning

→ Global travel bans and national lockdowns impacted all our projects. Our four construction projects experienced delays of several months and needed new working protocols to ensure our workforce could deliver them while staying safe and healthy

## Natural renewable resources powering sustainable growth

*Harnessing Africa's natural renewable resources not only provides a sustainable solution to the continent's energy problem, it can drive renewed growth by catalysing low-carbon industries and new infrastructure development. This approach can satisfy the continent's demand for power, while demonstrating leadership during the world's necessary transition to a low-carbon energy system.*

Energy is a key part of economic growth and persistent challenges in Africa's energy system, namely the lack of access to reliable and affordable power, continues to harm prosperity. Two-thirds of people across the continent still lack access to electricity at home, and it is widely recognised that African businesses are impacted by expensive and often unreliable power.

The impact of building and operating wind projects in South Africa shows how renewables can bring about transformative change even on top of their broader benefits of delivering clean, reliable power. We've clearly seen how they deliver structural

improvements to economies, through job creation, spending on infrastructure and procurement of local content (that is, sourcing materials and labour from the country of operations).

Through our mission to develop, build and operate renewable power projects – energising Africa's sustainable future – Lekela aims to deliver long-term benefits and transformation in Africa. Our projects now provide low-carbon electricity across the continent, offering affordable and stable prices over the long term. In addition to our pipeline building on established and innovative technologies to help bring these benefits to energy consumers in need.

## Renewables drive energy and environmental security

Renewables prove that energy consumption doesn't need to compromise the environment for future generations. Africa's abundant solar and wind resources give the continent a chance to generate clean, cost-competitive power. Renewable energy also provides a secure domestic source of power, independent from resource constraints, foreign supply and price volatility.

Security of supply and economic value complement the clear environmental advantages of renewable power. The track

record of the industry also shows that renewables can be deployed rapidly, which is ideal for economies in urgent need of new generation capacity.

Lekela is determined to play its role in the transition to low-carbon power. In 2021, countries will recommit to more ambitious climate goals through the Paris Agreement. While our assets are already helping countries achieve their 2015 ambitions, we aim to support the next chapter of transition, delivering affordable, clean and secure energy for people in need.

## Construction

At the height of construction in 2020 we had over 605 MW being installed in Senegal, South Africa and Egypt. On these sites, our priority is to ensure workers' health and safety (H&S), a principle that has been put under extreme pressure by the COVID-19 pandemic and a raft of new considerations to protect the welfare of our workforce. Successful protocols ensured that just 13 workers across our entire portfolio (operations and construction) tested positive for the virus, preventing major delays to construction schedules. Only Lekela's 252 MW West Bakr Wind Farm in Egypt remains in construction, yet is due to be operating by the fourth quarter of 2021.

## Our operations

During 2020 Lekela transitioned 354 MW of wind projects into operations. Kangnas Wind Farm and Perdekraal East Wind Farm (South Africa) and the last phases of Taiba N'Diaye Wind Farm (Senegal) are now generating clean energy. No other company commissioned this number of wind power megawatts in Africa during 2020. These wind farms join Lekela's existing portfolio, where we now have 768 MW of turbines generating reliable power across six projects.



# The Impact of building and operating wind projects in South Africa

Lekela's achievements in South Africa in numbers

250 MW wind power commissioned into operations



Kangnas

**140 MW**

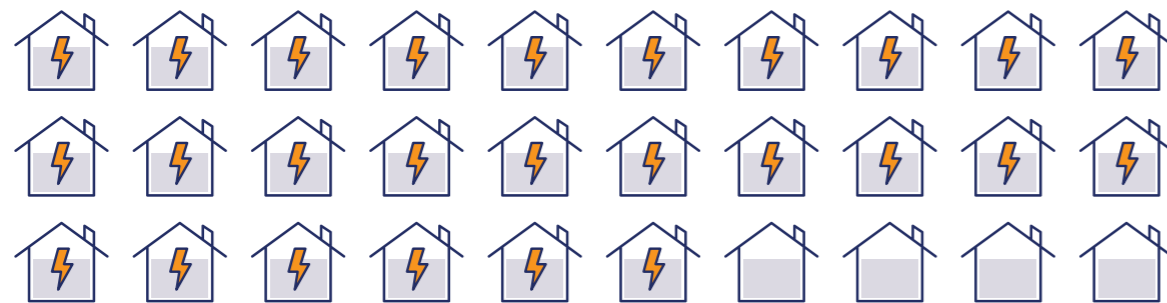


Perdekraal East

**110 MW**



This will power around 260,000 homes



= 10,000 powered homes

These will avoid 960,000 tonnes of CO<sub>2</sub> each year\*



Kangnas

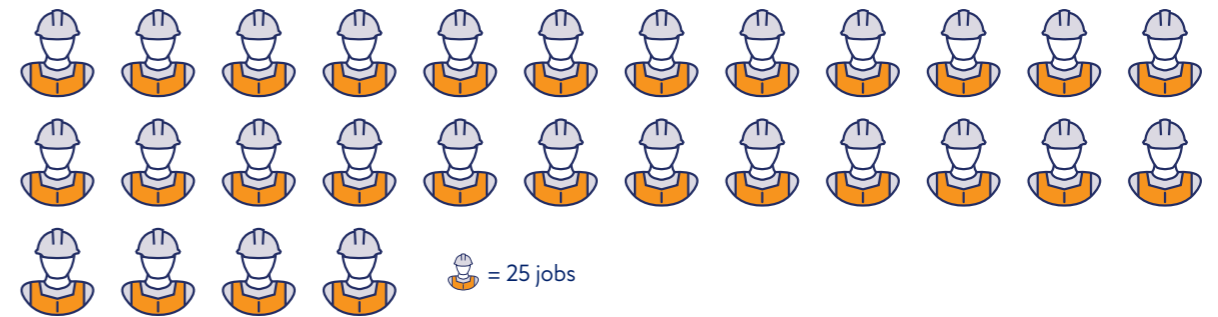
**560,000 tonnes avoided**



Perdekraal East

**400,000 tonnes avoided**

Five projects sustained a peak of 700 jobs during 2020, and supported livelihoods through the pandemic



## South African context

South Africa's renewables industry has created over **65,000 full-time jobs** since launching in 2011; most are fulfilled by local community members.

In the Northern Cape region, 3 of 5 working age adults are unemployed.

Projects supported **4 communities** close to construction and operating sites



Projects were commissioned broadly on time, despite the COVID-19 pandemic

## SDGs



\*Based on South Africa's emissions factor (0.95 TCO<sub>2</sub>/MWh)



**A FOCUS ON KANGNAS WIND FARM with our Economic Development Manager, Cheryl Persensie (CP) and Plant Manager, Miliswa Mlokoti (MM)**



**Cheryl Persensie,**  
Economic Development  
Manager



**Miliswa Mlokoti,**  
Plant Manager

**Tell us about Kangnas Wind Farm and your roles.**

**MM:** Kangnas is 50km east of Springbok, in the Northern Cape. Construction started in 2018 and operations in late 2020. It has an installed capacity of 140 MW from 61x 2.3 MW/108m hub height turbines that can power 150,000 homes. Generating more than 500 GWh of clean energy also saves significant carbon emissions previously produced by coal power stations. As Plant Manager, I look after Kangnas' daily operations, ensuring we deliver reliable energy to the grid and adhere to the Grid Code Compliance requirements.

**CP:** It was a great achievement commissioning Kangnas in November, despite the challenges with COVID-19. As Economic Development Manager I've helped deliver on commitments to employ and procure content locally. We supported over 550 jobs during construction, directly benefitting the local community. I also deliver the project's community investment programmes, which target education and skills, enterprise development, sports, arts and culture, and social welfare. Kangnas also provides COVID-19 support to the Department of Health.



Over **550 jobs** provided at height of construction

**How has your experience with Kangnas made you see South Africa's broader renewables programme?**

**MM:** Connecting Kangnas into the grid demonstrated positive progress in our country's renewables programme, and also a meaningful contribution to the national grid that helps to relieve the high electricity demand. Fortunately, we have abundant wind and solar resources and harnessing them improves our energy security, lowers costs to consumers and reduces carbon emissions. This allows us to create a truly sustainable energy system fit for the future.

**CP:** Not only are we in need of clean energy, but also of new jobs and development opportunities. Renewables give South Africa the opportunity to deliver on both. Though construction jobs are short term, operations jobs are long term. There are also supply chain benefits: 50% of Kangnas' construction costs went on local services and materials, and this should increase as the industry reaches scale.

**What is the near-term focus for the Kangnas operations team?**

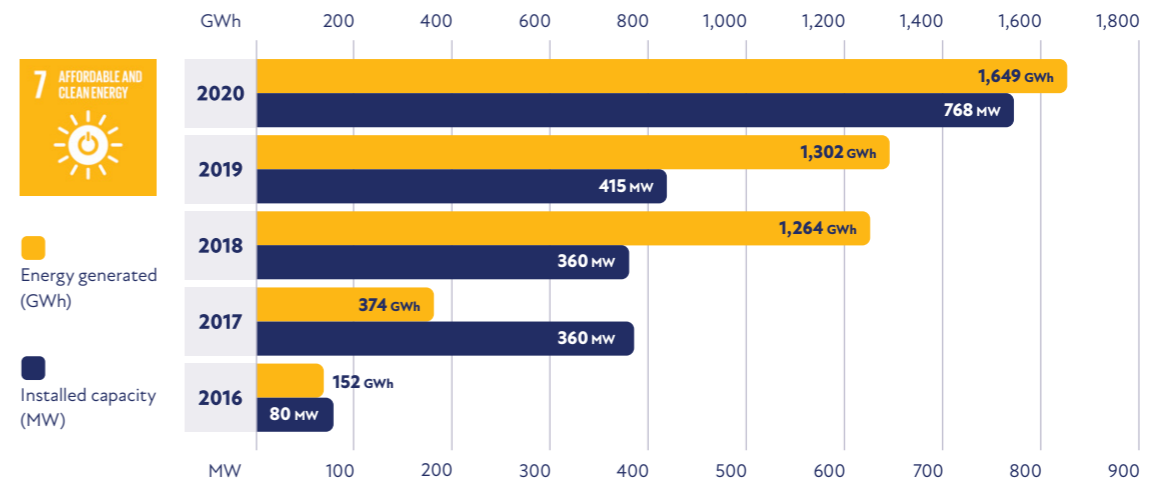
**CP:** As Economic Development Manager, my priority is to make sure we support the community and that impacts last long after the wind farm's lifespan. These will primarily come through our investment programmes, which aim to deliver long-term transformation. Over Kangnas' lifetime, we'll allocate around US\$1 million a year on average to community projects.



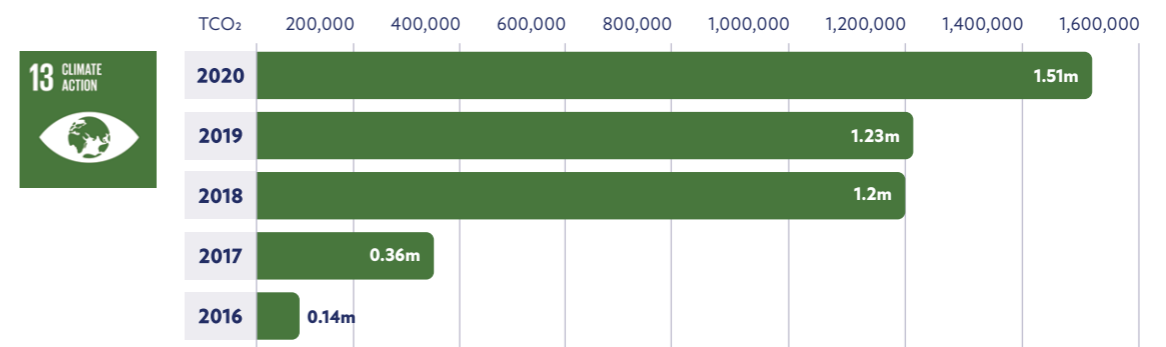
**\$1 million** to be invested annually in community programmes over the project's lifetime

**MM:** As Operations & Maintenance, our focus is to safely operate and maintain the facility, deliver reliable power and adhere to statutory requirements. The first months of operations are critical as we focus on health, safety and biodiversity management while setting up systems for effective and efficient operations. Team Kangnas, we pride ourselves on our strong values and aim for industry-leading performance.

**Lekela's total energy generation (GWh) and installed capacity (MW)**



**Lekela's total avoided CO<sub>2</sub> emissions (tonnes)\***



\* In 2020 we updated our South Africa emissions factor to 0.95 tonnes of CO<sub>2</sub> avoided per MWh

**In focus – Taiba N'Diaye Wind Farm**

In 2020, our Taiba N'Diaye Wind Farm in Senegal now has all its turbines generating power after two years of construction. It is West Africa's largest wind power plant and Senegal's first utility-scale wind energy project. Generating 158.7 MW, Taiba N'Diaye alone meets the country's aim as part of the 2015 Paris Agreement on climate change to generate at least 150 MW of wind power by 2020. It provides power for over 2 million people – more than 10% of the Senegalese population.

Taiba N'Diaye provides a 15% uplift to Senegal's power generating capacity and reduces the carbon intensity of the local energy mix by delivering zero-carbon power. Moreover, it is underpinned by Lekela's 20-year commitment to invest in the local community through an extensive social investment programme.



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# Partnering with contractors and employees

Lekela aims to maintain excellent work standards across our operations. To do this, we provide our staff, contractors and suppliers with safe working conditions, valuable training and competitive terms of employment, aiming to build lasting, mutually beneficial partnerships based 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 ambitions but also serves to maintain the rigorous standards we place on our business – across H&S, fair labour practices, community engagement, the environment and our integrity as a company. This approach also ensured we were in a position to quickly respond to 2020's global pandemic, to protect our workforce and operations as far as possible, and to assist local communities with their response.



### Our ESG commitments

- Prioritising H&S
- Ensuring fair labour practices
- Achieving the highest standards with contractors and partners
- New for 2020: Tackling the COVID-19 pandemic

### Highlights

- Reducing our lost time incident (LTI) rate on our construction sites by 80% from 2019

### Challenges and learning

- Several confirmed COVID-19 cases resulted in the temporary closure of the West Bakr construction site; COVID-19 protocols were renewed and enhanced across the portfolio leading to no further closures



## Contractors and employees

*At Lekela we aim for the highest standards in our treatment of the people we work with. In turn, we expect our employees, contractors and suppliers to apply these rigorous standards too.*

To achieve our desired performance, Lekela seeks to recruit, develop and motivate a skilled workforce of employees and contractors. As a priority we aim to protect our staff and contractors' health, safety and security and provide a positive working environment where people are treated with dignity and respect. We value our partnerships for enabling Lekela to stand out as Africa's leading renewable energy platform.

### Prioritising health and safety

Power sector construction and operations require the most rigorous H&S and security practices. We are fully committed to securing the well-being and welfare of our employees and contractors. We also recognise that this approach is most likely to enhance 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. To bolster this practice, in 2020 we launched a group-wide Health, Safety and Environmental (HSE) Forum to more effectively share challenges and learnings across our business. Underpinning all of this, for every project our tailored management systems ensures 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
- Proactively share challenges and best practice across our business units

When we enter into agreements with partners and suppliers we aim to ensure our values are aligned and their management systems reflect

the standards set under ours. This means we are better equipped to control and monitor H&S performance across our entire portfolio.

### Our workforce and applying fair labour practices

Lekela follows the International Labour Organization Conventions alongside the International Finance Corporation (IFC) Performance Standards on environmental and social sustainability.

Safeguarding our workers is our top priority, but this also extends to nurturing an engaged and motivated workforce.

We expect our employees and contractors to match Lekela's values and performance, and apply fair labour practices across all operations, according with Lekela's Social Policy. This seeks to protect the rights of all workers: directly employed, contracted and in our supply chain, and links to our aim of advancing human rights. 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
- Offer fair treatment and equal opportunities

Lekela offers employment based on job requirements and candidate skills, not personal characteristics. Our employer-employee relationships put equal opportunity and fair treatment first. See our [work on women's empowerment](#) to understand our efforts in 2020 to boost the role of women in the energy sector.





# Driving excellent performance and through partnerships **Impact**

## What approach does Lekela take to make the most possible impact working with contractors?

Every project brings an opportunity to develop and improve our working practices and those of the people we work with. Our top priorities are health, safety and the environment, and these help us on our journey towards zero harm on our project sites – an approach instilled in everyone we work with. This is supported by an unwavering commitment to securing decent labour and working conditions for project workers. We also seek to generate as much local employment as possible, knowing this boosts incomes and livelihoods, supporting local people and businesses.

One of our strongest assets is our ability to share learning across multiple projects in different regions and contexts. In recent years we have deployed Workforce Committees on site to identify and respond to potential issues as early as possible. Our newly launched HSE Forum, catalysed wider discussions

about challenges and best practice across all our project teams. We also undertook HSE audits at all of our sites, ensuring any key corrective actions are recognised across our project teams. For our operational projects, audits are now conducted bi-annually.

## How is Lekela working with partners and contractors during the COVID-19 pandemic to safeguard standards and performance?

We try to ensure our projects can adapt to unforeseen circumstances, but in 2020 COVID-19 tested our resilience to the limit. With power grids still depending on us to continue exporting energy, we needed to make sure staff and contractors were safeguarded while we maintained safe and reliable operations. Ultimately, prioritising staff health during the pandemic was the best approach to ensure a resilient operating environment, and we were able to establish working protocols that achieved the dual aims of safeguarding our operations and our workforce's well-being. None of our operational sites had their outputs disrupted by putting these safeguards in place.

More significant was the challenge of keeping our construction sites open. With each site hosting several hundred workers, the implications of a COVID-19 outbreak would clearly be severe. One very successful campaign was to ensure all contractors required their workers to self-isolate if feeling unwell or displaying symptoms. It was critical to ensure workers wouldn't fear repercussions in lost income or employment, and we made this clear at every level. As a community employer, we also have a duty to ensure our sites do not become vectors for additional case transmission.

Despite the severity of the pandemic, only our West Bakr construction site needed to pause because of identified COVID-19 cases. Swift contact tracing meant the closure was limited to a week, and fortunately the workers who had caught the virus recovered. Another positive outcome was that we then implemented a 'working bubble' system as a lesson learned, with workers travelling, working and (if applicable) accommodated in bubbles together. When subsequent cases were suspected, this system ensured rapid test and trace, and no further site closures were needed.

## What measurable outcomes have come from your work on partnerships?

In 2020 we have seen positive trends across the portfolio, particularly on H&S where our total reportable incident rate on our construction sites has fallen 68% since 2019. Our lost time incident rate has also decreased, by 80%. These are excellent steps towards achieving our ambition of zero harm across our group and affirms the steps we are taking are having a tangible impact.

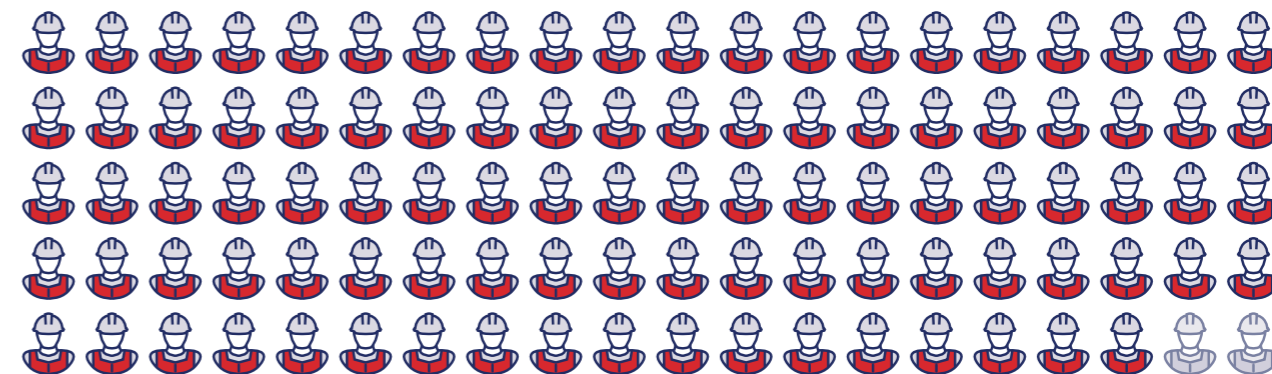
In 2020 we had a marginal decrease in local employment on our project sites from 35% to 33%. This was primarily impacted by our West Bakr project, which now makes up the bulk of our workforce, and is subject to Egypt's labour characteristics of a more mobile national workforce. In Senegal however we were successful in increasing the local share of our workforce to almost 50%, the impact of which is reflected in the positive community outlook on the project as an employer. We aim to keep this up as the Taiba N'Diaye wind Farm experiences its first year of full operations.



**Chris Ford,**  
Chief Operating Officer

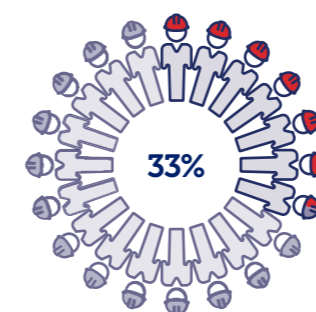
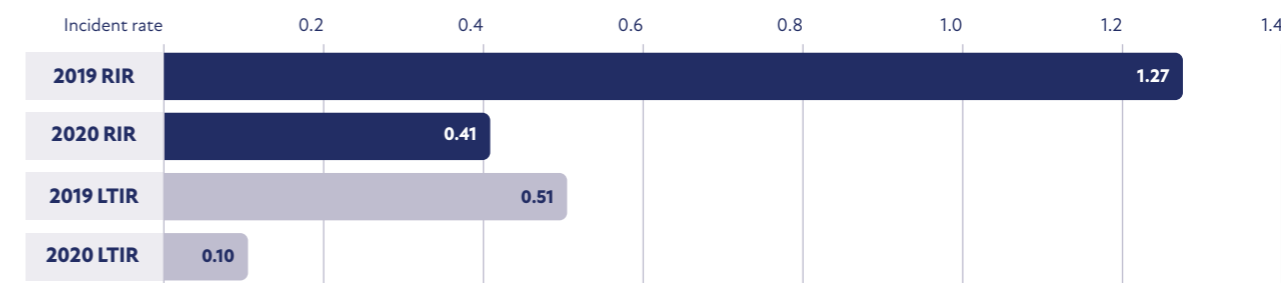
## Impact in numbers

Only 13 COVID-19 cases across all construction sites, amounting to under 2% of the workforce



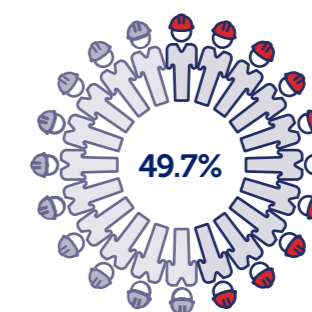
Construction recordable incident rate (RIR) **down 68% from 2019**

Construction lost-time incident rate (LTIR) **down 80% from 2019**



Across all construction sites in 2020, **33% of workforce was local**

= 5% workforce



At Taiba N'diaye Wind Farm in 2020, **49.7% of workforce was local**



## 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 raised are dealt with quickly and transparently. This aids accessibility, accounts for cultural sensitivities and



imposes no costs or threat of retribution on the concerned parties.

In countries where worker protections are perceived to be weaker, we make sure that adequate protections are afforded to all workers through our labour management plans and do our best to raise standards as far as practically possible. Each year Lekela evaluates the International Trade Union Confederation's country-level assessments to determine whether we need to adjust our country-level approach.

## Local employment

We hire locally wherever we can, meaning communities are involved as much 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. In 2020 33% of our project workforce was employed from local communities. Over 95% of workers were citizens of the country in which their project was based.

## Local procurement

Lekela often contracts with global equipment manufacturers to deliver our projects, which leaves most procurement out of our direct control. Still, we seek to ensure that procurement is done through local suppliers and subcontractors as far as possible, and encourage our direct contractors to follow the same approach. We also support regulatory conditions that incentivise local procurement, which have seen success in South Africa, [Section 1: Delivering clean, reliable energy](#)

A key consideration is to offer fair and competitive terms of business, so our projects can deliver positive socio-economic 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 – Lekela's Health, Safety and Environmental Forum

We held our first HSE Forum in 2020; needless to say, this was convened virtually! It was designed to enable our project teams to share their learnings and best practices in HSE management. By comparing between countries we can then replicate the best procedures elsewhere, while learning from each other's challenges.

Of course a one-size-fits-all approach isn't appropriate for all of Lekela's projects, which are subject to different in-country regulations and contexts. But the forum provided an ideal environment to encourage creativity in

problem solving. It also created a company-wide space to discuss unforeseen and developing issues, such as the COVID-19 pandemic.

At the forum, we celebrated our very low LTI rate during 2020, which by year end had beaten our 2019 performance by 80%, as well as the significant progress made during the year despite very difficult circumstances under the pandemic. Future HSE Forums will be held biannually and focus on common themes across our projects such as biodiversity management and resource efficiency.

## How has Lekela acted in response to COVID-19?

*We publish our 2020 Sustainability Report in the context of a global pandemic. While the direct impact is a prevailing global health crisis, COVID-19 has also had a devastating impact on economies around the world. In Africa, the impacts of national lockdowns and economic curtailment have been particularly severe. While most governments were quick to implement restrictions and adopt public health measures, these have had a disproportionate impact on the world's poorest people. This is particularly so because they've exacerbated long-standing poverty-related and socioeconomic problems.*

The World Bank has indicated that COVID-19 will increase global poverty for the first time in decades. In sub-Saharan Africa alone, it's estimated an additional 26–39 million people will be thrust into extreme poverty<sup>1</sup>. Livelihoods have been lost on a large scale; South Africa, for example, lost an estimated 2.2 million jobs during the first half of 2020. Times such as these test a company's commitments to social responsibility and extent of its sense of social purpose. Since our founding, Lekela has been committed to social responsibility and social investment as a basis for creating shared value with the communities where we operate. We remained committed to this purpose throughout the challenging circumstances this year.



**Jennifer Boca,**  
Head of ESG

national guidance in each country where we operate. We worked closely with local stakeholders including schools and municipalities to deliver information campaigns around virus prevention measures. We also engaged with local authorities to identify current and emerging needs, which was crucial in developing co-ordinated and informed response programmes. Finally we targeted the procurement of essential items that were in short supply, including hygiene supplies and personal protective equipment (PPE).

**2. Response phase** – Early preparedness ensured a smooth response phase during which we implemented broader COVID-related programmes. As the virus started to spread within communities, we distributed hygiene supplies including soap and hand sanitiser, in some cases supporting small businesses to manufacture these products locally. In South Africa, we supported the local police with thermometers for temperature checks, and also ran a more formalised procurement programme in collaboration with local authorities to support hospitals and clinics with the supplies and PPE they needed.

It was quickly evident the most vulnerable people in communities were likely to bear the brunt of the pandemic. People working in the informal and subsistence economies are often unable to meet lockdown requirements, working day-by-day to support families and survive. Our community liaison officers worked together with local authorities in South Africa and Senegal to identify the most vulnerable people in the community and support them with food parcels to relieve some of this burden.

Since COVID-19 spread in early 2020, we have closely monitored the effects of the pandemic and its impact on both our operations and host communities. Our wind farms are primarily located in remote communities – areas where public services tend to be severely under-resourced. We saw our duty of care extending not just to our workers, but also to people living near our projects, and we sought to help them prepare for and respond to the pandemic.

### We tackled the pandemic in three phases:

**1. Preparation phase** – As the pandemic spread from Asia to Europe, Africa had the gift of time to learn from other countries and prepare. During this period it was critical for us to disseminate public health messages according to World Health Organization and



Over **10 tonnes of food staples** were distributed to vulnerable households in the Taiba N'Diaye community during the pandemic.

<sup>1</sup> Poverty and shared prosperity 2020: Reversals of fortune – World Bank Group (2020)



To help reduce viral transmission, we set up handwashing stations in Senegal and Ghana in places where local people frequent including marketplaces, clinics and places of worship. As mask wearing became common practice, we also supported small local businesses in establishing mask manufacturing capacity. This provided protection to community members as well as new streams of income during a challenging economic time.



In South Africa we helped catalyse the manufacture of over **42,000 masks** through 19 entrepreneurs and businesses.



In Ras Ghareb, Egypt, we distributed over **4,000 household hygiene packs**; while the scheme was running COVID-19 cases fell from 1,243 in June to 650 in July and 21 in August.

### Construction and operation

Our sustained pandemic response in local communities was matched at our project sites by our teams quickly establishing comprehensive COVID-19 working protocols. As a result we were able to continue reliable, uninterrupted operations, and with only minimal disruption to construction activities. See our [impact section](#) for more detail on how we responded on-site and adapted our approach during the pandemic.

lence which unfortunately has increased in likelihood during the pandemic. Strong social impact commitments, coupled with effective community investment plans at each asset and efficient implementation by local teams, has enabled our business to provide robust support to our host communities during these difficult times.

The pandemic has exposed, as well as exacerbated, deep-seated problems of poverty and inequality, and clearly aspects of the crisis will take a long time to recover from. However, we must also recognise the opportunity that is presented to businesses like ours. We have the capacity to assist a positive social transition seeking to counter the longer-term issues that have underscored the pandemic. Driving community prosperity is now more important than ever at Lekela – a renewed commitment that we think vital to deliver a more prosperous and resilient future.

**3. Recovery phase** – While we are still responding to the uncertain impacts of the pandemic, we’re aware that it presents a historic opportunity to build a better future and that businesses like ours must play our part in doing so. Integral to our mission at Lekela is to be a partner in supporting Africa as the continent progresses towards a greener, more sustainable and inclusive future.

For local communities, we’re now focused on resuming [broader community investment initiatives](#) that were paused during national lockdowns. We’re also working with local schools and education authorities to support virtual learning by providing IT equipment so children can continue accessing learning as far as possible. To help communities remain resilient, we’re also exploring ways to provide psychological and mental health support, especially around gender-based vio-



Springbok Hospital, Northern Cape, South Africa

## Contractor and employee ESG commitments and targets

### 2025 goals

- Achieve zero harm across the entire group (no LTIs)
- For our operating plants, maintain a local community workforce of at least 40% and a national workforce of at least 90%
- Achieve compliance with project social action plans and avoid any serious employee grievances

Commitments	2020 target	2020 performance	Indicator	2021/2022 targets
<b>Prioritising H&amp;S</b> Pursuing continual improvements with the aim of achieving zero harm	No LTIs on operational sites	No LTIs on operational sites	✔	No LTIs on operational sites for a further two consecutive years
	Outperform the US Occupational Safety and Health Administration (OSHA) Total Recordable Incidence Rate (TRIR) for utility system construction	Total Reportable Incident Rate (TRIR) of 0.51 and LTI Rate of 0.1 per 200,000 hours	✔	Achieve an TRIR of 0.8 to significantly outperform current OSHA benchmarks
	Establish a Lekela H&S Forum including all operational sites to leverage experience from across our markets	HSE Forum established for all operational sites	✔	Establish a bi-annual frequency for the HSE Forum
<b>Ensuring fair labour practices</b>	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 100% of grievances within 30 days for two consecutive years
	In addition to site Worker Committees, at our new construction sites, implement weekly labour spot checks to check compliance with IFC Performance Standards	Environmental and social managers at West Bakr Wind Farm undertook weekly labour checks from mobilisation of civil works in Q2 2020	✔	No material labour and working condition non-compliance flagged during third party audits during West Bakr’s construction
<b>Achieving the highest standards with contractors and partners</b>	Implement a group-wide transportation and driving policy that will also be applied to contractors and partners that accords with international best standards	Lekela developed its transportation and driving policy, which was rolled out across the group before the start of component deliveries to West Bakr Wind Farm	✔	Undertake externally led HSE audits for all sites currently operating in the portfolio
	Establish a partnership to operate construction and operations vocational training with contractors at the West Bakr Wind Farm in Egypt	Due to COVID-19 restrictions, vocational training was unable to be established as planned. Training budgets have instead been rolled into 2021	○	In year one, establish an integrated, portfolio-wide vocational training programme with a 40% target for female participation, and in year two achieve 50% for female participation

✔ Target fulfilled    ⚡ Target partially fulfilled    ○ Target unfulfilled

<sup>1</sup> All LTI performance figures and targets include direct Lekela employees and all contractors.

<sup>2</sup> Lekela aims to outperform the US OSHA TRIR for our industry. In 2019 the OSHA rates for utility system construction (NAICS 2371) were published as 2.1 per 200,000 hours (TRIR) and 0.9 per 200,000 hours (for LTIs only) by the Bureau of Labor Statistics.

**LTI** – lost time incident: a work accident that requires an employee or contractor to spend days away from work to recover; **medical treatment case**: a work accident that requires treatment beyond first aid; **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.



3

# Empowering local communities

Bringing new renewable power plants to long-term operations operating them is the core of our business. But at Lekela, we always do this while also taking an active role in the communities where we operate. Our business model and participatory approach are designed to make a lasting positive impact through initiatives that support local people.

A key aim is to optimise employment opportunities during construction and operation, either directly or by encouraging contractors to employ locally and supporting local service providers. We also use a portion of our project revenues to fund education, enterprise and environmental initiatives. Furthermore, in 2020, we increasingly turned our attention to gender equality, recognising that as a business in the African energy industry we are able to drive positive changes. It is hoped that others, including those in our local communities and further afield in Africa, follow our lead as we seek to deliver positive impacts as a business



### Our ESG commitments

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

### Highlights

- 196 women and girls benefitted from direct support from Lekela's projects, either in the form of scholarships, bursaries, internships or through their businesses
- 50% of workers at Taiba N'Diaye Wind Farm in 2020 were employed from the local community, up from 35% in 2019

### Challenges and learning

- COVID-19 resulted in many planned community development activities being significantly postponed. We learned to be flexible in our allocation of funding, particularly to mobilise emergency support for communities during times of crisis.



Market vendors in Taiba N'Diaye, Senegal



Community Forum engagement visit to Perdekraal East Wind Farm, South Africa

## Community engagement

*Communities are inseparable from the work we do, and so we aim to support their long-term prosperity as far as we can – by creating jobs directly and indirectly, investing in community initiatives, promoting open dialogue with community members and setting an example in advancing women's empowerment.*

It's clear that to deliver shared value, we need to transparently and openly talk with local communities and other stakeholders based near our projects.

Participatory engagement is a key part of Lekela's business, providing a transparent and inclusive platform to inform our strategy, objectives and values. We ensure a two-way dialogue that is timely, transparent, inclusive and built on trust. In doing so we reduce the risk of disagreement and nurture positive relationships with stakeholders for the duration of our projects.

Local engagement is integrated into every project from the earliest stages of development or project acquisition, at which point we employ dedicated liaison personnel whose primary role is to work together with, and empower, local communities.

### How does Lekela respond to community feedback?

To stand by our principles of engagement, it is vital that we respond quickly when matters are raised by our stakeholders. One of the first steps we take on every project is to set up community feedback and grievance management systems, which are designed to help us record and respond to any concerns that may be raised by local communities in a timely manner.

Communities are kept informed about the feedback process and grievance mechanism from the start. Our internal processes ensure that any serious or recurring grievances are discussed by Lekela's senior management team at [ESG Committee meetings](#). This year, we achieved our target of zero serious community grievances and also resolved 100% of grievances within 30 days.



## Creating local employment

Across Africa there is a need for lasting, quality employment opportunities, a fact that is apparent in the communities where we operate. For all our projects, we aim to create sustainable benefits in the local community. One of the most effective ways to do this is to ensure optimal job creation and skills development.

Our participatory approach to project development prioritises local communities and suitably qualified

nationals for employment opportunities wherever possible. To support this, we invest in skills development and training programmes that encourage and can increase community participation. We work closely with our contractors to make these accessible, using frequent communication and workshops to upskill workers.

When training opportunities are made available, 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 or of working in technical fields. Now with six operational projects, the next step for Lekela is to create a group-wide vocational training policy that ensures each asset can maximise the benefits for the next generation of aspiring engineers and technicians.

## Community investment

One way Lekela aims to deliver shared value is by reinvesting a portion of our revenue back into the communities where we operate. In 2020 we allocated just over US\$2.25m towards community development activities. Our projects are located in areas 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 overarching 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. From this we've defined three key focus areas:

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

Lekela commits to a participatory community investment approach for the duration of each project's lifecycle. This ensures our investment strategy is sustainable and can adapt to the changing needs and socioeconomic challenges communities face.



Over **\$2.25 million** allocated to community development activities

## In focus – How are we approaching job and skills creation in Egypt?

As our engineering, procurement and construction contractor prepared to mobilise the West Bakr construction site, we worked with them to hold an employment fair in the local town of Ras Ghareb. This aimed to promote opportunities at the project for job seekers as well as local suppliers and service providers.

We had planned to follow the fair with a skills development programme oriented to the construction phase. But the onset of COVID-19 prevented this from being fully realised, with non-essential face-to-face operations and activities curtailed. As a result, at the end of 2020, 187 of the 745 project workers (25%) were local residents, a lower proportion than is typical of our project sites (usually between 30-40%).

In line with Lekela's work elsewhere, we then turned our focus to developing a longer-term vocational training policy for both the project and wider wind power industry in Egypt. Over 1,000 MW of projects are planned in the Gulf of Suez region near the West Bakr Wind Farm, so there will clearly be sustained demand for technical roles in wind farm commissioning as well as operations and maintenance. From 2021 we will target students and graduates seeking opportunities in engineering, while working with NGOs on state-of-the-art wind energy training to provide extra qualifications for such roles.

Our current workforce could also benefit from the new wind farm sites in the Gulf of Suez scheduled for

construction later in 2021. As part of the planned demobilisation of the West Bakr construction workforce in Q3 of 2021, we've engaged with other developers and contractors to investigate the best approach for workers to transition to these upcoming projects.

### Contingencies during COVID-19

While our long-lead construction training programme had to be postponed, Lekela took the opportunity once the pandemic had eased to offer several alternative training opportunities in Ras Ghareb. Women's empowerment was an underlying focus – read more about these programmes in our section on [gender equality](#).



# Delivering **Impact** through social sustainability and community development

In 2020 Lekela continued to expand its social development work with the communities based around our project sites. An enduring part of our strategy is a commitment to ensure every project allocates a portion of its revenue to create shared value in local communities. This is especially important as across these communities we see varied and entrenched

development challenges. Lekela's response is to work together with communities to identify where we can have most impact addressing their development challenges. Due to our position as an energy company, our main focus is on education, enterprise, and energy or environmental initiatives. But our approach is flexible, meaning we're able to

adapt to tackle the most pressing challenges our host communities face. As an example of our adaptive approach, in 2020 across all projects we allocated a large portion of our community funding to health-focused initiatives in response to COVID-19.

Further to the initiatives featured elsewhere in this year's report, here are additional highlights from 2020:

## High-level impacts in 2020

Lekela invested over **\$2.25 million** across the portfolio on community development activities

Over **115,000 people** reached across six different communities

**165 jobs supported** through social investment

**196 women and girls** benefitted from scholarships, bursaries, internships or entrepreneurial and business support

## Focus area impacts

**Education:**  
Over **10,000 students** supported through our investments in nurseries, schools and universities

**Environment:**  
**1,100 school desks and other furniture** produced through wood recycling schemes

**Enterprise:**  
**40 businesses** supported or catalysed through enterprise development programmes

## COVID-19 support

Over **10 tonnes of food** distributed to vulnerable community members during national lockdowns

More than **3,000 people** in Senegal supported through marketplace hubs where the Taiba N'Diaye Wind Farm provided PPE, sanitation posts and pandemic awareness sessions

**20 businesses** were supported to manufacture **42,850 face masks** across **5 communities**

Over **4,000 hygiene packs** including gloves, masks, bleach and hand sanitiser distributed by the West Bakr project in Egypt. In Ras Ghareb COVID-19 cases declined during the programme



### Sewing and embroidery training in Ras Ghareb, Egypt

This programme aimed to upskill women to make and repair clothing and other materials.

Twenty-five trainees attended the eight-week course, which was run in partnership with a local NGO and the Social Affairs Department. The West Bakr Wind Farm's funding provided the training space, equipment, and instructors for the course. Since completing the training, several participants are starting their own sewing and embroidery businesses. Given these promising outcomes, in 2021 we're aiming to follow up by supporting a cooperative workspace where sewing entrepreneurs can work together.



### Computer science for students in Senegal

In late 2019 we finished constructing an IT Centre for Taiba N'Diaye's High School and early in 2020 we commissioned the centre for use and began the first IT courses for students. The

centre contains 32 computers that are not only an excellent resource for the students to learn IT literacy, but also bring the significant benefit of providing access to the internet. This means students can research higher education and career opportunities, as well as accessing additional online learning materials. During 2020 a cohort of 132 senior students completed the full IT course, of which 68% were girls.



### Mask manufacturing in South Africa

Several of the communities near our projects are home to successful local clothes manufacturing businesses. When the Covid-19 pandemic started having an impact, we realised

these skills could be put to manufacturing reusable cloth masks locally. With our support, several entrepreneurs took up this opportunity, in some cases hired extra employees to cope with the demand. 19 manufacturers benefitted from the programme, providing 37,150 masks across the four communities Lekela supports in South Africa: Ceres, Noupoot, Loeriesfontein and Springbok.



### Transforming community spaces, Loeriesfontein Business Centre, South Africa

The Loeriesfontein community is supported by both the Loeries-

fontein and Khobab wind farms. Since commissioning the farms, our community projects have helped young adults pursue job opportunities and build their business skills. As a central part of this, we've refurbished a derelict community building into a vibrant office hub for small enterprises and training. The space has been used, for example, by two local construction firms to run training for 23 workers (funded by Lekela) in health and safety and working at heights. The firms are now better equipped to undertake more complex construction work in a safer manner.



## Sustainable business awards

This year our efforts on sustainability contributed to Lekela's projects being nominated for several awards. Taiba N'Diaye Wind Farm has been recognised by the Africa Investment Forum as best renewables project in Africa in addition to winning an

award for climate change project of the year at the Environmental Finance Impact Awards.

Our community programmes also led us to be chosen as a finalist in the Edie sustainability leaders awards for

2021. This selection recognises Lekela's excellence in social sustainability and community development and we are proud to represent positive changes that businesses can deliver within society.



## Accessing land responsibly and managing our impact

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

Land use is often a challenging aspect of project development and we work to make sure our consultations with stakeholders are transparent and exhaustive in ensuring equitable outcomes. Lekela's dedicated community liaison officers work hard 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 sets up programmes to restore and enhance the livelihoods impacted by the project.

### Our work on land and livelihood restoration in Taiba N'Diaye

Lekela's primary experience of managing impacts on land has been

in Senegal where we have run a successful livelihood restoration programme (LRP) for over 400 farmers near the Taiba N'Diaye Wind Farm. During construction, initiatives included transitional financing, replacing fruit trees, financial management training and establishing irrigated gardens. With the bulk of the programme now complete, the team is monitoring and evaluating the initiatives to promote continued success over the long term.

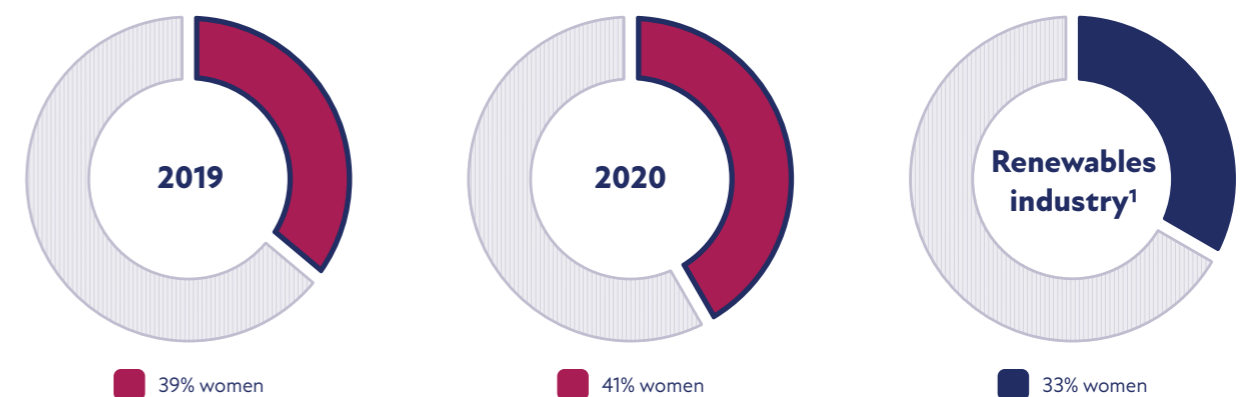


## Gender equality and women's empowerment

In 2020 we committed to undertake a thorough review of gender, diversity and inclusion across our business. Women have historically been under-represented in the energy industry and at Lekela we consciously strive to ensure all employees can reach their full potential. We also recognise that our active role in communities – many of which experience entrenched intergenerational gender inequalities – puts us in a position to positively influence women's empowerment beyond our core business.

Our first step was to join the IFC's Energy2Equal (E2E) programme: a coalition of large and small renewable-focused energy companies operating in Africa. Their shared aim is to close gender gaps and increase women's participation in the continent's renewables industry. E2E offers peer-to-peer learning and encourages participants to set targets and seek continuous improvements. In 2020 our first commitment to E2E was to do a full gender assessment to identify possible areas for improvement.

### Lekela's workforce



<sup>1</sup> Wind energy: A gender perspective – IRENA (2020)

The assessment commended our performance but we are taking on recommendations to standardise policies and procedures across the group. Recent steps have included rolling out unconscious bias training for all Lekela employees. To bring in more diverse talent, our recruitment processes have also been adjusted to require female representation on shortlists, while job adverts encourage all applicants regardless of age, cultural background, race and gender. Lekela has also established a diversity and inclusion working group, which meets to discuss and report on progress internally.

### Women's empowerment in communities

Lekela's community programmes actively seek to support women and girls at each project. Community investment teams are tasked with increasing



Support for women's empowerment at community level is built into Lekela's annual performance plan, which defines a component of all employee's remuneration.

women's participation more broadly – in educational programmes, business incubation and entrepreneurial support, as well as wider community initiatives.

2020 was a successful year across the entire portfolio, with women and girls accounting for 49% of the beneficiaries of our community programmes. For example:

- **South Africa** - 23 bursary students sponsored for higher education, of which 16 were women and girls (70%). During the year, 217 women-owned businesses were also supported across the supply chain.
- **Egypt** - we established two programmes for women: one targeting literacy, the other providing an eight-week masterclass in sewing and embroidery – and more than 40 women took part in total.
- **Senegal** - we continued to support the Taiba Women's Association and youth groups. In 2020 we created a business plan for a produce processing centre, and in 2021 plan to fund its construction. This aligns with and builds on our previous work to develop marketplaces aimed at boosting women's economic opportunities in the commune.



## Community ESG commitments and targets

### 2025 goals

- Allocate at least US\$5 million towards community initiatives across the portfolio, with all community initiatives covered by independent monitoring and evaluation

Commitments	2020 target	2020 performance	Indicator	2021/2022 targets
Engaging with communities	Zero serious community grievances and 80% of grievances to be resolved within 30 days	Zero serious community grievances and 100% of grievances (15) were resolved within 30 days	✔	Receive less than 25 grievances in total across two years, resolving 100% within 30 days
	Undertake quarterly community newsletters for projects under construction in Egypt and Senegal	Several quarterly newsletters were published for both the Taiba N'Diaye and West Bakr projects but were disrupted as a result of COVID-19	○	Continue quarterly newsletters in Egypt and Senegal
Investing in education, enterprise and the environment	Implement an environment-related community investment initiative in each country of our operations	Wood recycling projects undertaken in Senegal and South Africa. Solar lighting installed at a renovated square in Ras Ghareb, Egypt	✔	Establish schemes in each country of our operations focusing on both the environment and energy
	Support at least 100 jobs and sponsor at least 20 educational bursaries through Lekela's community investment programme	165 jobs supported through community investment. 23 educational bursaries provided	✔	Support at least 180 jobs and sponsor at least 30 educational bursaries through Lekela's community investment programme
Accessing land responsibly	Establish an LRP-specific monitoring and evaluation programme, applied by an independent third party, to ensure it leads to sustainable positive impacts	LRP monitoring and evaluation programme established and underway	✔	For the most impacted farmers, record revenues from participating LRP schemes in excess of the revenues that were forfeited to the Taiba Wind Farm's construction, for two consecutive years
Improving gender equality and driving women's empowerment	Implement gender-focused community interventions across the portfolio, beginning with a gender assessment	Gender assessment complete. For our gender-focused community programmes see <a href="#">p31</a> →	✔	Achieve an average of 50% participation of women and girls across all community investment beneficiaries in the portfolio

✔ Target fulfilled    ◐ Target partially fulfilled    ○ Target unfulfilled

LRP – livelihood restoration programme



Turbine completion at Kangnas Wind Farm, South Africa



4

# Protecting the environment

At Lekela we operate under the principle that, for our protection of the environment, later is not an option. This means we strive to minimise our environmental impact as far as possible, while also dedicating resource and attention to issues such as climate change and habitat degradation. Our environmental management approach is fully integrated into our projects: it identifies any negative impacts they could have on local landscapes and biodiversity, and manages 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 forward-looking approach, we hope we can protect and even enhance the environment for future generations for years to come.



### Our ESG commitments

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

### Highlights

- Completing our first emissions assessment and offsetting our emissions to become carbon neutral
- Avoiding over 1.5 million tonnes of CO<sub>2</sub> through our wind farm operations, the equivalent of taking around 327,000 cars off the road

### Challenges and learning

- COVID-19 restrictions meant we needed to adjust our environmental auditing approach to monitor sites remotely, which required new ways of working virtually with contractors and stakeholders

Noupoort Wind Farm, South Africa



## Mitigating against and adapting to climate change

*Protecting the environment is at the heart of Lekela's values, and this translates into our business model in the way we design and run projects that minimise adverse impacts and deliver net environmental gains.*

Africa faces many negative impacts of climate change – and is standing up to the challenge of mitigating and adapting in the face of these. African countries have made ambitious commitments under the 2015 Paris Agreement to help keep global warming well below 2°C. At Lekela our business model means we can contribute to this mitigation effort; our delivery of the Taiba N'Diaye Wind Farm has

met Senegal's goal of having 150 MW of wind power by 2020. Our 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](#).

## Managing our environmental impact

Achieving best practice environmental stewardship means meeting internationally recognised performance standards, such as those of the IFC, and using them to influence our own policies and commitments. Applying Lekela's principles of strong governance and partnership, we do our best to maintain these standards across all our projects and hold our direct employees, contractors and suppliers to them.

Our principle is to minimise environmental impact and deliver a net benefit to communities and the environment. From this stems two main priorities:

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

### Environmental management systems

At the start of each project, we apply environmental management systems that seek to limit and mitigate negative environmental impacts. Before construction starts, each project has a full environmental and social impact assessment.

These offer recommendations on reducing the project's environmental footprint, which we incorporate into design as far as practicable. They also identify environmental risks so appropriate responses can be developed and applied across the project lifecycle. Once construction and operations are underway, we implement a full environmental and social management system. For projects where we have identified risks to biodiversity, Lekela puts detailed biodiversity action plans in place to avoid, reduce and offset any potential negative impacts.



This year in Senegal our **E&S Manager, Amadou Sow**, has completed ISO 14001 training as the first step towards getting the Taiba N'Diaye Wind Farm certified by the ISO standard.

### Remote monitoring during COVID-19

Regional and international travel restrictions in 2020 presented a challenge for project environmental and social (E&S) monitoring. Without physical site inspections, we had to be creative in enabling third-party inspectors to undertake satisfactory E&S evaluations. Web-conferencing in

combination with video streaming were key tools to achieve this. We also facilitated remote surveys for workers and community members, and in some cases collected drone footage. We intend to keep applying these learnings even once the pandemic is over, combining physical visits with remote monitoring techniques to reduce monitoring costs and the impacts of travel.

### Project lifecycle impacts

The construction phase is the most significant in determining a wind farm's lifetime environmental impact. The greatest impacts come from the use of raw materials – especially concrete, steel and aluminium – which are resource

intensive to produce. We seek to work with equipment manufacturers that demonstrate responsible use of resources and commit to reducing environmental harm, and with our construction partners we take steps to reduce our construction footprint.



## In focus – Combining environment and education initiatives

In partnership with our engineering, procurement, and construction contractor Vestas, Lekela built over 1,100 desks and benches for schools near our Taiba N'Diaye Wind Farm in Senegal. The desks were made with wood recycled from the shipment crates used to transport components to the wind farm during construction, preventing the materials from going to waste. The scheme also provided employment and skills development opportunities for 19 local carpenters who built the desks.

The recycling scheme is an excellent example of how our community investment areas can overlap and have synergies: not only were we able to reduce proj-

ect waste, but also to improve access to education.

The scheme will benefit over 40 schools in the Taiba N'Diaye area, including the local high school.

In South Africa we ran a similar scheme to support a carpentry business close to the Perdekraal East Wind Farm. We supplied recycled wood packaging from the construction phase, which provided material to build furniture as well as classroom doors for a local school.



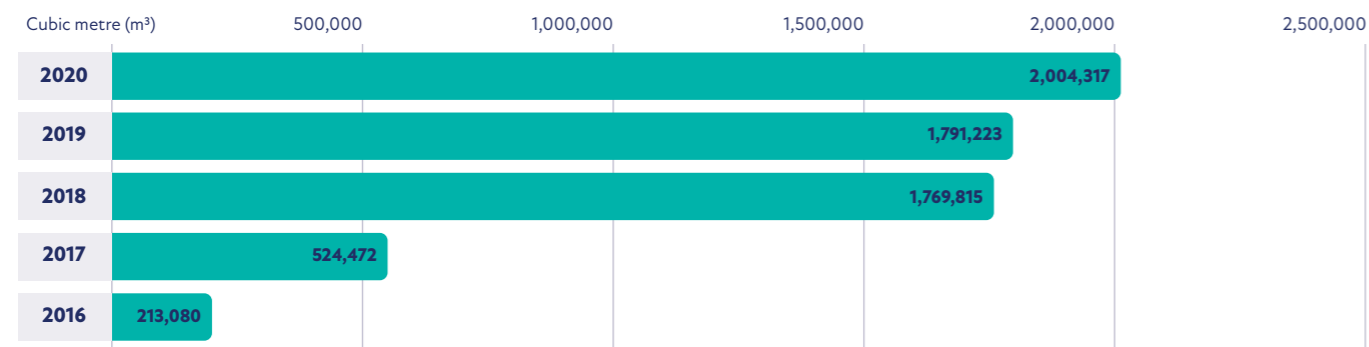
## Water and construction

*Lekela aims to use water in a way that does not negatively impact people or the environment, and efforts to conserve water begin from the outset of project planning.*

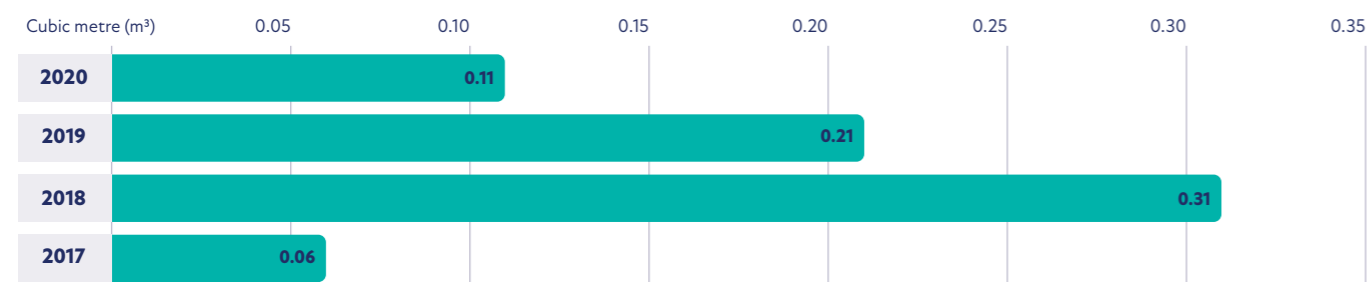
Most of our projects are in regions that are arid, often with limited and poor-quality water supplies. As a result, water scarcity can be a major concern for our local stakeholders, and we consider sustainable water management to be vital. This is most important during construction when our demand for water is greatest. We use water assessments and management plans to mitigate any adverse impacts on water supplies.

- 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.

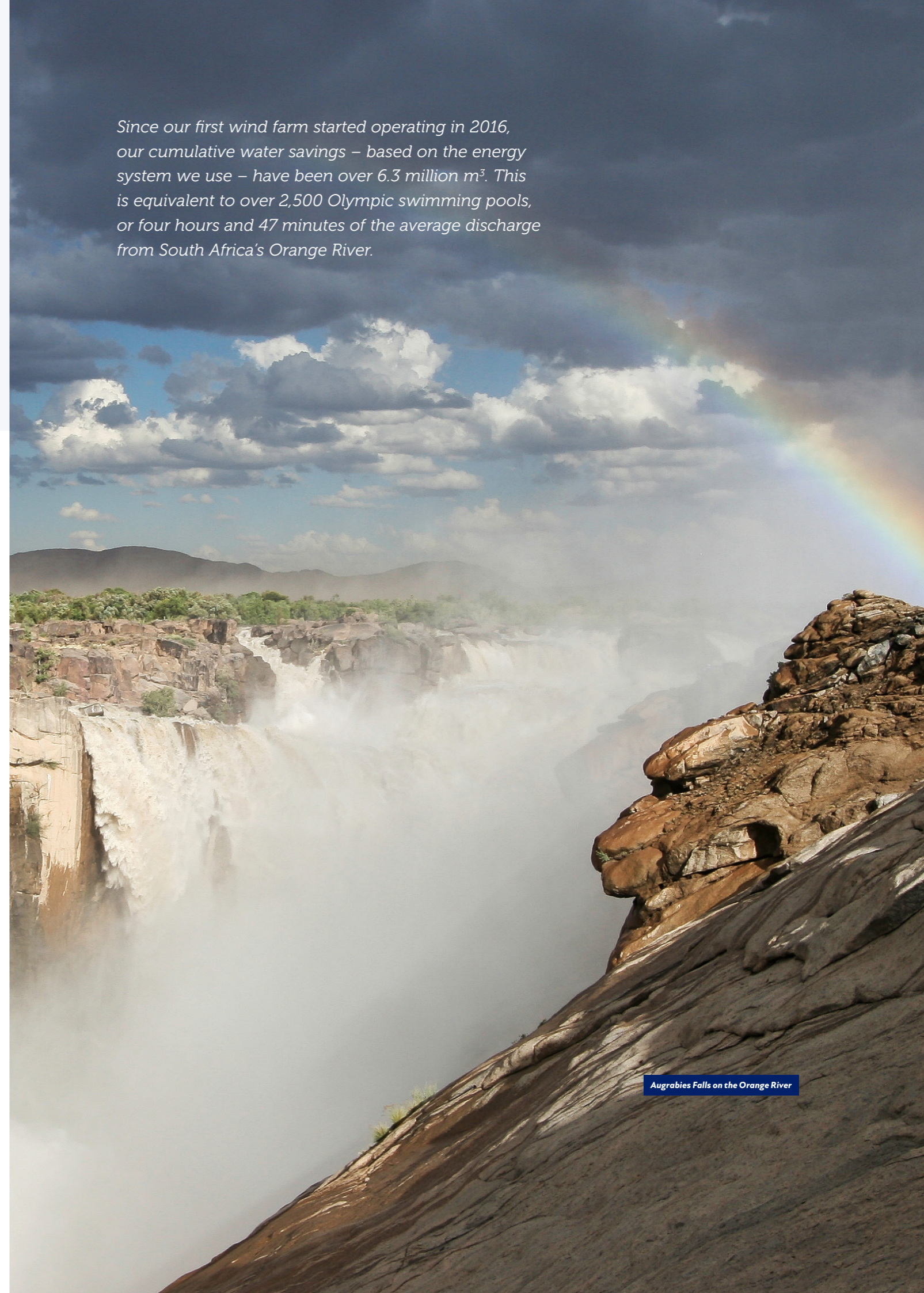
### Water use avoided (m<sup>3</sup>)



### Operational water use (m<sup>3</sup>) per GWh generated



Since our first wind farm started operating in 2016, our cumulative water savings – based on the energy system we use – have been over 6.3 million m<sup>3</sup>. This is equivalent to over 2,500 Olympic swimming pools, or four hours and 47 minutes of the average discharge from South Africa's Orange River.



Augrabies Falls on the Orange River



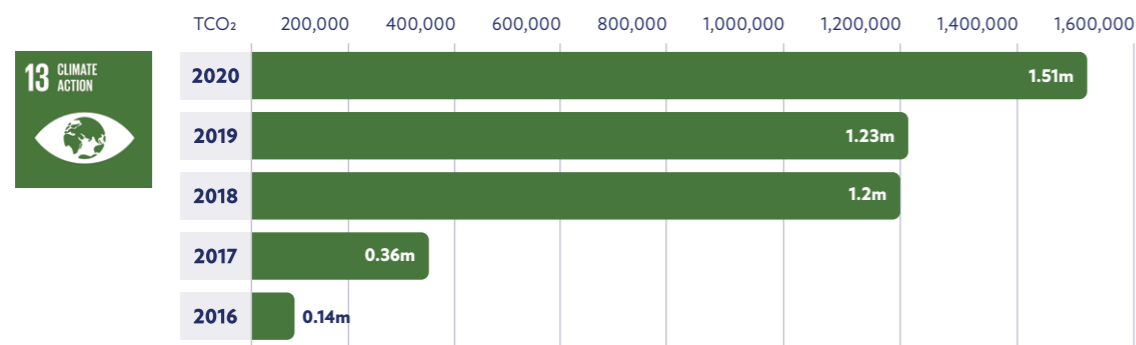
# Achieving **Impact** in the fight against climate change

## Emissions reductions

*Climate change is a significant risk today and for the future. Globally we will face increasing and unaffordable social, environmental and economic costs if swift action is not taken to decarbonise. Securing affordable, clean and reliable energy can help enable sustainable development. This where we can contribute.*

Lekela commits to mitigate emissions by delivering low-carbon, renewable technology. In doing so, we can help African countries achieve low-carbon development, fulfil their commitments to the Paris Agreement and lead in action against climate change.

**Lekela's total avoided CO<sub>2</sub> emissions (tonnes)**



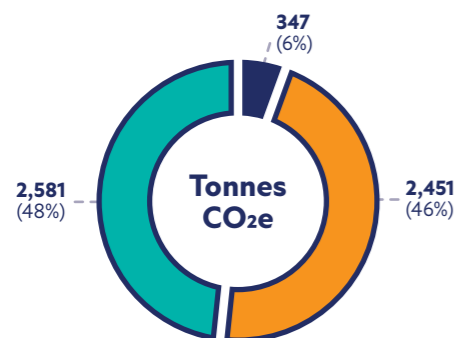
## Offsetting and reducing our impact

Lekela aims to be a leader on climate change, which means taking steps to reduce and offset our negative impact as far as possible. In 2020 we undertook our first assessment of the Group's annual emissions. This showed that in 2019 Lekela emitted 5,379 tonnes of carbon dioxide equivalent (CO<sub>2</sub>e) across its operations (scope 1, 2 and 3). As

a first step we have offset these emissions and in 2021 will investigate ways to reduce our emissions. We are now operating as a carbon neutral company, while also avoiding over 1.7 million tonnes per year of CO<sub>2</sub>e through our energy production.

Well-planned carbon offset projects can also lead to effective action that preserves

and enhances the environment. We will next explore whether our biodiversity restoration programmes can have enhanced impact through accredited offsetting. In Senegal we've planted over 2,800 trees to restore native ecosystems, supporting jobs and livelihoods and would like to continue this community activity.



### Lekela's GHG emissions by scope (tCO<sub>2</sub>e)

The 5,379 tonnes of CO<sub>2</sub>e offsets will contribute towards efficient cooking stoves in Ghana. By reducing fuel consumption by over 50%, the stoves both reduce emissions and provide significant financial savings for users.

■ Scope 1 ■ Scope 2 ■ Scope 3

## Responding to the impacts of climate change

We design our projects with environmental and climate resilience in mind. We identify, assess and mitigate potential hazards so our operations are safeguarded with long-term environmental sustainability. This approach is key to our business performance and increases the integrity of energy supply, which we hope in turn contributes to the energy security of the countries where we operate.

Climate change response in our operations must also be matched by our work in local

communities. The impacts of climate change are being felt across Africa now and the scientific evidence indicates that these will get worse, particularly as a result of drying trends, increasing day and night-time temperatures as well as heatwaves, and greater unpredictability of rainfall.

In response, we've designed a climate resiliency framework: a mechanism for our community investment managers to qualitatively evaluate whether proposed investments

may increase, or hinder, climate resilience among communities. In 2020 we trialled this at our Taiba N'Diaye project, aiming to build resilience into longer-term community projects. We're confident that the framework can help achieve this, ensuring climate resilience is evaluated during the scoping phase of community projects. We've now completed climate risk evaluations for several projects and will be expanding its rollout across the portfolio.



[CarbonNeutral.com](https://CarbonNeutral.com)

## Some of our climate-focused investments

The town of Taiba N'Diaye, Senegal, relies on expensive grid-powered electricity to pump water from boreholes into municipal towers. The local council sometimes spends up to US\$10,000 a month on electricity. In consultation with local stakeholders the wind farm is funding an 88kW solar array and an efficient pumping system,

so that the community no longer has to rely on grid electricity.

- This not only avoids emissions from grid electricity, but our climate resiliency framework assessment identified that cost savings on water supply would increase resilience in the event of future heatwaves and droughts.

In Ras Ghareb, Egypt, we refurbished one of the town's public squares. Previously in disrepair, the aim was to create a space that could be enjoyed by community members close to shops and amenities. This included installing solar street lighting to improve safety at night without using mains electricity.

## Preserving and enhancing biodiversity

*During both construction and operations we seek to avoid or, where this is not possible, minimise potential negative effects on biodiversity. If negative material impacts occur after mitigation strategies have been implemented, our approach is to apply offsetting measures to remedy residual impacts.*

Bats and birdlife, or avifauna, can be vulnerable to wind farm operations, with species mortality observed at wind farm sites around the world. It is therefore best practice that operators rigorously monitor avifauna activity before, during and after construction. When Lekela identifies risks to avifauna, we employ specialists to monitor activity and recommend mitigation measures to reduce these risks. Robust and regular reporting ensures our strategy is responsive and adaptive, keeping negative impacts to a minimum and affording no net loss to biodiversity during our operations.

Here we present three key examples of how we are working to protect biodiversity around our projects.

Our work in this area supports these SDGs:



### Taiba N'Diaye Wind Farm – hooded vultures

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

During pre-construction surveys, the vast majority (96%) of hooded vultures were observed near towns and villages, and none were seen in the

project area. Although this indicates a low risk, due to the species vulnerability our commitment during operations is to continue observations and research, with the aim of improving the understanding of vulture activity in this part of Senegal. During 2020 a supplementary feeding programme (to influence vultures away from the project area) was planned. However, pandemic-related travel restrictions have partially postponed this effort, and the project has continued to focus on gathering high quality observational data and research.



### West Bakr Wind Farm – migratory birds

West Bakr wind farm is being built in the Gulf of Suez, a region which acts as an important migration route for birds during spring and autumn for several weeks. For five years we have monitored migration patterns to understand the impact wind energy in the region might have on migratory birds and what measures can be taken to mitigate any potential impacts.

Our commitment is to operate our project with no net loss to biodiversity.

As part of our efforts in 2020 we appointed expert ornithologists to do detailed studies of bird movement in relation to local weather patterns. Through this we aim to establish which weather parameters influence bird movements. The research outcomes are promising, indicating that defined weather parameters (such as temperature and wind direction) lead to a higher or lower risk of birds passing through the wind farm at turbine height. The findings will be used to influence the wind farm's shutdown-on-demand system (active turbine management programme) while operational.



### Biodiversity/reducing environmental impact

The Taiba N'Diaye Wind Farm is on the edge of the Sahel region, which is under pressure from the changing climate and becoming increasingly arid. Major interventions are needed to prevent this desertification and hence forest restoration is a key aim of the regional government. Not only does it protect biodiversity, but it creates jobs too.

As part of Lekela's commitments to the community living around the Taiba N'Diaye Wind Farm, we

are replacing the mature trees that were removed during construction. Our tree replacement programme – carried out in partnership with the Senegalese Department of Forests and Water – aims to make sure no biodiversity is lost in the landscape around the project site. In total, 4,436 trees were removed, 42% of which were young saplings. So far, more than 2,800 saplings have been replanted, with the aim of replanting over 6,400 trees in total. If the programme is successful, we plan to continue replanting in the wider region as part of our long-term community investment programme.

## Environment ESG commitments and targets

### 2025 goals

- Reduce Lekela's emissions per kWh generated by 30% from a 2019 baseline (3.3g per kWh in 2019 based on Lekela's scope 1, 2 and 3 emissions)
- Achieve no net loss to biodiversity as defined by IFC Performance Standard 6
- Replant more than double the trees removed during project construction

Commitments	2020 target	2020 performance	Indicator	2021/2022 targets	
<b>Helping climate change mitigation and adaptation</b>	Undertake an emissions assessment in order for Lekela to set a pathway to achieve carbon neutrality as an organisation	Emissions assessment undertaken for Lekela Group's 2019 activity (5,379 tonnes of CO2e)	✔	Continue annual emissions assessments and secure carbon neutrality for Lekela's scope 1, 2 and 3 emissions in 2021 and 2022	
	Integrate Lekela's climate resiliency considerations into existing community investment strategies	Climate resiliency integrated into Lekela's Group Community Investment Strategy and climate resiliency assessments trialled for community projects in Senegal	✔	Undertake climate resiliency assessments for new community projects in each of our countries of operation	
<b>Managing our lifecycle impacts</b>	Zero serious environmental incidents	Zero serious environmental incidents	✔	Zero serious environmental incidents and less than six environmental incidents cumulatively per project over two years	
	Avoid over 1.96 million m3 of water use <sup>1</sup>	Over 2 million m <sup>3</sup> of water use avoided	✔	Establish accurate operational water use per kWh generated across the portfolio and evaluate ways in which this can be managed sustainably	
	New target for 2021/22			Establish accurate operational waste per kWh generated across the portfolio and evaluate ways in which this can be managed sustainably	
<b>Preserving and enhancing biodiversity</b>	Successfully apply recommended mitigation measures if advised by biodiversity monitoring consultants at South African operational projects	No further mitigation currently recommended on avifauna in South Africa but monitoring and advisory continues on recently commissioned sites	✔	Undertake two years of post-construction avifauna monitoring at Kangnas and Perdekraal East Wind Farms	
	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	Use the Taiba N'Diaye project research and monitoring to implement a supplementary feeding programme for hooded vultures in Senegal	No supplementary feeding programme established in 2020 in part due to COVID-19 restrictions, but research and monitoring continued throughout the year	○	Apply the recommendations of Taiba N'Diaye's first annual biodiversity monitoring report (due in 2021), which will consider an adaptive management approach to mitigating the risks posed to vultures
	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	Research completed and results disseminated to stakeholders to inform the operation of wind farm shutdown-on-demand programmes		✔	Start operating a research informed shutdown-on-demand programme at West Bakr when operations begin, applying adaptive management to adjust our mitigation approach if required

✔ Target fulfilled    ○ Target partially fulfilled    ○ Target unfulfilled

<sup>1</sup> Based on South Africa's electricity system using an average of 1.4 m<sup>3</sup> per MWh generated hour (Senegal litres per MWh unavailable) and approximately 1.28 GWh of energy production in South Africa in 2019.



# 5 Integrity

How we do things matters as much as what we do. This year, we defined our values as a company and formally established 'integrity' as a core Lekela value. It is the foundation of how we do business, execute our ESG Strategy and boost our ability to deliver clean, reliable energy across Africa. We do this alongside our partners, while fostering positive change in our host communities and protecting the environment that supports us.

Setting high standards of integrity for ourselves, our business and our partners means designing our systems and controls (that is, our processes and procedures) to make sure we do things in the right way. First, we embed strong governance practices in the business to oversee these systems and controls. Second, we make sure we have the right processes in place when we deal with partners, communities and other stakeholders so that our impact is always underpinned by our commitment to integrity.

**Our ESG commitments**

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

**Highlights**

- Successfully concluding our first Board evaluation
- Refreshing our committee chairpersons (in June 2020)
- Launching our new company values

**Challenges and learning**

- The coronavirus pandemic and associated travel restrictions meant we needed to move to virtual governance meetings

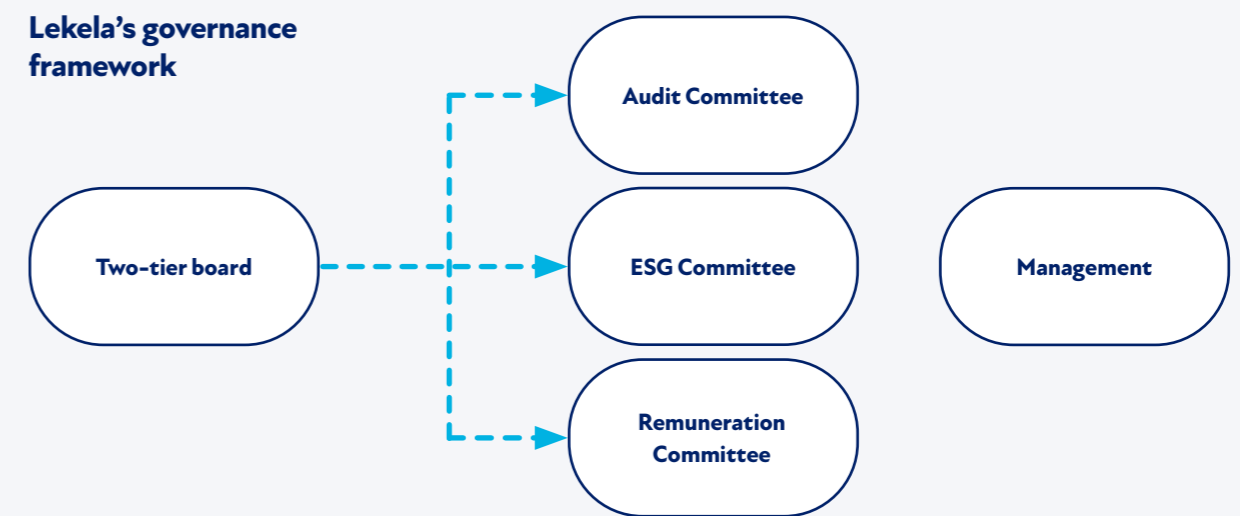


## How does Lekela make an impact through its governance?

To make a difference through governance, a number of elements need to be in place – and three of these are especially important to us. First, we aim to ensure that the right people sit on the right forums, to provide supervision and leadership through practical skills, experience and insight. Second, because we believe that good information

leads to good decisions, we have honed our reporting practices in terms of what information goes to which forum, and how this is presented. Third, we periodically assess and reflect on our governance, believing this is a necessary part of making it effective over the long term.

In previous sustainability reports we've explained how our governance framework is structured as it relates to social and environmental matters overseen by our Board and ESG Committee. This includes accountability and ownership at board level, and specialist scrutiny at committee level:



During 2020 we assessed how effective this framework is. The evaluation was facilitated by Fidelio Partners, a board development and search consultancy with a clear focus on board effectiveness and enhancing value for shareholders and stakeholders. Fidelio undertook a thorough review which included conducting interviews, observing meetings and analysing meeting materials. Their review found that Lekela has an appetite for continuous board learning and development. There is also strong alignment at board and committee level on the importance of Lekela's social and environmental commitments. It is also evident that the board and its committees really do set the tone from the top regarding a zero-tolerance attitude to unethical behaviour. We believe this is a crucial element of embedding integrity in our organisation and holding our partners to the same standard.

Lekela's Board is implementing recommendations from the review to build on an existing

foundation of good governance practices. These include ensuring that our strategy drives sustainable value, mapping out the skills and experience of our Board and committee members, and strengthening the link between the Board and its committees. While several Board members do already sit on committees and there is good reporting in place to the Board on committee matters, there is an opportunity to build on this by reporting on the functioning of committees as well as the topics discussed at meetings. Committees meet at least quarterly but also on a flexible basis to address issues that come up outside the normal meeting cycle. In addition to the quarterly ESG Committee meeting, we plan to implement a presentation from our Head of ESG to the full Lekela Board at least annually.

Our Board is ultimately accountable for Lekela's ethical culture, and no single committee 'owns' integrity. But the ESG Committee, given its remit, does have sight of an

important aspect of how we translate our commitment to integrity through the work we do with our host communities, alongside our partners, and how our actions affect the environment. With this in mind, we worked on updating our ESG Committee reporting in 2020 to raise the profile of our environmental initiatives, and will continue this in 2021. We also want to clarify the Committee's remit, to make it clear that governance in the broader sense remains a board matter, while the Committee's focus is to oversee how Lekela achieves its ESG Strategy (see focus areas below). The ESG team continues to implement and deliver the ESG Strategy.

**ESG focus areas are:**

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

## What are our standards when it comes to integrity?

We consider complying with laws and regulations as the minimum standard to achieve. Beyond this, we seek out international best practice to form the overarching framework in which Lekela operates. These standards are set out in the UN Guiding Principles on Business and Human Rights, the IFC Performance Standards, the International

Labour Organization Core Conventions and the Universal Declaration of Human Rights.

Internally, we have our own policies and procedures which set the standard for behaviour expected of employees and partners 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 crucial to the business. The Code of Conduct forms the backbone of Lekela's internal ethical framework.

Beyond laws and standards, we also seek to foster a culture underpinned by our values, including integrity,

## What are we doing to manage bribery and corruption risks?

Having set ourselves the challenge of always acting with integrity, we need to make sure this approach can be implemented and overseen across the business through a focused compliance framework. We take a risk-based approach to this framework. In the last two years we have worked hard to strengthen how we identify, assess, mitigate and escalate bribery and corruption risk. We have used this process to drive accountability and ownership at each level of the organisation and to qualitatively assess whether our processes and procedures meet the adequacy test set out in applicable law. Building on our previous engagement with the risk consultancy Control Risks and our own internal review (described below), we have also engaged with subject matter experts on the review and assessment of our procedures.

We value the contribution of our people and good culture in our collective response to anti-bribery and corruption challenges. In 2020 we carried out staff training and held risk assessment workshops with all regional offices; these prompted helpful discussion, collaboration and provided useful findings. Each workshop identified risks in the local business processes which, when taken collectively, highlighted common themes across our markets. These findings were recorded in a paper presented to the group's Executive Committee and are feeding into our continuing work to develop and refine our procedures.

In terms of policy and procedures, and in addition to our Code of Conduct, our Anti-Bribery and Corruption Policy sets out our approach to ethical business dealings

and our zero-tolerance position on bribery and any form of corruption. The policy is shared with all staff. We provide one-to-one or small group induction training to staff members as they start their careers with Lekela, and then we periodically carry out refresher training for all staff with enhanced training for those whose roles attract a higher risk interface. We also make sure that our associates, including contractors, partners and suppliers, are made aware of and held to our required high standards. At the start of our contracting cycle, we conduct risk-based due diligence (which may also include assessment by external risk consultants) to help identify risks to corruption or political exposure. Seeking strong contractual protections in our agreements with counterparties is standard practice.



## How do we treat people?

For Lekela, respecting human rights starts with providing 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. In 2020 we increased efforts to understand how we can improve in these areas, setting up a diversity and inclusion working group and undertaking [Gender equality and women's empowerment](#) to ensure our actions match our ambition.

We support this approach across our operations by using grievance

channels that all our staff and contractors have access to. The aim is to ensure everyone is treated fairly and with dignity.

Our commitment to respecting human rights also applies in the communities where we operate. Lekela works hard to understand the social challenges communities face, and our engagement process helps us to identify where our ESG Strategy can help address these. Some of the areas in which we record and measure our impact are:

- Health, safety and security
- Labour practices

- Community development and investment
- Empowering women and girls
- Responsible land access

Our aim is to effect positive change but we recognise we might not always get it right at first. But our robust grievance mechanisms at each project site give community members a safe and anonymous channel to raise concerns. Through active, sustained support for communities, and by providing access to remedy, we demonstrate our commitment to dignity and integrity. [How does Lekela respond to community feedback?](#)

## In focus – Mitigating risks of slavery and human trafficking

Lekela stands against modern slavery and human trafficking. Our sector and some places where we operate are exposed to heightened modern slavery risks, especially when engaging with third-party providers. Each year we publish a [Transparency Statement](#) detailing how we mitigate these risks.

### Changes to our Transparency Statement in 2020

Supply chain: Risks are highest in the construction phase. Any first-tier suppliers – the contractors providing the equipment for our wind farms – appointed from 2020 onwards will be required to complete the Slavery and Trafficking Risk Template. This open source document is designed to help companies assess their supply chains by highlighting areas of concern and where improvements can be made to better manage modern slavery and human trafficking risks.





## Integrity ESG commitments and targets

### 2025 goals

- Establish a programme that allows employees to contribute towards Lekela's sustainability and community development commitments through voluntary work with the aim of 100% employee participation

Commitments	2020 target	2020 performance	Indicator	2021/2022 targets
<b>Ensuring robust governance practices</b>	Engage a third party to conduct audit and verification of Lekela's internal controls	Third-party consultant provided strategic guidance on Lekela's internal controls	✔	Undertake third-party audit and verification
	Complete internal risk assessment and update of group risk management processes	Internal risk assessment workshops completed. Update of group risk management processes in progress.	⊖	Create of working group(s) with regional input to support regularised and formalised anti-bribery and corruption risk-assessments, performance monitoring, review and reporting
<b>Upholding the highest ethical standards when we do business</b>	Undertake an exercise to codify and widely promote Lekela's employee values, including the value of upholding our ethical standards by acting with integrity	Lekela redefined its mission and values in 2020, with these published on our website and incorporated into annual employee performance reviews	✔	Continue to embed Lekela's values across company policies and procedures, including Lekela's Code of Conduct with a particular focus on the value of integrity
<b>Respecting human rights</b>	Undertake workshops with Lekela business units to understand the capacity of our controls and policies to mitigate human rights risks	Human rights controls and policies assessed to be sufficient at Lekela's construction sites, but wider engagement across the portfolio was postponed due to COVID-19 travel restrictions	⊙	Undertake workshops with Lekela business units to understand the capacity of our controls and policies to mitigate human rights risks with a biennial frequency
	Roll out training including human rights and modern slavery aspects at the project level for all Lekela environmental and social staff	A suite of modern slavery and human rights training videos were issued to all of Lekela's environmental and social staff	✔	Undertake engagement across the business to give <b>all</b> employees the opportunity to learn about modern slavery and human rights risks associated with our work
	Ensure modern slavery risk is captured in the risk registers for each project	Modern slavery risks are now considered in project risk registers which are presented at quarterly ESG Committee meetings	✔	Ensure any first-tier suppliers considered for appointment by Lekela complete the Slavery and Trafficking Risk Assessment as part of our procurement process

✔ Target fulfilled   ⊖ Target partially fulfilled   ⊙ Target unfulfilled



West Bakr Wind Farm under construction, Egypt



## 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 fourth 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	Pages
Human rights	<b>Principle 1:</b> Businesses should support and respect the protection of internationally proclaimed human rights	p42-46 ↗
	<b>Principle 2:</b> Make sure they are not complicit in human rights abuses	
Labour	<b>Principle 3:</b> Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	
	<b>Principle 4:</b> the elimination of all forms of forced and compulsory labour	
	<b>Principle 5:</b> the effective abolition of child labour	p16-23 ↗
	<b>Principle 6:</b> the elimination of discrimination in respect of employment and occupation	
Environment	<b>Principle 7:</b> Businesses should support a precautionary approach to environmental challenges	p35-40 ↗
	<b>Principle 8:</b> undertake initiatives to promote greater environmental responsibility	p34-41 ↗
	<b>Principle 9:</b> encourage the development and diffusion of environmentally friendly technologies	p10-15 ↗, 38 ↗
Anti-corruption	<b>Principle 10:</b> Businesses should work against corruption in all its forms, including extortion and bribery	p44-46 ↗

## Lekela key performance indicators

Energy							
Area	Indicator	Unit measure	2016	2017	2018	2019	2020
Energy capacity and generation	Installed capacity	MW	80	360	360	415	768
	Energy generated	GWh	152	374	1,264	1,302	1,649

Partnerships								
Area	Indicator	Unit measure	2016	2017	2018	2019	2020	
H&S <sup>1</sup>	Fatalities	#	0	0	0	1	0	
	Lost time incident rate	Operations	# incidents per 200,000 hours of work	--	0.00	0.00	0.00	0.00
		Construction	# incidents per 200,000 hours of work	--	0.00	0.00	0.51	0.10
	Reportable incident rate (medical treatment or more severe)	Operations	# incidents per 200,000 hours of work	--	0.00	0.00	0.00	0.00
		Construction	# incidents per 200,000 hours of work	--	0.66	1.02	1.27	0.40
	Contractor and subcontractor employees who have undertaken H&S training	%		100%	100%	100%	100%	100%
Workforce grievances	Workforce grievances received	Total	#	--	2	0	10	4
		Serious grievances	#	--	0	0	0	0
		Minor grievances	#	--	2	0	10	4
	Response time to grievances	Days		--	<30	<30	<30	<30
Lekela workforce	Lekela HQ and project company workforce	#	--	--	39	69	83	
	Gender diversity by level	Board: women	%	--	--	12.5%	12.5%	25%
		Senior management: women	%	--	--	20%	29%	29%
		Total Lekela and project company workforce: women	%	--	--	36%	39%	41%
	New hires	Total	#	--	--	16	21	15
Women		%	--	--	19%	43%	47%	
	Environmental and social performance included in management and employee incentive plans	Yes/No	Yes	Yes	Yes	Yes	Yes	
Contractor workforce	Operation workforce (third parties)	#	28	75	86	98	129	
	Peak construction workforce (third parties)	#	--	441	610	1,892	1,067	
	Construction workers employed from local communities	%	--	--	--	35%	33%	

<sup>1</sup> H&S data includes employees and contractors



## Lekela key performance indicators (cont.)

Communities								
Area	Indicator	Unit measure	2016	2017	2018	2019	2020	
Community investment	Total community investment	US\$ million	--	~1.1	2.52	1.95	2.27	
	Communities benefitting from community investment initiatives	#	1	3	4	6	6	
Community grievances	Community grievances received	Total	#	--	3	16	178	15
		Serious grievances	#	--	0	0	0	0
		Minor grievances	#	--	3	16	178	15
	Response time to grievances	Days	--	<30	<30	<30	<30	

Environment								
Area	Indicator	Unit measure	2016	2017	2018	2019	2020	
Greenhouse gas emissions	Avoided CO <sub>2</sub> emissions	TCO <sub>2</sub>	144,986	356,866	1,204,233	1,234,371	1,511,619	
	Cumulative avoided emissions	TCO <sub>2</sub>	144,986	501,852	1,702,085	2,940,456	4,452,075	
	Direct greenhouse gas emissions (scope 1)	TCO <sub>2</sub> eq (equivalent)	--	--	--	347	(see note) <sup>2</sup>	
	Indirect electricity emissions (scope 2)	TCO <sub>2</sub> eq (equivalent)	--	--	--	2,451		
	Other indirect emissions (scope 3)	TCO <sub>2</sub> eq (equivalent)	--	--	--	2,581		
	CO <sub>2</sub> emissions relative to production <sup>1</sup>	gCO <sub>2</sub> eq/kWh	--	--	--	0.5		
Water	Water use avoided	m <sup>3</sup>	213,080	524,472	1,769,815	1,791,223	2,004,317	
	Cumulative water use avoided	m <sup>3</sup>	213,080	737,552	2,507,367	4,298,590	6,302,907	
	Water used / withdrawn	Operations	m <sup>3</sup>	--	23	390	276	181
		Construction	m <sup>3</sup>	--	--	27,110	219,755	9,000
	Operations water use relative to energy production	litres / MWh	--	0.06	0.31	0.21	0.11	
Waste	Waste produced	Operations non-hazardous waste	Tonnes	--	2.0	22.8	20.6	19.9
		Operations hazardous waste	Tonnes	--	2.6	10.9	10.1	11.2
		Construction non-hazardous waste <sup>3</sup>	Tonnes	--	--	0.7	33.9	1,082.5
		Construction hazardous waste	Tonnes	--	--	0.0	23.1	38.8
Environmental incidents	Environmental incidents	Total	#	--	3	9	49	28
		Serious incidents	#	--	0	0	0	0
		Minor incidents	#	--	3	9	49	28
Fines	Environmental fines	US\$	0	0	0	0	0	

<sup>1</sup> Accounting for all Lekela emissions (Scope 1-3)

<sup>2</sup> Data not available by time of publication

<sup>3</sup> Construction waste does not include Taiba N'Diaye Wind Farm data

## SDG impact index

Lekela's impact on the SDGs in 2020				
	Commitments	2020 target	Indicator	SDG target
Partnerships	Prioritising H&S	Operational LTIs	✔	
		Total reportable incident rate	✔	<b>8.8</b> – Protect labour rights and promote safe and secure working environments
		H&S Forum	✔	
	Ensuring fair labour practices	Lekela employee grievances	✔	<b>8.8</b> – Protect labour rights and promote safe and secure working environments
		Labour spot checks at new construction sites	✔	
	Achieving the highest standards with contractors and partners	Group-wide transportation and driving policy	✔	<b>8.8</b> – Protect labour rights and promote safe and secure working environments
West Bakr Wind Farm contractor training		○	<b>8.3</b> – Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation <b>8.6</b> – Substantially reduce the proportion of youth not in employment, education or training	
Communities	Engaging with communities	Community grievances	✔	<b>10.3</b> – Ensure equal opportunity and reduce inequalities of outcome
		Community newsletters in Egypt and Senegal	○	<b>10.2</b> – Empower and promote the social, economic and political inclusion of all
	Investing in education, enterprise and the environment	Environment-related community investment initiatives	✔	4.4 – Ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education
		Job and educational bursary support	✔	<b>8.6</b> – Substantially reduce the proportion of youth not in employment, education or training
	Accessing land responsibly	Monitoring and evaluation programme	✔	<b>1.4</b> – 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
	Improving gender equality and driving women's empowerment	Gender assessment	✔	<b>5.1</b> – End all forms of discrimination against all women and girls everywhere

✔ Target fulfilled    ○ Target partially fulfilled    ● Target unfulfilled



## SDG impact index (cont.)

Lekela's impact on the SDGs in 2020				
	Commitments	2020 target	Indicator	SDG target
Environment	Helping climate change mitigation and adaptation	Emissions assessment	✓	13.3 – Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning
		Climate resiliency considerations in community investment strategies	✓	
	Managing our lifecycle impacts	No serious environmental incidents	✓	12.2 – achieve sustainable management and efficient use of natural resources
		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
	Preserving and enhancing biodiversity	Biodiversity mitigation measures	✓	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
		Feeding programme for hooded vultures in Senegal	○	
Feeding programme for hooded vultures in Senegal	✓			
Integrity	Ensuring robust governance practices	Internal control audit	✓	16.5 – Substantially reduce corruption and bribery in all their forms
		Risk assessment and management	⊖	
	Upholding the highest ethical standards when we do business	Employee values	✓	16.5 – Substantially reduce corruption and bribery in all their forms
	Respecting human rights	Human rights workshops	○	8.7 – Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking
		Human rights and modern slavery training	✓	
Risk registers	✓			

✓ Target fulfilled  
 ⊖ Target partially fulfilled  
 ○ Target unfulfilled

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

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