



Bakhvi HPP

**BAKHVI 2 LLC
NET-ZERO TRANSITION PLAN**

This Plan is Approved by the Company Director Giorgi Abramishvili

2025

Contents

Contents.....	2
Introduction	3
Strategic Commitment.....	3
Scope and Transition Approach	4
Targets and Trajectory	4
Implementation Measures.....	5
Governance and Responsibilities	6
Monitoring and Disclosure.....	6
Continuous Improvement	7
Review and Update Process.....	7
Annex #1: Emissions Data	8

BAKHVI 2 LLC NET-ZERO TRANSITION PLAN

Introduction

Bakhvi 2 LLC (the “Company”) is a company developing Bakhvi 2 (Bakhvi 2a, Bakhvi 2b) hydro power plants in Guria, region of Georgia. Bakhvi 2 HPP consists of a series of small and medium-sized run-of-the-river plants, Bakhvi 2a and Bakhvi 2b HPP, located on the Bakhvistskali river in the Ozurgeti Municipality, near the village of Ukanava. Investors of the company include Caucasus Clean Energy Holding (CCEH), Austrian Investment fund ILAG, and other field-specific investors from Austria and Georgia. CCEH’s investors comprise well-known financial institutions from America and European countries (including European Investment Bank [EIB], Dutch Development Bank [FMO], Austrian Development Bank [OeEB], etc.). ILAG holds diverse business interests across several Western countries.

The construction of the Bakhvi 2 hydroelectric power station is being undertaken on the Bakhvistskali river, spanning elevations between 1,378 meters and 506 meters above sea level. The Bakhvi 2 HPP includes the development of two stations: Bakhvi 2a, with an installed capacity of 11.6 MW, and Bakhvi 2b, with an installed capacity of 23.8 MW.

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 will house all the electrical and mechanical equipment necessary for electricity generation. The pressure pipeline is being installed at the lower points of the slope on the right bank of the Bakhvistskali river. The total head of the power plant is 311.55 meters, with a design flow rate of 4.6m³/s. The average annual energy output is projected to be 45.5 GWh.

Bakhvi 2b is a run-of-river hydroelectric power plant that will comprise a headworks structure, a pressure system, and an above-ground power plant building. The pressure pipeline is being constructed on the left bank of the river. The total head of the power plant is 551.2 meters, with a design flow rate of 5.3m³/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, including the IFC and EIB.

Strategic Commitment

Bakhvi 2 LLC is committed to supporting the transition to a low-carbon economy and achieving net-zero greenhouse gas emissions by 2050, in line with the Paris Agreement.

This commitment is aligned with Georgia’s Updated Nationally Determined Contribution (NDC) under the United Nations Framework Convention on Climate Change, which targets a 47% reduction in greenhouse gas emissions by 2030 compared to 1990 levels, with an extended target of 50-57% achievable with international support.

As a renewable energy operator, Bakhvi 2 LLC will contribute directly to Georgia’s decarbonization efforts through the generation of low-carbon electricity once HPP becomes operational. During the construction phase, the Company’s main emissions sources are related to fuel consumption, purchased electricity, contractor activities, logistics, business travel, site visits, and supply chain-related activities. Accordingly, Bakhvi 2 LLC has already established emissions tracking for Scope 1, Scope 2, and Scope 3 emissions, with monitoring carried out on a quarterly basis and consolidated for annual ESG reporting.

The Net-Zero Transition Plan is implemented in conjunction with the Company's Sustainability and Emissions Reduction Plan, which serves as the primary operational framework for emissions tracking, target setting, and performance monitoring.

In the operational phase, Bakhvi 2 HPP is expected to maintain a significantly low emissions profile due to its run-of-river hydropower generation model. The Company will continue to monitor any residual Scope 1 and Scope 2 emissions, including fuel use for vehicles or backup systems and any electricity purchased from external sources. Scope 3 emissions will also continue to be tracked.

The Net-Zero Transition Plan will therefore focus on maintaining low-emission operations, improving energy efficiency, minimizing residual emissions across all relevant scopes, strengthening supplier and contractor-related emissions management, and transparently reporting progress through annual ESG disclosures. This approach ensures that Bakhvi 2 LLC's net-zero pathway is grounded in actual operational data, aligned with the Sustainability and Emissions Reduction Plan, and supportive of Georgia's national climate commitments.

Scope and Transition Approach

Bakhvi 2 LLC applies a comprehensive and structured approach to emissions management, covering Scope 1, Scope 2, and Scope 3 emissions.

Due to the nature of Bakhvi 2 HPP as a run-of-river hydropower facility, direct operational emissions are expected to remain significantly low. The HPP will generate electricity by using the natural flow and elevation drop of the river, without fuel combustion during electricity generation. Unlike thermal power plants, Bakhvi 2 HPP will not rely on fossil fuels for power generation, which significantly limits its greenhouse gas emissions.

In addition, the run-of-river configuration avoids the formation of a large reservoir and minimizes water storage, thereby reducing the potential for methane emissions associated with the decomposition of organic matter. As a result, both operational emissions and reservoir-related emissions are expected to remain minimal, supporting Bakhvi 2 HPP's role as a low-carbon renewable energy source.

However, residual and indirect emissions associated with auxiliary electricity use, vehicles, backup systems, contractors, supply chain activities, maintenance works, business travel, logistics, and other operational support functions are recognized and will be actively monitored and managed under the Net-Zero Transition Plan and the Sustainability and Emissions Reduction Plan.

The Company follows a practical and proportionate transition approach, focused on:

1. Maintaining a low direct emissions profile;
2. Improving operational efficiency;
3. Strengthening management of indirect emissions;
4. Integrating emissions considerations into procurement and contractor engagement.

This ensures that both operational emissions and broader value chain impacts are systematically considered within the Company's transition pathway.

Targets and Trajectory

Bakhvi 2 LLC has established a clear and evidence-based transition pathway toward net-zero emissions. The Company targets net-zero emissions across operations and relevant value chain activities by 2050, while maintaining a low-emission operational profile in the short and medium term.

By 2030, Bakhvi 2 LLC aims to:

1. Maintain low Scope 1 and Scope 2 emissions through efficient operations;
2. Further reduce indirect emissions through improved energy use and operational optimization;
3. Strengthen the tracking and management of Scope 3 emissions;
4. Align operational performance with national climate targets under Georgia's NDC.

The Company's emissions trajectory will be defined based on Bakhvi 2 HPP's actual operational baseline, which will be established during the first full year of operation. Until commissioning, the Company continues to track Scope 1, Scope 2, and Scope 3 emissions associated with the construction phase, including fuel consumption, purchased electricity, contractor activities, logistics, business travel, site visits, and supply chain-related emissions.

As Bakhvi 2 HPP has not yet completed its first full year of operation, the operational emissions projections included in this Net-Zero Transition Plan are presented as preliminary planning estimates rather than final reduction targets. The first full year of operation will be used to establish the operational emissions baseline for Scope 1, Scope 2, and relevant Scope 3 emissions. Following the establishment of this baseline, Bakhvi 2 LLC will update its emissions trajectory, confirm annual reduction targets, and define measurable milestones toward long-term carbon neutrality.

Following the establishment of the operational baseline, Bakhvi 2 LLC will update its emissions projections and define annual reduction targets through 2030 under the Sustainability and Emissions Reduction Plan. These targets will support a gradual reduction of residual emissions through operational efficiency improvements, optimized maintenance practices, reduced reliance on external electricity and fuel-based equipment, improved contractor and supplier management, and enhanced emissions monitoring.

This trajectory will also inform the Net-Zero Transition Plan by providing the quantitative basis for Scope 1, Scope 2, and Scope 3 emissions reduction, performance tracking, and annual progress reporting.

In parallel, once operational, Bakhvi 2 HPP will generate renewable electricity, resulting in avoided emissions through the displacement of more carbon-intensive electricity sources. These avoided emissions will represent the Company's primary contribution to greenhouse gas emissions reduction at the system level and to Georgia's broader transition toward a lower-carbon energy mix. Historical construction-phase emissions data are presented in Annex 1 to this Plan. Final operational projections and reduction targets will be confirmed after the first full year of operation, once the operational emissions baseline has been established.

Implementation Measures

Bakhvi 2 LLC will implement its Net-Zero Transition Plan through practical actions integrated into operational management and aligned with the Sustainability and Emissions Reduction Plan. As Bakhvi 2 HPP has not yet completed its first full year of operation, fixed operational reduction targets will be defined after the operational emissions baseline is established. Until then, implementation will focus on maintaining a significantly low emissions profile and strengthening the Company's emissions monitoring and management approach

1. Continuous optimization of hydropower generation efficiency once the HPP becomes operational;
2. Monitoring and reduction of auxiliary energy use within operations;
3. Minimization of residual fuel use related to vehicles, backup systems, maintenance, and emergency activities;
4. Integration of emissions-related considerations into contractor, supplier, logistics, and procurement management;

5. Tracking and management of scope 1, scope 2, and scope 3 emissions;
6. Annual calculation and disclosure of avoided emissions based on actual renewable electricity generation and the applicable grid emission factor;
7. Annual review and update of the emissions management approach following the establishment of the operational baseline

These measures will be supported by structured data collection, internal coordination between the ESG and Technical teams, regular review of emissions performance, and alignment with the Company's environmental and sustainability management framework

Governance and Responsibilities

The implementation of the Net-Zero Transition Plan is integrated into Bakhvi 2 LLC's governance structure, which operates under a two-tier system consisting of Supervisory Board and Management.

The Supervisory Board provides strategic climate oversight, reviewing emissions performance, climate-related risks, and progress toward net-zero objectives.

The Company Director ensures overall accountability and alignment with corporate strategy.

The ESG Manager is responsible for coordinating emissions tracking, monitoring progress, and ensuring consistency with the Sustainability and Emissions Reduction Plan.

The Technical team supports the implementation of emissions reduction measures, including operational improvements and efficiency measures.

The Company works in coordination with the Caucasus Clean Energy Holding ESG and Sustainability Lead, who provides independent review of emissions data and overall approach.

Monitoring and Disclosure

Bakhvi 2 LLC maintains a structured and transparent approach to emissions monitoring and disclosure. The Company tracks greenhouse gas emissions across Scope 1, Scope 2, and Scope 3 categories on a quarterly basis, supported by defined methodologies and internal verification processes.

The Net-Zero Transition Plan is implemented through the Sustainability and Emissions Reduction Plan, which includes:

1. Annual emissions data (Scope 1, Scope 2, Scope 3);
2. Reduction targets and projections;
3. Performance tracking and evaluation.

Bakhvi 2 LLC publicly discloses emissions data, targets, and progress through:

1. The Sustainability and Emissions Reduction Plan;
2. The Annual ESG Report;
3. Climate Strategy;
4. The Company's corporate website.

This ensures transparency, consistency, and alignment with international sustainability reporting practices.

Continuous Improvement

Bakhvi 2 LLC is committed to continuous improvement of its climate transition approach. The Net-Zero Transition Plan is regularly reviewed and updated to reflect:

1. Updates to Georgia's climate commitments, including revisions of the Nationally Determined Contribution;
2. Improvements in emissions data accuracy and tracking systems;
3. Developments in international standards and best practices;
4. Operational improvements and efficiency measures.

This ensures that the Company's transition pathway remains credible, relevant, and aligned with evolving expectations.

Review and Update Process

This Net-Zero Transition Plan is subject to annual review to ensure its continued relevance, accuracy, and alignment with the Company's operations and external developments.

The review process is coordinated by the ESG Manager, who assesses progress, updates key elements where necessary, and ensures consistency with the Sustainability and Emissions Reduction Plan.

The Plan is reviewed and approved by the Company Director, with additional oversight and validation provided by the Holding ESG and Sustainability Lead.

Annex #1: Emissions Data

Table #1. Emissions data for 2023

Type Of Data	Q1	Q2	Q3	Q4	Actual '23
Scope 1 (tCo2eq/yr)	48	224	479	236	987
Scope 2 (tCo2eq/yr)	0,04	0,06	0,08	4,62	4,8
Scope 3 (tCo2eq/yr)	N/A	N/A	N/A	N/A	N/A
AVOIDED EMISSION (tCo2eq/yr)	N/A	N/A	N/A	N/A	N/A

Table #2. Emissions data for 2024

Type Of Data	Q1	Q2	Q3	Q4	Actual '24
Scope 1 (tCo2eq/yr)	273	545	606	625	2049
Scope 2 (tCo2eq/yr)	11	7	6	20	44
Scope 3 (tCo2eq/yr)	60	136	152	124	472
AVOIDED EMISSION (tCo2eq/yr)	N/A	N/A	N/A	N/A	N/A

Table #3. Emissions data for 2025

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
AVOIDED EMISSION (tCo2eq/yr)	N/A	N/A	N/A	N/A	N/A