



**Bakhvi HPP**

## **BAKHVI 2 LLC**

### **PRODUCT STEWARDSHIP PROGRAM RESPONSIBLE RENEWABLE ELECTRICITY**

This document is approved by the Company Director, Giorgi Abramishvili

## Contents

INTRODUCTION .....	3
PURPOSE AND SCOPE .....	4
PRODUCT DEFINITION.....	4
GOVERNANCE AND RESPONSIBILITIES .....	5
MONITORING, DATA MANAGEMENT AND VERIFICATION .....	5
ENVIRONMENTAL PERFORMANCE.....	6
HEALTH AND SAFETY PERFORMANCE .....	8
SOCIAL PERFORMANCE .....	8
CONTINUOUS IMPROVEMENT.....	10
PROGRAM REVIEW AND UPDATE .....	10
ANNEX #1: RESPONSIBLE RENEWABLE ELECTRICITY ATTRIBUTES .....	11

## BAKHVI 2 LLC

### PRODUCT STEWARDSHIP PROGRAM

### RESPONSIBLE RENEWABLE ELECTRICITY

#### 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 Bakhvistkali 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 Bakhvistkali 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 Bakhvistkali river. The total head of the power plant is 311.55 meters, with a design flow rate of 4.6m<sup>3</sup>/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 5.3m<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, including the IFC and EIB.

Bakhvi 2 LLC is developing Bakhvi 2 HPP as a renewable energy asset and recognizes that its core product will not only be electricity, but renewable electricity generated under responsible environmental, social, and governance conditions. For this reason, the Company applies a product stewardship approach from the construction-to-operation transition stage, ensuring that electricity generation at Bakhvi 2 HPP is planned and managed responsibly across the full operational cycle. This includes sustainable water use, biodiversity protection, ecological flow management, operational reliability, occupational and community safety, transparency, and stakeholder engagement.

This approach reflects Bakhvi 2 LLC’s commitment to ensuring that, once operational, renewable electricity is produced not only with significantly low operational emissions, but also in a manner that respects local ecosystems, supports regulatory compliance, and maintains accountability to communities, authorities, and other stakeholders.

## Purpose and Scope

This Program defines how Bakhvi 2 LLC manages the sustainability profile of its electricity product and ensures that, once operational, renewable electricity generated by Bakhvi 2 HPP contributes to Georgia's low-carbon transition and broader climate objectives.

The Program establishes a structured framework for defining, managing, and communicating the environmental, social, and governance characteristics of electricity to be generated by Bakhvi 2 HPP. It applies to the construction-to-operation transition stage and future operational activities associated with the HPP, including electricity generation, sustainable water use, ecological flow management, biodiversity protection, environmental controls, stakeholder engagement, and, where applicable, the certification and transfer of renewable energy attributes.

The Program is implemented in alignment with applicable Georgian legislation, environmental permit conditions issued by National Environmental Agency, order N241/ს, and good international practice.

## Product Definition

Bakhvi 2 LLC defines its core product as renewable electricity to be generated by Bakhvi 2 HPP, supported by responsible environmental, social, and governance practices. The sustainability and responsibility of this electricity will be ensured through:

1. Renewable hydropower generation, once HPP becomes operational;
2. Sustainable and efficient operation of the HPP, including resource optimization, preventive maintenance, operational reliability, and long-term asset management;
3. Ecological flow management, including the release and monitoring of required ecological flows at Bakhvi 2A and Bakhvi 2B in line with environmental obligations and HPP design requirements;
4. Fish pass operation and maintenance, including measures to support aquatic connectivity and fish movement during the operational phase;
5. Biodiversity monitoring and adaptive management, including continued monitoring of aquatic and terrestrial biodiversity and implementation of corrective actions where necessary;
6. Environmental integrity ensured by compliance with Environmental Permit conditions, company ESMS and commitment to implement ESG in line with IFC and EIB E&S Standards, including strong internal, external and regulatory monitoring systems;
7. Product-related environmental performance monitoring, including tracking of water use, ecological flow compliance, biodiversity indicators, environmental incidents, non-compliances, and corrective actions relevant to responsible renewable electricity generation;
8. Health and safety management systems designed to protect employees, contractors, visitors, and other persons who may be affected by HPP activities;
9. Social responsibility, including regular liaison with local communities and other stakeholders, employment of local people where feasible, and contribution to the local economy through taxes and other legally required payments;
10. Stakeholder feedback and grievance management, ensuring that concerns related to HPP activities are received, reviewed, addressed, and documented through a structured process;
11. Transparent disclosure of product-related sustainability information, including renewable generation, environmental performance, monitoring outcomes, certificates of origin where applicable, and key ESG commitments through annual reporting and relevant public disclosures;
12. Operational controls aimed at minimizing potential environmental, social, and governance impacts throughout the construction-to-operation transition and future operational phase.

## **Governance and Responsibilities**

Implementation of this Program is integrated within Bakhvi 2 LLC's corporate governance framework. The Supervisory Board provides oversight of environmental, social, and governance matters, including environmental performance, climate-related risks, and compliance with applicable standards.

Operational implementation is carried out by Bakhvi 2 LLC management in coordination with Caucasus Clean Energy Holding (CCEH).

Once Bakhvi 2 HPP becomes operational, the CCEH Operations Team will provide strategic support for oversight of electricity generation, including performance monitoring, technical reliability, and compliance with applicable operational requirements.

The ESG Manager is responsible for oversight of environmental, social, and governance performance, including:

1. Monitoring compliance with environmental decision/permit conditions;
2. Overseeing ecological flow management and water use monitoring;
3. Monitoring the natural water discharge defined by regulatory requirements;
4. Coordinating the implementation and verification of biodiversity protection measures;
5. Planning and managing environmental data collection, analysis, and reporting;
6. Planning and managing social data collection, analysis, and reporting;
7. Coordinating the stakeholder and workers' grievance mechanisms, including registration, review, follow-up, and closure of grievances;
8. Managing and monitoring ESG disclosures, sustainability reporting, and, where applicable, certification-related processes

Management ensures that environmental, social, operational, and certification data is recorded, reviewed, and maintained in a consistent and auditable manner.

## **Monitoring, Data Management and Verification**

Operational and environmental performance is monitored through:

1. SCADA-based real-time systems;
2. Regular internal monitoring and periodic external inspections;
3. Third-party laboratory analysis;
4. Regulatory oversight and audits;
5. ESG external audits.

All relevant data is systematically recorded, maintained, and reviewed to ensure accuracy, traceability, and alignment with regulatory and reporting requirements.

Environmental and operational performance indicators are subject to internal review and, where applicable, independent verification, ensuring that reported information is reliable, consistent, and auditable.

## **Environmental Performance**

Bakhvi 2 LLC manages environmental performance through a structured monitoring and mitigation framework designed to minimize environmental impacts during the construction-to-operation transition and future operational phase of Bakhvi 2 HPP. Environmental management focuses on compliance with regulatory requirements, implementation of mitigation measures, continuous monitoring of key environmental parameters, and alignment with good international industry practice.

Environmental performance is managed through the Environmental Monitoring Plan, which includes procedures and mitigation measures covering air and water quality, noise and vibration control, waste management, biodiversity conservation, geological stability, water use, and other environmental aspects relevant to HPP activities. A detailed environmental monitoring calendar supports the planning and implementation of monitoring activities at monthly, quarterly, and seasonal intervals, with responsibilities assigned to the ESG and technical teams.

### **Biodiversity conservation**

Bakhvi 2 LLC treats biodiversity protection as one of the key elements of environmental performance. Biodiversity monitoring is carried out with the involvement of qualified third-party specialists and covers habitats, vegetation, mammals, birds, reptiles, amphibians, bats, and other species present within the HPP area. These surveys support the assessment of ecological conditions, verification of mitigation measures, and identification of any need for corrective or adaptive management actions.

The Company applies biodiversity protection measures in line with national environmental requirements and applicable international standards. Particular attention is given to species of conservation interest and sensitive habitats within and around the HPP area. Wildlife monitoring tools, including camera traps and artificial shelters, are used where relevant to support observation of species activity and to better understand ecological dynamics in the area.

Restoration and greening measures form part of the Company's environmental management approach. Rehabilitation of disturbed areas, including hydroseeding and other erosion control measures, supports slope stabilization, reduction of sediment runoff, restoration of vegetation cover, and gradual recovery of construction-affected areas.

### **Aquatic biodiversity and river ecosystem monitoring**

Aquatic biodiversity monitoring is an important component of Bakhvi 2 HPP's environmental performance framework. Monitoring is conducted by independent specialists and focuses on fish population, macroinvertebrate communities, river habitat conditions, and the ecological condition of the Bakhvistskali River.

This monitoring supports the assessment of potential HPP-related impacts on aquatic ecosystems and helps verify the effectiveness of mitigation measures. The Company uses aquatic biodiversity data to support adaptive management, maintain ecological balance, and ensure that HPP activities remain aligned with environmental obligations and biodiversity protection commitments.

### **Air quality, noise, and vibration**

Bakhvi 2 LLC monitors air quality, dust, noise, and vibration to control potential impacts related to construction, installation, maintenance, and future operational activities. Monitoring is carried out in accordance with applicable regulatory standards and good practice requirements.

Dust control, noise management, and vibration control measures are applied to minimize disturbance to workers, nearby communities, and the surrounding environment. These measures include preventive site management practices, regular inspections, and corrective actions where monitoring results indicate the need for improvement.

### **Geological conditions and slope stability**

Monitoring of geological conditions forms part of the Company's environmental risk management approach. Independent specialists assess slope stability, drainage conditions, erosion processes, and potential geotechnical risks within the HPP area.

Recommendations from geological monitoring are incorporated into site management and technical planning where necessary. This supports slope stabilization, drainage control, erosion prevention, infrastructure safety, and long-term environmental resilience of the HPP area.

### **Greenhouse gas emissions and climate-related performance**

Bakhvi 2 HPP is a run-of-river hydropower facility that will generate renewable electricity once operational. Due to the nature of run-of-river hydropower generation, direct operational greenhouse gas emissions are expected to remain significantly low, as electricity generation does not require fuel combustion or the formation of a large reservoir.

During the construction-to-operation transition, Bakhvi 2 LLC tracks Scope 1, Scope 2, and relevant Scope 3 emissions to support transparency and future emissions management. Scope 1 emissions mainly relate to fuel use, Scope 2 emissions relate to purchased electricity, and Scope 3 emissions relate to value-chain activities such as contractors, logistics, procurement, business travel, and operational support services.

Once Bakhvi 2 HPP becomes operational, the first full year of operation will be used to establish the operational emissions baseline. Avoided emissions associated with renewable electricity generation will be calculated based on actual electricity generation data and the applicable grid emission factor and will be reported separately from the Company's Scope 1, Scope 2, and Scope 3 inventory.

### **Waste management**

Responsible waste management is a key element of Bakhvi 2 LLC's environmental performance. Waste is managed in accordance with the approved Waste Management Plan, applicable Georgian legislation, environmental permit requirements, and the Company's internal procedures.

The waste management system covers waste segregation, temporary storage, transportation, disposal, documentation, contractor responsibilities, and transfer of waste to licensed operators. Hazardous waste is managed through designated storage areas, appropriate labeling, safe handling procedures, and cooperation with certified waste management companies.

Bakhvi 2 LLC also participates in producer responsibility arrangements for specific waste streams, including tires, electrical and electronic equipment, batteries, accumulators, oils, and lubricants. This supports recycling, traceability, and environmentally sound management of materials at the end of their lifecycle.

### **Sustainable water management**

Sustainable water management is central to the environmental performance of Bakhvi 2 HPP. Water use is managed in line with environmental permit conditions and focuses on efficient use, protection of water quality, and maintenance of ecological requirements.

Water is used for domestic and technical purposes, including hygiene, sanitation, fire prevention, and dust suppression where applicable. Water consumption is monitored to support efficient resource use and compliance with environmental requirements.

Automated gauging stations monitor the natural flow of the Bakhvistkali River and support the reporting of hydrological data to the National Environmental Agency. During the operational phase, ecological flow

management and monitoring will remain a key environmental control to support downstream ecosystems and aquatic biodiversity.

### ***Environmental compliance and continuous improvement***

Bakhvi 2 LLC maintains environmental compliance through internal controls, third-party monitoring, regulatory reporting, and coordination between ESG, H&S, and technical teams. Monitoring covers air quality, noise, vibration, surface water quality, geological processes, biodiversity, aquatic biodiversity, waste management, water use, and other relevant environmental aspects.

Environmental performance is regularly reviewed within the Company's governance framework, including oversight by the ESG Manager and periodic reporting to management and the Supervisory Board, ensuring alignment with environmental objectives and regulatory requirements.

### **Health and Safety Performance**

Bakhvi 2 LLC manages health and safety performance through a structured Occupational Health and Safety Management System designed to protect employees, contractors, visitors, and other persons who may be affected by Bakhvi 2 HPP activities. The system is aligned with Georgian occupational safety legislation, applicable regulatory requirements, and good international practice.

Health and safety controls are particularly important during the construction-to-operation transition stage, where remaining construction, installation, assembly, transport, and site activities require continuous supervision. A dedicated H&S team is responsible for daily safety oversight, workplace inspections, risk assessments, incident prevention, and implementation of corrective actions.

All employees, contractors, temporary personnel, specialists, and visitors receive relevant health and safety induction before entering or starting work within the HPP area. Trainings and toolbox talks are used to communicate site-specific risks, safe work methods, emergency procedures, and the correct use of personal protective equipment.

Bakhvi 2 LLC maintains an incident reporting system through which all H&S incidents are registered, reviewed, investigated where necessary, and followed by corrective and preventive actions. This supports continuous improvement and helps reduce recurrence of unsafe conditions.

Contractor and visitor safety is managed through site access controls, safety inductions, supervision, and compliance with applicable H&S procedures. Emergency preparedness measures, including fire safety controls, first aid arrangements, medical response, and communication procedures, are maintained to ensure timely response to potential incidents.

For surrounding communities, safety is managed through a combination of physical controls and operational practices. High-risk infrastructure, including intake structures, electrical installations, and transmission lines, is secured through fencing, controlled access, warning signage, and surveillance systems. Regular inspections are conducted to ensure the integrity of these measures, and any deficiencies are addressed without delay.

Through these measures, Bakhvi 2 LLC ensures that its operations do not create unacceptable risks to employees, contractors, or local communities.

### **Social Performance**

Bakhvi 2 LLC manages social performance through structured stakeholder engagement, local workforce participation, grievance mechanism, community communication, and targeted social support initiatives. The approach is designed to maintain constructive relationships with local communities, protect workers'

rights, support local economic participation, and ensure that Bakhvi 2 HPP activities are implemented in a transparent and responsible manner.

Stakeholder engagement remains a key element of the Company's social performance. Communication with project-affected communities is maintained through regular information sharing, direct contact with community representatives, monthly newsletters, local media, and the Advisory Council<sup>1</sup>. These channels help ensure that local residents receive timely information about HPP activities and have opportunities to raise questions, concerns, or requests.

The Company maintains an accessible grievance mechanism for both community members and workers. All grievances, concerns, and requests are registered, reviewed, followed up, and addressed through defined procedures. The mechanism supports transparency, accountability, and timely resolution of stakeholder and workforce-related issues. The ESG Manager remains the primary point of contact, and multiple communication channels, including telephone, email, and the Company's website. Local representatives continue to support communication where needed, ensuring that community members can easily raise questions, concerns, or requests.

Local employment and workforce management are also central to Bakhvi 2 LLC's social approach. Where feasible, the Company prioritizes employment of local residents and supports inclusive workforce participation. Employment practices are guided by applicable Georgian legislation, fair treatment principles, and respect for workers' rights. As the HPP moves from construction toward operation, workforce changes are managed through clear communication, proper documentation, and compliance with legal requirements.

Community investment and social support are implemented based on identified local needs and agreed commitments. Social initiatives focus on education, infrastructure, support for persons with special needs, and community well-being. These activities reflect the Company's commitment to maintaining positive relationships with local communities and supporting sustainable local development.

In the field of education, Bakhvi 2 LLC supports environmental and renewable energy awareness activities for local students, including learning initiatives related to sustainable natural resource use, waste management, climate change, disaster preparedness, and career orientation. The Company also supports youth development by encouraging students interested in hydropower, engineering, environmental protection, and related fields.

Infrastructure-related support focuses on improving living conditions and access for local residents. This includes road rehabilitation and maintenance, road levelling and graveling where necessary, dust reduction measures such as road watering, and support for community infrastructure where such needs are identified and agreed with local stakeholders.

Support for persons with special needs remains an important part of the Company's social responsibility approach. Bakhvi 2 LLC provides targeted assistance to vulnerable community members, helping improve access to basic support and promoting social inclusion within project-affected communities.

The Company also contributes to local economic development through the use of local services, including transportation, catering, equipment support, and other services provided by residents and small

---

<sup>1</sup> The Bakhvi HPP Environmental and Social Advisory Council, established in 2021, operates as an independent body comprising 10 members representing local government, the private sector, media, and non-governmental organizations

businesses. This approach helps ensure that local communities benefit not only from direct employment opportunities, but also from indirect economic participation linked to Bakhvi 2 HPP activities.

Overall, Bakhvi 2 LLC's social performance framework supports transparent communication, fair workforce practices, community engagement, grievance management, and responsible transition planning as Bakhvi 2 HPP moves toward the operational phase

### **Continuous Improvement**

Bakhvi 2 LLC is committed to the continuous improvement of its product stewardship practices. The Company periodically reviews product-related sustainability performance, environmental controls, operational readiness arrangements, and, where applicable, renewable energy certification processes to identify opportunities for improvement. This review takes into account regulatory developments, operational conditions, technological advancements, stakeholder feedback, and evolving good international practice.

The review and improvement process is managed in accordance with the Company's ESMS and supported by coordination between the ESG, technical, and legal teams. Where gaps, deviations, or areas for improvement are identified, corrective and preventive actions are defined and implemented to strengthen environmental performance, regulatory compliance, operational reliability, and the credibility of Bakhvi 2 HPP's renewable product.

Through this integrated approach, Bakhvi 2 LLC aims to ensure that, once operational, electricity generated by Bakhvi 2 HPP is not only renewable, but also responsibly managed, environmentally safeguarded, traceable where applicable, and supported by reliable operational controls. This contributes to climate objectives while maintaining ecosystem integrity and accountability to stakeholders.

This Program is subject to periodic review and update to reflect changes in regulatory requirements, operational conditions, ESMS procedures, market mechanisms related to renewable energy certification, and applicable good international practice. Updates are approved by Company management and communicated to relevant personnel to ensure continued alignment with applicable standards and internal practices.

### **Program Review and Update**

This Program is reviewed periodically to ensure alignment with:

1. Regulatory requirements;
2. Environmental permit conditions;
3. Corporate governance framework/ESMS;
4. Construction-to-operation transition requirements;
5. Good international practice and stakeholder expectations

Updates are approved through the Company's governance structure and communicated to relevant personnel.

### Annex #1: Responsible Renewable Electricity Attributes

Area	Implementation and Performance
Hydropower source	Electricity will be generated exclusively from run-of-river hydropower at Bakhvi 2A HPP (11.6 MW) and Bakhvi 2B HPP (23.8 MW), with a total installed capacity of 35.4 MW. This supports low-carbon renewable electricity generation without large-scale water storage, while maintaining the natural flow characteristics of the Bakhvistskali River in line with applicable environmental requirements.
Ecological flow compliance	Ecological flow compliance will be ensured through the release and monitoring of required ecological flows at Bakhvi 2A HPP and Bakhvi 2B HPP, in line with environmental decision/permit conditions and applicable regulatory requirements. Biodiversity measures include fish pass structures designed to support aquatic connectivity and fish movement, together with continuous monitoring of river flow and aquatic biodiversity to support the integrity of the Bakhvistskali River ecosystem.
Biodiversity safeguards	Biodiversity safeguards include fish pass structures at Bakhvi 2A HPP and Bakhvi 2B HPP, ecological flow management, aquatic biodiversity monitoring, and continued monitoring of terrestrial biodiversity within the HPP area. These measures are designed to support aquatic connectivity, protect local habitats and species, and maintain ecosystem integrity in line with environmental decision/permit conditions, the Company's ESMS, and applicable good international practice
Water management	Water use at Bakhvi 2 HPP is managed in accordance with environmental decision/permit conditions and applicable regulatory requirements. During the construction-to-operation transition stage, water is used mainly for domestic needs. Water consumption is monitored to ensure efficient resource use, while wastewater quality is controlled to maintain compliance with applicable standards. Automated gauging stations are used to monitor the natural flow of the Bakhvistskali River, with monitoring results submitted to the National Environmental Agency as required.
Environmental controls	Environmental controls include systematic waste segregation, temporary storage, transportation, and disposal in accordance with the approved Waste Management Plan and applicable regulatory requirements. Waste streams generated during Bakhvi 2 HPP activities, including domestic, inert, packaging, specific, and hazardous waste, are managed through licensed contractors where required. Environmental controls also include regular site inspections, monitoring of waste handling practices, wastewater quality control, dust suppression, erosion prevention, and corrective actions where necessary to minimize environmental impacts
Health and Safety Performance	Bakhvi 2 LLC ensures the health and safety of employees, contractors, visitors, and nearby communities through a structured Occupational Health and Safety Management System, regular trainings, toolbox talks, risk assessments, site inspections, and continuous supervision. During the construction-to-operation transition stage, key risks related to remaining construction works, installation and assembly activities, transport movements, heavy machinery, work at height, electrical works, and seasonal or terrain-related hazards are managed through preventive controls, restricted access, warning signage, PPE requirements, emergency preparedness measures, and corrective actions where necessary. Once operational, H&S controls will be adapted to the operational risk profile of Bakhvi 2 HPP, including electrical safety, access control, hydropower infrastructure safety, emergency response, and routine inspections

Social Performance	Bakhvi 2 LLC maintains structured engagement with local communities and other stakeholders during the construction-to-operation transition stage of Bakhvi 2 HPP. Communication channels remain accessible through the ESG Manager, Community Liaison Officer, phone, email, direct meetings, newsletters, local media, and the Company's website. Engagement focuses on transparent information sharing, management of community expectations, workforce transition, community safety, and issues related to the completion of construction activities. Where relevant, targeted communication and awareness activities are conducted to address specific community concerns and support safe interaction between HPP activities and nearby residents. An accessible grievance mechanism is maintained to ensure that all concerns, requests, and complaints are formally registered, assessed, followed up, and addressed in a timely and transparent manner
--------------------	--