

## **CAUCASUS CLEAN ENERGY HOLDING (CCEH) HYDRO VI LLC**

### **HUMAN RIGHTS DUE DILIGENCES (HRDD)**

This Human Rights Due Diligences is Approved by the Company Director: Giorgi Abramishvili



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## CCEH HYDRO VI LLC HUMAN RIGHTS DUE DILIGENCES

### Introduction

CCEH Hydro VI LLC (the “Company”) is a company developing the Bakhvi 1 hydro power plant in Guria, region of Georgia. Bakhvi 1 HPP involves the construction and operation of a 10.9 MW run-of-the river hydroelectric power plant on the Bakhvistskali 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.

Bakhvi 1 HPP is under construction on a section of the Bakhvistskali 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 Bakhvistskali 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 consists 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 m<sup>3</sup>/s.

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.s

### Human Rights Due Diligence (HRDD) at CCEH Hydro VI LLC

At CCEH Hydro VI LLC, we are dedicated to upholding and promoting human rights throughout all aspects of our business. Our Human Rights Due Diligence (HRDD) process demonstrates our commitment to identifying, preventing, and addressing potential human rights impacts in alignment with international principles, including the UN Global Compact and the International Labour Organization (ILO).

Through this HRDD process, we aim to create a fair, inclusive, and safe work environment, safeguard the rights of communities impacted by our operations, and contribute positively to society. Our ongoing commitment to transparency, ethical leadership, and continuous improvement in human rights performance is a cornerstone of our business philosophy.

This document outlines the HRDD process that CCEH Hydro VI LLC follows to identify, assess, mitigate, and monitor human rights risks across our operations. It encompasses identifying key human rights risks, assessing their impact, and detailing the actions we take to prevent and address potential violations.

Our HRDD process ensures we operate in compliance with international human rights standards and reflects our commitment to responsible business practices that respect the rights of workers, communities, and other stakeholders impacted by our business.

### Purpose of Human Rights Due Diligence (HRDD)

The primary objective of our HRDD is to proactively identify, address, and mitigate human rights risks associated with CCEH Hydro VI LLC’s operations, supply chains, and stakeholder relationships. In particular, we focus on salient human rights risks, which represent the most critical issues where harm is most likely or severe. These include labor rights, non-discrimination, health and safety, freedom of expression and association, and the well-being of local communities affected by our activities.

Focusing on these areas ensures that CCEH Hydro VI LLC prioritizes its efforts to safeguard human rights where potential risks are highest, thereby protecting the rights of workers, local communities, and other affected groups.

## Scope of Human Rights Due Diligence (HRDD)

The scope of our HRDD process covers all CCEH Hydro VI LLC operations, including employees, contractors, and stakeholders involved in or impacted by our activities. This comprehensive approach ensures that our HRDD addresses key human rights issues such as labor rights, health and safety, non-discrimination, freedom of expression, and the prevention of forced labor, modern slavery, and human trafficking. We are committed to ensuring that all business operations, including our relationships with suppliers and partners, meet the highest standards of human rights protection.

### Identification of Human Rights Risks

CCEH Hydro VI LLC’s HRDD process begins with identifying potential human rights risks across the following areas:

1. **Labor and Employment Rights**  
Risk of forced labor, child labor, discrimination, and unfair employment practices.
2. **Health and Safety**  
Risk of unsafe working conditions, accidents, or health hazards for workers and contractors.
3. **Local Communities**  
Risk of adverse impacts on the health, safety, and livelihoods of local communities due to our operations.
4. **Supply Chain**  
Risk of human rights violations, including exploitation and forced labor, within our supply chain.
5. **Freedom of Expression and Association**  
Risk of suppressing employees’ or contractors’ right to freely associate or express concerns.

By identifying risks in these areas, CCEH Hydro VI LLC ensures that it prioritizes its actions to protect human rights and mitigate potential negative impacts.

### Human Rights Risk Assessment

To assess the identified risks, CCEH Hydro VI LLC uses a structured risk assessment framework based on the following categories:

1. Severity of Impact: The potential harm caused by risk (e.g., physical, psychological, financial).
2. Likelihood of Occurrence: The probability that the identified risk may materialize.
3. Project Affected Stakeholders: The groups of people (e.g., employees, local communities, contractors) who may be impacted by the risk.
4. Mitigation Measures: Existing or planned controls and actions to prevent or mitigate the risk.
5. Residual Risk: The level of risk that remains after mitigation measures have been applied.

Each risk is rated on a scale (low, medium, high) to prioritize efforts and ensure that mitigation actions are proportionate to the risk level.

### Risk Assessment Example

Risk Category	Description of Risk	Severity	Likelihood	Affected Stakeholders	Mitigation Measures	Residual Risk
Labor Rights – Forced Labor	Risk of forced labor in the supply chain	High	Medium	Workers, Contractors	Supplier screening, contract clauses, third-party audits	Low
Health & Safety – Accidents	Risk of workplace accidents at construction sites	Medium	High	Employees, Contractors	Health & safety training, regular equipment maintenance	Medium

Social/Community Impact	Risk of adverse impact on the health, safety, livelihoods, and cultural values of local communities due to the degradation of local biodiversity and ecosystems	High	Medium	Local Communities	Preserve and restore local biodiversity; involve local communities in conservation planning; monitor ecosystem health and implement adaptive measures	Low
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## Mitigation Measures

CCEH Hydro VI LLC implements a range of specific mitigation measures to address and reduce human rights risks. These measures include:

1. **Supplier Engagement and Due diligence:** Conduct regular audits of suppliers and contractors to ensure compliance with human rights standards, with a focus on preventing forced labor, child labor, and ensuring fair working conditions.
2. **Health & Safety Policies:** Strengthen workplace safety protocols, provide mandatory health and safety training, and ensure that employees and contractors have access to proper protective equipment.
3. **Community Engagement:** Actively engage with local communities to understand their concerns and provide transparent information about HPP that may impact them. Where necessary, offer compensation or alternative livelihoods.
4. **Grievance Mechanisms:** Establish accessible and confidential grievance mechanisms that allow employees, contractors, and community members to report concerns without fear of retaliation.
5. **Training Programs:** Implement mandatory human rights training for employees and contractors, with a particular focus on the prevention of discrimination, modern slavery, and human trafficking.

## Monitoring and Reporting

To ensure continuous improvement and accountability, CCEH Hydro VI LLC employs several monitoring and reporting mechanisms:

1. **Internal and External Audits:** Conduct regular internal and third-party audits to assess compliance with our human rights policies, identify emerging risks, and track the effectiveness of our mitigation measures on an annual basis at the end of each fiscal year.
2. **Performance Metrics:** Track human rights performance using Key Performance Indicators (KPIs) such as the number of reported incidents, percentage of workers trained on human rights issues, and corrective actions taken.
3. **Public Reporting:** Provide annual reports on human rights performance to the Supervisory Board and include relevant updates in our sustainability reports for public disclosure.
4. **Stakeholder Engagement:** Engage regularly with stakeholders, including local communities and industry experts, to gather feedback and adjust our HRDD process as needed.
5. This HRDD and Action Plan for Human Rights Risk Management is a subject of revision on an annual basis at the end of each fiscal year.

Refer to Annex #1 for detailed actions outlined in the 2025 Human Rights Risk Management Plan, reflecting construction-phase risks and reduced activity toward year-end.

## Human Rights Due Diligence (HRDD) Annual Revision Process

Aligned with internationally recognized ESG practices and standards, our Company undertakes a comprehensive review of the Human Rights Due Diligence at the end of each year. This systematic review, led by the Company ESG Manager, ensures that our disclosures accurately reflect current assessments, performance metrics, and operational practices. If any modifications are made during the revision process, the updated documentation is subjected to a thorough approval procedure. Initially, the proposed changes are carefully reviewed and endorsed by the Company Director. Following this, the revised document is shared with the Caucasus Clean Energy Holding ESG and Sustainability Lead for final validation, ensuring that each modification adheres to our commitment to



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quality, transparency, and regulatory compliance. The Supervisory Board members are informed regarding changes, reinforcing our commitment to maintaining high international ESG standards.

The updated version of the Human Rights Due Diligence is uploaded onto the company's webpage, while the previous version remains accessible on the website in the archive folder.

## Annex #1

### Action Plan for Human Rights Risk Management

Based on the findings of our HRDD process, CCEH Hydro VI LLC has developed an action plan for the year 2025, to address any identified human rights risks and gaps. This action plan is regularly updated to reflect new risks and areas for improvement.

Action Area	Objective	Action Steps	Responsible	Timeline for 2025	KPIs
Worker Health & Safety	Strengthen workplace safety	Conduct comprehensive H&S risk assessments in all construction areas; develop and implement updated emergency response plans; provide regular H&S training for all staff and contractors; monitor and report on health and safety incidents weekly/monthly basis; conduct community safety awareness programs in project-affected area.	Health & Safety Team	Q1 – Q4	Achieve 90% implementation of planned H&S actions and full compliance across all construction sites by the end of 2025.
Community Water Access	Ensure river water availability and quality	Monitor water quality in real-time; ensure construction activities do not contaminate or restrict community water resources; engage local communities on water access concerns and update them on mitigation measures.	ESG Team	Q1 – Q4	Ensure uninterrupted, safe access to water for 100% of affected communities during construction, with zero contamination incidents and timely delivery of interim water solutions.
Environmental Protection	Reduce environmental impact	Systematic implementation of the environmental monitoring plan and mitigation measures; engage communities on environmental concerns and share mitigation efforts.	ESG Team	Ongoing	Achieve 95% compliance with environmental regulations across all construction activities. Record zero major environmental incidents. Fully implement all mitigation measures.

Non-Discrimination	Promote an inclusive workplace	Conduct diversity training; implement anti-discrimination policies.	Legal Team/ESG Team	Q1 – Q4	Improve diversity and inclusion metrics. Foster a workplace culture of respect and equality.
Supplier Oversight	Enhance supplier compliance with human rights	Implement supplier audits focusing on human rights practices. Incorporate human rights clauses into supplier contracts.	Procurement Team	Q1 – Q4	Audit a targeted percentage of suppliers. Ensure all new supplier contracts include human rights clauses.
Fair Wages	Ensure fair compensation	Review and adjust wage structures; conduct wage audits	Legal Team/ESG Team/Finance Team	Q3 – Q4	Improvement in employee satisfaction surveys. Ensure all employees receive wages that meet or exceed industry standards.
Workforce Retrenchment and Fair Transition	Ensure transparent and fair workforce retrenchment during reduced construction intensity	Implement the retrenchment process in line with the Human Resource Policy, ensuring advance notice, transparent communication, timely compensation, and proper documentation.	Legal Team/ESG Team/Finance Team	Q4	100% of affected workers informed in advance, all final compensation payments completed on time, and zero unresolved grievances related to the retrenchment process.
Training & Capacity Building	Enhance human rights awareness	Provide regular human rights training for employees	ESG Team	Ongoing	Achieve a high percentage of employees completing training. Promote a culture of human rights awareness and responsibility.