

Social Policy

November 2021



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1. Social Policy Background

1.1 Introduction

Lekela is a leader in the transition towards a global low-carbon energy system, aiming to deploy utility-scale renewable power generation across Africa. Our geographical focus recognises the opportunities within a continent that has an urgent need for affordable, reliable, and clean power to enable its transition to prosperity.

Lekela commits to achieve this objective with an approach that avoids, mitigates and manages social risks. The foundation on which this approach is built is a Social Policy to establish Lekela's responsibilities and obligations to workers, contractors and communities that may be positively or negatively affected by our operations. We aim to maximise positive impacts and avoid, or where avoidance is not possible, minimise any negative impacts that might occur. Taking this approach ensures that we maintain positive relations with all project affected persons – including both workers and communities – over the full lifecycle of our investments, maximising our ability to create shared value and ensuring the security of our license to operate.

This Policy document sets out Lekela's approach to management of social issues and applies to all Lekela Group Project Companies, contractors, and sub-contractors. The Policy establishes the overarching guiding principles and covers the following key areas:

- Stakeholder Engagement
- Grievance Management
- Labour and Working Conditions
- Land Acquisition, Resettlement, and Livelihood Restoration
- Equality, Diversity, and Inclusion
- Indigenous Peoples
- Cultural Heritage
- Sustainable Development

The Policy is consistent with international good practice and is aligned with the International Finance Corporation's Performance Standards (IFC PSs) where relevant. To maintain alignment with best practice, Lekela's Social Policy is subject to regular review.

2. Stakeholder Engagement

2.1 Objectives

Stakeholder engagement is a valued aspect of Lekela's approach to project development and operations, providing a transparent and inclusive platform to inform our strategy, objectives, and values. By building mutual trust, through a two-way dialogue that is timely, transparent, inclusive, and participatory, Lekela can reduce social risk and maximise the prospect of collaborative relations with all parties across the entire lifecycle of our projects.

The following standards have been used to inform our approach to stakeholder engagement:

- The 1998 Aarhus Convention;
- Institute of Public Participation (IAP2) Values;
- Equator Principles
- IFC Performance Standards
- IFC Stakeholder Engagement Good Practice Handbook (Emerging Markets)
- Global Reporting Initiative (GRI) G4 Standards

- International Labour Organisation (ILO) Conventions

2.2 Approach

Drawing on the above, and our practical experience, the following principles are applied as the foundation of our project-specific Stakeholder Engagement Plans:

- As far as possible, all relevant stakeholders should be identified at the outset of each project and the justification for identifying them should be recorded during the initial stakeholder consultation;
- There is a commitment to engage with stakeholders on environmental matters, which can change quickly and are often inseparable from the social dynamics of our projects;
- Special care should be taken to identify and consult vulnerable groups that might otherwise be excluded from the engagement process;
- There must be clarity about the nature of the proposal on which opinions are being sought;
- The consultation must be genuine. It must allow the possibility that the project will be modified considering public comment; this clearly requires allowing sufficient time for the process;
- The scope for modification of the proposals should be indicated as clearly as knowledge allows;
- All agencies, organisations and individuals that wish to be involved should have the opportunity to inform the development of the proposals;
- Anyone who wishes to express interest in the proposals should have access to information about the proposals that meets their needs in a form that is appropriate;
- Information about the developers should be provided as part of the consultation;
- All reasonable assistance should be offered to enable participation;
- Events including meetings and interviews should be carried out at suitable times for those involved;
- A range of consultation methods should be used, both to ensure that as many people as possible can participate, and to provide assessment of consistency between methods;
- There should be flexibility in the arrangements to accommodate unforeseen needs or events, or to draw early lessons from the process;
- Adequate publicity using appropriate means should be provided;
- All comments and suggestions that are made by the public or particular agencies should be recorded and should, wherever possible, be used to refine and improve the proposals;
- Where comments and suggestions cannot be considered, reasons will be provided;
- Consultees should be asked for their opinions on the engagement process itself and lessons learned should be used to improve it;
- All stages in the process and all consultations and responses should be documented so that an audit trail is available;
- Consultation arrangements are applied not only to the development of proposals but must be maintained during the construction, operational and decommissioning phases of the project.

Risks, opportunities, and impacts vary as projects progress through their lifecycle. Lekela keeps these aspects under constant review to inform the level, nature, and frequency of stakeholder engagement. As such, the above objectives are underpinned by a process that establishes a scope of engagement commensurate with the risks and opportunities presented by each individual project. This will also take into account the changing landscape of the sustainability space and reflect stakeholder needs, noting particularly how environmental sustainability is often inseparable from social outcomes in local communities and the wider societies in which Lekela operates.

2.3 Grievance Management

Lekela commits to maintain effective systems to manage any concerns raised by project-affected communities or workforce (including all contractors). For projects where there are affected communities, Lekela will establish a **Project Grievance Mechanism** to receive and facilitate resolution of any concerns about environmental and social performance. Communities will be kept informed about the mechanism from the outset of the engagement process. An appropriate **Worker Grievance Mechanism** will also be made available at each project to manage staff and contractor related grievances. The Worker Grievance Mechanism acts as an anonymous route to raise concerns without threat of recourse. Any issues raised through the mechanisms will be dealt with promptly and with an appropriately transparent process that facilitates accessibility, accounts for cultural sensitivities, and imposes no costs or retribution upon the concerned parties. Any grievances raised shall not impede access to judicial or administrative remedies.

3 Labour and Working Conditions

3.1 Approach

Lekela seeks to uphold the best international standards in management of our workforce. Safeguarding our workers is our top priority and defines Lekela's operational protocols and standards. Our workforce is a valued asset that contributes towards our sustainability and performance and Lekela ensures that the fundamental rights of all workers (directly employed, contracted and supply chain workers) are protected. To maximise this value, Lekela maintains a strong and collaborative worker-management relationship. This approach enhances worker performance and retention and minimises the risk of a project suffering from a breakdown of workforce relations.

Underpinning our commitments to workforce safety and well-being are the following conditions, which have been aligned to IFC Performance Standard 2 and the ILO Core Conventions:

- **Human Resources Policies and Procedures** - Lekela has established HR policies and procedures in accordance with national law and international best practice¹ and appropriate to the company's size and workforce composition and requires the same of partners and contractors. Lekela's objective is to treat all employees fairly and to respect their dignity, well-being, and diversity, and ask the same of the organisations we work with. The rights and benefits afforded to employees through Lekela's HR policies are well-documented and any material changes are communicated to employees in an appropriate and timely manner.
- **Working Conditions and Terms of Employment** - Working conditions will be upheld in accordance with international best practice, and employment terms and remuneration will be reasonable and fair, with salaries exceeding the minimum living wage. Workers – including those directly employed by Lekela, and contracted workers – are subject to maximum working hours in accordance with local law and within the recommended limits as set by the *ILO Hours of Work (Industry) Convention, 1919 (No. 1)*, which shall not exceed forty-eight in the week, with the exceptions as set out by this convention. Workplace risk assessments will be carried out regularly and reasonable actions will be implemented to mitigate identified risks. If employees need to be rehoused locally, Lekela will provide accommodation of a fit and proper standard (see *section 3.3*).
- **Health & Safety:** Lekela adopts best international practices concerning Health and Safety. This is outlined in our Corporate HSSE Policy and Handbook, and individually managed at asset level health

¹ International Labour Organization (2014) Rules of the Game: a brief introduction to International Labour Standards - http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---normes/documents/publication/wcms_318141.pdf

and safety plans.

- **Covid-19 Adjustments** – Workplace adjustments have been made in line with national and international advice on managing risk in the workplace. Lekela has carried out a health and safety risk assessment, and has taken reasonable steps to mitigate those identified, including implementing cleaning, hygiene, and ventilation measures, as well as work from home (WFH) and flexible working practices. In the long term, we expect to need to take fewer precautions to manage the risk of COVID-19. We will continue to keep our workplace adjustments under review and will remove restrictions once it's safe to do so.
- **Worker Organisation** - Lekela's employees can join or form workers' organisations or unions, and their rights to bargain collectively and without hindrance or persecution are respected. In line with the ILO *Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)* Every employee has the right to take part in the formation or be a member of such an organisation, subject to its rules; take part in the lawful activities or seek and hold office of a union or organisation of which they are a member; take part in the election of workplace representatives where provision is made for such election; be elected or appointed and serve as a workplace representative where provision is made for this; exercise any other right conferred by the convention. Representatives of worker organisations and collective bargaining are to be engaged with appropriately, transparently and in a timely manner.
- **Non-discrimination and equal opportunity** - Lekela works to actively eliminate discrimination based on age, disability, gender reassignment, race (which includes colour, nationality and ethnic or national origins), religion or belief, sex, sexual orientation, marriage and civil partnership and pregnancy and maternity and any other inappropriate distinction. Employment opportunities and decisions will be based on job requirements and a candidate's skills, qualifications, and merit. All aspects of the employer/employee relationship will be based on the principle of equal opportunity and fair treatment. *Further details can be found in Lekela's Equality, Diversity, and Inclusion Policy.*
- **Retrenchment**- If any collective dismissals are to be made, Lekela will analyse alternative options to retrenchment. If viable alternatives are unavailable, an appropriate and equitable retrenchment plan will be implemented to reduce the adverse impacts on retrenched workers.
- **Grievance Mechanism** - See *section 2.3* for Lekela's approach to managing grievances.
- **Worker protection** - See *section 3.4* for Lekela's approach to managing forced and child labour. In addition, disciplinary practices are aligned with those in the ILO Core Conventions and IFC PS 2 and Lekela employs a zero-tolerance policy towards physical or corporal punishment being applied, or the ILO's concept of "the menace of any penalty".

3.2 Local Content

Lekela prioritises the hiring of a local labour force, maximising the opportunity for project-affected communities to become involved in the construction and operations of our assets. Furthermore, to positively impact the wider regional economy, Lekela's procurement process will seek to maximise, as far as possible, the use of local businesses when establishing and maintaining our value-chain. Local businesses attached to the project communities are considered first, and only if these parties are not deemed suitable for Lekela's business needs, are external organisations approached. In addition to the development of physical infrastructure and job creation, Lekela seeks to enhance local capacity to support industry activity and offer goods & services outside of Lekela's project scope. These activities are monitored by the local offices and reported on monthly. Taking this approach ensures that Lekela's projects have a positive socio-economic impact and provide lasting employment opportunities in geographies that suffer from economic hardship and deprivation.

3.3 Labour Accommodation

Lekela recognises that for certain projects it may not be possible to draw the workforce entirely from the local area. As such, it may be necessary to provide accommodation to relocate key workers. In these cases, the provision of accommodation will adhere at the very minimum to IFC's standards on labour and accommodation. These guidelines ensure that workers are housed properly, have adequate food and drinking water, access to sanitation facilities, and are provided for in terms of health, safety and security. Where worker accommodation is provided, a Worker Accommodation Policy specific to the project will be developed to reflect IFC Performance Standard 2, and the IFC and EBRD's guidance note on worker accommodation².

3.4 Forced and Child Labour

Lekela stands against forced and child labour, and commits to uphold IFC Performance Standard 2 and ILO conventions. Lekela is in full support of the 2015 UK Modern Slavery Act and commits to seeking continual improvements across our operations and throughout our supply chain to eradicate modern slavery risks. Lekela only engages with businesses which:

- do not employ forced labour of any kind, either directly or via their primary supply chain; and
- do not allow children to form part of their workforce, either directly or via their primary supply chain.

The Lekela Social Policy is reviewed annually to maintain alignment with legislation and best practice. We also implement Labour Management Plans to support these commitments at the project-level.

We recognise that our operations in Africa could be exposed to an elevated risk of slavery, human trafficking, forced or child labour. In response to these risks, robust procedures are in place to ensure that any direct employees, contractors and sub-contractors are screened appropriately to eliminate these.

The Slavery and Trafficking Risk Template (STRT) is applied in respect of all first-tier suppliers, consisting of two phases: an initial assessment, followed by an enhanced due diligence review if the assessment demonstrates a "high-risk" rating. Each year we publish a transparency statement which outlines our approach to fighting slavery & trafficking. These mechanisms are underpinned by labour management plans and key performance indicators that track and record labour and human rights issues. Contractor adherence to Labour Management Plans is monitored by third parties who conduct labour audits during the construction process.

4 Land Acquisition and Livelihood Enhancement

4.1 Land Acquisition

Acquiring land to develop projects in Africa requires an elevated level of risk management commensurate with the serious challenges it poses. The impacts of acquisition can be significant, often leading to socio-economic consequences that emerge after obtaining legal title, rights of way and starting the development process. Negligence in this area can have severe negative impacts, risking both the wellbeing of local communities and project viability.

From the outset, Lekela seeks to avoid physical and/or economic displacement through the land acquisition process. This mitigation approach ensures that we limit the impact we have on communities and, poor and vulnerable communities in rural Africa. Where avoidance is not possible, any displacement will only occur after all alternative avenues have been exhausted, and will be accompanied by measures to restore and enhance the livelihoods of those displaced. In line with IFC PS5 on Land acquisition and Involuntary Resettlement, any displacement will be guided by a resettlement and/or a Livelihood Restoration Planning and Implementation process underpinned by stakeholder engagement as set in line with this policy and a

² IFC/EBRD (2009) Workers' accommodation: processes and standards A guidance note by IFC and the EBRD - http://www.ifc.org/wps/wcm/connect/9839db00488557d1bdfcff6a6515bb18/workers_accomodation.pdf?MO D=AJPERES

project specific Stakeholder Engagement Plan.

5 Other Issues

5.1 Equality, Diversity, and Inclusion

Lekela is committed to Diversity and Inclusion and to a zero-tolerance policy in relation to less favourable treatment on the grounds of any protected characteristic under the Equality Act 2010. Lekela aims to ensure that:

- individuals are treated fairly, with dignity and respect regardless of their age, disability, gender reassignment, race (which includes colour, nationality and ethnic or national origins), religion or belief, sex, sexual orientation, marriage and civil partnership and pregnancy and maternity and any other inappropriate distinction
- it affords all individuals the opportunity to fulfil their potential
- it promotes an inclusive and supportive environment for staff and visitors
- it recognises the varied contributions to the achievement of the company's mission made by individuals from diverse backgrounds and with a wide range of experiences

We will take positive steps to ensure that our employees, stakeholders, contractors, and clients can enjoy an experience that is fair, equitable and free from discrimination in their dealings with us. A comprehensive description of this commitment can be found in Lekela's Equality Diversity Inclusion Policy.

5.2 Indigenous Peoples

Indigenous Peoples are social groups that consider themselves to be distinct from other sectors of their national societies and are most likely to be economically and socially marginalized and therefore vulnerable to transformation of their land, culture, beliefs, and institutions.

Lekela understands the heightened exposure and vulnerability of these communities to the environmental and social impacts of infrastructure projects. As with land acquisition, Lekela seeks to avoid impact, or when avoidance is not possible, minimise and compensate for impacts in a manner that is culturally appropriate. This shall be achieved through a suitable engagement process, based upon Informed Consultation and Participation (ICP) as set out in IFC Performance Standards 1 & 7. A process that will also shape our approach to delivering shared value to affected communities. Our commitment to indigenous peoples extends to establishing Free, Prior and Informed Consent (FPIC) with the affected communities in accordance with IFC Performance Standard 7.

5.3 Cultural Heritage

Lekela will ensure that our activities serve to protect cultural heritage from any adverse impacts of projects and support its preservation. Furthermore, Lekela will make sure that cultural heritage is identified and protection measures implemented in line with IFC PS 8 on Cultural Heritage. Where cultural heritage is expected to be found, projects will be required to prepare **Chance Find Procedures** to manage discoveries. Where cultural heritage is present, we will consult with affected communities and relevant regulatory authorities as well as facilitate continuous access to cultural sites subject to overriding health, safety and security considerations especially during construction.

6 Sustainable Development

Challenging socio-economic conditions can be widespread in the geographies where Lekela operates. As such, we recognise that our license to operate depends on our commitment to help tackle poverty and inequality, and act as a leader in promoting clean energy, sustainable infrastructure, and mitigating climate change.

In response to these global issues, the UN published the **Sustainable Development Goals (SDGs)**³; a list of 17 ambitions for 2030 that aim to transform global society for the better. Many of the goals align with Lekela's ambition to positively impact society, as outlined in this document. Furthermore, our business is built upon delivering sustainable energy infrastructure, which is hoped will support sustainable growth across the continent.

To increase our chances of making an impact on sustainable development at all levels, we ensure that we conduct our business activities with a rounded awareness of both the SDGs and their underlying targets. We actively report how our operations impact these and set our own targets within our annual reporting framework to help achieve progress.

Lekela focus on development priorities that are aligned with our business objectives to create 'shared value', with an emphasis on projects that create long-term benefits. The focus areas of these initiatives are in Education and skills development, Employment and enterprise, and Environment and energy. To realise these objectives, Lekela involve local people and partners in shaping community investment plans; building on existing strengths, assets, capacity, and capability, avoiding dependency, and encouraging self-reliance to ensure sustainability. Further details of this approach can be found in Lekela's Community Strategy.

The operational commitments above are overseen by the board of directors of Lekela Power B.V. (the Board). The Board seeks to deliver the highest quality of corporate governance, ethical and professional standards across the entire group. These are reflected in our employee training programs, and by the expectations we place on the partners and suppliers with whom we engage.

This document outlines Lekela's approach to managing and improving our impact on society, however, beyond our *Social Policy* we commit to demonstrating our progress on these issues. This performance, including our wider ESG impact, is documented annually within The *Lekela Group Sustainability Report*.

³ UN Sustainable Development Goals (2012) - <http://www.un.org/sustainabledevelopment/>