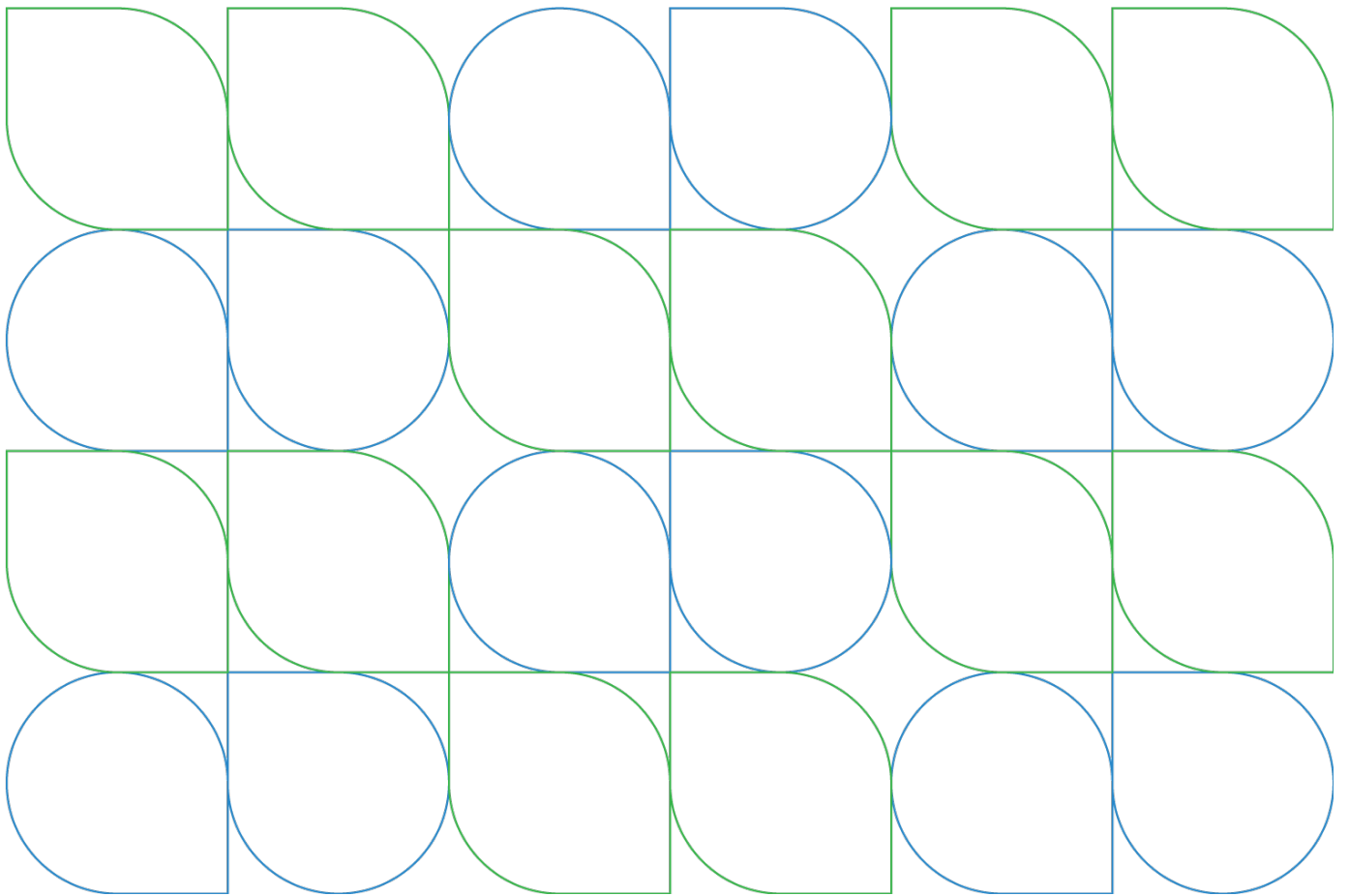


# BAKHVI 2 HYDRO POWER PLANT

## ANNUAL ESG REPORT 2025



## Contents

Introduction .....	3
About Bakhvi 2 HPP .....	3
Performance Highlits .....	4
Targets for Sustainable Future and alignment with United Nations Sustainable Development Goals (SGDs) .....	6
Environmental Performance.....	8
Alignment with the National Laws and Regulations .....	19
Occupational Health and Safety .....	20
Local Workforce Management .....	22
Stakeholder Engagement.....	23
Social Programs.....	27
Governance Practices .....	30
Conclusion.....	30
Annex 1: The number of surveys conducted in 2025, the third-party specialists responsible for carrying them out, and the content of each study .....	32
Annex 2: H&S Incidents Log .....	33
Annex 3. Memorandum signed with the Mtispiri community in 2021.....	35

<b>Abbreviation</b>	<b>Definition</b>
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
DtD	Door to Door
PAC	Project Affected Community
CoP	Communication on Progress

## BAKHVI 2 LLC

### BAKHVI 2 HPP ESG ANNUAL REPORT 2025

#### Introduction

The 2025 ESG Annual Report provides a clear and transparent reflection of Bakhvi 2 LLC - Bakhvi 2 HPP's commitment to sustainability and responsible business practices. Through this report, we present the progress achieved during the reporting year, reflect on the challenges encountered, and highlight the measures taken to ensure that the HPP continues to advance in a responsible and sustainable manner.

The reporting year represented a key stage in the development of Bakhvi 2 HPP. The first half of 2025 was characterized by active construction activities, with intensive on-site operations and major engineering works taking place across the HPP area. As the year progressed and most core infrastructure components were completed, Bakhvi 2 HPP activities in the second half of the year increasingly focused on the final stage of construction, including installation, assembly, and completion of remaining works.

During this period, the emphasis gradually shifted from large-scale civil works toward mechanical and electrical installations, system integration, and final construction activities required prior to commissioning. This stage required continued environmental oversight, careful coordination of workforce activities, and sustained communication with stakeholders as the HPP approached the completion of construction works.

Transparency remains fundamental to our approach. Through this report, we aim to provide comprehensive insight into our environmental, social, and governance performance, while openly communicating our objectives, milestones, and outcomes. By doing so, we strive to present a clear and balanced overview of the HPP's development and the measures taken to ensure responsible delivery.

This report goes beyond presenting performance indicators. It reflects the collective efforts, innovations, and collaborations that have supported the HPP's progress. It also highlights the importance of stakeholder engagement, environmental stewardship, and responsible workforce management throughout the construction period. The report captures the lessons learned, the challenges addressed, and the opportunities identified as Bakhvi 2 HPP moves toward the completion of its construction activities and the next phase of HPP life cycle.

#### Who Are We

Bakhvi 2 LLC is a company developing Bakhvi 2 (Bakhvi 2a, Bakhvi 2b) hydro power plants in Guria, region of Georgia. Bakhvi 2 HPP consists of a two medium-sized run-of-the-river plants, Bakhvi 2a and Bakhvi 2b HPP, located on the Bakhvistkali river in 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 United State of 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.

The construction of the Bakhvi 2 hydroelectric power station is being undertaken on the Bakhvistkali river, spanning elevations between 1,378 meters and 506 meters above the sea level. As a result of construction works two HPPs are intended to build: Bakhvi 2a, with an installed capacity of 11.6 MW, and Bakhvi 2b, with an installed capacity of 23.8 MW.

#### About Bakhvi 2 HPP

The Bakhvi 2a and Bakhvi 2b stations are a run-of-river hydroelectric power plants comprising a headworks structure, a pressure system, and an above-ground hydroelectric power plant building. The average annual energy output is projected to be 45.5 GWh and 92.8 GWh, respectively

The Bakhvi 2a station is a run-of-river hydroelectric power plant comprising a headworks structure, a pressure system, and an above-ground hydroelectric power plant building. The building housed all the electrical and mechanical equipment necessary for electricity generation. The pressure pipeline ran along the lower points of the slope on the right bank of the Bakhvistkali River. The total head of the power plant is 312 meters, with a design flow rate of 4.6 m<sup>3</sup>/s. The average annual energy output is projected at 45.5 GWh.



Bakhvi 2B is a run-of-river hydroelectric power plant comprising a headworks structure, a pressure system, and an above-ground power plant building. The pressure pipeline runs along the left bank of the river. The total head of the power plant is 550 meters, with a design flow rate of 5.3 m<sup>3</sup>/s. The average annual energy output is estimated at 92.8 GWh.

Bakhvi 2 LLC conducts its operations in compliance with the environmental and social management standards set by international financial institutions, such as the IFC and EIB.

### Performance Highlights

#### a. Supply chain resilience and contractors

Procurement practices during the Bakhvi 2 HPP construction period were designed to ensure operational efficiency and responsible sourcing, building on approaches established during the early development stages. In 2025, the HPP relied on both national and international suppliers: local suppliers provided commonly used construction materials and services, while specialized hydropower equipment—such as pressure pipelines and key mechanical and electrical components—was sourced from international manufacturers.

At the same time, the HPP maintained economic interaction with surrounding communities by procuring food products, household supplies, transportation services, and equipment repair services from local residents and small businesses. As construction progressed toward its final stage, cooperation with local service providers continued mainly through logistical and operational support. This approach also helped reduce unnecessary transport distances, which became particularly relevant following the introduction of Scope 3 GHG emissions measurement in 2025.

Procurement activities were guided by partnerships with suppliers aligned with the company's environmental, social, and ethical standards. To further formalize these principles, the company introduced a Supplier Code of Conduct, defining expectations on fair labor practices, anti-corruption, non-discrimination, environmental responsibility, and compliance with applicable laws, ensuring responsible supply chain management consistent with the HPP's ESG commitments.

#### b. Community engagement

Community engagement remained an important part of the company's approach during the construction period in 2025. Bakhvi 2 HPP maintained regular contact with 171 households and approximately 500 residents living in affected communities, ensuring that stakeholders remained informed and had access to communication channels for raising concerns or requests.

In 2025, door-to-door outreach campaigns were not conducted, as the level of direct engagement required during earlier construction stages was no longer necessary. However, the monthly newsletter continued to be distributed, and information on Bakhvi 2 HPP activities was also shared through local media coverage.

During the first half of the year, communication focused on informing stakeholders about major construction works, ongoing site activities, and the implementation of social and environmental programs. As the project approached the final stage, communication also addressed upcoming changes related to the completion of construction activities and workforce adjustments. In the second half of the year, when most core infrastructure had already been completed, communication focused on installation, assembly, and the remaining construction works.

In addition to disseminating information regarding Bakhvi 2 HPP, these structured approach served as platforms for collecting feedback, which was systematically documented and reviewed by the ESG team. For further details on stakeholders and community engagement, please refer to the [Stakeholder Engagement](#) chapter.

#### c. Biodiversity conservation

Biodiversity conservation remained a key environmental priority during the 2025 construction period of Bakhvi 2 HPP. During the first half of the year, when construction activities were still intensive and included civil works related to the powerhouse, intakes, and supporting infrastructure, environmental protection measures were implemented to minimize potential impacts on surrounding ecosystems and the Bakhvistkali River.

In the second half of the year, as most core infrastructure had been completed and works focused on installation, assembly, and remaining construction tasks, environmental monitoring continued to ensure that ecological safeguards and previously implemented mitigation measures remained effective.

Continuous environmental monitoring included biodiversity surveys, aquatic life monitoring in the Bakhvistkali River, geological assessments, and vibration, air quality, and noise monitoring, providing data to identify potential risks and ensure the effectiveness of mitigation measures.

In total, 20 environmental surveys were conducted, allowing for systematic observation of key environmental parameters and supporting evidence-based environmental management. For more detailed information regarding the frequency of the surveys, the third-party specialists responsible for conducting them, 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**

Construction activities of Bakhvi 2 HPP in 2025 continued to support the local economy through employment, workforce capacity development, and the use of services from surrounding communities. As of December 2025, the HPP employed 159 staff members, of whom 45% were from local communities. The highest number of employees was recorded in June 2025 with 226 workers, corresponding to peak construction activities.

Local residents accounted for approximately 45% of the workforce, while about 23% of local employees were women, reflecting efforts to promote inclusive employment practices. As construction progressed toward completion and most core infrastructure was finalized, activities in the second half of the year focused on installation, assembly, and the completion of remaining works, and workforce arrangements were gradually adjusted.

All employees remained engaged until the end of 2025, and in October staff were informed that they would be transferred to part-time work during the final two months of the year as construction activities approached completion. This process was implemented in accordance with the Retrenchment Plan and applicable legal requirements.

Following the completion of construction activities, 49 local community members were retrenched, while employment for 24 workers (women) will continue for several months in 2026 to support remaining camp-related activities during the transition period. In addition to direct employment, Bakhvi 2 HPP activities also generated demand for local services such as catering, transportation, and equipment support, contributing indirect economic benefits to surrounding communities.

#### **f. Grievance Mechanism and Stakeholder Transparency**

The company's Grievance Mechanism remained active in 2025. During the reporting year, **no** grievances were recorded, while 24 requests were received, 2 of which were withdrawn, leaving 22 requests under consideration. Of these, 15 requests were fulfilled, including road rehabilitation works, temporary provision of equipment, continuation of internet service payments for the local kindergarten, and financial support for an athlete. Requests that were not approved mainly related to funding excursions, the purchase of library curtains, and financing participation in a concert.

Between May 9 and 16, Bakhvi 2 HPP experienced several road blockages and protests from residents of Mtispiri and Mshvidobauri villages, primarily related to road conditions. The company worked together with the Ozurgeti Mayor's Office and the Governor of Guria to de-escalate the situation and implement interim solutions, including road levelling, gravel delivery, speed control, restrictions on night-time construction traffic, and commitments to future improvements.

As part of this engagement, 6.7 km of the central village road were upgraded between late June and mid-July 2025, fulfilling commitments made to local communities and municipal authorities. Community feedback following the works was positive.



### **g. Social Impact and Community Development**

In 2025, Bakhvi 2 HPP reached an important milestone in the implementation of its social program, fulfilling all seven commitments defined in the memorandum signed with local communities and the municipality. Please see the memorandum signed with the Mtispiri community in **Annex # 3. Memorandum signed with the Mtispiri community in 2021**. These commitments included support for local employment, education, assistance for persons with special needs, and community infrastructure improvements, including road rehabilitation and the installation of a water supply system in the village of Vaniskedi (Mtispiri community).

The program was originally developed based on a needs assessment conducted with local communities, ensuring that initiatives addressed local priorities. During 2025, five social projects remained under implementation, focusing on infrastructure, education, and support for persons with special needs. Through these initiatives, Bakhvi 2 HPP supported community well-being and sustainable local development while maintaining constructive relationships with surrounding communities.

### **h. Phase out strategy**

As part of the phase-out strategy, meetings were held with all key stakeholders, including the principals of Mtispiri and Chkhakaura schools and kindergarten to formally conclude the three-year environmental and renewable energy education program. School representatives acknowledged the program's positive impact on students' environmental awareness and communication skills. The program was formally closed, with no further social initiatives planned.

The implementation of a structured phase-out strategy was particularly important in 2025, as the Bakhvi 2 HPP approached the completion of major construction activities and transitioned closer to the commissioning phase. At this stage of the HPP lifecycle, effective management of stakeholder expectations becomes critical to avoid dependency, ensure a clear understanding of changing Bakhvi 2 HPP impacts, and maintain trust with local communities. The phase-out approach allowed the Company to responsibly conclude social programs while reinforcing transparent communication and supporting a smooth transition from construction to operations.

### **h. Capacity Building and Knowledge Transfer**

In 2025, construction activities at Bakhvi 2 HPP continued to provide opportunities for professional development and capacity building, particularly for local workers gaining practical experience in hydropower construction. Employment practices followed the approach established during the early development phase, when a door-to-door survey was conducted in HPP-affected communities to identify the qualifications, skills, and employment interests of local residents. As a result, approximately 45% of the workforce in 2025 consisted of local residents, employed across qualified, semi-qualified, and unqualified positions.

During the later stage of construction, on-site activities increasingly focused on installation, assembly, and the completion of remaining works, allowing employees to consolidate the skills and experience gained during earlier phases.

The company also continued to support the professional development of administrative and professional staff. In 2025, 12 employees participated in AI awareness training aimed at strengthening their understanding of digital tools and emerging technologies. In addition, the company maintained a co-financing approach for further training, encouraging employees to pursue learning opportunities aligned with their professional development goals. Through these efforts, Bakhvi 2 HPP contributed not only to energy infrastructure development but also to strengthening the professional skills and experience of both local employees and administrative staff involved in construction activities.

### **Targets for Sustainable Future and alignment with United Nations Sustainable Development Goals (SGDs)**

At Bakhvi 2 HPP, our mission remains clear: to contribute to the development of clean energy while ensuring that Bakhvi 2 HPP activities are carried out responsibly and with respect for the surrounding environment and communities. Through the 2025 ESG Annual Report, we present the progress achieved during the reporting year and reaffirm our commitment to environmental stewardship, social responsibility, and ethical governance.

In today’s rapidly evolving world, sustainability is no longer a choice but a fundamental responsibility for companies involved in large infrastructure development. At Bakhvi 2 HPP, this responsibility is reflected in the way the HPP has been planned and implemented since its early stages. Throughout the reporting year, the company continued to integrate responsible environmental and social practices into its activities, ensuring that Bakhvi HPP activities remain aligned with internationally recognized standards and responsible business principles.

The company’s commitment to sustainable and ethical business conduct was further strengthened through its membership in the United Nations Global Compact, which was confirmed in May 2024. Through this initiative, Bakhvi 2 HPP aligns its activities with the ten principles of the UN Global Compact, covering human rights, labor standards, environmental protection, and anti-corruption practices.

By integrating internationally recognized sustainability principles into implementation, Bakhvi 2 LLC continues to position itself as a responsible energy developer committed to contributing to sustainable development at both the local and global levels. Particular attention remains focused on ensuring that HPP activities support environmental protection, promote social well-being in surrounding communities, and maintain transparent and ethical governance practices.

Below, we present the 2025 targets and achievements, demonstrating the Bakhvi 2 HPP’s alignment with the United Nations Sustainable Development Goals (SDGs) and highlighting the key environmental, social, and governance outcomes achieved during the reporting year:

#	Bakhvi 2 HPP Targets 2025	Link to SDG <sup>1</sup>	Metric Value	Targets set for 2025	Targets achieved in 2025
1.	Number of project affected communities	SDG 1 No Poverty	#	4	4
2.	Number of households in project affected communities	SDG 1 No poverty	#	171	171
3.	Number of population in project affected communities	SDG 1 No Poverty	#	487	497
4.	Total funds allocated to social projects	SDG 1 No Poverty	\$	\$67,800	\$68,500
5.	Number of social projects implemented	SDG 1 No Poverty	#	5	5
5.1	Number of social projects focused on the promotion of sports	SDG 3 Good Health and Well-Being	#	1	1
5.2	Number of educational projects implemented	SDG 4 Quality Education	#	2	2
5.3	Number of student beneficiaries reached through educational project	SDG 4 Quality Education	#	35	32
5.4	Number of infrastructure projects implemented	SDG 9 Industry, innovation, and infrastructure	#	1	1
5.5	Number of local people with improved access to economic infrastructure	SDG 9 Industry, Innovation, and Infrastructure	#	487	497
5.6	Number of social inclusion projects for persons with disabilities	SDG 10 Reduced Inequalities	#	1	1
5.7	Number of persons with disabilities outreached through support packages	SDG 10 Reduced Inequalities	#	28	33

<sup>1</sup> 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.



6.	Number of full-time employees at the peak of construction	SDG 8 Decent work and economic growth	#	226	226
7.	Number of full-time employees at the end of the year	SDG 8 Decent work and economic growth	#	159	159
8.	Number of full-time female employees	SGD 5 Gender equality	#	19	22
9.	Female Representation in Company Management	SGD 5 Gender equality	#	2	2
10.	Number of women on the Supervisory Board	SGD 5 Gender equality	#	1	1
11.	Geological survey	SGD 9 Industry, innovation, and infrastructure	#	1	1
12.	Number of the aquatic biodiversity ecosystem survey	SDG 14 Life Below Water		3 seasonal Biodiversity survey	3 seasonal Biodiversity survey
13.	Number of biodiversity surveys	SGD 15 Life on land	#	2 seasonal Biodiversity survey	2 seasonal Biodiversity surveys

### Environmental Performance

In 2025, the Bakhvi 2 HPP continued to implement construction activities that were intensive during the first half of the year, involving active site operations and ongoing engineering works. As the year progressed, most core infrastructure components were completed and construction activities moved into the final stage of works, focusing primarily on installation, assembly, and the completion of remaining tasks. Throughout both phases, maintaining strong environmental performance remained a key priority.

The implementation of Bakhvi 2 HPP continued to follow a clear commitment to environmental, social, and governance standards, ensuring alignment with both national regulatory requirements and internationally recognized good practices. Environmental considerations were integrated into daily operational management in order to minimize potential impacts associated with construction activities.

To support this commitment, the company continued to implement a comprehensive Environmental Monitoring Plan, which outlines up to 50 procedures and mitigation measures designed to manage environmental impacts throughout the construction period. The plan provides practical guidance for environmental protection across a range of areas, including air and water quality, noise and vibration control, waste management, and biodiversity conservation.

A detailed environmental monitoring calendar was also maintained to support the systematic implementation of these measures. The calendar served as the operational framework for planning and carrying out environmental monitoring activities, while clearly defining responsibilities for the ESG and technical teams. Throughout the reporting year, environmental monitoring activities included regular site monitorings, preventive environmental controls, and scheduled monitoring activities conducted at monthly, quarterly, or seasonal intervals depending on the specific environmental parameter being assessed.

By maintaining continuous monitoring and integrating ESG principles into everyday site management, Bakhvi 2 HPP sought to ensure that construction activities were carried out responsibly while minimizing environmental impacts and supporting sustainable development.

#### a. Biodiversity conservation

Biodiversity protection has been a core component of the Bakhvi 2 HPP’s environmental management approach during the 2025 period. In accordance with both Georgian environmental regulations and international good practices, targeted measures have been implemented to safeguard local biodiversity. This includes the protection of species listed under the Georgian Red List and the International Union for Conservation of Nature (IUCN) , through following the pre-defined mitigation measures.

### **Biodiversity and ecosystem health**

Bakhvi 2 HPP remains committed to preserving biodiversity and supporting ecosystem integrity throughout the HPP area. Through systematic monitoring and targeted conservation measures, the HPP contributes to the protection of local habitats and the species that depend on them, supporting the long-term conservation of biodiversity within the surrounding environment.

The company conducts biodiversity monitoring activities with the involvement of qualified third-party specialists, who assess and track key ecological components within the Bakhvi 2 HPP area. These surveys focus on identifying and evaluating local habitats and documenting resident and migratory species, including mammals, birds, reptiles, amphibians, and bats, as well as vegetation. The purpose of these surveys is to observe ecological conditions over time and ensure that Bakhvi 2 HPP activities remain aligned with environmental protection requirements and conservation standards.

During 2025, biodiversity monitoring continued throughout the construction period. In the first half of the year, when construction works remained active and included civil works related to infrastructure components, monitoring played an important role in assessing potential environmental impacts and ensuring that mitigation measures were properly implemented. As construction activities progressed into the final stage of works in the second half of the year, monitoring continued in order to verify that the completion of remaining activities did not adversely affect surrounding ecosystems.

The results of these assessments confirmed that construction activities remained within the limits established by national environmental legislation and applicable international environmental standards, and that the impact on local biodiversity within the construction corridor remained limited. In addition, monitoring results obtained by independent experts indicated that mammal activity within the study area increased during the reporting period, particularly as construction intensity decreased in the final phase of Bakhvi 2 HPP construction. This observation suggests that the gradual reduction of construction-related disturbances allowed wildlife to more actively use surrounding habitats, demonstrating the resilience of local ecosystems and the effectiveness of the mitigation measures implemented during the construction phase.

In total, 20 environmental and biodiversity-related monitoring reports were conducted during the reporting year. These surveys included biodiversity surveys, monitoring of aquatic life within the Bakhvistkali River, as well as assessments related to geology, vibration, air quality, and noise. The monitoring activities were carried out in accordance with the schedule established in the Environmental Monitoring Plan and provided valuable data for evaluating environmental conditions and managing potential impacts.

The findings of all monitoring reports were formally submitted to the National Environmental Agency, which raised no comments or objections following their review, indicating satisfactory compliance with environmental requirements.

Photo #1: Caucasian salamander (*Martensiella caucasica*) discovered during the study



Photo #2: Bear (*Ursus arctos*) discovered during the study



Photo #3: Otter (*Lutra lutra*) track discovered during the studyPhoto #4: Deer (*Capreolus capreolus*)

### ***Environmental conservation and mitigation measures for sustainable operations***

As part of biodiversity monitoring activities, several species of conservation interest were identified and observed within the Bakhvi 2 HPP area, including the Caucasian salamander (*Mertensiella caucasica*), Eurasian otter (*Lutra lutra*), and brown bear (*Ursus arctos*). Monitoring of these and other species is carried out by qualified specialists, including zoologists and ichthyologists, who assess habitat conditions, track wildlife presence, and evaluate potential environmental pressures associated with HPP activities. The information collected through these surveys contributes to a better understanding of local ecological dynamics and supports the ongoing management of biodiversity within the Bakhvi 2 HPP area.

Environmental monitoring results are systematically incorporated into the HPP's environmental management framework and help guide mitigation actions where necessary. These activities are conducted with the support of experienced environmental consultants and follow the requirements set out in the Environmental Monitoring Plan. As part of wildlife monitoring efforts, camera traps were installed along the Bakhvi 2 HPP perimeter, enabling specialists to observe animal movement patterns and better understand how wildlife interacts with the surrounding habitats during the construction period. In addition, artificial shelters installed in previous years as part of biodiversity support measures continued to be monitored in order to assess their effectiveness and track their use by local fauna.

During the reporting period, particular attention was given to restoration and greening of areas affected by construction works. While construction activities were still ongoing and had not yet been fully completed by the end of 2025, environmental restoration works were carried out in parallel with construction operations, reflecting the HPP's responsibility to begin rehabilitating disturbed areas as early as possible rather than postponing such activities until the end of construction.

One of the key mitigation measures implemented during this period was hydroseeding, which was carried out on approximately 7 hectares within the Bakhvi 2 HPP area. Hydroseeding is a vegetation restoration technique that involves spraying a mixture of grass seeds, water, fertilizer, mulch, and soil stabilizing agents onto exposed soil surfaces. This method allows vegetation to establish quickly, helping to stabilize slopes, reduce soil erosion, limit sediment runoff, and restore natural ground cover in areas affected by construction works.

The implementation of hydroseeding represents an important step in the gradual rehabilitation of construction-affected areas. By initiating greening measures while construction activities were still ongoing, the HPP aimed to ensure that environmental restoration progresses alongside infrastructure development. This approach reflects the company's recognition that responsible construction requires not only the development of energy infrastructure but also careful management of the surrounding environment to support the long-term stability of local ecosystems.

An independent ESG audit was carried out by CCEH’s external ESG consultant Pierre Biedermann, founder of the environmental advisory organization Alpage and an internationally recognized expert in biodiversity and environmental management.

The audit included site inspections, field observations, and a review of environmental management practices implemented throughout the construction phase. Particular attention was given to biodiversity monitoring activities, mitigation measures introduced within the Bakhvi 2 HPP area, restoration efforts, and the integration of environmental considerations into ongoing construction works.

As part of the assessment, the consultant reviewed the effectiveness of the HPP’s environmental monitoring framework, including wildlife observation tools such as camera traps, biodiversity surveys conducted by specialists, and the condition of previously implemented mitigation measures, including artificial habitats created for wildlife.

Following the field assessment, the consultant prepared a comprehensive ESG audit report, which included a set of observations and practical recommendations aimed at further strengthening environmental management practices and supporting the continued protection of biodiversity within the Bakhvi 2 HPP area. These recommendations provide additional guidance for both the ESG and technical teams and contribute to maintaining alignment with good international industry practice.

Throughout the reporting year, the ESG team continued to conduct regular environmental inspections at the construction site, monitoring the implementation of mitigation measures and ensuring that environmental considerations remained integrated into daily construction activities. These monitoring efforts support the HPP’s broader commitment to minimizing environmental impacts and maintaining alignment with national environmental requirements and international good practice.

Photo #5: Hydroseeding carried out at HPP area



Photo #6: Maple tree planted in 2024, showing healthy growth



Photo #7: sowed grass



Photo #8: Installed camera traps



### **b. Biodiversity of aquatic habitats**

At Bakhvi 2 HPP, protecting biodiversity and maintaining the integrity of aquatic ecosystems remain important elements of environmental management. Continuous monitoring and targeted conservation measures are implemented to support the health of local water bodies and safeguard the species that depend on them. These monitoring reports provide essential information for understanding potential HPP-related impacts on aquatic environments and ensure that activities remain aligned with environmental good practice and applicable regulatory requirements.

Aquatic ecosystem monitoring is carried out through three seasonal surveys conducted annually by independent third-party specialists. These surveys assess species diversity, monitor fish populations, and evaluate macroinvertebrate communities within the river system. The surveys provide valuable insight into ecological conditions and allow specialists to track changes in aquatic habitats over time.

Independent monitoring also supports the evaluation of mitigation measures implemented within the Bakhvi 2 HPP area. By analyzing field data and comparing results across monitoring periods, specialists are able to assess the overall condition of the aquatic ecosystem and identify any areas that may require additional attention.

Through this systematic monitoring approach, the HPP continues to evaluate the effectiveness of conservation measures aimed at protecting aquatic habitats and supporting native species. These efforts contribute to maintaining the ecological balance of the river environment and ensuring that HPP activities do not adversely affect fish populations or other aquatic organisms.

Monitoring results from the Bakhvistskali River recorded 8 fish individuals belonging exclusively to the species *Salmo trutta*, with a total biomass of 187 g, while the taxonomic diversity of macroinvertebrates included 9 orders and 33 families.

Hydrobiological and ichthyological monitoring conducted in June, September, and October 2025 confirmed that the ecological condition of the Bakhvistskali River within the Bakhvi 2 HPP area remains stable during the construction phase. Water quality parameters consistently met the requirements for cold-water salmonid species, and macroinvertebrate communities demonstrated high taxonomic diversity with biotic indices indicating good ecological status. Only *Salmo trutta* was recorded in the study area, represented by a small and fragmented population that, according to long-term data (2019-2025), has remained consistently limited due to natural habitat conditions rather than construction activities. Observed seasonal variations in macroinvertebrate abundance were attributed to natural hydrological dynamics. Overall, monitoring results indicate no significant adverse impacts on the aquatic biological environment during the construction phase, while the collected data provide a reliable baseline for continued monitoring during the operational phase of Bakhvi 2 HPP.



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 #9: Aquatic biodiversity study visual record



Photo #10: Aquatic biodiversity study visual record study

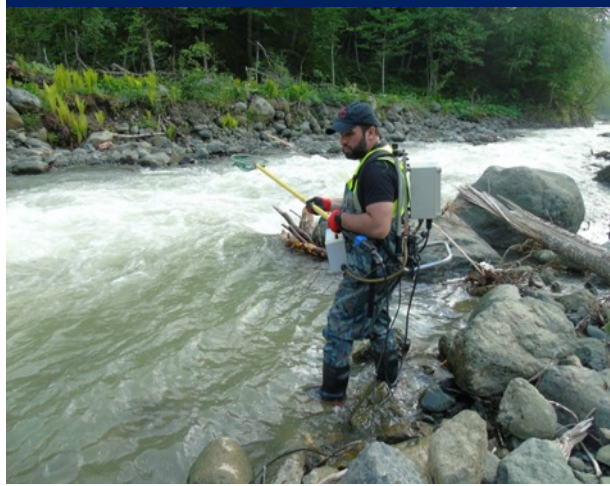


Photo #11: Salmon Trutta discovered during the study



Photo #12: Surface water quality study visual record



### c. Air quality, dust, and vibration

At Bakhvi 2 HPP, environmental protection is not limited to regulatory compliance; it represents a fundamental principle guiding the implementation of Bakhvi 2 HPP activities. Recognizing the environmental sensitivities associated with construction works, the HPP places particular emphasis on monitoring dust levels, air quality, noise, and vibration in order to minimize potential impacts and maintain high environmental standards.

Environmental monitoring carried out throughout the construction period indicates that dust concentrations in the atmosphere remain low, reflecting effective site management practices and the implementation of appropriate preventive measures. The results confirm that construction activities have not resulted in significant dust emissions, demonstrating the effectiveness of the environmental controls applied on site.

Noise monitoring is conducted in accordance with applicable regulatory standards that define permissible limits for construction-related activities. The results obtained during monitoring activities show that ambient noise levels remained within the allowable thresholds, indicating that construction operations did not create excessive disturbance to the surrounding environment.

Vibration levels are also monitored to ensure that construction activities do not adversely affect nearby structures, workers, or the natural environment. The results of recent assessments confirm that recorded

vibration levels remain within the limits established by regulatory requirements, demonstrating that the implemented construction practices effectively minimize physical impacts.

Through continuous monitoring and responsible site management, Bakhvi 2 HPP ensures that environmental considerations remain integrated into construction activities, supporting the HPP’s broader commitment to responsible and sustainable infrastructure development.

Regulatory guidelines define clear limits for acceptable vibration levels, and recent assessments within the camp area affirm full compliance. The recorded data highlight our ongoing efforts to minimize physical impacts on both people and the surrounding environment, exemplifying our broader mission of responsible and sustainable operations.

Photo #13: Air quality monitoring visual record



Photo #14: Noise and vibration monitoring



#### **d. Monitoring of geological conditions**

In 2025, geological monitoring was conducted on two separate occasions by an independent third-party specialist with recognized expertise in geotechnical assessment. These surveys were carried out to ensure continued understanding of site stability conditions during both the active construction period and the subsequent completion phase.

The assessments confirmed that no hazardous geological risks were identified within the Bakhvi 2 HPP area during the reporting year. While no critical stability concerns were observed, the specialist provided several technical recommendations aimed at reinforcing slope management, drainage control, and site stabilization measures.

These recommendations were fully incorporated into planning and site management practices, ensuring that all activities were implemented in accordance with recognized geotechnical standards and good engineering practices. The monitoring results supported the HPP’s continued commitment to structural integrity, environmental responsibility, and risk prevention during its final construction stage.

#### **e. Emission**

As a hydropower facility, Bakhvi 2 HPP contributes to Georgia’s renewable energy mix and the country’s transition toward low-carbon energy generation. Run-of-river hydropower plants, such as Bakhvi 2 HPP, utilize the natural flow of the river to generate electricity without the need for large reservoirs or the combustion of fossil fuels. This technology produces no direct greenhouse gas emissions during electricity generation, making it a clean and environmentally responsible energy source that supports sustainable power production while maintaining a relatively limited impact on surrounding ecosystems. Bakhvi 2 HPP therefore contributes to Georgia’s broader objective of strengthening the share of renewable energy in the national energy system and reducing the carbon footprint of the power sector.

Although Bakhvi 2 HPP will generate renewable electricity once it becomes operational, emissions monitoring has already been integrated into the HPP’s ESG management framework during the construction phase. In particular, Scope 2 emissions are monitored and reported to ensure transparency regarding electricity consumption from external sources used for construction activities, site operations, maintenance, and backup systems where applicable. The company aims to maintain a minimal Scope 2 emissions profile and continues to integrate energy-efficient practices in order to limit indirect emissions wherever possible.

To ensure transparency and alignment with international sustainability reporting practices, the company tracks and discloses greenhouse gas emissions using a structured set of indicators and targets. These include monitoring absolute emissions across relevant scopes, with Scope 1, Scope 2, and Scope 3 emissions tracked and reported on a quarterly basis starting from 2025. This expanded monitoring framework strengthens the company’s ability to assess and manage emissions related not only to direct operations and energy consumption but also to activities across the HPP’s value chain.

In addition, the HPP evaluates emissions intensity relative to projected electricity generation, using indicators such as CO<sub>2</sub> equivalent per megawatt-hour (CO<sub>2</sub>e/MWh). This metric supports future operational efficiency by helping to assess emissions performance in relation to energy output once the facility becomes operational. The company also continues to explore opportunities to increase the use of renewable energy within HPP operations and improve energy efficiency in order to further reduce indirect emissions.

Through transparent emissions monitoring and disclosure, Bakhvi 2 HPP reinforces its commitment to responsible environmental management and aligns its practices with internationally recognized approaches to climate responsibility and sustainability reporting.

#### Emissions Data For 2025<sup>2</sup>

Type Of Data	Q1	Q2	Q3	Q4	Actual '25
Scope 1 (tCo2eq/yr)	400	550	662	526	2138
Scope 2 (tCo2eq/yr)	23,38	11	8	13	55
Scope 3 (tCo2eq/yr)	219	51	24	20	314
<b>AVOIDED EMISSION (tCo2eq/yr)</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

#### Greenhouse Gas (GHG) Emissions Outlook

As Bakhvi 2 HPP approaches the final stage of its construction phase, Bakhvi 2 LLC remains committed to supporting Georgia’s national climate objectives through a structured greenhouse gas (GHG) management approach. Since the Bakhvi 2 HPP is still under construction, the company plans to designate the first full year of plant operation as the baseline year for long-term emissions management. Following commissioning, GHG emission projections will be updated and a target will be established to reduce total emissions by 30% by 2030 relative to this operational baseline.

#### Implementation and Monitoring

- We commit to tracking emissions on a quarterly basis, continuing the monitoring practice established during the construction phase. Beginning in 2025, Scope 1, Scope 2, and Scope 3 emissions are all monitored quarterly, ensuring consistency, transparency, and alignment with future emissions reduction targets once the plant becomes operational;
- We commit to conducting regular internal and external audits to validate the accuracy of emissions data and ensure that monitoring practices remain consistent with recognized reporting standards;
- We commit to maintaining external verification and internal review mechanisms to support reliable emissions accounting and strengthen oversight of the company’s climate-related commitments;
- We commit to disclosing annual progress through ESG reporting and the company’s public communication channels, ensuring transparency regarding emissions data, monitoring results, and progress toward long-term reduction targets;
- The Scope 3 emissions categories currently included in the HPP’s monitoring framework are:

<sup>2</sup> Emissions data for 2025 correspond to the construction phase of the project

- **Purchased Goods and Services:** Primarily construction materials such as concrete, metals, piping, and control systems. These emissions are estimated using procurement volume data and standardized emission factors derived from internationally recognized methodologies, including the GHG Protocol.
- **Employee Commuting:** Calculated based on commuting distances, frequency of travel, and transportation modes used by workers during the construction phase.
- **Business Travel:** Includes both domestic and international travel related to Bakhvi 2 HPP management, site supervision, technical consultations, and stakeholder engagement activities.

For more details on sustainability initiatives and emission reduction efforts, please refer to the Bakhvi 2 LLC Sustainability and Emissions Reduction Plan, which is available on the Company's official corporate website at [www.bakhvihpp.com](http://www.bakhvihpp.com)

### ***Alignment with Climate-Related Goals***

Bakhvi 2 HPP's climate-related efforts are aligned with Georgia's national climate strategy and the Task Force on Climate-related Financial Disclosures (TCFD) framework. These approaches support the HPP's broader objective of integrating climate considerations into infrastructure development and long-term environmental management. The following initiatives form the core of this approach:

- **Carbon emissions:** During the construction phase, efforts focus on minimizing Scope 1, Scope 2, and Scope 3 emissions through improved fuel efficiency, optimized logistics, and the use of lower-carbon construction materials where feasible. Starting from 2025, emissions across all three scopes are monitored on a quarterly basis, strengthening transparency and enabling more consistent tracking of climate-related performance. Once the plant becomes operational, the company plans to establish the first full operational year as the emissions baseline, with the objective of reducing Scope 1 and Scope 2 emissions by 30% by 2030 relative to that baseline;
- **Energy efficiency:** Energy consumption associated with construction activities continues to be monitored and managed to reduce inefficiencies and promote responsible use of energy resources;
- **Water conservation:** The minimum environmental flow in the Bakhvistkali River is maintained in accordance with the conditions set out in the environmental permit and the Environmental and Social Impact Assessment (ESIA). This ensures that sufficient water continues to flow downstream to support aquatic ecosystems and biodiversity. At the same time, water used for hygiene and potable purposes is managed in accordance with health and safety standards, and staff are encouraged to follow water-saving practices, such as avoiding unnecessary water use.

As part of strengthening its climate management framework, Bakhvi 2 HPP expanded its emissions monitoring system to include Scope 3 emissions, enabling a more comprehensive understanding of indirect emissions associated with HPP activities, including supply chain operations and other value-chain impacts. This broader monitoring approach supports the identification of potential opportunities for further emissions reductions.

These efforts reflect Bakhvi 2 HPP's commitment to strengthening infrastructure resilience, responsible environmental management, and alignment with both national and international climate objectives, contributing to the development of sustainable energy infrastructure.

In line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), Bakhvi 2 LLC has also initiated a phased approach to integrating climate risk considerations into project planning and operational resilience. A preliminary risk analysis identified several potential climate-related risks that may affect the HPP over the medium to long term:

- **Physical risks** - These include the increased frequency and intensity of extreme rainfall events or drought conditions that could influence river flow patterns essential for hydropower generation, the potential occurrence of landslides affecting infrastructure stability, and possible shifts in biodiversity distribution resulting from changing temperature patterns and seasonal cycles.
- **Transitional risks** - These relate to potential changes in the regulatory and policy environment, including more stringent emissions disclosure requirements, the possible introduction of carbon pricing mechanisms, and evolving environmental and social standards applied by financial institutions and regulatory authorities.

By incorporating these considerations into its ESG framework, Bakhvi 2 HPP continues to strengthen its preparedness for climate-related challenges while supporting the development of resilient and sustainable energy infrastructure.

**f. Waste management implementation**

At Bakhvi 2 HPP, responsible waste management remains an important component of environmental protection and regulatory compliance. In 2025, 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 its continued compliance with Georgian waste management legislation and the conditions established under the environmental permit. The updated plan regulates all aspects of waste handling, including waste segregation, temporary storage, transportation, disposal procedures, documentation requirements, and the responsibilities of contractors involved in construction activities.

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

As construction activities progressed toward the final stage of works, maintaining effective waste management practices remained essential for minimizing environmental impacts associated with remaining construction, installation, and assembly activities. The approved Waste Management Plan strengthens internal control mechanisms and ensures that waste generated on site continues to be managed responsibly and in accordance with environmental standards.

**Comprehensive Waste Management Practices**

As a member of the Association of Extended Producer Responsibility of Georgia<sup>3</sup>, Bakhvi 2 HPP actively participates in a national initiative to manage and recycle specific materials. This partnership ensures that our waste is integrated into the recycling process under the oversight of the Ministry of Environmental Protection and Agriculture of Georgia. In alignment with Georgia’s environmental regulations, the company pays recycling fees in advance, ensuring responsible waste management as outlined by the organic law. Through these initiatives, we work to divert waste from landfills, contributing to a circular economy and upholding our commitment to environmental sustainability.

Metric	Actual 2025
Domestic Waste Reduction Rate for Bakhvi 2 HPP	36 000 kg/year
Recycling Rate of specific waste managed by Association of Extended Producer Responsibility	100%
Hazardous Waste Compliance	Yes

**Hazardous Waste Management**

The safe handling and disposal of hazardous waste are critical to our operations, and we strictly adhere to Georgian legislation. The company has implemented a systematic and compliant approach to the handling, separation, and storage of hazardous waste materials, ensuring both environmental protection and adherence to regulatory standards.

Proper waste management at Bakhvi 2 HPP is a shared responsibility embraced by the entire staff. Every employee - from construction workers to administrative personnel - plays an essential role in ensuring that waste is managed in a safe, organized, and environmentally responsible manner. With the guidance and coordination

<sup>3</sup> 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.

of the ESG team, all staff members actively participate in the correct segregation of hazardous and non-hazardous waste, the use of appropriately marked containers, and the consistent application of safety protocols. Members of the ESG team ensure that all waste containers are clearly marked with appropriate labels or signage, enabling precise identification of contents and facilitating safe handling and disposal. These practices are essential not only for operational efficiency but also for meeting national and international safety and waste management regulations.

To reinforce awareness and maintain high standards of safety, warning and prohibitory signs have been placed strategically throughout the construction site and residential camp area. These visual cues support compliance and promote a culture of environmental responsibility among all personnel.

Hazardous waste is managed with particular care. A designated temporary storage area has been established that is fully covered, fenced, and protected from weather conditions, minimizing any risk of contamination or exposure. Furthermore, Bakhvi 2 HPP has entered into an agreement with a certified and licensed company for the transportation and responsible processing of hazardous materials - ensuring that all waste is handled in a manner consistent with the principles of sustainability and regulatory compliance. All listed waste will be managed by Sanitary LLC, a certified hazardous waste treatment company, in accordance with the agreement with Bakhvi 2 LLC. As for the oil, it will undergo a specialized recycling process as per the contractual terms, ensuring proper reuse and environmental sustainability.

In 2025, Bakhvi 2 HPP recorded a hazardous waste reduction rate of 430 kg per year and remained fully compliant with hazardous waste management regulations.

#### ***Producer Responsibility Organization of Georgia***

Bakhvi 2 HPP is an active member of the Producer Responsibility Organization of Georgia - Georgian Producers' Extended Liability Association Wasteless.<sup>4</sup> Through this membership, we contribute to managing specific waste streams, including tires, electrical and electronic equipment, batteries, accumulators, and oils and lubricants. Since its membership in 2022, Bakhvi 2 HPP 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, Bakhvi 2 HPP 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.

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**

At Bakhvi 2 HPP, responsible water management is an important component of environmental protection throughout the construction period. From the early stages of Bakhvi 2 HPP construction, water use has been managed in accordance with sustainable practices that prioritize the conservation of natural water resources. During the 2025, water was used primarily for domestic needs, as well as for HPP-related technical purposes such as fire prevention, and surface treatment of construction areas for dust suppression, in accordance with the conditions established in the Environmental Permit. Water consumption is continuously monitored in order to ensure efficient use of resources and compliance with environmental requirements. The company regularly tracks water use, evaluates water efficiency, and ensures that any water discharged back into the environment meets the required quality standards.

As required by the Environmental Permit, automated gauging stations have been installed to monitor the natural flow of the Bakhvistskali River. These stations measure the river's natural flow on a continuous basis, providing reliable hydrological data that supports environmental monitoring. The monitoring results are submitted on a quarterly basis to the National Environmental Agency of Georgia. According to the monitoring results for the reporting year, the average natural river flow recorded by the gauging stations was 2.43 m<sup>3</sup>/s.

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<sup>4</sup> <https://wasteless.ge/>

For the purposes of HPP operations, domestic water use refers to water used for basic daily needs, including cooking, personal hygiene, sanitation, cleaning, and other household-related activities within the construction camp and associated facilities. Continuous monitoring of water consumption helps ensure that these needs are met responsibly while minimizing unnecessary water use.

**Water used for domestic needs**

Domestic needs refers to the use of water for basic human and household purposes, such as cooking, personal hygiene, laundry, cleaning, and sanitation (including toilets and showers)  
 In 2025, domestic water consumption at Bakhvi 2 HPP amounted to 3,600 m<sup>3</sup> per year, while wastewater quality remained fully compliant with applicable regulatory requirements.

**Alignment with the National Laws and Regulations**

As a company practicing responsible business development, we are diligently adhering to Georgian laws and regulations. We monitor and implement all the stipulated responsibilities and mitigation measures outlined in the Environmental and Social Impact Assessment (ESIA) and Environmental Permit, showcasing our commitment to legal compliance and environmental stewardship, the list of mandatory responsibilities is reflected 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	Annually	Assessment conducted by the third-party expert
3.	Ground quality	In case of spill	No Spill recorded in 2025
4.	Natural flow discharge <sup>5</sup>	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	Three times a year	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

Throughout 2025, environmental monitoring and compliance efforts remained active; however, the year also included several regulatory enforcement outcomes linked to inspections conducted during the construction phase.

The fine was imposed by the Environmental Supervision Department following an inspection conducted on May 6, 2025 regarding minor technical activities related to Bakhvi 2 HPP. The fine amounted to GEL 7,000 (USD 2,580). In this case, the fine concerned the screening of several HPP components, including construction camps, a concrete batching plant, and a crushing and grading plant.

During the inspection carried out by the Environmental Supervision Department, it was determined that the company had commenced activities subject to the screening procedure prior to obtaining the relevant screening decision. The screening report was submitted to the National Environmental Agency only after the activities had already been carried out.

These enforcement actions underscored the importance of strengthening internal regulatory compliance systems, particularly during the complex transition from active construction to finalization. While on-site

<sup>5</sup> Natural flow release 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

environmental mitigation measures were systematically implemented, the cases highlighted areas requiring improved administrative coordination, documentation control, and permit compliance tracking.

In response, the company initiated internal reviews of compliance procedures, reinforced oversight mechanisms between technical and ESG teams, and enhanced monitoring of permit-related obligations to prevent recurrence of similar risks.

## **Occupational Health and Safety**

### ***Occupational Health and Safety Framework and Training Programs***

Occupational health and safety are of critical importance during the construction phase of Bakhvi 2 HPP, where dynamic site activity and heavy machinery present elevated risks. In 2025, we reinforced our unwavering commitment to the well-being of our workforce and all site visitors by implementing a series of robust health and safety measures. These initiatives were specifically designed to address the unique challenges of the construction environment, ensuring a culture of vigilance, prevention, and continuous improvement. These measures are aligned with both national legislation and international standards, including IFC Performance Standards and ILO guidelines.

The HPP maintains a dedicated Occupational Health and Safety Department, which in 2025 consisted of one Occupational Health and Safety Manager, four Occupational Health and Safety Officers, and one on-site doctor. Safety officers carried out continuous supervision of work processes, implementing a structured control system divided into several stages.

The Occupational Safety Management System for the Bakhvi 2 HPP has been developed taking into account the specific characteristics of the HPP. The system complies with occupational safety standards established under Georgian legislation and incorporates internationally recognized practices and approaches.

In order to strengthen safety oversight during the peak construction period in 2025, the Bakhvi 2 HPP Safety Manager introduced a sectional safety management approach. Under this approach, the HPP area was divided into management zones to improve supervision and control of work processes. A safety officer was assigned to each zone and was responsible for monitoring and ensuring compliance with safety requirements within their designated area.

The HPP area was divided into three management zones: the Bakhvi 2 construction camp and its surrounding area, including the pipe storage area; the Bakhvi 2A and Bakhvi 2B station areas; and the Bakhvi 2A pipeline corridor. To support the implementation of this system and ensure effective safety monitoring, two additional safety officers were recruited to oversee safety performance across these areas.

At the initial stage, every employee receives occupational health and safety training upon arrival at the site and prior to commencing work activities. The training is tailored according to the specific type of work performed. Each category of work has its own specialized training module, which employees must complete before being assigned to their respective duties. The training program covers 13 key safety areas, including:

- Safety in reinforcement laying and concrete pouring
- Lifting operations safety
- Safety protocols for surveyors and field teams
- Excavation safety procedures
- Camp construction and assembly safety
- Pipe insulation work safety
- Safety in pipe welding and trench installation
- Blasting operations safety
- Working at height and scaffolding assembly safety
- Welding and cutting operations safety
- Wood cutting safety
- Traffic and on-site transportation safety

During the reporting period, occupational health and safety trainings were provided to permanent employees, temporary personnel, specialists invited to perform specific tasks, and visitors to the site. Visitors refer to individuals who enter the HPP area without being directly engaged in work, such as journalists, invited guests, stakeholders, or inspectors. In accordance with occupational safety requirements, all individuals entering the HPP area were required to undergo safety induction training prior to access, regardless of the duration of their presence on site. This applied equally to those working for extended periods as well as individuals present only for a short time, including a single shift, several hours, or for inspection purposes.

As a result of this approach, every individual who underwent the relevant safety training and entered the HPP area was recorded in the HPP's training records. A total of 320 individuals received occupational health and safety training during the reporting period. This figure does not represent the number of permanent or simultaneous workers on site but rather reflects all individuals who participated in HPP-related activities at any point during the year.

The total number of trained persons therefore includes permanent employees, temporary workers, specialists engaged for specific tasks, and visitors to the HPP area. Many individuals completed their work and left the HPP after fulfilling their specific responsibilities. These included, for example, woodcutters, drivers, pipeline inspectors, and specialized teams engaged in transmission line and substation installation works.

The Occupational Health and Safety Department maintains a dedicated training register, where the content, date, and number of participants for each training session are recorded in detail. The register includes the signatures of employees (permanent, temporary, and specially invited) as well as visitors. This documentation ensures transparency and compliance with the applicable legislation of Georgia.

It should also be noted that the Bakhvi 2 HPP employs workers of several nationalities. Accordingly, all safety trainings are translated into their languages to ensure full understanding and compliance with national legislation and international safety standards. Trainings for employees of different nationalities are delivered with the assistance of interpreters, and all relevant occupational health and safety documentation is made available in their native languages.

In accordance with Georgian labor legislation, employees receive additional safety inductions depending on the type of work they perform, as well as whenever they are reassigned to a different role or task. During these briefings, workers are informed in their native language about the potential hazards and risks associated with their duties, as well as the correct use of relevant tools, machinery, and electromechanical equipment. This approach ensures that all personnel are properly informed and able to perform their duties safely within the HPP environment.

### ***H&S Incident reporting***

Bakhvi 2 HPP continued to prioritize the maintenance of a robust H&S management system aimed at preventing incidents and minimizing risks across all project sites. All incidents, regardless of severity, were systematically registered, promptly reported, investigated, and followed by corrective and preventive measures. This approach reinforces a strong safety culture and continuous improvement in H&S performance throughout the project lifecycle.

In 2025, a total of 13 H&S incidents were recorded on site. These primarily included minor occupational injuries, medical incidents, and equipment- and transport-related incidents, as well as several environmental and weather-related events resulting in minor to medium material damage only. Importantly, no fatalities or permanent disabilities occurred during the reporting period. All cases were managed in accordance with established emergency response and medical procedures, demonstrating the effectiveness of on-site supervision, medical preparedness, and incident response mechanisms. The details regarding the each incident is presented in annex 2.

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 - 77
- Number of Inductions - 83

Occupational health and safety inductions were also provided to visitors entering the HPP construction area. During the reporting period, one such session was conducted for members of the Bakhvi 2 HPP Environmental and Social Advisory Council<sup>6</sup>. In total, 10 participants attended this induction.

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.

To proactively mitigate risks inherent to our industry, bi-weekly risk assessments were conducted by the H&S team, ensuring that safety measures remain robust and adaptive to evolving needs. The insights gathered through incident reviews and safety audits are used to continuously improve procedures and raise awareness across all teams.

Photo #21: Advisory Council members visit at site



Photo #22: H&S training for workers



### Local Workforce Management

From the outset, Bakhvi 2 HPP has prioritized the employment of local residents, recognizing the importance of community participation and economic inclusion in ensuring the long-term sustainability of the HPP. During the initial phase of Bakhvi HPP implementation, a door-to-door survey was conducted across villages within the Bakhvi HPP-affected communities to assess the qualifications, employment interests, and preferred roles of local residents. The results of this survey continued to inform workforce planning throughout the construction phase, enabling recruitment decisions to remain responsive to local capacity and community expectations.

A key guiding principle of the employment strategy was, where feasible, to provide at least one employment opportunity per household. This approach supported broad-based economic participation and strengthened community engagement throughout the construction period.

Employment roles were categorized according to skill levels-qualified, semi-qualified, and unqualified-ensuring that individuals were matched with positions aligned with their competencies. This structured approach enabled inclusive hiring practices while also supporting skills development through practical, on-the-job experience.

During 2025, a total of 95 employees worked on the Bakhvi 2 HPP. Of these, 42 employees were local residents, representing approximately 44% of the total workforce. Women accounted for 22 employees, or approximately 23% of the workforce, reflecting the HPP’s efforts to promote gender inclusion within a sector traditionally dominated by men.

<sup>6</sup> The Bakhvi 2 HPP Environmental and Social Advisory Council is a unique, independent body established at the initiative of the company. It is composed of 10 representatives from local government, the private sector, and the media

As the construction phase approached completion and the intensity of works gradually decreased, workforce adjustments were implemented through a structured and responsible demobilization and retrenchment process. The process was carried out in full compliance with Georgian labor legislation and in line with the company's commitment to fair employment practices and the protection of workers' rights.

Employees were informed in advance about upcoming changes to workforce arrangements. In October 2025, employees received official notification regarding the transition to part-time employment, reflecting the gradual reduction of construction activities. This approach allowed for a fair and balanced reduction of working hours across the workforce and provided employees with time to prepare for the conclusion of construction works.

By the end of December 2025, employment contracts were formally concluded with local workforce in accordance with applicable labor regulations. All employees received full settlement of financial obligations, including final salary payments and compensation in accordance with Georgian labor legislation and the terms of their employment agreements. The retrenchment process was conducted in an orderly, transparent, and well-communicated manner to ensure that employees were fully informed about the process, their rights, and the compensation arrangements.

Throughout the construction phase, employees benefited from a comprehensive support package in addition to competitive remuneration in the energy and infrastructure sector. This package included health insurance, transportation, meals, personal protective equipment (PPE), and uniforms, reinforcing the HPP's commitment to fair employment conditions, workplace safety, and employee wellbeing.

Overall, the employment outcomes during 2025 reflect both the HPP's significant contribution to the local economy during the active construction phase and a structured, responsible transition toward the workforce model required for the operational phase of the Bakhvi 2 HPP.

### **Stakeholder Engagement**

At Bakhvi 2 HPP, we recognize that the long-term success of the HPP is closely linked to the well-being and trust of the communities in which we operate. Beyond infrastructure development, the company places strong emphasis on maintaining transparent, respectful, and constructive relationships with stakeholders. Open communication, responsiveness to community concerns, and continuous dialogue form the foundation of this approach.

Stakeholder engagement has been integrated into Bakhvi 2 HPP development since the earliest stages of planning. A Stakeholder Engagement Plan (SEP) was developed to guide communication with all relevant parties, including local communities, municipal authorities, HPP workers, and other interested stakeholders. The plan was formally approved by the company's management and supervisory structures to ensure that stakeholder priorities and international good practices are fully reflected in the HPP's engagement framework. Over the years, the engagement approach has evolved based on experience gained during the earlier stages of Bakhvi 2 HPP development, ensuring continuity and consistency in how the company communicates with affected communities.

In 2025, stakeholder communication reflected the changing dynamics of the construction process. During the first half of the year, when construction activities remained intensive, engagement efforts primarily focused on providing information about ongoing works, environmental and social programs, and the progress of major construction activities. As the year progressed and construction works gradually moved into their final stage, communication increasingly addressed topics related to the completion of infrastructure works, future operational arrangements, and changes related to the gradual reduction of on-site activities.

Unlike earlier years, when door-to-door engagement campaigns were carried out during the early phases of the HPP activities, information in 2025 was primarily disseminated through monthly newsletters and local media coverage, ensuring that residents of the project-affected communities remained informed about HPP developments. At the same time, the company maintained direct communication with households located in the project-affected area. In total, 171 households representing approximately 500 residents remained within the scope of the HPP's stakeholder engagement activities.

Recognizing that the later stages of construction can bring uncertainty regarding employment and timelines, the company placed particular emphasis on communicating with community members early and transparently about upcoming changes, including the gradual reduction of construction works and related workforce adjustments. These discussions helped ensure that local residents understood the evolving nature of HPP activities and could raise questions or concerns directly with the Bakhvi 2 HPP team.

The ESG Manager and Community Liaison Officer remained the primary contact points for stakeholders throughout the reporting period. Through these channels, community members, local government representatives, and other interested parties were able to raise questions, share feedback, or request clarification regarding HPP activities. Maintaining these direct lines of communication allowed the company to respond promptly to stakeholder concerns and helped strengthen trust between the Bakhvi 2 HPP and surrounding communities.

Our commitment is also reflected in the Grievance Mechanism, which is accessible, culturally appropriate, and designed to handle concerns efficiently and confidentially. Every grievance is logged, tracked, and addressed within a formal timeline, ensuring that resolution is not only timely but also respectful and fair. Key trends from grievances are analysed regularly to inform HPP adjustments and strengthen social performance.

### ***Grievance mechanism***

The Grievance Mechanism continued to operate as a formal and accessible channel for addressing concerns. All submissions were registered, assessed, and responded to within established timelines. In 2025, the company received 24 requests, of which two were later withdrawn by the applicants, leaving 22 active requests under consideration. Fifteen requests were fulfilled, including road rehabilitation works, temporary provision of equipment, continued support for internet services at the local kindergarten, and financial assistance provided to support a local athlete. Requests that could not be supported mainly related to activities outside the scope of the company's social program, such as financing excursions or cultural events.

In addition to requests, two protest cases were recorded during the reporting year. One protest concerned the condition of a local road, while the second related to the dismissal of a local employee. Both cases were reviewed through the company's established grievance procedures, and dialogue with the concerned parties was conducted to address the issues raised.

Through these engagement mechanisms and communication channels, Bakhvi 2 HPP continued to support transparency, constructive dialogue, and responsible HPP management. The company views stakeholder engagement as an ongoing process that evolves alongside HPP development, ensuring that community perspectives remain an integral part of decision-making throughout both the construction and future operational phases.

### ***Strategic Communications and Public Engagement***

In 2025, Bakhvi 2 HPP 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 the final phase of Bakhvi 2 HPP construction.

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.

The 2025 PR and Communication Strategy was approved and implemented. First half of the year focused on #WeDeliveredOnOurPromise and the second half emphasized #IBuiltBakhviHPP, highlighting HPP activities completion and legacy. The strategy aimed to ensure transparent, credible, and unified communication of the achievements and progress of Bakhvi 2 HPP to all stakeholders.

Throughout the reporting year, communication efforts focused on providing updates regarding HPP 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 HPP’s public accountability during a year of institutional and operational transition.

- **1 000 newspapers** were printed and distributed across community of Mtispiri, reaching 171 households and around 500 individuals. Due to the summer season, additional copies were also distributed in Bakhmaro during June, July, and August
- **44 press releases** were prepared and published in regional media, covering various ongoing initiatives and HPP updates;
- **7 video stories** were video stories were produced and shared, highlighting the social and environmental programs of Bakhvi 1 HPP, as well as summarizing the completion of the construction phase

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, Bakhvi 2 HPP organized a dedicated media presentation in 2025 in Batumi. The event brought together representatives of the HPP and members of regional and national media to promote informed dialogue, strengthen transparency, and enhance public understanding of the HPP’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 Bakhvi 2 HPP’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 2 HPP within the wider energy transition framework.

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

Photo #24: Media training visual record



Photo #25: Media training visual record



#### ***Advisory Council: Ambassadors of transparency***

In 2025, Bakhvi 2 HPP continued to uphold its commitment to transparent, inclusive, and participatory stakeholder engagement through the facilitation of the Advisory Council. 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 construction progress at Bakhvi 2 HPP prior to the summary discussions later in the year.

The second and final meeting of 2025 was held in Kutaisi as a summary session. This meeting focused on reviewing the year's progress, environmental and social performance, workforce developments, and the transition toward completion. 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 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 HPP.

Photo #26: Advisory Council visit at construction site



Photo #27: Advisory Council meeting in Kutaisi



## Social Programs

At Bakhvi 2 HPP, sustainable development continues to extend beyond infrastructure delivery and remains rooted in empowerment, inclusion, and community well-being. Since the early stages of Bakhvi 2 HPP development, the company has applied a needs-based approach to social investment. A comprehensive needs assessment conducted during the initial development phase of the HPP identified key local priorities, challenges, and expectations. These findings continued to guide the implementation of the company’s social program throughout 2025.

The Bakhvi 2 HPP Social Program remained structured around three primary pillars:

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

In 2025, a total of 5 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 400 individuals directly benefited from these initiatives during the reporting year.

As construction activities approached completion 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.

### ***Sustainable Community Investment Fund***

To ensure continuity of social support beyond construction-related commitments, the company has initiated the establishment of Social Fund. Under this initiative, GEL 135,000 will be accumulated to finance future social programs, with priority given to the needs of local communities within the project-affected area. The fund is intended to support sustainable, community-driven initiatives and reinforce the company’s long-term partnership approach as the HPP transitions toward the operational phase.

Through this structured approach, Bakhvi 2 HPP 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 2 HPP has partnered with Mtsipiri 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 development of environmental initiatives for high school students.

During the 2024-2025 academic year, 30 students from Mtispiri 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 Bakhvi 2 HPP, 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. Two student from Mtispiri Public School has already benefited from this initiative – one young women, who enrolled in the Faculty of Ecology at Batumi State University, and the second student, who enrolled in the faculty of Electrical Engeneering at Technical University of Georgia, in Tbilisi.

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 Bakhvi 2 LLC we are committed to fostering inclusion and supporting the well-being of all members of our community. In 2025, our assistance program for people with special needs provided monthly financial support to 33 individuals, helping to enhance their quality of life and promote their independence.

Through this initiative, we aim to empower those who face unique challenges, ensuring they have the resources they need to thrive. Our commitment to social responsibility goes beyond projects and infrastructure, it is about making a meaningful difference in the lives of those who need it most.

### ***Infrastructure development for community progress***

Bakhvi 2 LLC has supported improvements to local infrastructure as part of its broader engagement with communities in the HPP area. In previous years, the company carried out road rehabilitation works in the villages of Ukanava, Mtispiri, and Vaniskedi, where a total of 8 kilometers of local roads were rehabilitated, significantly improving access and mobility for residents.

Building on these earlier efforts, road maintenance works continued throughout 2025. During the reporting year, the company focused primarily on the regular upkeep of existing road sections, which included leveling, graveling, and regular watering of the road surface where necessary. Watering was carried out to reduce dust generation and minimize inconvenience for residents living along the roads, particularly during dry periods when construction-related traffic was still present.

These activities were important to maintain safe and reliable road conditions during the final stages of construction, when heavy vehicles and HPP-related transport continued to use local routes. Through this ongoing maintenance approach, Bakhvi 2 LLC ensured that previously rehabilitated roads remained functional and accessible for local residents while supporting the operational needs of the HPP.

These efforts contributed to sustaining local connectivity, improving road safety, and maintaining the quality of rural infrastructure in the project-affected communities.

Photo #28: Road watering in Mtispiri community



Photo #29: Rehabilitated road in the village of Vaniskedi



### ***Standing with the Community in Times of Hardship***

In February 2025, the Guria region experienced an extreme snowfall event, the scale of which had not been observed in the area for several decades. The unusually heavy snow caused significant disruptions across local communities, blocking roads, restricting mobility, and creating serious challenges for households, particularly for elderly residents and vulnerable families living in remote villages.

Recognizing the urgency of the situation, Bakhvi 2 HPP mobilized its resources to support the affected communities in the HPP area. The company worked closely with local residents and municipal representatives to identify households that required immediate assistance, with particular attention given to vulnerable families facing difficulties in accessing essential goods and services.

As part of this emergency response, the company purchased and distributed essential consumer products, including food and other basic household items, to families identified as being most in need. This support helped ensure that vulnerable residents were able to meet their immediate daily needs during a period when access to local markets and transportation routes was severely limited.

In addition to providing material assistance, the Bakhvi 2 HPP team also contributed practical support to the communities by deploying equipment and personnel to help clear snow from local roads and residential areas. Company staff assisted residents in removing snow from yards and access paths, helping restore mobility and improve safety conditions around homes. Road clearing activities also helped reopen access routes that had become impassable due to the heavy snowfall.

Through these actions, Bakhvi 2 HPP sought to provide timely and meaningful support to the surrounding communities during a difficult period. The company's response reflects its broader commitment to standing alongside local residents not only during the implementation of the HPP activities, but also in times of unexpected hardship, reinforcing the spirit of cooperation and solidarity that has developed throughout the HPP's presence in the region. In total, assistance was provided to 24 families, benefiting approximately 62 individuals.

Photo #30: Bakhvi HPP Assistance for Communities Affected by the Disaster





## Governance Practices

Transparent, accountable, and ethical governance forms the foundation of Bakhvi 2 HPP's operations. Through this report, the company provides an overview of its corporate governance structure and its approach to maintaining compliance with applicable regulatory frameworks and international good practices. Bakhvi 2 LLC remains committed to upholding high standards of integrity and responsible decision-making, ensuring that stakeholders can rely on transparent processes and ethical business conduct.

A structured governance framework is central to the management of Bakhvi 2 HPP. The company operates under a two-tier governance system, consisting of a Supervisory Board and the Management of the Company, which ensures a clear separation between oversight and operational responsibilities. This structure is designed to protect the interests of Bakhvi 2 LLC and its stakeholders while supporting balanced and accountable decision-making.

The Supervisory Board provides strategic oversight and evaluates the management of the company's business affairs, ensuring that major decisions remain aligned with the long-term objectives of the HPP and its investors. The Management Team is responsible for the day-to-day operational management of the company, including the preparation and implementation of strategic and operational plans, which are submitted to the Supervisory Board for review and approval. Through this governance structure, Bakhvi 2 LLC maintains clarity in roles and responsibilities, strengthens internal accountability, and supports effective risk management throughout the HPP lifecycle.

In addition to its internal governance arrangements, Bakhvi 2 LLC has continued to align its operations with internationally recognized sustainability frameworks. In May 2024, the company became a participant of the United Nations Global Compact, committing to integrate the initiative's Ten Principles into its business practices across the areas of human rights, labor standards, environmental protection, and anti-corruption. In accordance with the initiative's requirements, the company prepared and submitted its first Communication on Progress (CoP) report following the completion of the initial participation period.

Through this governance framework and engagement with international sustainability initiatives, Bakhvi 2 LLC continues to reinforce transparency, responsible management, and alignment with global ESG standards while supporting the long-term sustainability of the Bakhvi 2 HPP.

## Conclusion

In 2025, Bakhvi 2 HPP advanced through a decisive stage of its development, marking the transition from intensive construction toward the completion of major infrastructure works. During the first half of the year, activities on site remained highly active, with ongoing civil works and multiple operational fronts. In the second half of the year, the focus gradually shifted toward installation, assembly, and the completion of remaining components of the HPP infrastructure. Throughout this period, the project continued to operate in line with its commitments to responsible environmental management, transparent stakeholder engagement, and sustainable regional development.

Open communication with local communities remained an important part of the HPP's approach. Residents of the surrounding villages continued to receive regular information about construction progress and upcoming activities through monthly newsletters, local media coverage, and ongoing dialogue, reaching approximately 200 households and around 400 individuals. Particular attention was given to early communication regarding the gradual reduction of construction activities and workforce adjustments as the HPP approached the final stage of construction.

The grievance mechanism remained active and accessible throughout the year. In 2025, the company received 24 requests, two of which were later withdrawn, while 15 requests were fulfilled, including infrastructure maintenance works, provision of equipment, continued support for the local kindergarten, and assistance to community members.

The reporting year also marked the completion of a key phase of the company's social program. Developed on the basis of an early needs assessment and implemented in accordance with the memorandum signed with local

communities and the municipality, the program reached an important milestone in 2025. All seven commitments under the memorandum were successfully fulfilled, including support for local employment, educational initiatives, assistance for persons with disabilities, and infrastructure improvements such as road rehabilitation works and the installation of a water supply system in the village of Vaniskedi.

As part of the transition toward the operational phase, meetings were held with key stakeholders, including the principals of Mtispiri and Chkhakaura schools and the local kindergarten, to formally conclude the three-year environmental and renewable energy education program. School representatives acknowledged the program's positive impact on students' environmental awareness and communication skills. The program was formally closed in 2025 following the completion of its planned implementation period.

Environmental stewardship remained a central priority throughout the reporting period. Monitoring activities continued in accordance with the Environmental Monitoring Plan and included biodiversity surveys, aquatic ecosystem surveys in the Bakhvistskali River, geological assessments, and monitoring of vibration, air quality, and noise. In total 20 surveys were carried out in the reporting period. The results confirmed that environmental impacts remained within acceptable limits and in compliance with national regulatory requirements. In parallel with construction activities, land rehabilitation works were implemented, including hydroseeding on previously disturbed areas.

Workforce management during the final stage of construction was carried out in accordance with the Bakhvi 2 HPP Retrenchment Plan. Although construction activities gradually decreased toward the end of the year, employees remained engaged until the completion of their respective work stages. In October 2025, staff were formally informed about adjustments to working arrangements, including the transition to part-time work during the final months of construction. At the end of December, employees received compensation in accordance with applicable labor legislation and the provisions of the retrenchment plan, ensuring that workforce adjustments were implemented transparently and responsibly.

Health and safety remained a key operational priority. Continuous on-site supervision, regular training programs, and strict adherence to occupational safety procedures ensured that construction activities were carried out under controlled and safe conditions throughout the year.

Overall, the developments of 2025 reflect the culmination of several years of coordinated work in environmental management, social engagement, and responsible infrastructure development. The experience gained during the construction phase, together with the management systems and practices established during the development of Bakhvi 2 HPP, has created a strong foundation for the next stage of its lifecycle. As the HPP moves toward the operational phase, the company remains committed to maintaining transparent relationships with local communities, protecting the surrounding environment, and contributing to sustainable regional development.

## 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	1	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	2	Niko Kerdikoshvili – MSc in Ecology, Scientific Program Manager at Tbilisi Zoo
Aquatic biodiversity surveys	3	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	9
Number of mammal species identified, listed in the Georgian Red List	2
Number of bird species identified through the study	27
Number of bird species identified through listed in the Red List	0
Number of reptiles and amphibian species identified through the study	9
Number of reptile and amphibian species listed in the IUCN and Georgian Red List	2
Number of bat species identified through the study	9

*Table N3. Aquatic Biodiversity Study Results*

Metric	Actual 2025
Number of fish species identified during monitoring periods in the Bakhvistskali River	1 (exclusively Salmon Trutta)
Total number of fish captured during monitoring periods in the Bakhvistskali River	8
Total biomass of fish recorded during monitoring periods in the Bakhvistskali River	187 g
Bakhvistskali river taxonomic diversity of macroinvertebrates: number of orders and families	9/33

**Annex 2: H&S Incidents Log**

<b>date</b>	<b>type</b>	<b>Short description</b>	<b>Corrective actions</b>
16.01.2025	first aid injury	A subcontractor employee fell from a height while dismantling formwork supports at the Bakhvi 2 powerhouse transformer area. The worker failed to secure his safety harness and slipped on a wet pipe, sustaining minor injuries. Immediate medical treatment was provided, and the worker was advised to rest for two days	Additional toolbox talks and strengthened supervision
26.01.2025	First aid injury	A subcontractor employee sustained a fractured ulna while assisting an excavator during rebar relocation. A tensioned rebar moved unexpectedly, striking the excavator and then the worker's hand. The injured worker received full medical treatment at Ozurgeti Hospital	Toolbox talks on hidden hazards, stricter supervision, mandatory load clearance, direct foreman oversight, and assignment of an H&S officer to the site
13.02.2025	traffic accident	A parked Toyota pickup truck rolled backward on an icy surface and collided with an unoccupied excavator, causing material damage only	Additional toolbox talks for drivers and reinforcement of winter safety rules
22.03.2025	first aid injury	A temporary worker at the civil work contractor's camp reported symptoms of a possible cardiac condition. Following the on-site doctor's recommendation, the individual was transferred for emergency medical treatment and underwent successful coronary bypass surgery	NCR was issued. The contractor was required to revise hiring procedures, ensure insurance coverage, and submit weekly workforce compliance reports
3.05.2025	Minor incident	A welder experienced a sudden increase in blood pressure during work. He was transferred to Ozurgeti Hospital for precautionary medical checks and discharged the same day	Introduction of mandatory medical clearance for all workers over 50 years of age prior to mobilization
4.06.2025	Minor incident	During unloading of scaffolding materials at the Bakhvi 2 camp, an unauthorized and untrained individual was struck on the nose by a manipulator hook. Medical examination confirmed no fracture, and a three-day recovery was recommended	Reinforcement of rules allowing only authorized riggers to perform unloading operations and mandatory safety officer notification
5.06.2025	traffic accident	An excavator working near the pipeline was struck by falling rocks from a slope, resulting in damage to the cabin and windshields	Inspection of excavators for reinforced cabin protection and increased deployment of flagmen in slope areas
10.07.2025	first aid injury	A minor hand injury occurred at the Bakhvi 2 valve chamber during seal installation due to tool slippage. First aid was provided, and hospital checks confirmed soft tissue damage only	Recommendation to use anti-vibration gloves and reinforcement of attention during manual tasks
22.07.2025	Near miss with property damage	Heavy rainfall caused flash flooding and rockfalls across multiple project areas, resulting in material damage to equipment and infrastructure. No injuries were reported as areas were unoccupied:	Cleanup operations were conducted under full H&S supervision
6.09.2025	Near miss with property damage	Two transportation incidents occurred involving heavy loads. In both cases, inadequate cargo fixation and unsuitable transport platforms led to material damage, with no injuries reported	Mandatory use of steel-framed vehicles, minimum four-point load fixation, additional securing measures on steep roads, and targeted toolbox talks
20.11.2025	traffic incident with property damage	A contractor-operated minivan tipped over on a narrow dirt road due to surface collapse. The driver was uninjured and confirmed to be sober	Toolbox talk conducted to reinforce safe driving practices on unpaved roads
2.12.2025	Minor injury	A subcontractor excavator operator sustained a minor leg injury from a steel fragment during an attempted repair. The worker received first aid, was examined at Ozurgeti Hospital, and fully recovered within three days:	Preventive measures: Toolbox talk conducted on safe repair and maintenance practices



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**ურთიერთგაგების მემორანდუმი**

კომპანია შპს „სი-სი-ი-ეიჩი ჰაიდრო VI“-სა

და

მთისპირის თემის ადგილობრივ მოსახლეობას შორის

მთისპირი, ოზურგეთის მუნიციპალიტეტი

1 დეკემბერი, 2021 წ.

შპს „სი-სი-ი-ეიჩი ჰაიდრო VI“ გეგმავს მდ. ბახვისწყალზე 10.9 მგვტ დადგმული სიმძლავრის, ბუნებრივ ჩამონადენზე მომუშავე „ბახვი 1 ჰესის“ მშენებლობასა და ექსპლუატაციას.

ყველა საჭირო ნებართვის (მათ შორის გარემოსდაცვითი გადაწყვეტილებისა და სამშენებლო ნებართვის) მოპოვებისა და სამშენებლო ფაზაზე გადასვლის შემდეგ, „ბახვი 1 ჰესის“ პროექტის ფარგლებში, კომპანია იღებს ვალდებულებას „ბახვი 1 ჰესის“ მშენებლობის პერიოდში ოზურგეთის მუნიციპალიტეტის მთისპირის თემის სოფლების (მთისპირი, ოქროსქედი, უკანავა, ვანისქედი) მოსახლეობას შესთავაზოს სოციალური პროექტები, რომელთა განხორციელების საჭიროებად ადგილობრივ მოსახლეობასთან შეხვედრების შედეგად გამოიკვეთა:

1. კომპანია პროექტის მშენებლობის პროცესში უპირატესობას მიანიჭებს ადგილობრივი მოსახლეობის დასაქმებას (სამშენებლო სამუშაოების მოთხოვნისა და მოსახლეობის კვალიფიკაციის შესაბამისად)
2. კომპანია მოაწესრიგებს მთისპირის თემის შიდასასოფლო გრუნტის გზებს
3. კომპანია განაგრძობს მთისპირის საჯარო სკოლისა და საბავშვო ბაღის მხარდაჭერას
4. კომპანია ხელს შეუწყობს და ფინანსურ მხარდაჭერას გაუწევს მთისპირის საჯარო სკოლის კურსდამთავრებულებს, ვინც ჩაირიცხებიან საქართველოს უმაღლეს საგანმანათლებლო დაწესებულებებში ჰიდროენერგეტიკის, საინჟინრო ან გარემოსდაცვით სპეციალობებზე
5. კომპანია მთისპირის საჯარო სკოლაში ორგანიზებას გაუწევს საგანმანათლებლო სემინარებისა და შემეცნებითი გაკვეთილების კურსს განახლებადი ენერჯის, ინოვაციებისა და ეკოლოგიის მიმართულებით
6. კომპანია შეისწავლის მთისპირის თემში მაცხოვრებელი მშპ (შეზღუდული შესაძლებლობის მქონე) პირების საჭიროებებს და განიხილავს მათი დახმარების შესაძლებლობას
7. კომპანია განახორციელებს წყლის სისტემის სარეაბილიტაციო სამუშაოს ცალკეულ უბნებში საჭიროებისა და კომპანიის ხელთ არსებული ტექნიკური შესაძლებლობების მიხედვით