

SUSTAINABILITY REPORT 2020 KENYA



GLOBELEQ
MALINDI SOLAR GROUP LIMITED

MESSAGE FROM OUR MANAGEMENT

OUR 52 MWp SOLAR PROJECT AT MALINDI WILL INJECT RENEWABLE POWER AND DEVELOPMENT POTENTIAL INTO KENYA'S COASTAL REGION.

Malindi Solar is the first renewable power project in an area that has traditionally relied on expensive, carbon-intensive thermal energy. The power that the Malindi Solar plant produces will help to stabilise the grid in the coastal region and provide more reliable, sustainable and affordable electricity to support the local and national economy.

Local communities have welcomed the project and the benefits it brings. Some people living in the remote area around the site already use small solar panels to power their homes so they understand the value of solar power.

Making sure our projects support sustainable socio-economic development in the areas where we operate is part of Globeleq's mission. Many of our neighbours near the Malindi Solar site have already seen their livelihoods improve.

The few farming families who were resettled now have better homes, better living standards and better livelihoods as a result. The construction project has created hundreds of jobs for local people, and has supported many small businesses by sourcing services and materials locally wherever feasible.

These opportunities for income generation have helped to sustain communities during the Covid-19 crisis that has devastated the tourism-driven economy in the region.

We have also gone further by committing, together with our shareholder Norfund, US\$220,000 to raise awareness, support livelihoods and build local healthcare capacity to help communities through the pandemic and beyond.

Covid-19 has brought extreme hardship across the country and the world. We want to thank all our people for the tremendous commitment they have shown

throughout this time. We are truly humbled by the way everybody has supported each other and helped the business continue to thrive in very difficult circumstances.

After a four-month regional lockdown put construction on hold, our teams worked hard to help us remobilise quickly and deliver progress at pace on the Malindi Solar project. At the same time, we have continued to develop new business opportunities that will support our mission to power Africa's growth.

Globeleq's commitment to sustainability is, and will remain, a key driver in the way we deliver our renewable energy projects in Kenya and across the continent.

Brian Brooks
Malindi Solar Group
Construction Director



Edouard Wenseleers
Business Development Director,
East Africa



Contents	
Powering Kenya's development	3
Responding to Covid-19	4
Keeping people safe and well	5
Working with contractors	7
Supporting our communities	8
Protecting the environment	11
Find out more	12

POWERING KENYA'S DEVELOPMENT

WE ARE BUILDING RENEWABLE CAPACITY TO POWER SUSTAINABLE DEVELOPMENT IN KENYA.

Our 52 MWp Malindi Solar plant will help the Kenyan Government increase access to electricity, provide more reliable power to the coastal area of the country and support economic development.

We have created permanent jobs for local people in our development office in Nairobi and on the Malindi Solar project. In addition, hundreds of local people worked with contractors during the construction phase of the project.

Once operational, there will be at least nine permanent jobs at Malindi Solar and the plant will continue to support local small businesses through procurement of goods and services. In addition, the power we produce at Malindi Solar will indirectly support an estimated 2,263 jobs across the country.¹

Construction began at the 450-acre site in June 2019. Despite delays due to Covid-19, we made good progress in 2020. By the end of the year, construction works were over 60% complete and we had installed almost a third of the 157,000 photovoltaic panels that will harness solar energy once operational.

An engineering, procurement and construction (EPC) contractor is leading the construction at the plant. Our team on site works closely with the EPC contractor to maintain our high standards on quality, health, safety, environment and security – and to engage with local communities.

Our agreement includes a requirement for the EPC contractor to train and hire local people to work on the project. We also consult with communities to understand and respond to their needs.

Power from Malindi Solar will improve the stability of the grid in the coastal region. The plant will support the Kenyan Government's ambition to move to 100% green energy and extend access to grid electricity – and the development opportunities it brings – to more people across the country. The renewable power and jobs it creates will also support the UN Sustainable Development Goals.

Working in partnership

Globeleq worked with the Africa Energy Development Corporation (AEDC), the original sponsor, to develop the project and AEDC retains 10% ownership of Malindi Solar.

Sterling and Wilson Solar is the EPC contractor appointed to construct the plant, with support from subcontractors and local workers, and will also support the operations and maintenance of the site. Experienced Globeleq solar teams in South Africa will assist the Malindi Solar team with operations and maintenance of the plant through knowledge transfer and remote monitoring.

Once the plant is operating, electricity will be sold through a 20-year agreement with the national distribution company, Kenya Power and Lighting Company (KPLC).

POWERING KENYA'S GROWTH – KEY PERFORMANCE INDICATORS 2020

OUR POWER



52
MWp IN
CONSTRUCTION

OUR PEOPLE



9
EMPLOYEES

OUR DEVELOPMENT IMPACT



466
WORKERS PER
DAY DURING
CONSTRUCTION
(2020 AVERAGE)

70%
OF CONSTRUCTION
WORKERS LOCALLY
HIRED



¹ Estimated indirect employment enabled by businesses using electricity generated based on Joint Impact Model (used by CDC Group). This estimate has changed from the number previously reported in our 2019 Sustainability Report in line with updates to the Joint Impact Model.

RESPONDING TO COVID-19

COVID-19 AFFECTED PEOPLE AND BUSINESSES ACROSS THE COUNTRY IN 2020. KEEPING PEOPLE SAFE HAS BEEN OUR FIRST PRIORITY THROUGHOUT.

Lockdown put construction at our Malindi Solar site on hold from March to July 2020. This four-month shutdown and subsequent constraints delayed our planned completion date from mid 2020 to mid 2021.

When news of the pandemic first emerged, we immediately put in place a response plan in line with national health guidelines which included extensive measures to protect project employees and contractors when construction activities recommenced.

Employees and contractors were provided with additional personal protective equipment (PPE) and private transport to and from site to minimise unnecessary contact with others.

On arrival at the site, everyone had their temperature taken and sanitised their hands before entering. Visitors were asked to declare where they had been in the previous week and to take a Covid-19 test if they were coming from outside the region.

To prevent transmission of the virus on site, additional handwashing stations were installed and surfaces were disinfected four times a day. Workstations were rearranged for social distancing and work groups were limited to a maximum of five people in each area of the site.

Anyone showing Covid-19 type symptoms isolated at home or in specially-designed isolation cubicles on

site for a few hours before they were transferred to the nearest health facility. If required, medical assistance and Covid-19 testing were arranged through a hotline to our regional head office in Nairobi.

The Nairobi office was also closed for four months during the first national lockdown to minimise the risk of employees being infected. We introduced flexible working from home policies for employees, offered virtual training on health and wellbeing, and provided PPE and social distancing measures to enable a safe return to the office when it reopened.



SUPPORTING COMMUNITIES THROUGH COVID-19

In 2020, we stepped in to support communities near our Malindi Solar site through the Covid-19 crisis and agreed a major new partnership with our shareholder Norfund to deliver a US\$220,000 programme of continued support.

The programme, funded in equal portions by Globeleq and Norfund, is being managed by a steering committee of community representatives. It includes raising awareness of Covid-19 prevention measures, enhancing capacity at the Baolala Health Centre and extending support to communities in the Langobaya Location to cushion them from economic hardship during the pandemic.

As well as providing PPE, handwashing stations and sanitisation resources for the health centre and other community buildings, 80 community health volunteers are being trained to raise awareness of Covid-19 prevention measures. We are also providing bicycles to help them reach more people.

In addition, we will provide facemasks, hand sanitisers and food packs for over 300 vulnerable families and support the development of sustainable income generation opportunities for the long term.

KEEPING PEOPLE SAFE AND WELL

SAFETY ALWAYS COMES FIRST IN ALL OF OUR ACTIVITIES.

MANAGING HEALTH AND SAFETY

We are in continual dialogue with our EPC contractor to manage health and safety risks. Our site manager conducts daily site inspections to check compliance with Globeleg's common procedures.

Road safety is our biggest risk and a robust traffic management plan is in place. To reduce risks from driving at night, site work plans have been revised to target an earlier end time each day. Drivers are also given routine training and a safety checklist to run through every morning before starting their vehicle. We introduced further road safety measures in 2020 (see case study).

In 2020, our reportable incident rate was 1.45 for the Malindi Solar construction site and zero for the Nairobi office.

There was one lost-time accident related to the Malindi Solar project. A vehicle collecting water from the river for dust suppression lost control due to a mechanical problem 10km from the site and the driver broke his legs when he exited the vehicle. We require inspections to be carried out on all vehicles to confirm they meet safety standards and have suitable licences in place before performing any activity on site. The mechanical problem occurred despite the vehicle having been checked that day in line with our requirements.

When any health and safety incident occurs, a thorough analysis of the root causes is conducted. The Globeleg team then works with the EPC contractor to ensure measures are taken to prevent something similar happening in future.

INSTILLING A SAFETY-FIRST CULTURE

Anyone working at, visiting or delivering to the Malindi Solar project site must undergo health and safety induction training. More than 1,700 people completed this training in 2020.

Managers, supervisors and health, safety and environment (HSE) staff from both the EPC and subcontractors on site completed additional training on fire safety, First Aid and wider topics related to occupational health and safety. We also ran workshops to raise awareness of health and safety risks from venomous snakes, and how to contact the site snake handler to relocate snakes found on the project site (see page 11).



SAFETY PERFORMANCE IN 2020



REPORTABLE INCIDENT
RATE AT MALINDI SOLAR
PROJECT SITE²

1.45

LOST-TIME
ACCIDENTS

1

IMPROVING ROAD SAFETY

Speed control measures are helping to improve safety on the access roads leading to the Malindi Solar site. Speed bumps and road marshals increase awareness of road safety and encourage drivers to slow down. We also conducted refresher training for drivers on a regular basis.

² Incident rate includes lost-time accidents and incidents resulting in medical treatment or work restriction. Calculated in line with OSHA definition (200,000 x reportable incidents/working hours).

KEEPING PEOPLE SAFE AND WELL

We hold weekly toolbox talks for everyone on site to reinforce our health and safety procedures and raise awareness of specific topics. It was not possible to gather in a large group for these site-wide meetings during the Covid-19 pandemic, but subcontractors continued their daily toolbox talks with smaller teams every morning to cover specific risks related to tasks being completed that day.

Prior to carrying out any work, construction workers must obtain an induction health and safety card to show they have completed safety awareness training. This also has information on who to contact if they need to report any safety concerns or incidents.

Workers must have permits and certificates, or practising licences, to show they have the appropriate skills and training to complete specific tasks safely. They also receive a briefing on the related risks before beginning work and this is recorded on a register.

Individuals' safety cards include a record of any disciplinary action they have received for unsafe behaviour. No disciplinary action was instituted in relation to unsafe behaviour by individuals in 2020.

COMPLIANCE

Members of the Globeleq project team continually check for safety issues during their daily walk arounds on site and work with contractors to resolve any issues through our non-conformance reporting process.

In early 2020, we found a series of non-conformances with our health and safety standards. When the EPC contractor failed to take corrective action immediately, we suspended all activities on site for a week in March 2020 to enable an action plan to be put in place to ensure compliance. Remedial steps included provision of appropriate PPE and adherence to our permit to work system.

In November 2020, a safety improvement notice was issued to the EPC contractor by the Directorate of Occupational Safety and Health Services. It required written evidence to show that measures such as statutory safety audits, establishment of a health and safety committee, and training for workers had been completed. Action has since been taken to remedy non-compliances with occupational health and safety regulations. The contractor is continuing work on one open issue to provide evidence of occupational medical examinations of workers. All other non-compliances have been resolved.

We will continue to work closely with the EPC to ensure our high standards on health and safety are met as the project moves into the operations and maintenance phase in 2021.



Safety training led by Globeleq's Director of Operations & Maintenance.



On-site fire safety training.

WORKING WITH CONTRACTORS

WE WORK TOGETHER WITH CONTRACTORS TO ENSURE OUR HIGH STANDARDS ARE MET.

CONTRACTORS ON SITE

Globeleq's common procedures on health, safety, environment, social and security include detailed requirements from the construction phase of our projects through to operations and maintenance. Our project team is working closely with the EPC contractor and subcontractors to implement these procedures at the Malindi Solar site.

Before construction began, we worked together with the EPC contractor to develop environmental and social management plans for the Malindi Solar site as part of the terms of our agreement. These plans include topics such as health and safety, labour, cultural heritage, waste management and water use.

Our team on site works with the EPC contractor to ensure these plans are implemented. We provide training for EPC staff and subcontractors to make sure they understand our requirements and know how to implement them in their day-to-day work.

Private security personnel also undergo a two-week training course before starting work, which covers safety and human rights.

EMPLOYING LOCAL PEOPLE

We aim to hire locally where we can. Kenyan nationals represented seven of Globeleq's nine employees in Kenya in 2020, working at our Nairobi office and on the construction phase of the Malindi Solar project. Our community liaison officer for Malindi Solar is from Baolala Village, near the project site.

During the construction phase, we required our EPC contractor – and its subcontractors – to hire locally for any construction roles that did not require specialist skills. We also aim to hire local people for permanent operations and maintenance positions at Malindi Solar, and include women on the recruitment shortlists where possible.

The Malindi Solar project is also supporting wider income generation opportunities for local communities (see page 8).

PROVIDING JOBS AND SKILLS IN CONSTRUCTION

More than 310 local people were employed in 2020 as part of the construction phase of the project (see quote). This included all 200 members of the local community who completed the training we provided on construction skills in 2019.

The three-day training course was designed to help local people prepare for roles on site. It included a strong focus on health and safety as well as core skills for construction work. The lasting skills and certificate obtained from the training will put local people in a good position to secure future job opportunities in construction elsewhere once our project is complete.

While opportunities for employment and experience were

welcomed, workers on site raised several grievances with our EPC and subcontractors in 2020 which we took very seriously. The grievances mainly related to late payment of wages by subcontractors, which led to security incidents as a result of worker unrest. We listened to their concerns and engaged with our EPC to ensure subcontractors made overdue payments quickly.

UPHOLDING ETHICAL CONDUCT

Everyone working with us must share our values and follow the Globeleq Code of Business Conduct. All employees must complete refresher training on the Code every two years. In 2020, we ran additional virtual training on anti-corruption.

We also share the Code with contractors and include requirements on issues such as anti-bribery and corruption in their contracts.

Any concerns can be raised through our grievance reporting system or via a confidential hotline.



"I am honoured to have the opportunity to work on the Malindi Solar project. Over the last one and a half years working at the site, I have gained vast experience in civil and mechanical engineering on top of my original electrical expertise.

I learned a lot from the senior engineers working on the project. I have also had the opportunity to mentor over a hundred colleagues who arrived on site as unskilled workers and will come out with technical skills and experience in construction. I will not forget the many friends I have made at the Malindi Solar site."

JAPHET CHARO LEWA ELECTRICAL TECHNICIAN
WORKING FOR A SUBCONTRACTOR ON THE MALINDI SOLAR PROJECT

SUPPORTING OUR COMMUNITIES

WE ARE ENGAGING WITH COMMUNITIES FROM THE VERY BEGINNING OF THE PROJECT TO BUILD A SUSTAINABLE FUTURE TOGETHER.

CONSULTING COMMUNITIES

Around 17,000 people live in the four Sub-locations around our project site, which is in the rural Langobaya Location, around 50km from the town of Malindi.

Our dedicated community liaison officer helps us engage with community members from the early days of planning our development.

The main forum for engagement is a Project Stakeholder Committee (PSC) that was established with the support of area assistant Chiefs. It comprises representatives of surrounding Sub-locations and villages, who are nominated through community public meetings (Barazas), as well as various local interest groups.

The PSC usually meets every three months or more frequently as needed. Due to Covid-19 restrictions, and

the related four-month site closure, the PSC only met twice in person in 2020 with additional consultation conducted by phone.

A big focus of our engagement is to understand and manage stakeholder expectations. If a request is not possible, we maintain a dialogue with community representatives to explain what we can and cannot offer. For example, we managed early expectations of free electricity by explaining that we feed power into the grid and KPLC provides electricity to consumers.

SUPPORTING INCOME GENERATION

The main issues raised by the community in 2020 related to job opportunities, particularly given loss of local employment in other industries such as tourism as a result of Covid-19.

We continued to work with contractors to ensure local people were hired wherever possible to support construction at the Malindi Solar site (see page 7).

In addition to providing jobs on site, our project is also supporting local businesses in the village of Baolala, the business centre closest to the Malindi Solar site where many of the site workers are staying during the project (see quote, page 9).

We are also creating income generation opportunities for communities by enabling them to use waste materials from our site to turn into new products they can sell (see page 11).

PLANNING FOR A POSITIVE IMPACT

We are developing a socio-economic development (SED) plan that provides support where it is most needed



"In my Sub-location, more than 150 youths have been employed at the site. Apart from increasing income levels in their households, it has helped to stop security issues like thefts due to youth unemployment and idling. All these issues are no more because the youths have something to do.

From the extensive engagement with the Malindi Solar project, it is evident that upon completion of the project there will be a lot of support for the community in various socio-economic areas, such as youth income generating activities, food security projects and educational scholarships."

STEPHEN BARAKA ASSISTANT CHIEF, MAKOBENI SUB-LOCATION

SUPPORTING OUR COMMUNITIES

and delivers a sustained positive impact in the long term.

The first step was to understand local needs. We conducted a baseline survey of 367 households in 2019, as well as holding focus group discussions with 120 people, meeting with key stakeholders, and consulting leaders of 21 local schools, clinics and training centres.

Based on their feedback, we identified several priorities for our SED investment. In 2020, we held meetings with communities in all four local Sub-locations to help us develop and refine a detailed SED plan tailored to their needs.

Our SED plan aligns with Globeleq's four corporate focus areas – income generation, healthcare, education and post-school professional development. It also responds to specific local needs such as access to water and sanitation, and improved systems for

land tenure. See list of priorities, right.

With the help of the PSC and local project committees, we aim to design, implement, monitor and evaluate SED projects in collaboration with relevant community stakeholders.

We will also continue to offer internships to support professional development opportunities for local young people. In 2020, two local people completed internships with us, one in our Nairobi office and one at the Malindi Solar site. Both internships were extended into 2021 to help the interns get the most out of the experience despite Covid-19 disruptions.

An additional focus for 2021 is a major project, jointly funded by Globeleq and our shareholder Norfund, to help the Langobaya Location respond to Covid-19 (see page 4).

SED PRIORITIES

- **Construction of community administration offices**
- **Water boreholes and irrigation infrastructure**
- **Farming extension and inputs**
- **Enterprise development, particularly for youth, women and people with disabilities**
- **Education bursaries and scholarships**
- **Internships for graduates**
- **Improvements in educational and health infrastructure, such as schools, vocational colleges, dispensaries and health centres**
- **Awareness programmes on public health issues**
- **Environmental activities, such as tree planting**



"The project has positively impacted Baolala centre. A lot of businesses have grown up quickly. It has helped a lot of women because they own small businesses selling vegetables, groceries, fried fish and other things. All the rental houses are full and people have started putting up more housing units. Other investors have started coming to look at investment opportunities in the area. All this is thanks to the Malindi Solar project."

MAMA SARA LUGO VILLAGE ELDER, BAOLALA

SUPPORTING OUR COMMUNITIES

SUPPORTING PEOPLE AFFECTED BY THE PROJECT

Seventeen households have been directly affected by the construction of the Malindi Solar plant.

We provided compensation to 16 of the affected households to help them establish new homes in properties of their choice and we are helping them secure tenure of the land they occupy. To enhance living standards, we built toilets for all 16 households and engaged the local public health officer to provide education to improve sanitation.

We also funded the installation of a community water pipeline to serve the new homes. Three families who resettled in homes more than 500 metres from the pipeline, or required additional support, were provided with equipment to enable rainwater harvesting.

Discussions regarding eventual relocation are ongoing with one occupier who continues to undertake farming activities on a portion of land that is owned by the project but is not part of the current project development.

Many of the families affected by our project were subsistence farmers. We partnered with local experts to enable them to improve crop productivity and boost their livelihoods for the long term.

The first phase of this support in 2018 and 2019 included provision of equipment and seeds to grow cowpeas and green grams – both drought-resistant crops that would thrive in the arid area – and training on efficient farming methods. Harvests have more than doubled.

In 2020, we extended training and outreach to support farming of goats, poultry and vegetables (see case study). We also provided facemasks to help families stay safe during Covid-19.

BOOSTING FARMING PRODUCTIVITY AND LIVELIHOODS

We helped families improve livestock productivity by investing in improved breeds of goats and poultry, building better housing for animals and providing training on modern farming techniques.

Five people completed additional training to become animal health assistants to help the community keep livestock healthy. We also provided seeds and equipment for growing vegetables.

Together, these measures are designed to help families produce enough food to feed themselves and have extra left over to sell. We also provided training and links to markets to help them develop and manage their businesses so they can further improve their livelihoods.



PROTECTING THE ENVIRONMENT

WE HAVE STRICT PROCEDURES IN PLACE TO MANAGE ENVIRONMENTAL IMPACTS AS WE DEVELOP RENEWABLE POWER CAPACITY.

ADDRESSING CLIMATE CHANGE

The Malindi Solar plant will support economic growth and help to address climate impact by increasing Kenya's power capacity from renewables. Once operational, the 52 MWp plant is expected to avoid more than 44,500 tonnes of CO₂-equivalent per year – and nearly 900,000 tonnes during its lifetime.³

In November 2020, we participated in an event to launch the Year for Climate Action, attended by the Principal Secretary of the Ministry of Environment and Forestry and the Governor of the Central Bank of Kenya amongst others. We also sponsored the Kenya-UK Year of Climate Action Photography Competition, which invited people to share photographs depicting climate change across the country. The winner, to be announced in 2021, will receive a cash prize and a trip to Malindi to see the solar plant.

MANAGING ENVIRONMENTAL IMPACTS

Before beginning work to clear the site in preparation for construction, we conducted an environmental and social impact assessment to help us manage our impact.

We manage environmental risks proactively by conducting daily and weekly site inspections to check contractor compliance with Globeleg's environmental protection procedures, which are based on best practice and international standards. We also have a system in place for people working on site to report risks or incidents.

We used shrubs and soil cleared from our site to rehabilitate an abandoned borrow pit nearby that was left over from civic roadworks in Sosoni village. The cleared vegetation has helped to level the ground and will enrich the soil with nutrients. To complete the restoration, we plan to plant indigenous trees at the

former borrow pit as part of our celebration of World Environment Day in 2021.

Several species of venomous snakes have been found on the Malindi Solar project site. To protect the snakes, and mitigate health and safety risks to site workers (see page 5), a specialist snake handler is contracted to relocate any snakes found on site. Over a period of 18 months from November 2019, 450 snakes were captured, relocated and released.

WATER USE AND WASTE

We agreed a plan with our EPC contractor to ensure site waste is managed responsibly and we check regularly to ensure it is being implemented. In 2020, the site generated 871 tonnes of waste, including 14 tonnes of hazardous waste (mainly cement bags). Waste is segregated to enable reuse, recycling or, in some cases, upcycling (see case study) where possible.

Each subcontractor working on site has its own metered connection to the local municipal water supply. In 2020, 7,326m³ of water was used at the site, mainly for mixing concrete, dust suppression, cleaning and sanitary purposes. Once the site is operational, we will minimise water use by adopting a dry brushing system to keep solar panels dirt-free.



UPCYCLING WASTE PACKAGING

We are installing thousands of photovoltaic modules at the Malindi Solar site. The modules are delivered in cardboard boxes secured with plastic ties. The cardboard is sent for recycling and we have found innovative ways to reuse the ties to create useful new products.

Some of the ties were used to create gate covers for local people and the rest were given to a local upcycling business to create products like chicken coops used to protect free range hens from predators at night. Not only is this reducing plastic waste, it is also providing income for local people who make and sell the upcycled products.



³ Lifetime avoided emissions calculated using the 50% probability production forecast over a 20-year operating lifespan.

FIND OUT MORE

This report covers our sustainability activities and performance in 2020 at our Malindi Solar development project. Employee numbers and health and safety data also include our office in Nairobi. The report excludes the operational Tsavo power plant in Kenya, in which Globeleq holds a minority share.

Visit the Globeleq website to view our global sustainability report and find out more about our approach to sustainability across the business:

www.globeleq.com/sustainability.

We welcome feedback on our approach and reporting.

Please contact us at **sustainability@globeleq.com**.

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Globeleq employees in Kenya gathered for a teambuilding event in October 2020.

