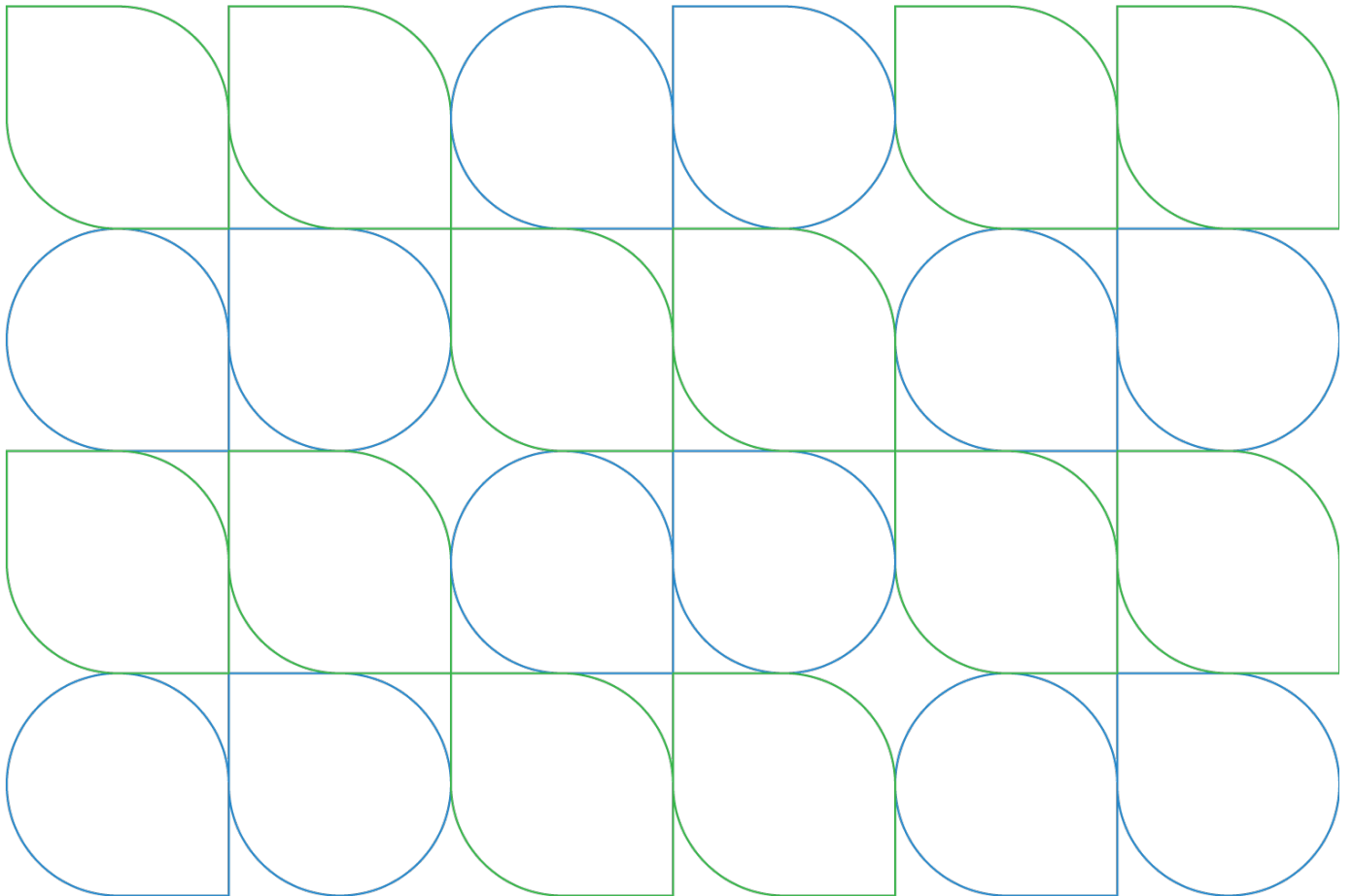


BAKHVI 1 HYDRO POWER PLANT

ANNUAL ESG REPORT 2025





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Abbreviation	Definition
CLO	Community Liaison Officer
EIA	Environmental Impact Assessment
ESG	Environment, Social and Governance
HPP	Hydro Power Plant
kW	Kilowatt
LLC	Limited Liability Company
SDG	Sustainable Development Goals
SEP	Stakeholder Engagement Plan
UN	United Nations
IFC	International Finance Corporation
EIB	European Investment Bank
FMO	Dutch Development Bank
OeEB	Austrian Development Bank
MW	Megawatt
GWh	Gigawatt Hour
GHG	Greenhouse Gas
ESIA	Environmental and Social Impact Assessment
TCFD	Task Force on Climate-Related Financial Disclosures
PPE	Personal Protective Equipment
TBT	Toolbox Talk
PAC	Project Affected Community

CACUCASUS CLEAN ENERGY HOLDING (CCEH) HYDRO VI LLC BAKHVI 1 HPP ESG ANNUAL REPORT 2025

Introduction

The 2025 ESG Annual Report serves as a clear and transparent reflection of CCEH Hydro VI LLC - Bakhvi 1 HPP's commitment to sustainability and responsible business practices. Through this report, we highlight our achievements, address the challenges we encountered, and present the progress made toward strengthening the project's environmental and social management practices.

This report reflects our dedication to accountability, meaningful impact, and responsible project implementation.

The 2025 ESG Annual Report of Bakhvi 1 HPP reflects a year during which the project remained fully within the construction phase, while the overall intensity of construction activities gradually decreased compared to 2024 year. The first half of the year continued under active construction conditions, while the second half focused on advancing remaining construction works, infrastructure stabilization, and the continuation of works on key structures, including the intake.

This stage required adjustments not only in construction planning, but also in environmental oversight, workforce management, stakeholder engagement, and internal control processes. As construction intensity decreased, attention was directed toward closing outstanding compliance matters, strengthening documentation systems, and ensuring that the management systems developed during construction remain effective and well maintained.

The report presents factual information on environmental monitoring, health and safety performance, workforce dynamics, social investment activities, and governance practices during 2025. It outlines both areas of stable performance and areas requiring corrective action.

For Bakhvi 1 HPP, 2025 was therefore characterized by the gradual reduction of construction activities rather than a transition to operation. The HPP remained in the construction phase throughout the year, while internal systems, documentation, and management practices continued to evolve in preparation for the next stage of the project lifecycle.

CCEH Hydro VI LLC remains committed to transparent reporting, alignment with national legislation and international lender standards, and maintaining responsible practices as the project enters the next stage of its lifecycle.

Who Are We

CCEH Hydro VI LLC (the "Company") is a company developing the Bakhvi 1 hydro power plant project in Guria, region of Georgia. The project involves the construction and operation of a 10.9 MW run-of-the river hydroelectric power plant on the Bakhvistkali River, located within the Ozurgeti Municipality. Investors of the company include Caucasus Clean Energy Holding (CCEH), Austrian Investment Fund ILAG, and other field-specific investors from Austria and Georgia. CCEH's investors comprise well-known financial institutions from America and European countries (including European Investment Bank [EIB], Dutch Development Bank [FMO], Austrian Development Bank [OeEB], etc.). ILAG holds diverse business interests across several Western countries.

CCEH Hydro VI LLC conducts its operations in compliance with the environmental and social management standards set by international financial institutions, including the IFC and EIB.

About Bakhvi 1 HPP

Bakhvi 1 HPP is planned on a section of the Bakhvistkali River spanning elevations between 1,735 meters and 1,383 meters above sea level. The headworks will be situated approximately 250 meters downstream from the confluence of the Bakhvistkali and Baisura Rivers. The flood intake structure will be located at an elevation of 1,731.70 meters, and the HPP building will be positioned at an elevation of 1,383.0 meters.

Bakhvi 1 HPP will consist of a headworks structure, a pressure pipeline system, and an above-ground power plant building that will house the necessary mechanical and electrical equipment for electricity generation. The installed capacity of the power plant is 10.9 MW, with a design flow rate of 4.0 m³/s.

Performance Highlights

a. Supply chain resilience and contractors

During 2025, procurement activities at Bakhvi 1 HPP continued to support ongoing construction works. The first half of the year required active sourcing of construction materials, technical equipment, and specialized services necessary for the implementation of remaining infrastructure works. During the second half of the year, as the intensity of construction activities gradually decreased, procurement volumes also declined and became more focused on remaining construction needs, infrastructure stabilization, and technical adjustments.

Throughout 2025, Bakhvi 1 HPP maintained its commitment to transparent, efficient, and responsible supply chain management. Supporting the local economy remained an important priority. Wherever technically and economically feasible, goods and services were procured from local businesses in surrounding communities, including services related to logistics, camp operations, transportation, and maintenance.

At the same time, certain specialized equipment and technical components continued to be sourced from regional and international suppliers due to technical requirements. Supplier engagement remained governed by contractual obligations and the Supplier Code of Conduct, which includes principles related to fair labor practices, non-discrimination, anti-corruption, occupational health and safety, and environmental protection.

Additional attention during 2025 was placed on verifying supplier compliance documentation and ensuring that contractors fulfilled environmental and social mitigation commitments associated with construction activities.

Overall, procurement practices at Bakhvi 1 HPP during 2025 reflected the gradual reduction of construction activities while maintaining responsible sourcing standards and continued engagement with local service providers.

b. Community engagement

Community engagement at Bakhvi 1 HPP remained active and structured throughout 2025, focusing on maintaining open communication with local community members during the continued construction phase.

Engagement activities addressed construction-related impacts, community concerns, and communication regarding ongoing works and timelines. As construction intensity gradually decreased toward the end of the year, discussions increasingly focused on completion of remaining works, partial workforce demobilization, and infrastructure stabilization.

Regular communication was maintained with all 29 households located within the HPP-affected area through direct contact and monthly newsletters. Particular attention was given to vulnerable groups, including individuals with special needs, ensuring inclusive and accessible communication.

The Grievance Mechanism remained operational throughout 2025; however, no grievances were submitted during the reporting period, and only 2 requests were received and addressed in accordance with established procedures.

Community feedback collected during 2025 supported the management of key issues, including road conditions, clarification of timelines, and expectations related to employment as construction activities gradually declined.

Overall, engagement efforts in 2025 focused on maintaining transparency, addressing community concerns, and ensuring responsible management of social aspects during the later stage of construction activities.

For further details on stakeholders and community engagement, please refer to the [Stakeholder Engagement](#) chapter.



c. Biodiversity conservation

Biodiversity conservation remained an environmental priority at Bakhvi 1 HPP throughout 2025. Environmental protection and mitigation measures continued to minimize potential impacts on the surrounding forest ecosystem and the Bakhvistkali River during ongoing construction activities.

Environmental monitoring remained active and included aquatic biodiversity monitoring, geological stability assessments, water quality, and air quality monitoring in line with permit conditions and investor requirements. A total of 22 environmental surveys were conducted during the year.

Additional attention was given to the stabilization of disturbed areas and verification of implemented mitigation measures. Monitoring continued to focus on sensitive aquatic species, including Brown trout populations in the Bakhvistkali River, with surveys carried out by independent experts.

For more information on the frequency of the surveys conducted, the authors involved, and the results obtained, please refer to the chapter on [Environmental Performance](#), as well as [Annex # 1: The number of surveys conducted in 2025, the third-party specialists responsible for carrying them out, and the content of each study](#).

d. Local Economic Development and Workforce Preparation

In 2025, Bakhvi 1 HPP continued to contribute to the local economy through employment, local procurement, and demand for services during the construction phase.

The main construction contractor, Domus Fabrilis, employed 55 workers, including 31 local community members (56%) and 10 women (18%). Employees worked across civil works, logistics, safety coordination, environmental supervision, technical support, and camp-related services.

As construction intensity decreased toward the end of October 2025, workforce numbers were gradually reduced in line with demobilization planning. The process was carried out in compliance with Georgian labor legislation and investors' requirements, ensuring transparent contract closure and settlement of financial obligations.

Throughout 2025, employment practices remained aligned with national labor legislation and internationally recognized standards on fair wages, non-discrimination, and occupational health and safety.

e. Health, Safety, and Workforce Wellbeing

Occupational health and safety remained a priority at Bakhvi 1 HPP throughout 2025 during ongoing construction activities.

Safety management measures included daily toolbox talks, routine monitoring, internal audits, and hazard identification procedures. Key risk controls focused on work-at-height safety, heavy machinery supervision, traffic management, and monitoring of personal protective equipment.

The incident reporting system remained active during the year, supporting proactive hazard identification and corrective actions.

Health and safety trainings continued in line with site activity levels and covered occupational risk awareness, emergency response, equipment handling, and environmental health and safety requirements.

For more insight into the company's H&S structure, refer to the [Occupational Health and Safety](#) chapter; for details on incidents, please see [Annex # 2: H&S Incidents Log](#)

f. Grievance Mechanism and Stakeholder Transparency

During 2025, the Company's Grievance Mechanism remained fully operational and accessible through multiple channels, including the Community Liaison Officer, on-site grievance boxes, a dedicated phone line, the project webpage, and email communication, ensuring that all affected stakeholders had the opportunity to raise concerns or submit requests.



During the reporting year, two formal requests were received in relation to Bakhvi 1 HPP. Both matters were reviewed in accordance with internal procedures and were fulfilled. Apart from these requests, no additional complaints or grievances were submitted during 2025. no grievances were submitted during the reporting period.

The received request was formally logged, assessed, and resolved within established timelines, demonstrating continued transparency, responsiveness, and effective stakeholder communication during the transition phase.

g. Social Impact and Community Development

In 2025, Bakhvi 1 HPP continued to implement its social program based on the needs assessment conducted when the company entered the region.

During the reporting year, 4 social initiatives were implemented, primarily focused on education, as well as targeted support for women and persons with special needs.

Education remained a key focus of the social program, supporting community wellbeing and long-term development in the surrounding communities.

h. Capacity Building and Knowledge Transfer

During 2025, the construction activities at Bakhvi 1 HPP provided opportunities for professional development and practical experience.

Workers across qualified, semi-qualified, and unqualified categories were engaged in civil works, mechanical installation, logistics, occupational health and safety coordination, and camp-related services, strengthening technical and safety competencies.

In parallel, the company supported the professional development of administrative and technical staff through a co-financing model for additional training, enabling employees to pursue further professional education and skill development. AI awareness training was conducted for 12 employees, highlighting the importance of responsible and informed use of artificial intelligence in daily work processes.

Targets for Sustainable Future and alignment with United Nations Sustainable Development Goals (SDGs)

At Bakhvi 1 HPP, the mission is to generate renewable energy while ensuring responsible environmental and social management.

The 2025 ESG Annual Report reflects the company’s commitment to environmental stewardship, social responsibility, and ethical business practices.

Sustainability remains a core principle guiding operations. To strengthen this commitment, CCEH Hydro VI LLC aligned its activities with the principles of the United Nations Global Compact, reinforcing adherence to internationally recognized standards on environmental protection, human rights, labor practices, and anti-corruption.

Through this alignment, the company continues to promote responsible business conduct and contribute to sustainable development at the local level.

Below, we present our 2025 targets and achievements, which highlight our alignment with the United Nations Sustainable Development Goals (SDGs) and our commitment to sustainable development.



#	Bakhvi 1 HPP Targets 2025	Link to SDG ¹	Metric Value	Targets set for 2025	Targets achieved in 2025
1.	Number of project affected communities	SDG 1 No Poverty	#	1	1
2.	Number of households in project affected communities	SDG 1 No Poverty	#	29	29
3.	Number of population in project affected communities	SDG 1 No Poverty	#	151	161
4.	Total funds allocated to social projects	SDG 1 No Poverty	\$	\$21,437	\$21,437
5.	Number of social projects implemented	SDG 1 No Poverty	#	4	4
5.1	Number of educational projects implemented	SDG 4 Quality Education	#	2	2
5.2	Number of school student beneficiaries reached through educational project	SDG 4 Quality Education	#	13	14
5.3	Number of social inclusion projects for persons with special needs	SDG 10 Reduced Inequalities	#	2	2
5.4	Number of persons with special needs outreached through support packages	SDG 10 Reduced Inequalities	#	41	43
6.	Number of full-time employees	SDG 8 Decent work and economic growth	#	90	91
7.	Number of full-time female employees	SDG 5 Gender equality	#	23	23
8.	Female Representation in Company Management	SDG 5 Gender equality	#	2	2
9.	Number of women on the Supervisory Board	SDG 5 Gender equality	#	1	1
10.	Geological survey	SDG 9 Industry, innovation, and infrastructure	#	2	2
11.	Number of the aquatic biodiversity ecosystem survey	SDG 14 Life Below Water	#	2 seasonal Biodiversity survey	2 seasonal Biodiversity survey
12.	Number of biodiversity surveys	SDG 15 Life on land	#	2 seasonal Biodiversity survey	2 seasonal Biodiversity surveys
13.	Funds donated towards reforestation activities	SDG 15 Life on Land	\$	\$179, 421	\$179, 421
14.	Number of trees planted	SDG 15 Life on Land	#	16,500	16,500

Environmental Performance

In 2025, Bakhvi 1 HPP continued construction activities during the first part of the year, involving ongoing on-site operations and engineering works. From the end of October, construction intensity gradually decreased as several works progressed toward completion. Throughout the year, maintaining strong environmental performance remained a core priority.

Environmental management at Bakhvi 1 HPP remained aligned with Georgian regulatory requirements and applicable international good practices. Environmental compliance and monitoring were carried out in a structured manner, with particular attention given to managing construction-related impacts and ensuring implementation of environmental mitigation measures.

¹ SDG - The Sustainable Development Goals are a set of 17 global agreements set by United Nations, adopted by 193 countries to address and transform the world by 2030.

A comprehensive Environmental Monitoring Plan remained in force throughout 2025. The plan defines monitoring procedures and mitigation measures designed to prevent, minimize, and control environmental impacts during construction activities. During the first half of the year, monitoring focused on active construction-related impacts, including air and water quality monitoring, noise and vibration monitoring, waste management control, and biodiversity monitoring.

As construction intensity decreased from the end of October, environmental monitoring continued according to approved schedules, with increased attention to site stabilization, verification of implemented mitigation measures, and review of environmental documentation to ensure compliance with environmental decision requirements.

Throughout 2025, environmental monitoring activities were documented through regular monitoring reports and environmental surveys, supporting ongoing environmental oversight during the construction phase.

At the same time, the reporting year included several regulatory enforcement outcomes linked to inspections carried out during the construction phase. Following the results of a 2024 inspection of Bakhvi 1 HPP conducted by the Environmental Supervision Department, a fine of GEL 7,828 (USD 2, 899) was imposed on CCEH Hydro VI LLC in 2025. The fine was related to the construction of a riprap structure without obtaining a required screening decision, as well as non-compliance with certain conditions of the environmental decision.

In response, the company initiated internal reviews of compliance procedures, strengthened coordination between technical and ESG teams, and enhanced monitoring of permit-related obligations to reduce the risk of similar issues in the future.

a. Biodiversity conservation

Biodiversity protection remained an important component of environmental management at Bakhvi 1 HPP throughout 2025. During the first part of the year, while construction activities were ongoing, mitigation measures continued to be implemented to minimize potential impacts on surrounding ecosystems. From the end of October, as construction intensity gradually decreased, biodiversity oversight remained active to ensure that environmental mitigation measures were maintained and verified.

In accordance with Georgian environmental legislation and relevant international good practices, measures continued to support the protection of species listed under the Georgian Red List and the IUCN Red List of Threatened Species. Biodiversity management followed the mitigation hierarchy of avoidance, minimization, restoration, and monitoring.

Particular attention was given to aquatic ecosystems of the Bakhvistkali River, including monitoring of Brown Trout populations and other ecological indicators. Environmental monitoring activities were documented through regular biodiversity monitoring reports and field surveys, providing data on habitat conditions and species presence during ongoing construction activities.

Additional attention during the reporting year was given to the stabilization of disturbed areas and verification that biodiversity-related mitigation measures remained properly implemented. Monitoring activities were carried out with the involvement of independent experts, supporting objective environmental oversight and compliance with environmental commitments.

Biodiversity and ecosystem health

Bakhvi 1 HPP is committed to preserving biodiversity and maintaining ecosystem integrity within the surrounding area. Through systematic monitoring and targeted conservation measures, environmental management efforts support the protection of local habitats and the species that depend on them.

Biodiversity monitoring activities were carried out by qualified third-party specialists, who conducted field surveys to assess key biodiversity components. These surveys focused on identifying local habitats and documenting resident and migratory species of mammals, birds, reptiles, amphibians, bats, and flora. The monitoring aimed to track ecological conditions over time and ensure alignment with environmental protection requirements.

In 2025, as part of the HPP's biodiversity management efforts, a series of ecological surveys were carried out by invited specialists with relevant expertise. A total of six² biodiversity field surveys were conducted throughout the year, in alignment with the timelines specified in the Environmental Monitoring Plan. These monitoring reports covered a broad range of ecological components, including animals, birds, amphibians, reptiles, bats, and flora.

The purpose of these assessments was to evaluate the potential impacts of ongoing construction activities within the project area. The findings confirmed that the impact on local biodiversity within the construction corridor remains minimal and in full compliance with both national environmental regulations and applicable international standards.

The results of all surveys were formally submitted to the National Environmental Agency. Following their review, no comments or objections were issued, indicating regulatory alignment and satisfactory implementation of environmental obligations.

Photo #1: A bear with two cubs was observed in the project area



Photo #2: An Arch was observed in the project area



Environmental conservation and mitigation measures for sustainable operations

As part of biodiversity monitoring activities, several species of conservation concern were recorded within the area, including the otter (*Lutra lutra*), Caucasian toad (*Bufo verrucosissimus*), and brown bear (*Ursus arctos*). These observations contribute to a broader understanding of local biodiversity and support ongoing environmental monitoring.

Field surveys conducted by qualified zoologists and ichthyologists focused on habitat conditions, species presence, and potential ecological pressures. Observations were documented and incorporated into environmental monitoring reports. Where necessary, mitigation measures such as habitat buffer zones, seasonal work restrictions, and awareness training for construction personnel were applied.

Environmental protection remains an important operational principle for CCEH Hydro VI LLC. Mitigation measures developed in cooperation with international consultants from SLR and Alpage are implemented to minimize potential environmental impacts during construction activities. These measures are periodically reviewed and monitored to ensure their effectiveness and alignment with good international practices.

Throughout 2025, the ESG team of CCEH Hydro VI LLC conducted regular on-site inspections to oversee the implementation of environmental mitigation measures and the integration of environmental requirements into

² Out of a total of 22 surveys conducted, six focused specifically on biodiversity

construction activities. This monitoring supported continued oversight of environmental performance during the construction phase.

b. Biodiversity of aquatic habitats

Through ongoing monitoring and targeted conservation measures, efforts continue to protect the ecological condition of the Bakhvistskali River and the species that depend on it. Aquatic biodiversity monitoring supports the assessment of potential impacts of construction activities on river ecosystems and ensures alignment with environmental requirements and good international practices.

Two seasonal monitoring surveys were conducted by independent specialists to assess fish populations, macroinvertebrate communities, and habitat conditions. The monitoring results support evaluation of mitigation measures and provide information on the ecological condition of the river ecosystem, helping identify areas requiring additional attention where necessary.

During the monitoring periods in the Bakhvistskali River, one fish species (Brown trout) was recorded, with a total of 7 and 8 individuals captured respectively, total fish biomass measured at 536 g and 366 g, and macroinvertebrate taxonomic diversity remaining stable at 9 orders and 35 families.

Ichthyological monitoring conducted in June and October 2025 confirmed the presence of a small resident population of Brown trout in the Bakhvistskali River. Monitoring results indicate that aquatic biodiversity in the monitored section remains stable and consistent with historical baseline conditions, characterized by naturally low fish abundance.

Water quality parameters met the ecological requirements for trout habitats, and no anthropogenic pollution was detected. The monitoring also confirmed that natural flood events are the main factor influencing aquatic habitat conditions in the river.

Overall, the monitoring results indicate that construction activities at Bakhvi 1 HPP have not caused significant impacts on the aquatic biological environment, while continued monitoring and planned restocking measures aim to support long-term conservation of trout populations.

As part of a broader commitment to preserving and understanding aquatic ecosystems, detailed research into aquatic biodiversity is conducted in tandem with surface water quality monitoring. This monitoring is carried out on a quarterly basis by independent, third-party specialists to ensure objectivity, scientific accuracy, and transparency.

Photo #3: Aquatic biodiversity study visual record



Photo #4: Aquatic biodiversity study visual record study



Photo #5: Brown trout discovered during the study



Photo #6: Surface water quality study visual record



c. Air quality, dust, and vibration

Environmental protection is an important principle guiding activities at Bakhvi 1 HPP throughout the construction phase. Environmental monitoring includes regular control of dust, air quality, noise, and vibration in order to minimize potential impacts and ensure compliance with environmental requirements.

Air quality monitoring results indicate that dust concentrations remained low during the reporting period, reflecting the implementation of site management measures aimed at controlling dust emissions during construction activities.

Noise monitoring conducted in accordance with regulatory requirements confirmed that ambient noise levels remained within permissible limits. Similarly, vibration monitoring carried out in the camp area confirmed compliance with established regulatory thresholds.

Overall, monitoring results indicate that construction activities were conducted in accordance with environmental requirements, with no significant impacts identified in relation to air quality, noise, or vibration during the reporting period.

Photo #7: Noise and air quality monitoring visual record



Photo #8: Noise and air quality monitoring visual record



d. Monitoring of geological conditions

Geotechnical monitoring was conducted by a specialist with recognized expertise to assess slope stability and site conditions within the Bakhvi 1 HPP construction area. The monitoring aimed to maintain an updated understanding of geological conditions during ongoing construction activities.

The monitoring results confirmed that no hazardous geological risks were identified in the area during the reporting year. At the same time, several technical recommendations were provided to strengthen slope management, drainage control, and stabilization measures.

These recommendations were incorporated into construction management practices to ensure that works continued in accordance with established geotechnical standards and good engineering practices. The monitoring results supported ongoing oversight of site stability and risk prevention during the construction phase.

e. Emission

Bakhvi 1 HPP is designed as a run-of-river hydropower facility that generates electricity using the natural flow of the river, without the need for large reservoirs or fossil fuel combustion. This design supports low-carbon electricity generation and contributes to Georgia’s renewable energy development and national decarbonization objectives.

During the reporting year 2025, construction activities continued, and greenhouse gas (GHG) emissions associated with the construction phase were monitored and disclosed. Scope 1 and Scope 2 emissions were tracked to ensure transparency regarding fuel consumption, machinery operation, and electricity use related to construction and auxiliary activities.

Starting from 2025, Scope 3 emissions accounting was also introduced. These calculations cover indirect emissions associated with construction materials, contractor activities, transportation, and other value chain components related to construction works.

Although construction intensity decreased from the end of October 2025, emissions monitoring continued throughout the reporting year in accordance with established tracking procedures.

Bakhvi 1 HPP applies the following metrics and targets to monitor and disclose emissions:

- **Absolute Emissions Target:** Gradual reduction across all applicable scopes, with quarterly tracking of Scope 1 and Scope 2 emissions and annual tracking of Scope 3 emissions starting from 2025.
- **Intensity-Based Indicator:** Monitoring emissions relative to projected power output (e.g., CO₂e per MWh), supporting operational efficiency once the plant becomes fully operational.
- **Energy Efficiency Measures:** Integration of energy-efficient practices during construction and preparation for operational optimization to minimize indirect emissions.
- **Comprehensive Disclosure:** Annual reporting of Scope 1, Scope 2, and, beginning in 2025, Scope 3 emissions, ensuring transparent and broad-based GHG accountability.

Through expanded emissions accounting and continued monitoring, Bakhvi 1 HPP reinforces its commitment to responsible climate governance and transparent environmental reporting as it transitions toward commissioning and operational readiness.

Emissions Data For 2025³

Type Of Data	Q1	Q2	Q3	Q4	Actual '25
Scope 1 (tCo2eq/yr)	14	15	28	23	80
Scope 2 (tCo2eq/yr)	0,04	0.08	0,03	0,02	0,17
Scope 3 (tCo2eq/yr)	14	126	45	28	213
AVOIDED EMISSION (tCo2eq/yr)	N/A	N/A	N/A	N/A	N/A

³ Emissions data for 2025 correspond to the construction phase of the project

Greenhouse Gas (GHG) Emissions Outlook

CCEH Hydro VI LLC remains committed to supporting Georgia's national climate objectives through a structured and transparent emissions reduction strategy. As Bakhvi 1 HPP remained in the construction phase throughout 2025, the company continues to monitor and disclose Scope 1 and Scope 2 emissions on a quarterly basis and, starting from 2025, has initiated Scope 3 emissions accounting to enhance value chain transparency.

The first full year of commercial operation will be designated as the baseline year for long-term emissions reduction planning. Upon commissioning, updated GHG emissions projections will be prepared, and a formal target will be set to reduce total emissions by 30% by 2030 relative to the operational baseline.

To support this objective, CCEH Hydro VI LLC will implement a structured year-over-year reduction pathway, focused on:

-
- Improved energy efficiency during operations;
- Strengthened supply chain emissions awareness following the introduction of Scope 3 accounting;
- Alignment with evolving international sustainability and climate reporting standards.

While a formal Net Zero roadmap has not yet been finalized, the company acknowledges the importance of aligning its long-term climate strategy with emerging decarbonization expectations and international best practices.

As a participant in the United Nations Global Compact, CCEH Hydro VI LLC integrates environmental stewardship into its core operational principles and governance structure. This approach reflects the company's broader commitment to low-carbon development, responsible infrastructure delivery, and long-term sustainability.

Implementation and Monitoring

To ensure accountability and measurable progress, the company commits to:

- **Quarterly tracking of Scope 1, Scope 2, and Scope 3 emissions**, continuing the monitoring framework established during the construction phase and maintaining the same discipline during the operational phase.
- **Regular internal and external verification processes** to validate emissions data accuracy and ensure alignment with reduction targets.
- **Annual public disclosure of emissions performance** through ESG reporting on the company's website, maintaining transparency and continuity in climate reporting practices

For further details on sustainability initiatives and emissions reduction efforts, please refer to the CCEH Hydro VI LLC Sustainability and Emissions Reduction Plan, available on the Company's official website:

www.bakhvihpp.com

Alignment with Climate-Related Goals

Bakhvi 1 HPP's climate-related efforts align with Georgia's national climate strategy and are progressively structured in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). Throughout 2025, climate governance continued to evolve, particularly with the introduction of Scope 3 emissions accounting during the reporting year.

The following initiatives remain central to the company's climate approach:

- **Carbon Emissions Management:** Scope 1 and Scope 2 emissions continue to be tracked on a quarterly basis. Starting from 2025, Scope 3 emissions accounting has been introduced, covering relevant value chain activities associated with construction and contractor operations. Emissions are minimized through fuel-efficient machinery use, optimized logistics planning, improved resource management, and awareness of lower-carbon procurement options.
- **Energy Efficiency:** Energy consumption during construction and transition activities is monitored and managed to reduce inefficiencies. Preparations are underway to optimize auxiliary energy consumption during the operational phase.

- **Water Resource Management:** River discharge is monitored in accordance with Environmental Permit conditions and the Environmental and Social Impact Assessment (ESIA). Hygiene and potable water consumption follow occupational health standards, with water conservation promoted through internal awareness measures and responsible use practices.

Climate Risk Assessment (TCFD Alignment)

In line with TCFD recommendations, CCEH Hydro VI LLC has initiated a phased integration of climate-related risk assessment into project governance and long-term resilience planning. A preliminary climate risk analysis, conducted in 2024 and reviewed during 2025, identified key physical and transitional risks that may influence the project over the medium to long term.

Physical risks identified include:

- Increased frequency and intensity of extreme rainfall events or drought conditions that may affect river flow regimes critical for hydropower generation;
- Landslide risks that could impact infrastructure stability;
- Shifts in biodiversity patterns linked to rising temperatures and altered seasonal cycles.

Transitional risks identified include:

- Evolving regulatory requirements related to emissions disclosure and ESG reporting;
- Potential introduction of carbon pricing or taxation mechanisms;
- Strengthened environmental and social standards from financial institutions and public authorities.

f. Waste management implementation

Responsible waste management remained an important component of environmental protection and regulatory compliance at Bakhvi 1 HPP throughout 2025. During the reporting year, the company updated its Waste Management Plan in accordance with applicable regulatory requirements.

The revised Waste Management Plan was submitted to and approved by the National Environmental Agency (NEA) in November 2025 (agreement number N21/11993), confirming compliance with Georgian waste management legislation and the conditions established under the environmental permit. The plan regulates waste segregation, temporary storage, transportation, disposal procedures, and documentation requirements.

Throughout 2025, waste generated during construction works - including inert materials, packaging waste, hazardous waste, and domestic waste - was managed in accordance with the approved plan. Waste quantities were recorded and transfers were carried out through licensed waste management operators to ensure traceability and compliance with national regulatory requirements.

As construction intensity decreased toward the end of the year, waste management practices remained in place to ensure proper handling of waste associated with remaining construction and installation activities, while maintaining compliance with environmental standards.

The approved Waste Management Plan strengthens internal control mechanisms and ensures continued adherence to environmental standards as the project progresses toward commissioning.

Comprehensive Waste Management Practices

Efforts to reduce waste generation and manage waste responsibly remained an important part of environmental management at Bakhvi 1 HPP. Waste reduction measures included regular wasteppractice monitoring, improved segregation practices, and workforce training aimed at strengthening waste management practices during construction activities.

As a result of these measures, the volume of domestic waste generated in 2025 decreased to 97,000 kg/year, compered to 100,000 kg/year generated in 2024.

Bakhvi 1 HPP is also a member of the Association of Extended Producer Responsibility of Georgia⁴, participating in the national system for recycling specific materials. In accordance with Georgian environmental legislation,

⁴ Georgia's Extended Producer Responsibility Association, "Wasteless" (<https://wasteless.ge/home/ka>), is a specialized waste management organization that assists companies in transforming their operations to become waste-free, clean, and sustainable, while also raising awareness of waste management practices across Georgia. This initiative is governed by the Waste Management Code, and companies that fail to comply or do not submit the required data to both the association and the official waste management portal (<https://waste.mepa.gov.ge/Login>) may face fines.

the company pays recycling fees in advance, ensuring that relevant waste streams are incorporated into the national recycling system under the oversight of the Ministry of Environmental Protection and Agriculture of Georgia. These measures support responsible waste management and contribute to reducing the amount of waste disposed of in landfills.

Hazardous Waste Management

The safe handling and disposal of hazardous waste remained an important element of environmental management at Bakhvi 1 HPP. Hazardous waste was managed in accordance with Georgian legislation through systematic procedures for waste segregation, storage, documentation, and transfer.

Waste management responsibilities were shared across the workforce, with employees following established procedures for separating hazardous and non-hazardous waste and using appropriately labeled containers. The ESG team supervised the implementation of these practices and ensured that waste containers were clearly marked to support safe handling and regulatory compliance.

Warning and prohibitory signs were placed throughout the construction site and camp area to support safe waste management practices and strengthen environmental awareness among personnel.

Hazardous waste was stored in a designated temporary storage area that is covered, fenced, and protected from weather conditions to prevent contamination. Transportation and treatment of hazardous waste were carried out through a contract with a licensed company, and all hazardous waste generated during the reporting period was managed by Medical Technology LLC, a certified hazardous waste treatment provider.

Hazardous waste management results at Bakhvi 1 HPP indicate that the volume of solid hazardous waste decreased from 1,000 kg/year to 800 kg/year, while liquid hazardous waste remained stable at 1,200 liters/year, with full compliance with hazardous waste management requirements maintained throughout the reporting period.

Photo #9: Waste management process



Photo #10: Segregated waste bins



Photo #11: Environmental Toolbox Talks



Producer Responsibility Organization of Georgia

CCEH Hydro VI LLC is an active member of the Producer Responsibility Organization of Georgia - Georgian Producers' Extended Liability Association Wasteless.⁵ Through this membership, we contribute to managing specific waste streams, including tires, electrical and electronic equipment, batteries, accumulators, and oils and lubricants. CCEH Hydro VI LLC has fully complied with Georgian legislation regarding the management of specific waste streams, namely electrical and electronic equipment, and oils and lubricants.

In accordance with the law, CCEH Hydro VI LLC makes advanced payments for these items, which are tracked by customs services and integrated with the Ministry of Environmental Protection and Agriculture's systems. These payments ensure that when the listed items reach the end of their lifecycle and are classified as waste, the Association facilitates their proper recycling and environmentally sound disposal.

⁵ <https://wasteless.ge/>

These efforts aim to reduce waste sent to landfills by integrating it into recycling processes under the oversight of the Ministry of Environmental Protection and Agriculture of Georgia.

g. Sustainable water management

Bakhvi 1 HPP remained in the construction phase throughout 2025 and continued to implement responsible water management practices in accordance with environmental permit conditions. Water use during the reporting year was primarily associated with domestic needs at the construction camp and technical construction activities, including concrete preparation, operation of the inert material crushing and sorting facility, fire prevention measures, surface treatment of construction areas, and dust suppression.

Domestic water use refers to water utilized for basic household purposes such as cooking, personal hygiene, laundry, cleaning, and sanitation, including toilets and showers. During 2025, water consumption for domestic needs reached 1,170 m³, remaining below the permitted annual target of 2,340 m³/year.

Wastewater generated from domestic use was managed in accordance with applicable environmental standards, and wastewater quality compliance was maintained throughout the reporting period.

In line with environmental permit requirements, the automated gauging station installed on the Bakhvistkali River remained operational throughout 2025. The station continuously monitors the river's natural discharge, and monitoring results are submitted quarterly to the National Environmental Agency of Georgia.

h. Reforestation program

As part of its environmental commitments, Bakhvi 1 HPP implemented a structured reforestation program, reflecting a commitment undertaken during the Environmental Impact Assessment phase and aligned with recognized international good practices in ecological restoration.

In 2025, a total of 16,500 saplings were planted across 20 hectares in the Bakhmaro area, in accordance with the reforestation plan approved by the National Environmental Agency in September 2024. The selected species - Caucasian pine and high mountain maple - were chosen based on their suitability to the local climatic conditions, ecological compatibility, and long-term survival potential in high-altitude environments. These species support soil stabilization, biodiversity enhancement, and forest ecosystem recovery.

The plantation works were carried out by the contractor in accordance with approved technical specifications and under the supervision of the HPP's environmental team. Prior to the commencement of planting activities, a comprehensive plantation management plan was developed to guide the implementation process and ensure technical and ecological suitability of the reforestation effort.

The plan defined species selection criteria, planting density, seasonal timing, soil preparation methods, and risk mitigation measures tailored to the high-altitude conditions of the Bakhmaro area. It also established clear roles and responsibilities for execution and oversight.

In addition, the management plan outlines post-planting monitoring procedures, maintenance requirements, survival rate assessment methodology, and replanting obligations where necessary. Regular inspections are foreseen to evaluate sapling health, adaptation to site conditions, and overall plantation performance. Where survival rates fall below predefined thresholds, corrective measures - including supplementary planting - are considered to ensure long-term ecological effectiveness.

This structured approach ensures that the reforestation program is not limited to one-time planting activities but is implemented as a managed ecological restoration initiative designed to deliver sustained environmental value over time.

The reforestation initiative represents environmental compensation measure, contributing to ecosystem restoration, carbon sequestration potential, and long-term environmental value creation in the Guria region. Through structured planning and external expert oversight, Bakhvi 1 HPP continues to integrate biodiversity

protection and land rehabilitation into its broader ESG strategy as the project transitions toward operational readiness.

Alignment with the National Laws and Regulations

As a responsible project developer, CCEH Hydro VI LLC remains committed to full compliance with Georgian environmental legislation and applicable regulatory requirements. Throughout 2025, the company continued to systematically monitor and implement all mandatory obligations and mitigation measures established under the Environmental and Social Impact Assessment (EIA) and the Environmental Permit.

Compliance responsibilities are integrated into daily operational practices and overseen jointly by the ESG and technical teams to ensure that environmental, social, and safety requirements are consistently met during both active construction and completion activities. Regular internal reviews and documentation controls support adherence to permit conditions and regulatory commitments.

The list of mandatory responsibilities and corresponding implementation measures is presented below.

#	Subject Of Monitoring	Frequency	Progress
1.	Air quality, Noise, Vibration, Surface water quality	Quarterly	Assessment conducted by the third-party company
2.	Landslide-gravitational processes and other hazardous geological events	Bi-annually	Assessment conducted by the third-party expert
3.	Ground quality	In case of spill	No Spill recorded in 2025
4.	Natural flow discharge ⁶	Daily	Data has been gathered by the automated gauging stations
5.	Biodiversity including animals, birds, amphibians, reptiles, bats	Bi-annually	Assessment conducted by the third-party expert
6.	Aquatic biodiversity	Bi-annually	Assessment conducted by the invited third-party professional
7.	Waste Management	Monthly	Accomplished through The certified contractors
8.	Occupational safety	Daily	Accomplished through the H&S/ESG/technical teams
9.	Human rights	Monthly	Approved Human Rights Due diligence and Risks assessments

Occupational Health and Safety

Occupational Health and Safety Framework and Training Programs

Occupational health and safety remained a critical priority throughout 2025, particularly during the first half of the year when active construction activities were ongoing and heavy machinery operations presented elevated risks.

To strengthen supervision and accountability, the project area was divided into designated safety zones in 2025. Each zone was assigned a responsible Occupational Health and Safety Officer to ensure continuous oversight, rapid response to potential hazards, and clear accountability for safety performance within defined work sections. This zonal structure enhanced monitoring efficiency and improved coordination between operational and safety teams.

The company maintained its commitment to protecting the well-being of its workforce and all site visitors by implementing structured and proactive health and safety measures. These measures were aligned with Georgian labor legislation and relevant international standards, including IFC Performance Standards and ILO guidelines.

Continuous monitoring of work processes remained a core element of site safety oversight. Both scheduled and unscheduled monitorings were conducted using standardized control forms, enabling systematic assessment of

⁶ Natural flow discharge is monitored on an hourly bases, while the information about the Environmental flow application is submitted to National Environmental Agency on quarterly bases as per environmental permit requirement

compliance with occupational health and safety requirements. Monitoring findings were formally documented and followed by corrective actions where necessary to ensure timely mitigation of identified risks.

Special attention during inspections was given to:

- Proper availability and use of personal protective equipment (PPE);
- Technical condition and safe operation of machinery and equipment;
- Traffic management and coordination of site activities;
- Adherence to work-at-height and excavation safety protocols.

Throughout 2025, the project maintained a dedicated Occupational Health and Safety Department, consisting of an Occupational Health and Safety Manager, four Occupational Health and Safety Officers, and an on-site doctor. In parallel, the civil contractor maintained its own Health, Safety, and Environmental (HSE) team, including an HSE Manager, a Health and Safety Officer, and an on-site doctor, ensuring layered oversight and immediate medical response capability.

Occupational health and safety procedures were embedded into daily site operations and continuously supervised throughout all stages of work. As construction intensity decreased from the end of October, safety supervision adapted to the evolving risk profile while maintaining full compliance with established safety controls.

All employees underwent mandatory health and safety induction training prior to commencing work on site. Trainings were tailored to the specific risk exposure associated with assigned roles to enhance practical relevance. Refresher trainings were conducted periodically to reinforce key safety principles and ensure awareness of evolving site conditions.

All training sessions were systematically recorded within the project’s training management framework, with attendance monitored by both company and contractor safety teams to ensure comprehensive workforce coverage.

This integrated and preventive safety management approach demonstrates Bakhvi 1 HPP’s ongoing commitment to safeguarding every worker on site. By maintaining structured procedures, zone-based supervision, and coordinated safety governance between company and contractor teams, the project upheld a culture of vigilance, accountability, and risk prevention throughout its transition year.

Incident reporting

As part of our safety monitoring, CCEH Hydro VI LLC tracked and reported all workplace-related incidents, near misses, and injuries. We are committed to maintaining full transparency in our reporting, using each incident as a learning opportunity to strengthen preventive measures and improve site safety. The Health & Safety Performance for 2025 is as follows:

- Number of near misses 1
- Number of incidents 0
- Number of fatalities 0

For a comprehensive overview of the incidents that occurred in 2025, please refer to the [Annex # 2: H&S Incidents Log](#)

H&S team implemented targeted actions aimed at minimizing even minor incidents, including enhanced supervision and corrective measures at high-risk work zones. CCEH Hydro VI LLC continues to pursue a long-term goal of achieving zero incidents across all operational areas.

Regular Toolbox Talks (TBTs) and training sessions continued to be a vital part of our operations. These initiatives aim to ensure that both our team and visitors fully understand and adhere to safety protocols. The data presented below provides quantitative information regarding H&S training sessions and TBTs conducted in 2025, covering technical skills, occupational health and safety, and regulatory compliance:

- Number of trainings 59
- Number of toolbox talks 58

Safety signage is strategically posted throughout the site and regularly inspected to ensure clear visibility and compliance. Fire extinguishers are checked and recharged on schedule in accordance with regulatory requirements, ensuring they remain in optimal working condition.

Local Employment

Employment at Bakhvi 1 HPP continued to play an important role in supporting the local economy and providing job opportunities for community members of surrounding communities during the construction phase. The employment approach emphasizes local participation, fair working conditions, and skills development through practical on-site experience.

During 2025, the main construction contractor, Domus Fabrilis, employed 55 workers at Bakhvi 1 HPP. Of these, 31 employees were local community members, representing approximately 56% of the contractor's workforce, while 10 employees (18%) were women, reflecting efforts to promote gender inclusion within a traditionally male-dominated sector.

A guiding principle of the employment approach was, where feasible, to provide at least one employment opportunity per household, supporting broader economic participation within the community.

As construction intensity decreased from the end of October 2025, workforce planning began to reflect the gradual reduction of construction activities. While employment conditions in 2025 remained unchanged and no part-time arrangements were introduced, local employees were informed that, starting from 2026, workforce adjustments would be implemented in line with the remaining construction needs. Under this approach, some positions would transition to part-time arrangements, while others would be concluded as specific construction roles are completed, with only the positions required for the remaining works continuing. All workforce adjustments were planned to be carried out in compliance with Georgian labor legislation and investors' requirements to ensuring transparent communication and protection of workers' rights.

In addition to competitive remuneration within the energy and infrastructure sector, employees received a benefits package that included health insurance, transportation, meals, personal protective equipment (PPE), and uniforms, supporting safe working conditions and employee wellbeing.

Overall, employment performance in 2025 reflects continued local economic contribution during the construction phase, alongside responsible workforce management as construction activities gradually declined toward the end of the year.

Stakeholder Engagement

At Bakhvi 1 HPP, maintaining constructive relationships with surrounding communities and local stakeholders remains an important element of responsible project implementation. Transparent communication, accessibility, and responsiveness are key principles guiding stakeholder engagement throughout the construction phase.

Stakeholder engagement activities are implemented in accordance with the Stakeholder Engagement Plan (SEP) developed by CCEH Hydro VI LLC and approved by the company's management and supervisory structures. The plan provides a structured framework for communication with local communities, municipal authorities, and other interested stakeholders through regular meetings, community consultations, and direct engagement activities.

To ensure accessibility and responsiveness, the ESG Manager and the Community Liaison Officer remain the primary contact points for stakeholders, including local community members, municipal representatives, and other interested parties. Maintaining these direct communication channels allows concerns and questions to be addressed in a timely and transparent manner.

Stakeholder engagement at Bakhvi 1 HPP is considered an ongoing process that evolves in response to community needs and project developments. The SEP therefore serves as a practical framework guiding communication, consultation, and feedback management throughout the construction phase.

The Grievance Mechanism remained active and accessible during 2025. In the reporting year, two formal requests were submitted and addressed in accordance with internal procedures, while no complaints or grievances were recorded.

Grievance mechanism

The Grievance Mechanism remains embedded within the broader Stakeholder Engagement Plan (SEP) and is structured in alignment with good international practices. Throughout 2025, it was overseen by the ESG Manager, Community Liaison Officer, and ESG Officer, who ensured that every submission was formally registered, assessed, and addressed in accordance with established internal procedures. The mechanism was designed to ensure transparency, accessibility, confidentiality where required, and timely resolution for all stakeholders.

In 2025, a total of two submissions were recorded, both categorized as formal requests. No grievances were received during the reporting year.

The two requests concerned:

- Full-time employment with a contractor; and
- Purchase of a damaged water pipe.

Both matters were formally registered, reviewed in accordance with internal procedures, and resolved within established timelines.

The absence of complaints during the reporting year reflects stable community relations and reduced construction intensity toward the end of the year. The Grievance Mechanism remained fully operational and accessible through multiple channels, ensuring that stakeholders retained the opportunity to raise concerns at any time.

Strategic Communications and Public Engagement

In 2025, CCEH Hydro VI LLC continued to recognize the essential role of strategic communication in strengthening transparency, trust, and long-term stakeholder engagement, particularly during the transition from active construction toward project completion.

The company maintained a dedicated Public Relations (PR) function, working in close coordination with the ESG team to ensure that social, environmental, and operational developments were communicated clearly and consistently to stakeholders and the wider public. This coordinated approach supported accurate information dissemination during both the active construction period and the reduced-intensity phase from the end of October.

Throughout the reporting year, communication efforts focused on providing updates regarding project progress, workforce transition, environmental compliance, and community-related matters. This structured collaboration between PR and ESG teams contributed to maintaining constructive relationships with local communities, strengthening transparency, and reinforcing the project's public accountability during the 2025 year.

- 1 000 **newspapers** were printed and distributed across village of Chkhakaura, reaching approximately 160 individuals
- **44 press releases** were prepared and published in regional media, covering various ongoing initiatives and project updates;

To access the published press and video releases, please visit the official website of Bakhvi HPP <http://bakhvihpp.com/siakhleebi/>

Fostering transparency through media collaboration

As part of its ongoing commitment to transparent communication and inclusive stakeholder engagement, CCEH Hydro VI LLC organized a dedicated media presentation in 2025 in Batumi. The event brought together representatives of the project and members of regional and national media to promote informed dialogue,

strengthen transparency, and enhance public understanding of the project’s progress and sustainability performance.

A total of 13 journalists participated in the event, including ten representatives from media outlets in the Guria region and three from central television channels. The session was structured into two main segments.

The first part included comprehensive presentations delivered by the project’s Director and ESG officer. These presentations provided an overview of construction progress, environmental and social performance, and the implementation of various community and sustainability programs. The session aimed to summarize key achievements, compliance status, and ongoing commitments in a structured and accessible format.

The second part featured a presentation by GREDA (Georgia Renewable Energy Development Association), which addressed broader trends and challenges within the renewable energy sector. GREDA’s contribution provided contextual insight into national and regional developments in renewable energy, helping position Bakhvi 1 HPP within the wider energy transition framework.

The event contributed to strengthening cooperation with media representatives, improving information transparency, and reinforcing constructive dialogue with external stakeholders during the project’s transition year.



Advisory Council: Ambassadors of transparency

In 2025, CCEH Hydro VI LLC continued to uphold its commitment to transparent, inclusive, and participatory stakeholder engagement through the facilitation of the Advisory Council⁷. The Council maintained its gender-balanced composition, with five women and five men serving as members, reflecting the company’s commitment to equal representation and inclusive dialogue. During the reporting year, two Advisory Council meetings were held.

The first meeting was conducted at the construction camp, providing Council members with the opportunity to observe construction activities firsthand and assess the scale and implementation of works directly on site. This visit enabled members to gain a practical understanding of project progress prior to the summary discussions later in the year.

The second meeting of 2025 was held in Kutaisi as a summary session. This meeting focused on reviewing the year’s progress, environmental and social performance, and workforce developments. It served as a platform for reflection, feedback, and discussion of key priorities moving forward.

Representatives from the ESG, technical, and public relations teams participated in both meetings to provide

⁷ The Bakhvi HPP Advisory Council, established in 2021, operates as an independent body comprising 10 members representing local government, the private sector, media, and non-governmental organizations

detailed updates and respond to questions, ensuring transparency and constructive engagement.

Through these sessions, the Advisory Council continued to function as an important consultative body, supporting trust-building, open communication, and integration of stakeholder perspectives during a transitional year for the project.

Photo #15: Advisory Council visit at construction site



Photo #16: Advisory Council meeting in Kutaisi



Social Programs

At CCEH Hydro VI LLC, sustainable development continues to extend beyond infrastructure delivery and remains rooted in empowerment, inclusion, and community well-being. Since the HPP's inception, the company has applied a needs-based approach to social investment. A comprehensive needs assessment conducted at the early stage of project development identified key local priorities, challenges, and expectations. These findings continued to guide the implementation of the company's social program throughout 2025.

The Bakhvi 1 HPP Social Program remained structured around two primary pillars:

- Education and youth development
- Support for persons with special needs

In 2025, a total of four social initiatives were implemented under these thematic areas. The projects provided targeted assistance aimed at strengthening educational opportunities and promoting inclusion within the project-affected communities. Approximately 55 individuals directly benefited from these initiatives during the reporting year.

As construction activities decreased and memorandum-based commitments reached their fulfillment stage, certain social projects were formally concluded in 2025. These projects were implemented in accordance with agreed conditions and successfully met their defined objectives. The conclusion of these initiatives reflects the completion of specific construction-phase obligations rather than a reduction in the company's broader commitment to community engagement.

Through this structured approach, CCEH Hydro VI LLC reaffirms its commitment to responsible development, inclusive growth, and continued investment in the well-being of the communities in which it operates.

Empowering inclusive learning

Since 2022, Bakhvi 1 HPP has partnered with Chkhakaura Public School in the Guria region to expand educational opportunities for youth in a community facing socio-economic challenges and limited access to extracurricular learning. The program focused on environmental education, renewable energy awareness, career orientation, and project development for high school students.

During the 2024-2025 academic year, 15 students from Chkhakaura Public School participated in the training sessions. This period marked the final stage of the structured training program, concluding the cycle of

educational activities implemented under this initiative.

Led by invited trainers, the sessions addressed key topics including sustainable natural resource use, waste management, climate change, disaster preparedness, and future career planning. Students were also supported in designing small-scale environmental projects, which were funded by CCEH Hydro VI LLC, encouraging initiative, creativity, and practical application of knowledge.

To support long-term educational advancement, the company continued to provide financial assistance to graduates pursuing higher education in hydropower, engineering, or environmental sciences. One student from Chkhakaura Public School has already benefited from this initiative -, the young woman who enrolled in the Faculty of Ecology at Batumi State University.

The conclusion of the training cycle reflects the successful completion of the program’s planned phase while maintaining the company’s broader commitment to supporting youth education and future professional development in the region.

Inclusive society for sustainable development

At CCEH Hydro VI LLC, we remain committed to promoting inclusion and supporting the well-being of vulnerable groups within the communities in which we operate. One of the most significant initiatives under our social program has been the multi-year partnership with the organization “Women for Women - Initiative Meetings in Guria,” implemented in cooperation with Chokhatauri Municipality Self-Government.

Launched in 2023, the project supports children with disabilities living in Chokhatauri Municipality and their parents. The initiative aims to empower families, strengthen parental capacity, and provide essential knowledge and psychological support. The program was structured in three stages:

- Stage I: March 2023 - December 2023 - 30 parents participated
- Stage II: February 2024 - December 2024 - 31 parents participated
- Stage III: May 2025 - December 2025 - 30 parents participated

The project is implemented by the organization “Women for Women - Initiative Meetings in Guria” and supported by Bakhvi HPP and Chokhatauri Municipality Self-Government.

Throughout the sessions, parents engaged with professional specialists and psychotherapists on topics including:

- The rights of parents of children with disabilities and available disability services in Georgia;
- Understanding and accepting diagnosis;
- The impact of parental anxiety on child development;
- Addressing stigma and developing coping mechanisms;
- Strategies for integrating children into educational and social environments.

In addition to direct support activities, the initiative introduced a public storytelling component titled “Together We Dare and We Succeeded”, a series of video stories highlighting the strength of mutual support and community solidarity. This communication element aimed to challenge stigma, raise awareness, and promote broader societal understanding of the challenges faced by families of children with special needs.

The completion of Stage III in 2025 marked the conclusion of the planned three-year implementation cycle. Over this period, the project created a structured support platform for parents, strengthened community dialogue, and contributed to reducing stigma at the local level.

Through this long-term collaboration, CCEH Hydro VI LLC reaffirmed its belief that empowering families of children with disabilities is not only a social responsibility but also a meaningful investment in inclusive community development.

Structured Phase-Out of Social Programs

As part of the transition toward the final stage of the construction phase, CCEH Hydro VI LLC implemented a structured approach to the completion of social programs. In line with this approach, all program participants

were informed in advance that the respective initiatives would be concluded by the end of 2025. The process was carried out in a transparent and well-planned manner, ensuring that beneficiaries and stakeholders clearly understood the timeline and scope of program completion. This approach supported the responsible closure of initiatives while maintaining trust and effectively managing expectations within the local communities.

At this stage, only one social program remains in place- monthly financial assistance for persons with special needs-which will be discontinued upon the full completion of construction.

This approach reflects the company's commitment to responsible project lifecycle management, ensuring that social investments are implemented with clear objectives, defined timeframes, and a structured transition as the project progresses toward operation.

Governance Practices

Transparent, accountable, and ethical governance remained the foundation of activities at Bakhvi 1 HPP throughout 2025. During the reporting year, the HPP remained in the construction phase, and governance arrangements continued to support regulatory compliance, strategic oversight, and responsible decision-making during ongoing construction works.

Bakhvi 1 HPP operated under a structured two-tier governance model established by CCEH Hydro VI LLC, consisting of a Supervisory Board and a Management Team. This model ensures a clear separation between oversight and operational responsibilities, providing effective checks and balances within the organization.

The Supervisory Board maintained its role in overseeing strategic direction, monitoring performance, and reviewing the management of activities related to Bakhvi 1 HPP. The Board reviewed key operational, financial, environmental, and compliance matters to ensure alignment with the company's objectives and stakeholder expectations.

The Management Team remained responsible for day-to-day activities, including implementation of strategic decisions, compliance with regulatory requirements, coordination of ESG performance, and management of construction activities. Strategic plans and significant decisions continued to be submitted to the Supervisory Board for review and approval, reinforcing accountability at the highest level.

Throughout 2025, this governance structure supported internal control processes, strengthened compliance monitoring, and facilitated coordination between technical and ESG functions. The governance framework continued to promote transparency, accountability, ethical business conduct, and the integration of environmental, social, and governance (ESG) considerations into decision-making.

Conclusion

In 2025, Bakhvi 1 HPP remained in the construction phase, with activities continuing on site throughout the year. The first half of the year was characterized by active construction works, while from the end of October the overall intensity of construction gradually decreased.

Community engagement remained structured and transparent throughout the reporting year. The grievance mechanism operated continuously, with two formal submissions recorded-both categorized as requests (one related to full-time employment with a contractor and the other concerning the purchase of a damaged water pipe). Both were reviewed and addressed in accordance with internal procedures. No complaints were recorded during the reporting year, reflecting stable stakeholder relations.

Social program activities continued under the established program pillars of education and support for persons with special needs. Four initiatives were implemented during 2025, directly benefiting approximately 55 individuals. The multi-year partnership supporting parents of children with disabilities in Chokhatauri Municipality successfully concluded its third and final stage in 2025, completing the planned three-year implementation cycle. As certain construction-phase memorandum commitments were fulfilled, majority social initiatives were formally concluded.

Local employment remained an important component of Bakhvi 1 HPP's contribution to the local economy.

During 2025, a total of 91 individuals were employed at the project, of whom 31 (34%) were local community members. Women accounted for 10 employees (11%), reflecting progress in gender inclusion. Women accounted for 10 employees (18%), reflecting progress in gender inclusion. As construction intensity decreased from the end of October, workforce numbers were gradually reduced under a structured demobilization approach implemented in accordance with Georgian labor legislation, investors' requirements and established procedures for contract closure and compensation.

Environmental management remained systematic and structured throughout the reporting year. More than 80 environmental protection actions were implemented, supported by continued monitoring of biodiversity, water quality, waste management, and geological stability.

Two independent geological monitoring assessments confirmed that no hazardous risks were identified. The Waste Management Plan was updated and approved by the National Environmental Agency in November 2025, reinforcing regulatory compliance. From 2025, Scope 3 emissions accounting was also introduced, strengthening the transparency and completeness of the company's climate reporting.

Occupational health and safety oversight remained rigorous. The construction area was divided into safety zones, each supervised by a designated safety officer to strengthen accountability and risk management. A total of 59 training sessions and 58 toolbox talks were conducted throughout the year, alongside regular monitoring and refresher trainings. No major incidents or fatalities were recorded during the reporting year.

Governance arrangements remained structured under the two-tier system consisting of the Supervisory Board and Management. During 2025, additional attention was given to strengthening internal compliance procedures and documentation control, particularly in response to regulatory enforcement actions recorded during the reporting year.

Through structured environmental oversight, responsible workforce management, targeted social initiatives, and established governance practices, Bakhvi 1 HPP continued to demonstrate its commitment to responsible infrastructure development throughout the construction phase.

Annex # 1: The number of surveys conducted in 2025, the third-party specialists responsible for carrying them out, and the content of each study

Table N1. Number of surveys conducted in 2025

Study Area	Number of surveys conducted	Responsible third-party specialist
Air (dust and emissions)	4	DG Consulting
Noise and vibration	4	DG Consulting
Surface water quality	4	DG Consulting
Geological processes	2	Levan Kebuladze – Geostandarti Ltd.
Habitats and vegetation cover	2	Niko Kerdikoshvili – MSc in Ecology, Scientific Program Manager at Tbilisi Zoo
Animals, birds, amphibians, and reptiles	4	Niko Kerdikoshvili – MSc in Ecology, Scientific Program Manager at Tbilisi Zoo
Aquatic biodiversity surveys	2	Giorgi Zaalishvili – MSc in Biology (specialization in Hydrobiology–Ichthyology)

Table N2. Biodiversity study Results

Metric	Actual 2025
Number of mammal species identified through the study	8
Number of mammal species identified, listed in the Georgian Red List	3
Number of bird species identified through the study	26
Number of bird species identified through listed in the Red List	0
Number of reptiles and amphibian species identified through the study ⁸	5
Number of reptile and amphibian species listed in the Georgian Red List	1
Number of bat species identified through the study	8

Table N3. Aquatic Biodiversity Study Results

Metric	Target 2025	Actual 2025
Number of fish species identified during monitoring periods in the Bakhvistkali River	1 (exclusively Brown trout)	1
Total number of fish captured during monitoring periods in the Bakhvistkali River	7	8
Total biomass of fish recorded during monitoring periods in the Bakhvistkali River	536 g	366 g
Bakhvistkali river taxonomic diversity of macroinvertebrates: number of orders and families	9/35	9/35

⁸ Out of the five species identified, one is included in Georgian Red Lists: the Caucasian toad (*Bufo verrucosissimus*)



Annex # 2: H&S Incidents Log

1.	21.07.2025	Near Miss with property damage	<p>Because of heavy rain, the river "Bakhvistskali" level was raised. The flash flat and rockfall occurred at several areas of the project:</p> <p>-At BK1 powerhouse area crane was damaged by river derbis, rocks.</p> <p>During the above-mentioned incident nobody was injured. Territory was free from employees.</p>	the near miss couse is natural disaster which was occurred after 4 hour heavy rain.
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