Bakhvi HPP

EXTERNAL ENVIRONMENTAL, SOCIAL, AND GOVERNANCE AUDIT REPORT

CACUCASUS CLEAN ENERGY HOLDING (CCEH) HYDRO VI LLC
The Bakhvi 1 Hydropower Plant

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Acronyms and Abbreviations

Acronym/Abbreviation	Definition
CCEH	Caucasus Clean Energy Holding
DEI	Diversity, Equity, and Inclusion
EIA	Environmental Impact Assessment
EIB	European Investment Bank
ERM	Enterprise Risk Management
ESG	Environmental, Social, and Governance
ESAP	Environmental and Social Action Plan
ESMS	Environmental and Social Management System
EU	European Union
GHG	Greenhouse Gas
GREDA	Georgian Renewable Energy Development Association
GRI	Global Reporting Initiative
HPP	Hydropower Plant
Holding	Caucasus Clean Energy Holding
H&S	Health and Safety
HSE	Health, Safety, and Environment
HRDD	Human Rights Due Diligence
IFC	International Finance Corporation
ILO	International Labor Organization
ISO	International Organization for Standardization
JSC	Joint-stock Company
LLC	Limited Liability Company
MoEPA	Ministry of Environmental Protection and Agriculture of Georgia
MW	Megawatt
NDCs	Nationally Determined Contributions
NEA	National Environmental Agency
OHS	Occupational Health and Safety
Project	Construction of Bakhvi 1 HPP
SDG	Sustainable Development Goals
TCFD	Task Force on Climate-related Financial Disclosures
ToR	Terms of Reference
UN	United Nations
UNGC	United Nations Global Compact

1 Executive Summary

This Executive Summary presents the key findings and conclusions arising from the independent Environmental, Social, and Governance (ESG) audit of CCEH Hydro VI LLC for 2025, representing the final year of construction of the Bakhvi 1 Hydropower Plant (HPP) in Ozurgeti Municipality, Guria Region, Georgia.

Commissioned voluntarily by CCEH Hydro VI LLC, the audit reflects the Company's commitment to transparency, accountability, continuous improvement, and alignment with internationally recognized ESG standards and Good International Industry Practice (GIIP). The assessment was conducted by an independent ESG consultant and evaluated the Company's ESG performance against applicable Georgian legal and regulatory requirements and relevant international frameworks, including the IFC Performance Standards (2012), EIB Environmental and Social Standards (2022), the Global Reporting Initiative (GRI), the Task Force on Climate-related Financial Disclosures (TCFD), and the principles of the United Nations Global Compact (UNGC).

The audit assessed the Company's ESG performance across four core areas: (i) governance and risk management; (ii) environmental performance and climate management; (iii) social responsibility, labour practices, and human rights; and (iv) ESG disclosure, transparency, and stakeholder engagement. The following sections summarize the key assessment findings, compliance verification results, and the notable strengths and good practices identified during the audit.

1.1 Overview of ESG Audit Objectives

The primary objective of the ESG audit was to provide an independent, evidence-based assessment of CCEH Hydro VI LLC's environmental, social, and governance performance, management arrangements, and implementation practices during 2025, representing the final stage of the construction of the Bakhvi 1 HPP. The audit evaluated the Company's capacity to identify, manage, monitor, and disclose ESG-related risks, impacts, and opportunities associated with Project (construction of Bakhvi 1 HPP) implementation, while assessing its preparedness for the transition from construction to operations.

The assessment focused on the following key objectives:

Governance and Risk Management – Assess the effectiveness of governance structures, ESG oversight arrangements, ethical business conduct mechanisms, enterprise risk management processes, compliance management systems, and ESG integration within contractor and supply chain management.

Environmental Performance and Climate Management – Evaluate environmental management arrangements, biodiversity conservation measures, climate-related governance and risk management practices, greenhouse gas emissions management, resource efficiency initiatives, pollution prevention controls, waste and hazardous materials management, and compliance with environmental permit conditions and regulatory requirements.

Social Responsibility and Labour Practices – Review labour and working conditions, occupational health and safety performance, stakeholder engagement processes, grievance management mechanisms, human rights commitments, employee welfare arrangements, diversity and inclusion practices, and community engagement and social investment initiatives.

SSG Disclosure, Transparency and Accountability – Assess the quality, completeness, consistency, and transparency of ESG-related reporting and public disclosures, including alignment with relevant reporting frameworks and disclosure approaches such as GRI, TCFD, SDGs, and the UN Global Compact.

Identification of Strengths and Good Practices – Identify notable strengths, voluntary initiatives, and good practices demonstrating ESG performance extending beyond compliance requirements and contributing to long-term environmental, social, and governance value creation.

The audit findings provide an independent evaluation of the Company's ESG performance against applicable Georgian legal requirements and relevant international standards and expectations. The assessment is intended to support informed decision-making by management and stakeholders, reinforce confidence in the Company's ESG performance and disclosures, and provide assurance regarding the effectiveness of ESG arrangements established during the construction phase and their readiness to support future operations.

1.2 Key Assessment Outcomes

The ESG audit confirmed that CCEH Hydro VI LLC has a mature and effective ESG management framework broadly aligned with the relevant requirements and expectations of the IFC Performance Standards, EIB Environmental and Social Standards, the principles of the UNGC, and Good International Industry Practice, while maintaining compliance with applicable Georgian legal and regulatory requirements. ESG considerations were effectively integrated into governance arrangements, management systems, Project implementation processes, stakeholder engagement mechanisms, environmental and social monitoring programmes, and ESG reporting and disclosure practices throughout the final stage of construction of Bakhvi 1 HPP.

The assessment identified a high degree of ESG maturity across governance, environmental, and social performance areas. Overall, the Company demonstrated a structured and well-established ESG framework, supported by regular monitoring, internal oversight, stakeholder engagement, and alignment with applicable national legislation and international standards.

At the same time, the assessment acknowledges that one regulatory non-compliance matter was recorded in 2025, following an inspection by the Environmental Supervision Department. The matter was addressed through internal review and strengthened compliance oversight, including improved coordination between relevant teams and enhanced monitoring of permit-related obligations.

Taking into account the corrective measures already initiated and the overall maturity of the Company's ESG management system, the audit did not identify any material gaps or significant deficiencies requiring further management action. The assessment therefore confirms that the Company's ESG framework remains effective, while recognizing the importance of continued attention to regulatory compliance controls.

Beyond compliance, the assessment identified a number of notable strengths and good practices, including mature governance and oversight arrangements, proactive planning for the transition to operations, strong environmental stewardship, meaningful stakeholder engagement, climate-related governance, enhanced transparency and accountability, workforce well-being, and strategic social investment. Collectively, these practices demonstrate a commitment to sustainability, continuous improvement, and responsible business conduct extending beyond compliance obligations, while contributing to long-term environmental and social value creation and strengthening the Company's social license to operate.

1.2.1 Governance and Risk Management

The assessment confirmed that CCEH Hydro VI LLC maintained a mature and effective governance framework during the final stage of construction of Bakhvi 1 HPP, with ESG considerations integrated into governance, risk management, compliance oversight, and strategic decision-making. The Supervisory Board exercised active oversight of ESG performance, Project implementation, stakeholder engagement, and key environmental and social risks through regular reporting and review processes.

The Company maintained a formal Enterprise Risk Management (ERM) framework integrated with its ESMS, ESAP, and annual double materiality assessment process, supporting the identification, prioritization, and management of ESG-related risks and opportunities. Governance and implementation were supported by comprehensive policies, management plans, and procedures covering environmental and social management, labour and working conditions, health and safety, stakeholder engagement, biodiversity, ethical conduct, and emergency preparedness.

A notable strength identified during the assessment was the Company’s active oversight of Construction Contractor performance. Supported by dedicated ESG and H&S resources at both Company and Contractor levels, regular inspections, compliance reviews, and corrective action tracking, these arrangements helped ensure effective implementation of Project commitments. The assessment also confirmed the application of supply chain due diligence and contractor management processes incorporating ESG requirements.

Overall, the governance and risk management framework demonstrated a high degree of maturity, accountability, and operational readiness and was found to be broadly aligned with the relevant expectations of the IFC Performance Standards, EIB Environmental and Social Standards, UN Global Compact principles, and Good International Industry Practice.

1.2.2 Environmental Performance

The audit identified a high level of environmental management maturity and environmental stewardship within CCEH Hydro VI LLC during the final stage of construction of Bakhvi 1 HPP, supported by comprehensive management systems, qualified third-party specialist monitoring, effective contractor oversight, and systematic implementation of environmental commitments. Environmental considerations were integrated into Project planning and implementation through active compliance management, regular inspections, corrective action tracking, and adaptive management processes.

The Company demonstrated a proactive approach to environmental stewardship through implementation of the Biodiversity Monitoring Plan, water discharge management, pollution prevention measures, erosion and sediment control, structured waste management arrangements, and compensatory reforestation commitments. It should be noted that, following the official establishment of Guria National Park in 2024, whose boundary lies adjacent to the Project footprint, the Company continued biodiversity monitoring within the approved Project area. The monitoring conducted by the third-party specialists confirmed that Project activities remained confined to the approved footprint, with no evidence of adverse impacts on the biodiversity values of Guria National Park.

During 2025, the Company carried out 22 environmental surveys, required by the National Environmental Agency and conducted by independent third-party specialists, including six biodiversity surveys and two seasonal aquatic biodiversity surveys, providing independent verification of environmental performance and supporting informed management of environmental risks Monitoring findings were regularly reported to the National Environmental Agency, and no comments or objections were received in relation to the biodiversity monitoring reports submitted in 2025. To compensate for impacts on 9.09 hectares of affected habitat, the Company implemented a 20-hectare reforestation programme, planting 16,500 native seedlings and investing USD 179,421 in ecological restoration and follow-up activities.

The Company also demonstrated a commitment to resource efficiency and climate stewardship through the reuse of treated process water and excavated spoil materials, reducing resource consumption and supporting circular economy principles. Greenhouse gas emissions were voluntarily quantified and disclosed, with Scope 1 and Scope 2 reporting maintained from the commencement of construction and Scope 3 reporting introduced in 2025. Climate-related considerations were further integrated into management processes through climate risk assessment, emissions management, and climate-related planning aligned with the Company’s long-term sustainability objectives.

Overall, environmental performance was characterized by proactive environmental stewardship, independent environmental assurance, and significant investment in biodiversity enhancement and ecological restoration. The arrangements reviewed were found to be broadly aligned with the relevant environmental requirements and expectations of the IFC Performance Standards, EIB Environmental and Social Standards, UN Global Compact principles, and Good International Industry Practice.

1.2.3 Social Responsibility

CCEH Hydro VI LLC demonstrated a high level of social management maturity during the final stage of the construction of Bakhvi 1 HPP, supported by comprehensive management systems, active contractor oversight, accessible grievance mechanisms, and effective implementation of labour, human rights, health and safety, and stakeholder engagement commitments. Social considerations were systematically integrated into Project implementation through structured management arrangements, workforce engagement, regular monitoring, and ongoing dialogue with stakeholders.

The Company demonstrated a proactive approach to workforce management and worker well-being through implementation of human rights due diligence processes, equal opportunity commitments, grievance and whistleblowing mechanisms, workforce development initiatives, and robust occupational health and safety arrangements. Health and safety performance was supported by dedicated H&S personnel at both Company and Contractor levels, systematic risk assessments, regular training, emergency preparedness arrangements, and active oversight of contractor performance. The Company further supported employee development through co-financing of external professional development opportunities. Diversity and inclusion commitments were translated into practice through workforce monitoring and equal opportunity measures, with women representing approximately 26% of the total Project workforce during 2025. No labour or human rights-related grievances, and no instances of child labour, forced labour, discrimination, or other human rights violations were identified during the reporting period.

The Company also maintained a structured and transparent approach to stakeholder engagement, supported by regular communication with all 29 households within the Project-affected area, monthly newsletters, approximately 1,000 printed newspapers distributed during 2025, and 44 publicly disclosed press releases. These arrangements contributed to maintaining stakeholder confidence and supporting constructive relationships with neighbouring communities.

In parallel, the Company implemented the community initiatives focused on education, youth development, and support for families of children with special needs, benefiting approximately 55 individuals and supported by an investment of USD 21,437. These initiatives contributed to social inclusion, local capacity building, and positive social outcomes extending beyond the immediate life of the Project.

Overall, the audit found that social management arrangements were implemented effectively and generated positive outcomes for workers, neighbouring communities, and other stakeholders. The arrangements reviewed were found to be broadly aligned with the relevant social requirements and expectations of the IFC Performance Standards, EIB Environmental and Social Standards, UN Global Compact principles, and Good International Industry Practice.

1.3 Key Strength and Good Practice Identified

The audit confirmed that CCEH Hydro VI LLC has established mature and well-structured ESG systems aligned with international standards and good international industry practice. Notable strengths identified during the assessment include:

#	Key Strength	Basis for Recognition
1	**Structured ESG Governance and Oversight**	The Company maintained a mature and well-integrated governance framework that embedded ESG considerations into strategic and operational decision-making through active Supervisory Board oversight, dedicated ESG resources, clear accountability structures, and transparent reporting practices. These arrangements enabled effective management of evolving ESG risks and opportunities while maintaining strong governance throughout the final stage of the construction of Bakhvi 1 HHP.
2	**Proactive Transition Planning and Operational Readiness**	Recognizing the evolving environmental and social risk profile associated with the final stage of the construction and the transition from construction to operation, the Company proactively adapted its management framework through the development of operational ESMS documentation, climate-related planning instruments, and emerging technology governance arrangements. This forward-

9		looking approach supported operational preparedness, continuity of ESG performance, and continual improvement beyond the construction phase.
3	**Sustained ESG Capacity and Effective Contractor Oversight**	The Company maintained adequate ESG capacity throughout the final stage of the construction through dedicated environmental, social, and health and safety personnel at both Company and Contractor levels. Active oversight of contractor performance, supported by regular inspections and timely follow-up of corrective actions, ensured effective implementation of Project commitments and sustained oversight of ESG performance during a period when projects often experience reduced resources and attention.
4	**Independent Environmental Assurance and Owner Oversight**	Third-party environmental monitoring and assessments were commissioned directly by the Company and undertaken by independent experts rather than the Construction Contractor. This strengthened owner oversight and provided additional assurance regarding the quality, objectivity, and reliability of environmental performance information.
5	**Structured Waste Management and Pollution Prevention**	Guided by a Waste Management Plan approved in accordance with applicable legal requirements, the Company implemented a mature waste management system supported by effective segregation, traceability, and active oversight. Waste minimization efforts reduced the volume of waste requiring disposal, demonstrating a proactive approach to pollution prevention.
6	**Resource Efficiency and Circular Economy Practices**	The Company incorporated resource efficiency measures into construction activities through the reuse of treated wastewater from batching plant operations and the beneficial use of excavated spoil materials for backfilling and slope stabilization. By reducing freshwater demand and minimizing waste generation, these practices demonstrate a practical commitment to circular economy principles and responsible resource management.
7	**Proactive Biodiversity Management and Operational Preparedness**	The Company implemented a robust, science-based biodiversity management programme supported by independent monitoring conducted by qualified third-party experts, adaptive management, and active regulatory engagement. The continuity of biodiversity monitoring and reporting, combined with planned fish restocking, verification of fish pass effectiveness, and avifauna protection measures, demonstrates a proactive commitment to maintaining the effectiveness of biodiversity measures and strengthening ecological resilience throughout the operational phase of Bakhvi 1 HPP.
8	**Biodiversity Net Gain through Compensatory Reforestation**	The Company implemented a 20-hectare compensatory reforestation programme to offset impacts on 9.09 hectares of affected natural habitat, contributing to the Project’s objective of achieving no net loss and, where feasible, a net gain of biodiversity values. Supported by an investment of USD 179,421, the planting of 16,500 native seedlings and long-term monitoring and replacement commitments demonstrate a commitment to ecological restoration that extends beyond mitigation requirements.
9	**Human Rights Due Diligence and Responsible Workforce Transition**	The Company translated its human rights commitments into practice through policies, Codes of Conduct, grievance mechanisms, awareness initiatives, and human rights requirements integrated into contractor and supplier management. Supported by active oversight of labour conditions and responsible workforce demobilization during the final stage of the construction, these arrangements reflect a proactive approach to human rights due diligence and responsible business conduct.

10	**Safety Excellence and Workforce Well-being**	The Company demonstrated strong leadership in health and safety through dedicated H&S resources, active field presence, regular inspections, competency-building initiatives, Toolbox Talks, and emergency preparedness arrangements tailored to the Project's risk profile. No major incidents or injury-related incidents were recorded in 2025. the H&S records reflect only one near-miss event. Complemented by health insurance coverage for all workers and benefits extending beyond statutory requirements, these arrangements reflect a genuine commitment to workforce protection and well-being.
11	**ESG Leadership through Transparency and Accountability**	The Company translated sustainability commitments into measurable objectives linked to relevant SDGs and achieved or exceeded its ESG targets for 2025. Through balanced and transparent disclosure of both achievements and challenges, including compliance-related matters, alongside public reporting on climate, biodiversity, and broader sustainability performance, the Company demonstrated a mature, credible, and results-oriented approach to ESG accountability extending beyond regulatory expectations.

Additional voluntary initiatives and forward-looking management practices further reinforce CCEH Hydro VI LLC's position as a responsible and sustainability-oriented renewable energy developer:

#	Initiative	Description
1	**Voluntary External ESG Assurance**	The Company's decision to voluntarily subject its ESG performance to independent external assurance, despite the absence of a legal requirement, demonstrates a commitment to transparency, accountability, and continuous improvement. By seeking independent verification against IFC and EIB requirements, CCEH Hydro VI LLC strengthened stakeholder confidence in the credibility of its ESG disclosures and management practices.
2	**Climate Leadership through Voluntary Transparency and Decarbonization**	The Company demonstrated climate leadership through the adoption of a Climate Strategy, Sustainability and Emissions Reduction Plan covering both construction and future operations, and a Net-Zero Transition Plan to guide long-term decarbonization. The voluntary quantification and disclosure of Scope 1 and Scope 2 emissions since the commencement of construction, together with the introduction of Scope 3 reporting in 2025, illustrate a progressive commitment to climate transparency and accountability that substantially exceeds Georgian regulatory requirements.
3	**Driving ESG Excellence through External Leadership and Innovation**	The Company demonstrated that responsible business performance extends beyond internal systems by actively engaging in national and international sustainability initiatives, including the United Nations Global Compact, GREDA, Wasteless, and accelerator programmes. By seeking external perspectives, benchmarking against emerging good practice, and embracing collaborative learning, the Company accelerated its ESG maturity and reinforced its position as a progressively leading ESG performer committed to innovation and continuous improvement.
4	**Building a Culture of ESG Responsibility across the Supply Chain**	The Company went beyond contractual compliance by actively promoting awareness of ESG principles and expectations among contractors and suppliers. Through Codes of Conduct, due diligence, supplier engagement, and

		performance oversight, it fostered a shared commitment to environmental stewardship, labour and human rights standards, ethical conduct, and responsible business practices throughout the Project supply chain.
5	**Advancing Gender Inclusion in a Traditionally Male-Dominated Sector**	The Company implemented equal opportunity commitments and gender-related measures across both Company and Contractor workforces, supported by gender-disaggregated workforce monitoring. In 2025, women represented 20% of the Supervisory Board, 6% of management positions, and 26% of the total workforce, demonstrating practical efforts to promote women's participation and inclusion within a traditionally male-dominated industry.
6	**Building Future Skills and Organizational Resilience**	The Company invested in developing the capabilities of its workforce through structured learning, employee engagement, and capacity-building initiatives. By anticipating future competency requirements, including through training on the responsible use of artificial intelligence, the Company fostered a culture of continuous improvement, adaptability, and organizational resilience.
7	**People-Centered Approach to Impact Mitigation**	The Company's response to a household potentially affected by construction traffic vibrations demonstrated a precautionary and people-centered approach to impact management. By facilitating voluntary relocation to improved housing conditions in coordination with the local municipality and without resulting grievances, the Company sought to address community concerns proactively and avoid potential adverse impacts.
8	**Local Employment as a Driver of Sustainable Development**	The Company prioritized local employment and complemented it with targeted capacity-building initiatives for locally recruited workers. This approach enabled the Project to generate not only short-term economic opportunities, but also lasting social value through strengthened local skills, improved employability, and the retention of Project benefits within neighbouring communities beyond the construction phase.
9	**Local Economic Contribution**	The Company promoted local economic development through an employment and procurement approach guided by the principle of providing, where feasible, at least one employment opportunity per household and engaging local suppliers and service providers whenever practicable. Consistent with this commitment, the Construction Contractor recruited 56% of its workforce from local communities. Together, these measures supported broader economic participation and enabled Project benefits to be more widely shared and retained within neighbouring communities.
10	**Exemplary Transparency and Participatory Dialogue**	The Company fostered open and inclusive communication through public disclosures, newsletters, media engagement, community meetings, digital platforms, grievance mechanisms, and the Advisory Council. By regularly communicating how stakeholder feedback and recommendations had informed actions and decision-making, the Company reinforced accountability and demonstrated that engagement extended beyond information sharing to meaningful participation. Together,

		these arrangements strengthened stakeholder confidence and exemplified leadership in transparent and inclusive engagement.
11	**Strategic Social Investment and Lasting Community Value**	The Company distinguished itself through a strategic approach to social investment that prioritized sustainable outcomes over charitable contributions. Since 2021, initiatives shaped by stakeholder priorities have focused on education, youth empowerment, social inclusion, and behavioral change, strengthening local capacity and community resilience. Positive feedback received from beneficiaries and stakeholders in 2025, the final stage of the construction, confirms that these investments generated meaningful social value and a lasting legacy extending beyond the Project lifecycle.

1.4 Final Conclusion

The ESG audit confirmed that CCEH Hydro VI LLC has established a mature and effective ESG management framework broadly aligned with international good practice and applicable ESG standards. No material gaps, significant deficiencies, or findings requiring management action were identified.

Overall, the assessment confirmed strong ESG performance and a commitment to sustainability, transparency, and responsible business conduct throughout the final stage of the construction of Bakhvi 1 HPP.

2 Introduction

2.1 Brief Overview of CCEH HYDRO VI LLC and Bakhvi 1 Hydropower Plant

CCEH Hydro VI LLC (the "Company") is a Georgia-registered limited liability company established in 2020 for the development, construction, and future operation of the Bakhvi 1 Hydropower Plant in the Guria Region of Georgia. The Company serves as the owner and developer of the Project and operates within the Caucasus Clean Energy Holding (CCEH) investment platform.

The Company's ownership structure comprises a combination of institutional, corporate, and individual investors with experience in renewable energy development and investment. As of the audit period, the ownership structure was as follows:

Shareholder	Ownership Share
LLC Bakhvi 1 – Holding Company	56.67%
Joint Stock Company Industrieliegenschaftenverwaltung (ILAG)	37.33%
Hans Holding LLC	1.99%
Ing. Werner Panhauser	1.99%
Taras Nizharadze	1.99%

Through CCEH and its investor base, the Project is supported by international financial institutions, including the European Investment Bank (EIB), the Dutch Entrepreneurial Development Bank (FMO), and the Austrian Development Bank (OeEB). ILAG is an Austrian investment company with diversified business interests across several Western countries.

The Bakhvi 1 HPP is located on the Bakhvistskali River within Ozurgeti Municipality, Guria Region, Georgia. The Project comprises a 10.9 MW run-of-river hydropower scheme designed to generate renewable electricity through the utilization of natural river flow without the creation of a large storage reservoir. The Project is being developed along a section of the Bakhvistskali River between elevations of approximately 1,735 m and 1,383 m above sea level. The intake structure is located approximately 250 m downstream of the confluence of the

Bakhvistskali and Baisura Rivers, at an elevation of approximately 1,731.7 m above sea level, while the powerhouse is situated at an elevation of approximately 1,383 m above sea level.

Pre-construction activities for the Project commenced in 2021 and included baseline studies, technical and environmental surveys, permitting-related assessments, design development, stakeholder engagement, and other preparatory activities required to support project planning and regulatory compliance. Full scale construction activities started in 2024 and continued throughout the period covered by this ESG audit Throughout 2025, construction activities continued across the Project area, while the overall intensity of works gradually declined as major infrastructure components approached completion and the Project transitioned toward the final stages of construction and future commissioning.

The Bakhvi 1 HPP has an installed generation capacity of 10.9 MW and a design flow rate of 4.0 m^3/s. The Project comprises the following principal infrastructure components:

- Headworks (intake) structure on the Bakhvistskali River;
- Pressure pipeline system conveying water from the intake structure to the powerhouse; and
- Above-ground powerhouse housing the mechanical, electrical, and control systems required for electricity generation.

As a run-of-river hydropower development, Bakhvi 1 HPP forms part of Georgia's renewable energy infrastructure. The Project has been developed under a framework of national permitting requirements and international investor standards, including environmental and social obligations established through the Environmental and Social Impact Assessment process and financing arrangements.

2.2 Purpose and Scope of the External ESG Audit

The purpose of the External ESG Audit is to provide an independent assessment of CCEH Hydro VI LLC's environmental, social, and governance (ESG) performance during the construction of the Bakhvi 1 Hydropower Plant (HPP) in 2025, with a focus on the adequacy of management systems, implementation practices, monitoring arrangements, compliance management processes, stakeholder engagement mechanisms, and disclosure practices applicable to the construction phase of the Project.

The audit was undertaken to evaluate CCEH Hydro VI LLC's performance against the requirements and expectations of the IFC Performance Standards, the EIB Environmental and Social Standards, alignment with the UNGC Ten Principles, particularly in the areas of human rights, labour, environment, and anti-corruption, Good International Industry Practice, and relevant national legislation, as applicable to the Company's activities during the construction of Bakhvi 1 HPP. The applicable IFC Performance Standards, EIB Environmental and Social Standards, and UNGC Principles considered within the scope of the audit are presented in Tables 1, 2, and 3, respectively. The assessment is intended to support management review, identify areas of good practice and improvement, and inform stakeholders regarding the Company's ESG performance and level of alignment with applicable international standards.

The audit scope covers CCEH Hydro VI LLC's ESG-related policies, plans, procedures, management systems, monitoring data, implementation records, and public disclosures relevant to the development and construction of Bakhvi 1 HPP in Ozurgeti Municipality, Georgia, during 2025. The audit is limited to the construction phase of the Project and does not assess pre-development activities, except where existing commitments, permit obligations, management systems, or legacy issues remain relevant to current ESG performance.

Given that construction activities were primarily undertaken through the civil works contractor, Domus Fabrilis LLC, and associated subcontractors, the audit also assessed the effectiveness of the Company's contractor management, supervision, monitoring, and compliance arrangements in relation to environmental, social, occupational health and safety, and governance requirements.

The assessment covers the following areas:

Environmental performance, including GHG emissions management and reporting, climate-related commitments, energy and resource efficiency measures, water quality monitoring, biodiversity protection and monitoring measures, aquatic ecosystem monitoring, geological monitoring, waste and hazardous waste management, pollution prevention and spill control measures, wastewater management, reforestation and habitat restoration initiatives, environmental monitoring and reporting, climate risk and resilience measures, emergency preparedness related to environmental incidents, implementation of environmental commitments and permit conditions, environmental performance of the civil works contractor, effectiveness of contractor environmental management arrangements, and alignment with applicable environmental standards and ESG commitments;

Social performance, including labour and working conditions, occupational health and safety management, employee training and competency development, emergency preparedness and response arrangements, stakeholder engagement and disclosure practices, grievance management mechanisms for workers and communities, community health and safety considerations, community relations and communication practices, diversity and inclusion measures, gender-related commitments, human rights-related commitments and due diligence processes, contractor workforce management practices, contractor compliance with labour and occupational health and safety requirements, supplier management practices, worker welfare measures, compliance with labour legislation, implementation of social investment programmes, and implementation of social commitments under the Company's environmental and social management framework;

Governance and management systems, including the effectiveness of ESG and ESHS management systems, internal governance and oversight arrangements, compliance management, roles and responsibilities, ethical conduct, risk management, contractor management and oversight arrangements, supply chain governance and controls, implementation of the Code of Conduct and Supplier Code of Conduct, whistleblowing and grievance mechanisms, management of ethical breaches, and the Company’s governance and ESG-related policy framework, including the ESG Policy, Human Rights Policy, Gender Equity Policy, Information Security Policy, Artificial Intelligence Policy, and other relevant corporate policies and procedures;

ESG reporting and disclosure, including the quality, completeness, consistency, accuracy, and transparency of ESG-related reporting and disclosures; alignment with relevant international reporting approaches and stakeholder expectations, including the Global Reporting Initiative (GRI), the Task Force on Climate-related Financial Disclosures (TCFD), the Sustainable Development Goals (SDGs), and the United Nations Global Compact Communication on Progress (CoP) reporting requirements, as applicable; as well as review of publicly disclosed ESG information, ESG-related data management and verification practices, and the reliability of information communicated to investors, regulators, local communities, and other stakeholders.

2.3 Reference Standards and Frameworks

The ESG audit was undertaken with reference to a set of internationally recognized standards, investor requirements, good practice guidance, and applicable national legal and regulatory frameworks. These reference points provided the basis for a structured and independent assessment of CCEH Hydro VI LLC’s ESG performance during the construction of the Bakhvi 1 Hydropower Plant (HPP) in 2025. The assessment considered both mandatory compliance obligations and voluntary commitments relevant to sustainability, transparency, responsible business conduct, and investor expectations.

The audit methodology and evaluation criteria were informed by the following principal standards and frameworks:

IFC Performance Standards on Environmental and Social Sustainability (2012)

The IFC Performance Standards served as a primary benchmark for the assessment of CCEH Hydro VI LLC’s environmental and social management approach during the construction phase of Bakhvi 1 HPP. The audit considered all standards relevant to the Project’s construction activities, with particular focus on environmental and social risk management, labour and working conditions, occupational health and safety, stakeholder engagement, resource efficiency and pollution prevention, community health and safety, biodiversity conservation, and contractor management. Reference is made to Table 1 for a summary of the IFC Performance Standards and their relevance to the audit.

EIB Environmental and Social Standards (2022)

The EIB Environmental and Social Standards were used as an additional reference framework for assessing the Company's management of environmental, climate, social, human rights, and governance-related risks associated with the Project. The audit considered the standards most relevant to the construction phase, including those related to environmental and social management systems, labour and working conditions, stakeholder engagement, biodiversity and ecosystems, climate action, occupational and community health and safety, and governance-related requirements. Reference is made to Table 2 for a summary of the EIB Environmental and Social Standards considered in the audit.

Good International Industry Practice (GIIP)

In addition to formal standards, the audit considered Good International Industry Practice applicable to the development and construction of hydropower projects, including recognized approaches to environmental and social management, pollution prevention, biodiversity protection, occupational health and safety, contractor management, grievance handling, stakeholder engagement, and ESG governance and reporting.

Global Reporting Initiative (GRI)

The GRI framework was used as a reference point in assessing the quality, structure, completeness, and transparency of the Company's ESG disclosures, particularly with respect to materiality assessment, performance reporting, stakeholder communication, and consistency of environmental, social, and governance information.

Task Force on Climate-related Financial Disclosures (TCFD)

The TCFD recommendations were considered in evaluating the Company's approach to climate governance, climate-related risk and opportunity management, greenhouse gas emissions reporting, climate strategy, and climate-related metrics and targets.

United Nations Global Compact (UNGC) Principles

The Ten Principles of the United Nations Global Compact were considered as a reference framework for assessing the Company's commitments, management systems, and disclosures related to human rights, labour standards, environmental responsibility, and anti-corruption practices. Reference is made to Table 3 for a summary of the UNGC Principles considered in the audit.

Applicable Georgian Legislation and Regulatory Requirements

The audit also considered compliance with applicable national environmental, labour, occupational health and safety, waste management, water management, permitting, and other regulatory requirements relevant to the construction of Bakhvi 1 HPP.

Relevant Energy Community Obligations

Where relevant to the Project's development and sustainability context, the assessment also considered Georgia's obligations under the Energy Community framework, particularly in areas related to climate action, environmental governance, renewable energy development, and alignment with broader European sustainability objectives.

Together, these standards and frameworks provided the basis for assessing the adequacy and effectiveness of CCEH Hydro VI LLC's management systems, implementation practices, contractor oversight arrangements, compliance status, and ESG disclosures against international investor expectations, recognized good practice, and applicable domestic requirements.

Table 1. IFC Performance Standards

No	IFC Performance Standards (2012)	Description
1	Assessment and Management of Environmental and Social Risks and Impacts	Establishes the process for identifying, evaluating, and managing environmental and social risks throughout the project lifecycle. It underpins the other standards.
2	Labor and Working Conditions	Protects workers' rights, ensures safe and healthy working conditions, and promotes fair treatment, non-discrimination, and equal opportunity.
3	Resource Efficiency and Pollution Prevention	Aims to reduce project-related GHG emissions and improve resource efficiency, including energy and water use, and to control pollution.
4	Community Health, Safety, and Security	Addresses potential impacts on communities related to project activities, such as exposure to hazardous materials or infrastructure failure.
5	Land Acquisition and Involuntary Resettlement	Covers compensation, resettlement planning, and livelihood restoration when people are physically or economically displaced by a project.
6	Biodiversity Conservation and Sustainable Management of Living Natural Resources	Promotes protection and conservation of biodiversity, especially in sensitive and critical habitats.
7	Indigenous Peoples*	Ensures that projects respect the rights and cultures of Indigenous Peoples, including Free, Prior and Informed Consent (FPIC) where applicable.
8	Cultural Heritage	Safeguards cultural heritage from adverse impacts of project activities, including both tangible and intangible heritage.

**The marked standard does not apply to the Bakhvi 1 HPP, as no indigenous people are recognized or present in Georgia.*

Table 2. EIB Environmental and Social Standards

No	EIB Environmental and Social Standards (2022)	Description
1	Environmental and Social Impacts and Risks	Establishes requirements for assessing and managing environmental and social risks throughout the project lifecycle.
2	Stakeholder Engagement	Emphasizes transparent and continuous engagement with stakeholders, ensuring their concerns are considered in project planning and implementation.
3	Resource Efficiency and Pollution Prevention	Focuses on efficient use of resources and measures to prevent pollution, aligning with sustainable development goals.
4	Biodiversity and Ecosystems	Aims to protect biodiversity and promote the sustainable management of ecosystems affected by EIB-financed projects.
5	Climate Change	Integrates climate change mitigation and adaptation measures into projects to support climate resilience and low-carbon development.
6	Involuntary Resettlement	Ensures fair treatment and compensation for communities displaced by projects, minimizing adverse impacts.
7	Rights and Interests of Vulnerable Groups	Protects the rights and interests of vulnerable groups, including indigenous peoples, and promotes gender equality in project outcomes.
8	Labor Rights and Working Conditions	Upholds fair labor practices, safe working conditions, and non-discrimination in all EIB-financed projects.

9	Health, Safety, and Security	Ensures that projects incorporate measures to protect the health, safety, and security of both workers and the public.
10	Cultural Heritage	Safeguards cultural heritage by assessing and mitigating potential impacts of projects on cultural sites and practices.
11	Intermediated Finance*	Sets requirements for financial intermediaries to manage environmental and social risks in sub-projects they finance.

**The marked standard does not apply to the Bakhvi 1 HPP, as project did not involve financial intermediation arrangements.*

Table 3. United Nations Global Compact Principles

No	Area	UNGC Principles	Relevance to Audit
1	Human Rights	Principles 1-2	Human rights policy commitments, human rights due diligence processes, stakeholder engagement, community relations, grievance mechanisms, and management of human rights risks associated with Project activities and business relationships.
2	Labour	Principles 3-6	Labour and working conditions, freedom of association, non-discrimination and equal opportunity, diversity and inclusion, occupational health and safety, worker welfare, contractor workforce management, and compliance with labour legislation.
3	Environment	Principles 7-9	Environmental management systems, resource efficiency, pollution prevention, GHG emissions management, climate-related risks and opportunities, biodiversity conservation, waste management, water resource management, and implementation of environmental commitments.
4	Anti-Corruption	Principle 10	Ethical business conduct, anti-corruption measures, Code of Conduct and Supplier Code of Conduct implementation, whistleblowing and grievance mechanisms, compliance management, and governance controls.

2.4 Audit Objectives and Methodology

The primary objective of the ESG audit is to provide an independent assessment of CCEH Hydro VI LLC's ESG performance during the construction of the Bakhvi 1 HPP against applicable international standards, ESG frameworks, investor requirements, and relevant national legal and regulatory requirements. In particular, the audit seeks to:

- assess compliance and alignment with the IFC Performance Standards, the EIB Environmental and Social Standards, the UNGC Ten Principles, GIIP, and applicable Georgian legal and regulatory requirements;
- assess the adequacy and effectiveness of ESG-related policies, management systems, procedures, implementation arrangements, and contractor management and oversight mechanisms;
- evaluate the quality, accuracy, consistency, and transparency of ESG monitoring, reporting, and disclosure practices;
- assess the effectiveness of environmental, social, occupational health and safety, stakeholder engagement, and governance measures implemented during the construction phase of the Project;
- identify areas of good practice, potential gaps, risks, and opportunities for improvement; and
- support the Company's continued enhancement of ESG performance and alignment with recognized ESG frameworks, investor expectations, and stakeholder requirements.

The external ESG audit was conducted between May and June 2026 and covered CCEH Hydro VI LLC's ESG performance during the construction of Bakhvi 1 HPP in 2025. The audit was carried out by an independent national expert with relevant experience in ESG compliance, international financial institution requirements, environmental and social management systems, and ESG auditing.

The audit applied a structured, evidence-based methodology comprising review of publicly disclosed and internal documentation, interviews with relevant Company personnel, and verification of implementation evidence. As the audit was conducted as a document-based assessment, no site visit was undertaken. The assessment relied on documentary evidence, monitoring records, registers, reports, photographic documentation, and other supporting information provided by the Company to evaluate consistency, completeness, implementation status, and alignment with applicable ESG requirements.

A customized ESG audit checklist was developed to structure the assessment across the Environmental, Social, and Governance pillars. The checklist served as the primary assessment tool and was aligned with the IFC Performance Standards, EIB Environmental and Social Standards, UNGC Principles, Good International Industry Practice, and relevant national requirements. The checklist defined the assessment criteria, evidence requirements, key lines of inquiry, and reporting structure applied throughout the audit process.

A comprehensive review of documentation was undertaken as part of the audit process. The list of reviewed documents is provided in Annex 2. The review included ESG-related policies, management plans, procedures, monitoring reports, risk assessments, registers, training records, grievance records, contractor management documentation, compliance records, corporate governance documentation, annual ESG reports, and other publicly disclosed and internal information relevant to ESG performance and compliance management. The assessment also considered documentation related to compliance with applicable Georgian legislation and the international standards and frameworks referenced within the scope of the audit. Where applicable, environmental, social, health and safety, and governance performance data supporting key ESG disclosures were reviewed to assess the reliability, consistency, and credibility of reported information.

A structured interview was conducted with the ESG Manager to obtain clarification on the Company's management systems, implementation arrangements, contractor oversight mechanisms, monitoring and reporting processes, compliance management practices, and other key Project-related matters. The information obtained through the interview was used to supplement, corroborate, and validate the documentary evidence reviewed during the assessment.

To strengthen the reliability of the findings, the audit applied a triangulation approach whereby information was cross-checked across multiple sources, including policies and procedures, monitoring records, implementation evidence, interview responses, ESG disclosures, and photographic documentation. This approach enhanced the credibility of the assessment and helped ensure that reported ESG commitments were supported by evidence of implementation.

3 Governance Assessment

This section assesses the effectiveness of the Company's governance arrangements in directing and overseeing ESG performance during the construction phase of Bakhvi 1 HPP. It examines the governance structures, processes, and practices supporting strategic oversight, ethical conduct, transparency, accountability, and the integration of material ESG risks and opportunities into decision-making at both the Supervisory Board and executive management levels. The assessment is undertaken against the relevant requirements and expectations of the IFC and EIB and evaluates the extent to which the Company's governance arrangements align with these standards and, where relevant, are consistent with the principles of the UN Global Compact.

3.1 Governance Structure and Leadership

The assessment confirmed that CCEH Hydro VI LLC has established a formal and documented governance framework that provides clear lines of authority, accountability, leadership, and decision-making for the management of the Company and implementation of the Bakhvi 1 Hydropower Plant Project. The governance framework is defined through the Corporate Governance Manual and supported by governance policies, organizational arrangements, reporting structures, and delegated authorities.

CCEH Hydro VI LLC is a privately owned limited liability company operating within the Caucasus Clean Energy Holding (CCEH) investment platform. The Company is owned by a combination of institutional, corporate, and individual investors and does not have government ownership, state participation, special voting rights arrangements, or golden-share mechanisms.

The Company operates under a two-tier governance structure comprising the General Meeting of Partners, Supervisory Board, and Management. The General Meeting serves as the highest governing body and is responsible for key strategic and corporate decisions. The Supervisory Board provides strategic direction and oversight of corporate, financial, operational, risk management, and ESG matters. The Board consists of five members and, as of 2025, had an average tenure of approximately three years, providing a balance of continuity and renewal. ESG expertise is integrated at governance level through the participation of the Holding's ESG Manager and Sustainability Lead as a member of the Supervisory Board.

Day-to-day management is delegated to the Director and Management Team, comprising the Director, Technical Director, ESG Manager, and Financial Director. The Corporate Governance Manual clearly defines the responsibilities, reporting lines, and decision-making authority of each governance body. Formal independence criteria have been established for Supervisory Board members, and the assessment confirmed a clear separation between governance and executive management functions, with no overlap identified between Supervisory Board members and the Company's Management Team.

Evidence reviewed during the assessment, including monthly management reports, governance documentation, and organizational records, confirmed that the governance framework was actively implemented during 2025. The Supervisory Board convened regularly and received updates on project implementation, financial performance, permitting compliance, stakeholder engagement activities, and key project risks. Recognizing the changing environmental and social risk profile associated with the transition from construction to operations, the Company proactively developed an updated documentation package to support the operational phase of Bakhvi 1 HPP. This transition planning demonstrates a preventive and forward-looking approach to governance, ESG management, and continual improvement. Governance responsibilities and delegated authorities were applied in practice, with governance-level documents approved by the Supervisory Board and operational policies, procedures, and management plans approved by the Director.

Based on the documentation reviewed and evidence obtained during the assessment, CCEH Hydro VI LLC has established and implemented an effective governance framework with clearly defined responsibilities, reporting structures, and decision-making processes. The governance framework was actively applied in practice and adapted to the evolving needs of the Project, including preparations for the transition from construction to operations. No material conflicts of interest, governance deficiencies, or other concerns were identified that would be expected to impair the effective functioning of the Company's governance bodies. Overall, the governance arrangements reviewed were found to be broadly aligned with the expectations of IFC Performance Standard 1 and EIB Environmental and Social Standard 1 with respect to governance, accountability, oversight, and management of environmental and social risks.

3.2 ESG Oversight and Accountability

The assessment confirmed that CCEH Hydro VI LLC has established a structured ESG oversight and accountability framework that integrates environmental, social, health and safety, climate, and stakeholder-related considerations into governance, project management, and decision-making processes. ESG responsibilities are clearly allocated across the Supervisory Board, Management Team, and operational functions and are supported by formal reporting arrangements, management systems, and performance monitoring mechanisms.

The Corporate Governance Manual assigns responsibility for ESG oversight to the Supervisory Board. Evidence reviewed during the assessment confirmed that ESG matters were regularly considered at Board level throughout 2025. Topics discussed included environmental and social performance, biodiversity management, occupational health and safety, stakeholder engagement, permitting compliance, climate-related matters, and key ESG risks associated with the construction and future operation of Bakhvi 1 HPP.

The Company's Environmental and Social Management System (ESMS) serves as the primary framework for managing environmental and social risks and impacts. Implementation of ESG commitments is further supported through the Environmental and Social Action Plan (ESAP), which consolidates project commitments, mitigation measures, monitoring obligations, corrective actions, and compliance requirements. Documentation reviewed during the assessment confirmed that ESG performance is subject to ongoing monitoring, periodic review, and corrective action tracking. During the construction phase, implementation of ESG requirements by the Construction Contractor was supported by a documented Contractor ESMS aligned with the Company's ESMS requirements and Project commitments, providing an operational framework for managing construction-related environmental and social risks and implementing Environmental and Social Impact Assessment (ESIA) commitments.

At the management level, ESG responsibilities were embedded within the organizational structure through the Director, ESG Manager, technical personnel, and health and safety function. The assessment further confirmed that the ESG Manager was supported by an ESG Officer, Environmental Engineer, Environmental Officer, and Community Liaison Officer, while the Construction Contractor maintained dedicated HSE personnel responsible for day-to-day implementation of environmental and H&S requirements. This allocation of responsibilities provided the Company with dedicated capacity to coordinate specialist monitoring, oversee contractor performance, manage stakeholder engagement, undertake site inspections, and follow up on corrective actions, demonstrating that the ESG framework was supported by appropriate implementation resources.

Monthly reports submitted to the Supervisory Board include dedicated sections on ESG performance, compliance status, mitigation measures, stakeholder concerns, occupational health and safety performance, and emerging environmental and social risks, supporting accountability and informed decision-making. In preparation for the commissioning and operational phases of Bakhvi 1 HPP from the second half of 2026, the Company further strengthened its governance framework through the development of an Artificial Intelligence (AI) Policy. The Policy establishes principles for the responsible use of AI technologies, supported by personnel training and an Approved AI Tool Register, demonstrating a proactive approach to managing emerging technology-related risks and opportunities.

As 2025 represented the final stage of the construction of Bakhvi 1 HPP, ESG accountability extended to oversight of Construction Contractor performance. Evidence reviewed during the assessment confirmed that the Company maintained regular engagement with the Construction Contractor through weekly progress meetings, review and endorsement of contractor management plans, site inspections, compliance reviews, and follow-up of corrective actions. These arrangements enabled the Company to monitor the Contractor's implementation of its ESMS and associated management plans and to ensure effective delivery of environmental, social, health and safety, and project-related commitments.

The assessment further confirmed regular coordination between the Company's ESG Manager and the Holding's ESG Manager and Sustainability Lead through weekly meetings and ad hoc consultations. ESG expertise at governance level is further strengthened through the participation of the Holding's ESG Manager and Sustainability Lead as a member of the Supervisory Board.

Transparency and accountability are reinforced through publication of the Annual ESG Report, implementation of formal grievance and whistleblower procedures, robust stakeholder engagement, and independent ESG audits. An independent ESG audit was carried out by CCEH’s external ESG consultant in August 2025 provided recommendations that were incorporated into management processes and action plans, demonstrating a commitment to continual improvement.

The assessment further confirmed that governance oversight extended beyond construction-phase implementation. In preparation for commissioning and operations, management oversaw the development and adoption of the ESMS and associated policies and procedures for the next phase of the Project, demonstrating a proactive approach to risk management, organizational readiness, and continuity of ESG governance.

Based on the documentation reviewed and evidence obtained during the assessment, CCEH Hydro VI LLC has established and implemented effective ESG oversight and accountability mechanisms. ESG responsibilities are clearly defined, performance is regularly monitored and reported, and ESG considerations are integrated into governance, management, and project implementation processes. The Company's oversight of the Contractor's

ESMS implementation during construction and its preparation for future operational challenges through responsible AI governance arrangements demonstrate a proactive and integrated approach to ESG management. Overall, the governance arrangements reviewed are broadly aligned with the expectations of IFC Performance Standard 1 and EIB Environmental and Social Standard 1, particularly with respect to governance, accountability, oversight, and the integration of ESG considerations into decision-making processes.

3.3 Ethical Business Conduct

The assessment confirmed that CCEH Hydro VI LLC has established a structured framework for ethical business conduct supported by the Code of Conduct, Supplier Code of Conduct, Human Rights Policy, Compliance Policy, Human Resources Policy, and Reporting Ethical and Compliance Breaches Procedure. These documents establish requirements relating to professional conduct, anti-corruption, conflicts of interest, non-discrimination, human rights, occupational health and safety, environmental responsibility, and the prohibition of child and forced labour.

The framework applies to both the Company's workforce and its contractors and suppliers. Ethical, environmental, social, health and safety, and compliance requirements are integrated into contractor and supplier management processes through contractual obligations and ongoing supervision. The Supplier Code of Conduct further establishes expectations regarding labour standards, business integrity, legal compliance, and responsible business practices. The Company also maintains accessible reporting mechanisms for employees, contractors, and external stakeholders, including anonymous reporting channels and grievance procedures designed to ensure confidentiality, protection against retaliation, and appropriate investigation of reported concerns.

During the final stage of the construction of Bakhvi 1 HPP, implementation of ethical business conduct requirements continued across the Construction Contractor's workforce through contractual obligations, worker grievance mechanisms, routine site inspections, contractor supervision, and ongoing monitoring of compliance with labour, occupational health and safety, environmental, and community-related requirements. The ESG Manager, ESG Officer, and CLO played an active role in supporting implementation of these requirements, receiving and addressing concerns, and facilitating communication between the Company, contractor workforce, and local stakeholders.

Based on the documentation reviewed, grievance records, compliance registers, and audit observations, no material ethical breaches, corruption cases, labour rights violations, discrimination or harassment cases, child or forced labour incidents, whistleblower reports, or Code of Conduct violations were identified during 2025.

Overall, the assessment confirmed that CCEH Hydro VI LLC has established and implemented an effective ethical business conduct framework supported by clear policies, accessible reporting mechanisms, defined investigation procedures, management oversight, contractor accountability measures, and employee awareness programmes. The framework demonstrates a structured approach to promoting integrity, accountability, transparency, and responsible business conduct across the Company's operations and business relationships. The arrangements reviewed were found to be broadly aligned with the expectations of IFC Performance Standard 1 and EIB Environmental and Social Standard 1 regarding governance, accountability, and implementation of management systems that support ethical and responsible business practices.

3.4 Diversity, Equity, and Inclusion

The assessment confirmed that CCEH Hydro VI LLC has established a comprehensive framework incorporating diversity, equity, and inclusion (DEI) principles through its Board Diversity Policy, Human Resources Policy, Human Rights Policy, ESG Policy, Code of Conduct, and Supplier Code of Conduct. These documents collectively promote non-discrimination, equal opportunity, fair treatment, dignity, and respect across governance, workforce management, and business relationships.

A notable strength identified during the assessment is that the Company's approach to DEI extends beyond workforce practices and is embedded at the governance level. The Board Diversity Policy requires diversity considerations to be incorporated into Supervisory Board nomination and appointment processes, with candidates assessed on merit while taking into account factors such as professional background and expertise, gender, age, ethnicity, cultural background, and geographic representation. The Policy further provides for periodic review of its implementation and effectiveness by the Supervisory Board.

The assessment confirmed that these commitments are reflected in practice. In 2025, women represented 20% of the Supervisory Board, 6% of Company's managerial positions, and 36% of the Company's total workforce. The Supervisory Board further reflected diversity of expertise and perspectives, comprising members with backgrounds in renewable energy investment, finance, hydropower engineering, ESG and sustainability, and international technical advisory services, and included both Georgian and international representation. The Management Team similarly integrated operational, technical, financial, and ESG functions.

At the workforce level, the Human Resources Policy and Code of Conduct prohibit discrimination, harassment, and unequal treatment and promote equal employment opportunities. The Human Rights Policy reinforces the Company's commitment to internationally recognized human rights principles, including equality, dignity, and fair treatment in the workplace. The assessment further confirmed that these expectations extend beyond the Company's direct workforce through the Human Rights Due Diligence process and Supplier Code of Conduct, which require contractors and suppliers to uphold standards relating to non-discrimination, labour rights, and ethical conduct.

Evidence reviewed during the assessment, including grievance registers, governance records, and stakeholder engagement documentation, did not identify any reported cases of discrimination, harassment, or breaches of the Company's DEI commitments during 2025.

Overall, the assessment concluded that CCEH Hydro VI LLC has established and implemented a robust DEI framework that integrates diversity, equity, and inclusion considerations across governance, management, workforce practices, and supply chain expectations. The Company's Board Diversity Policy represents a particularly strong practice by extending DEI commitments beyond workforce equality to the composition and functioning of the Company's highest governance body. This commitment is further supported by measurable representation of women at Board, management, and workforce levels, demonstrating that DEI considerations are embedded not only in policy but also in practice. Taken together, these arrangements are broadly aligned with the principles underpinning IFC Performance Standard 2, EIB Environmental and Social Standard 8, and the United Nations Global Compact relating to equality of opportunity, non-discrimination, human rights, labour standards, and inclusive governance.

3.5 Transparency and Reporting Practices

The assessment confirmed that CCEH Hydro VI LLC demonstrates a structured approach to transparency, disclosure, and stakeholder communication through annual ESG reporting, public disclosure of ESG-related information, regulatory reporting, and ongoing robust engagement with stakeholders.

The Company publicly discloses ESG performance through its Annual ESG Report, supported by a dedicated Sustainability Reporting Boundaries document. The reporting boundaries define the organizational, operational, geographical, temporal, and governance scope of disclosures. Sustainability reporting applies to CCEH Hydro VI LLC as the entity responsible for the development of Bakhvi 1 HPP and covers activities under the Company's direct management and control. As the Project remained in the final stage of the construction during 2025, disclosures primarily related to construction-phase activities and impacts, while also addressing relevant commissioning and future operational considerations. Reporting boundaries are reviewed annually by management and subject to Supervisory Board oversight through the Company's governance framework.

The assessment confirmed that the Bakhvi 1 HPP Annual ESG Report 2025 is prepared with reference to recognized international frameworks and standards, including:

- **Global Reporting Initiative (GRI)** – covering governance, environmental performance, occupational health and safety, stakeholder engagement, and social responsibility, including disclosures on greenhouse gas emissions (Scopes 1-3), water resource management, waste management, biodiversity, and workforce-related indicators;

- **Task Force on Climate-related Financial Disclosures (TCFD)** – integrating climate-related disclosures across governance, strategy, risk management, and metrics and targets;
- **United Nations Sustainable Development Goals (SDGs)** – aligning ESG objectives, performance indicators, and sustainability initiatives with relevant global development priorities;
- **United Nations Global Compact (UNGC)** – aligning operations with the Ten Principles relating to human rights, labour standards, environmental protection, and anti-corruption;
- **Paris Agreement and Georgia's Nationally Determined Contributions (NDCs)** – supporting national climate objectives through climate-related management measures and preparation for future renewable energy generation; and
- **Applicable Georgian legislation and regulatory requirements** – including environmental, labour, occupational health and safety, and waste management obligations.

A notable example of transparency identified during the assessment was the Company's disclosure of regulatory non-compliance and enforcement actions. The 2025 Annual ESG Report publicly disclosed a GEL 7,828 fine related to environmental permitting non-compliance, together with the corrective actions undertaken by the Company. This demonstrates a balanced reporting approach that communicates both achievements and compliance challenges.

Transparency is further supported through publication of ESG-related policies, reports, project updates, and monthly community newsletters in both Georgian and English languages, as well as through stakeholder engagement activities that provide opportunities for stakeholders to receive information and provide feedback.

A particularly strong example of stakeholder transparency is the Advisory Council, an external consultative body established at the Company’s initiative in August 2021 and maintained throughout the construction period, including in 2025. The Council comprises ten representatives from local government, the private sector, and the media, bringing together diverse professional backgrounds, age groups, and gender perspectives. In 2025, it maintained a gender-balanced composition of five women and five men. The Council provides a structured platform for external participation and two-way communication between the Company and wider stakeholders. Through regular meetings, members received information on Project developments, conveyed community views and concerns, and supported the dissemination of accurate information to the broader public. In this way, the Council served as a liaison mechanism that promoted transparency, inclusive dialogue, stakeholder trust, and early identification of emerging concerns.

Based on the documentation reviewed and evidence obtained during the assessment, CCEH Hydro VI LLC demonstrates a mature approach to ESG reporting and stakeholder disclosure. Clearly defined reporting boundaries, balanced disclosure practices, comprehensive stakeholder communication, and the operation of the Advisory Council reflect a strong commitment to transparency and accountability throughout the project lifecycle. The arrangements reviewed are broadly aligned with the expectations of IFC Performance Standard 1 and EIB Environmental and Social Standard 10 and are consistent with the transparency and accountability principles promoted by the UN Global Compact.

3.6 Risk and Crisis Management

The assessment confirmed that CCEH Hydro VI LLC has established a formal Enterprise Risk Management (ERM) framework integrating environmental, social, governance, and operational risks into its overall management processes. The framework is supported by the ESMS, ESAP, Corporate Governance Framework, Information Security Policy and is aligned with the principles of IFC Performance Standard 1 and EIB Environmental and Social Standard 1.

Given that 2025 represented the final stage of the construction of Bakhvi 1 HPP, risk management activities were primarily focused on construction-related risks while progressively incorporating considerations relevant to commissioning and future operation. Key areas of focus included environmental compliance, biodiversity protection, soil erosion and sediment control, occupational health and safety, contractor performance, labour and working conditions, stakeholder engagement and grievance management, community health and safety, emergency preparedness, and climate-related risks associated with the mountainous setting of the Project.

Evidence reviewed during the assessment confirmed that the framework was actively implemented in practice. Supervisory Board meetings and monthly management reports demonstrated regular review of environmental, social, health and safety, and operational risks. Weekly coordination meetings between the Company's ESG Manager and the Holding's ESG Manager and Sustainability Lead, together with regular progress meetings with the Construction Contractor, supported ongoing monitoring of emerging risks and implementation of corrective actions. Regular health and safety risk assessments were undertaken throughout the construction phase, while Company and Contractor environmental, social, health and safety personnel conducted routine inspections of construction sites to identify hazards, verify implementation of mitigation measures, monitor contractor performance, and ensure compliance with project requirements.

The practical application of the framework was further evidenced through proactive risk management measures implemented during 2025. Following a regulatory inspection that resulted in an administrative fine, the Company strengthened permit compliance procedures, enhanced coordination between technical and ESG teams, and increased monitoring of permit-related obligations. Biodiversity risks associated with future Project operations were proactively addressed through preparations for fish restocking and avifauna protection measures, including the procurement of bird diverters and the installation of bird boxes, in accordance with the Project's biodiversity commitments. During interviews conducted as part of the assessment, management further indicated that the Company was evaluating appropriate snow transport solutions to ensure safe and reliable winter access to the intake structure, recognizing the operational and emergency response challenges posed by the region's climatic conditions and demonstrating a forward-looking approach to climate resilience and operational preparedness. In preparation for future operation, the Company also adopted an Information Security Policy addressing information security, personal data protection, and cybersecurity considerations relevant to its evolving operational profile. Contractor-related environmental, social, and occupational health and safety risks continued to be managed through inspections, reporting mechanisms, weekly coordination meetings, and ongoing supervision throughout the construction phase.

The assessment further confirmed that crisis preparedness formed an integral component of the Company's risk management approach. Emergency response arrangements, incident reporting procedures, investigation protocols, and corrective action mechanisms remained in place throughout the construction phase. Audit findings and regulatory observations were systematically tracked through established action management processes until closure.

Based on the documentation reviewed and evidence obtained during the assessment, CCEH Hydro VI LLC has established and implemented a dynamic and evidence-based risk and crisis management framework. Active governance oversight, routine inspection and supervision activities, regular health and safety risk assessments, implementation of preventive measures, and forward-looking consideration of future operational challenges demonstrate a proactive approach to maintaining regulatory compliance, strengthening resilience, and supporting the transition from construction to operation of Bakhvi 1 HPP.

3.7 Materiality Assessment

The assessment confirmed that CCEH Hydro VI LLC has established a formal and structured Materiality Assessment process to identify, assess, and prioritize ESG topics that may significantly influence the Company's activities, stakeholder relationships, and long-term value creation. The latest Materiality Analysis was conducted in 2025, publicly disclosed on the Company's website, and reviewed as part of this audit. The process is subject to annual review and approval by the Supervisory Board to ensure continued alignment with the Company's strategic priorities, stakeholder expectations, and evolving regulatory requirements.

The Company applies a double materiality approach, evaluating both the impacts of ESG factors on business performance and the Company's impacts on society and the environment. Material topics are prioritized using a structured methodology that considers business impact, regulatory relevance, stakeholder expectations, and sustainability significance.

The 2025 Materiality Analysis identified and prioritized 29 material ESG topics grouped under three dimensions:

- Environmental: scope 1-3 GHG emissions; continuous assessment and monitoring of biodiversity in the area of HPP impact; implementation of conditions included in the Environmental Permit and ESAP; construction waste management; soil erosion and sediment control; water use and discharge management; deforestation; and climate risk and infrastructure resilience.
- Social: employment of local labour and fair working conditions; number of employees trained in ESG and H&S; number of workplace-related injuries and accidents; community safety awareness through meetings and capacity-building events; grievance mechanism and community engagement; impacts on local infrastructure and access; number and scope of social projects developed; gender inclusion in the workforce; stakeholder engagement; and human rights.
- Governance/Economic: ESMS; ESAP; ESG and Environmental Policies; gender equality mainstreamed at all levels; ESG programming supported by the Supervisory Board; anti-corruption and ethics compliance; procurement aligned with ESG standards; data collection, monitoring and reporting systems; and financial performance and budget control during construction.

Evidence reviewed during the assessment confirmed that these material topics informed management priorities during 2025. In practice, this was reflected through biodiversity monitoring activities, environmental permit compliance tracking, implementation of ESMS and ESAP commitments, regular H&S inspections and workforce training, contractor oversight, stakeholder engagement and grievance management activities, operation of the Advisory Council, and ongoing public disclosure through ESG reporting and monthly newsletters. The relevance of these priorities was further corroborated through the independent ESG audit in August 2025, which identified similar areas of focus relating to environmental compliance, biodiversity management, stakeholder engagement, geotechnical risks, and ESG management arrangements.

Based on the documentation reviewed and evidence obtained during the assessment, CCEH Hydro VI LLC has established and implemented a mature and dynamic materiality assessment process aligned with international good practice. The annual reassessment of material topics, public disclosure of results, Supervisory Board oversight, and demonstrated translation of material priorities into management actions indicate that the process is actively used to inform ESG decision-making, reporting, and continuous improvement throughout the Project lifecycle. The approach is broadly aligned with the expectations of IFC Performance Standard 1 and EIB Environmental and Social Standard 1 regarding risk identification, adaptive management, and governance oversight, and is consistent with the transparency and accountability principles promoted through the UN Global Compact Communication on Progress framework.

3.8 Supply Chain Management

The assessment confirmed that CCEH Hydro VI LLC has established a structured approach to identifying, assessing, and managing environmental and social risks associated with its suppliers, contractors, and subcontractors. Supply chain due diligence is embedded within the Company's ESG Policy, Human Rights Due Diligence process, ESMS, and broader ESG governance arrangements. The importance of responsible procurement is further evidenced by the inclusion of procurement aligned with ESG standards among the material topics identified under the Governance/Economic pillar of the Company's 2025 Materiality Analysis, indicating that supply chain management is recognized as a priority ESG issue requiring ongoing oversight and management attention.

The Company requires suppliers and contractors to comply with its Supplier Code of Conduct, which establishes expectations relating to environmental protection, labour rights, occupational health and safety, non-discrimination, ethical business conduct, and compliance with applicable legal and ESG requirements. By embedding the Supplier Code of Conduct within procurement and contracting documentation, the Company not only establishes contractual obligations but also promotes awareness and understanding of ESG expectations across its supply chain, supporting the wider adoption of responsible business practices.

Through its HRDD process, the Company screens suppliers and contractors for potential risks relating to forced labour, child labour, discrimination, working conditions, and other human rights concerns, considering the severity and likelihood of potential impacts. Supplier-related E&S risks are further integrated into the Company's ESG compliance and management mechanisms.

Given that 2025 represented the final stage of the construction of Bakhvi 1 HPP, supply chain management activities primarily focused on the oversight of construction-related suppliers and contractors. Environmental, social, health and safety requirements were integrated into procurement and contractor management processes through contractual obligations, mandatory ESG induction procedures, and ongoing supervision under the ESMS. The construction contract required the Contractor to identify, assess, and manage E&S risks associated with its subcontractors and suppliers.

Evidence reviewed during the assessment confirmed the practical implementation of these requirements. During supplier selection, the Company verified permits, licenses, legal compliance, technical qualifications, and relevant ESHS arrangements, engaging licensed and authorized service providers for specialized activities. Additional emphasis was placed in 2025 on reviewing supplier compliance documentation and ensuring that contractors fulfilled environmental and social mitigation commitments associated with construction activities. Contractor compliance was monitored through routine site inspections, environmental and social monitoring, review of permits and licenses, assessment of contractor performance, and follow-up of corrective actions, with relevant records maintained within the Company's management systems.

The assessment also identified efforts to support local economic participation. Wherever technically and economically feasible, the Company prioritized procurement from local businesses and service providers in surrounding communities, including logistics, camp operations, transportation, maintenance, and other support services, thereby contributing to local economic development during the construction phase.

Based on the documentation reviewed and evidence obtained during the assessment, CCEH Hydro VI LLC has established and implemented effective processes to identify, assess, and manage environmental and social risks within its project supply chain. The combination of supplier due diligence, contractual requirements, contractor oversight, compliance verification, and support for local procurement demonstrates a structured approach to responsible supply chain management. The arrangements reviewed are broadly aligned with the expectations of IFC Performance Standards 1 and 2 and EIB Environmental and Social Standards 1 and 8, and are consistent with the human rights, labour, environmental, and anti-corruption principles of the UN Global Compact.

3.9 Membership in Associations and ESG Commitments

The assessment confirmed that CCEH Hydro VI LLC maintains active participation in recognized industry associations, sustainability initiatives, and responsible business platforms that support the Company's ESG objectives, strengthen its sustainability governance framework, and facilitate alignment with international standards and emerging regulatory expectations.

Evidence reviewed during the assessment confirmed that CCEH Hydro VI LLC actively engages with the Georgian Renewable Energy Development Association (GREDA), a leading industry association representing renewable energy developers and investors in Georgia. Through its participation in GREDA, the Company contributes to industry dialogue on renewable energy development, environmental and energy policy, regulatory improvements, and the advancement of sustainable energy solutions. The Company's engagement extends beyond formal membership and includes participation in sectoral discussions and knowledge-sharing activities. For example, documentation reviewed during the audit confirmed GREDA's participation in a stakeholder engagement event related to Bakhvi 1 HPP held in Batumi in 2025, during which the association presented broader trends and challenges affecting the renewable energy sector and provided insights into national and regional developments in the energy transition. Such engagement supports the Company's awareness of emerging sector developments and industry good practices.

The assessment confirmed the Company's commitment to aligning its corporate governance and ESG management practices with internationally recognized principles of responsible business conduct. CCEH Hydro VI LLC has already submitted an application to join the United Nations Global Compact (UNGC), with formal participation expected in 2026. Joining the UNGC will provide the Company with an internationally recognized framework for advancing its approach to human rights, labour standards, environmental stewardship, and anti-corruption, while further strengthening the integration of ESG considerations into corporate governance and operational decision-making.

Evidence of active engagement with the UNGC was identified prior to formal participation. During 2025, the Company's ESG Officer, subsequently promoted to ESG Manager in 2026, participated in several UNGC capacity-building and accelerator programmes, including the Target Gender Equality Accelerator, the Women's Empowerment Principles (WEPs), and the Business and Human Rights Accelerator Programme. These initiatives supported the further development of the Company's approach to human rights due diligence, gender equality, stakeholder engagement, ESG governance, and responsible business conduct, while also strengthening alignment with emerging European Union sustainability requirements and internationally recognized good practice.

The assessment confirmed the Company's membership in Georgia's Extended Producer Responsibility (EPR) Association – Wasteless. In accordance with applicable legal requirements, CCEH Hydro VI LLC makes advance EPR payments for designated products placed on the market. These payments are tracked through customs and integrated with the systems of the Ministry of Environmental Protection and Agriculture of Georgia. Through its participation in the Wasteless collective compliance scheme, the Company contributes to the financing of the collection, recycling, and environmentally sound management of waste arising from these products at the end of their lifecycle. This arrangement supports compliance with national EPR obligations and demonstrates the Company's commitment to responsible waste management and circular economy principles.

The audit found that the Company's memberships and participation in these initiatives are supported by tangible internal actions, including the development of ESG-related policies and management systems, implementation of human rights due diligence processes, enhancement of ESG reporting practices, participation in sustainability-related training and capacity-building programmes, and integration of ESG considerations into corporate decision-making processes. These activities demonstrate that the Company's external commitments are reflected in its internal governance and management practices.

Based on the documentation reviewed and evidence obtained during the assessment, CCEH Hydro VI LLC demonstrates a mature and proactive approach to engagement with industry associations, sustainability initiatives, and responsible business platforms. The Company's participation extends beyond passive membership and contributes to continuous improvement of ESG performance, strengthening of governance systems, alignment with international good practice, and advancement of its long-term sustainability objectives.

3.10 Sustainability and Alignment with SDGs

Based on the documentation reviewed, evidence obtained during the audit, and performance demonstrated throughout 2025, Bakhvi 1 HPP exhibits an outstanding level of sustainability performance for a hydropower project of its scale and construction stage. The Project demonstrates that sustainability has been embedded not merely as a compliance obligation, but as an integral component of governance, decision-making, and day-to-day management.

Particularly noteworthy is the Company's ability to maintain strong environmental and social performance during the final stage of the construction. Bakhvi 1 HPP strengthened its management systems, proactively prepared for the operational phase, implemented structured workforce demobilization arrangements, maintained active stakeholder engagement, and continued investing in local communities and biodiversity enhancement. As part of this preparation, the Company developed a Product Stewardship Program establishing a framework for managing and communicating the environmental, social, and governance attributes associated with renewable electricity generated by Bakhvi 1 HPP. The Program reflects a forward-looking approach to responsible renewable energy generation and supports the integration of sustainability considerations throughout the operational lifecycle.

The Project distinguishes itself through its mature governance arrangements, transparent and inclusive stakeholder engagement processes, functioning Advisory Council, targeted social investment programmes, and meaningful local employment and skills development opportunities. Of particular note is the Company's investment in education and human capital development, including environmental education, renewable energy awareness, career orientation programmes for local schoolchildren, support for student-led environmental initiatives, and financial assistance for higher education in fields relevant to sustainable development. These initiatives demonstrate a commitment to creating long-term social value that extends beyond the Project lifecycle.

In addition, comprehensive biodiversity actions extending beyond mitigation towards ecological restoration, including the implementation of a 20-hectare reforestation programme, structured support to vulnerable groups, promotion of local female employment within a traditionally male-dominated sector, and the achievement or exceedance of all established ESG targets, further demonstrate the Company's commitment to creating lasting value beyond the Project footprint.

Bakhvi 1 HPP demonstrates alignment with the SDGs through a combination of measurable targets and achievements for 2025 and operational practices embedded within the Project's environmental, social, and governance framework. The audit confirmed that SDG alignment is driven primarily through target-based performance monitoring, supported by the consistent implementation of environmental and social commitments throughout the construction phase.

For 2025, Bakhvi 1 HPP established and achieved quantifiable SDG-linked targets focused on the goals most directly relevant to the Project:

- **SDG 1 (No Poverty)** – Targets were achieved through support to the project-affected community reaching 29 households and 161 community members. The Company allocated USD 21,437 to social programmes and implemented four social initiatives, meeting all established targets and exceeding the target population reached (161 compared to 151 planned).
- **SDG 4 (Quality Education)** – Two educational projects were implemented as planned, benefiting 14 school students, exceeding the target of 13 beneficiaries.
- **SDG 5 (Gender Equality)** – The Company achieved its gender targets, maintaining 23 full-time female employees at the Project, including two women in managerial positions of the Company and one female Supervisory Board member.
- **SDG 8 (Decent Work and Economic Growth)** – Employment targets were exceeded, with 91 full-time employees engaged in the Project compared to the target of 90.
- **SDG 9 (Industry, Innovation and Infrastructure)** – The Project completed two geological surveys supporting infrastructure resilience and risk-informed construction management.
- **SDG 10 (Reduced Inequalities)** – The Company implemented two social inclusion initiatives supporting persons with special needs, reaching 43 beneficiaries, exceeding the target of 41 individuals.
- **SDG 14 (Life Below Water)** – The Company achieved its targets through the completion of two seasonal aquatic biodiversity surveys.
- **SDG 15 (Life on Land)** – Biodiversity targets were achieved through two seasonal biodiversity surveys, the allocation of USD 179,421 towards reforestation activities, and the planting of 16,500 seedlings under the Company's ecological restoration programme.

In addition to these KPI-based targets, the audit identified broader alignment with other SDGs through established operational practices and management systems:

- **SDG 3 (Good Health and Well-being)** – Through a comprehensive occupational health and safety management approach, including health insurance coverage for all workers, a dedicated H&S structure, 59 training sessions, 58 Toolbox Talks, emergency preparedness measures, and proactive efforts to prevent incidents.
- **SDG 6 (Clean Water and Sanitation)** – Through continuous river discharge monitoring, responsible water use, wastewater treatment arrangements, and reuse of treated process water within batching plant operations.
- **SDG 7 (Affordable and Clean Energy)** – Through the development of a 10.9 MW run-of-river hydropower project contributing to Georgia's renewable energy generation and energy security objectives.

- **SDG 12 (Responsible Consumption and Production)** – Through implementation of NEA-approved waste management arrangements, waste segregation and traceability, use of authorized waste management providers, participation in the Extended Producer Responsibility system, reuse of excavated spoil for engineering purposes and slope stabilization, and reuse of treated process water, demonstrating the practical application of circular economy and resource efficiency principles.
- **SDG 13 (Climate Action)** – Through quarterly monitoring and disclosure of Scope 1 and Scope 2 greenhouse gas emissions, introduction of Scope 3 accounting in 2025, climate risk assessment aligned with TCFD recommendations, and integration of climate considerations into governance processes.
- **SDG 16 (Peace, Justice and Strong Institutions)** – Through transparent governance arrangements, stakeholder engagement processes, operation of grievance and whistleblower mechanisms, public ESG reporting, and the functioning of the multi-stakeholder Advisory Council.
- **SDG 17 (Partnerships for the Goals)** – Through collaboration with municipalities, educational institutions, civil society organizations, specialist consultants, industry associations, and participation in the United Nations Global Compact.

Overall, Bakhvi 1 HPP achieved or exceeded all SDG-related targets established for 2025 while demonstrating broader alignment with additional SDGs through its operational practices. The Project therefore exhibits a structured and evidence-based approach to SDG integration, translating global sustainability objectives into measurable outcomes and practical actions relevant to the Project's environmental, social, and economic context. This approach reflects a commitment to responsible hydropower development and contributes to sustainable development at both the local and national levels.

4 Environmental Assessment

This section assesses the effectiveness of the environmental management arrangements established for the Bakhvi 1 HPP Project during the construction phase. It examines whether the Company's environmental management systems and oversight mechanisms provided a robust framework for managing material environmental risks and impacts, implementing environmental commitments, and ensuring compliance with applicable legal and permit requirements. The assessment is undertaken against the relevant requirements and expectations of the IFC Performance Standards and the EIB Environmental and Social Standards. Where relevant, the assessment also considers consistency with the environmental principles of the UN Global Compact.

4.1 Environmental Management Framework and Regulatory Compliance

CCEH Hydro VI LLC operates under a structured Environmental Management Framework designed to ensure compliance with national environmental legislation, environmental decision requirements, and the relevant requirements and expectations of the IFC Performance Standards and EIB Environmental and Social Standards. The framework provided a systematic basis for identifying, assessing, monitoring, and managing the environmental risks and impacts associated with the construction of Bakhvi 1 HPP.

Environmental management was implemented through the Company's Environmental and Social Management System and supported by a suite of plans, procedures, and monitoring arrangements, including the Environmental and Social Action Plan, Environmental Monitoring Plan, Biodiversity Monitoring Plan, Pollution Prevention Implementation Plan, NEA-approved Waste Management Plan, Water Management Plan, Climate Strategy, Sustainability and Emissions Reduction Plan, Reforestation Plan, and associated registers and logs reviewed during the audit. The audit further confirmed that site-specific environmental management plans developed by the Construction Contractor were aligned with the Company's environmental requirements and management framework.

The ESAP functioned as a live management tool consolidating environmental commitments arising from the ESIA, environmental decision requirements, monitoring obligations, mitigation measures, audit findings, and corrective actions. Compliance was verified through multiple layers of oversight, including routine inspections undertaken by Contractor and Company environmental staff, periodic monitoring by independent experts, as well as periodic regulatory reporting, and an independent ESG audit conducted in 2025. Findings and recommendations were tracked through the Action Tracker to ensure timely implementation and closure of corrective actions.

Evidence reviewed during the assessment confirmed that the Company implemented the majority of environmental monitoring and reporting obligations during 2025, including those related to environmental quality, biodiversity, geological stability, water discharge, pollution prevention, and waste management. Importantly, specialist monitoring activities required under the environmental decision, including surface water quality, ambient air quality, noise and vibration monitoring, ichthyological surveys, geological assessments, and terrestrial and aquatic biodiversity surveys, were commissioned directly by the Company and undertaken by independent experts and specialized firms rather than the Construction Contractor. This arrangement provided an additional degree of independence and assurance over the quality and objectivity of environmental performance data and demonstrates a particularly strong level of owner oversight over environmental compliance. Monitoring results were documented through specialist reports and submitted to the relevant authorities, supporting regulatory transparency and independent verification of compliance. Although one regulatory enforcement outcome related to a 2024 inspection was recorded in 2025, the Company responded actively by strengthening internal compliance controls and permit tracking arrangements, demonstrating a commitment to continual improvement.

Recognizing that 2025 represented the final stage of the construction, CCEH Hydro VI LLC also developed the ESMS and associated environmental management procedures intended to govern the commissioning and operational phases of Bakhvi 1 HPP, including climate-related planning instruments such as the Net-Zero Transition Plan.

Overall, the audit confirms that CCEH Hydro VI LLC has established a mature and effective environmental management framework characterized by clearly defined responsibilities, active contractor oversight, structured monitoring systems, and systematic compliance management. In professional judgement, the framework provided a robust basis for managing construction-phase environmental risks and impacts and demonstrates broad alignment with the expectations of IFC Performance Standard 1, IFC Performance Standard 3, IFC Performance Standard 6, and EIB Environmental and Social Standard 1, while also being consistent with the environmental stewardship principles of the UN Global Compact (Principles 7–9).

4.2 Energy Consumption, Efficiency and Resource Optimization

The assessment confirmed that CCEH Hydro VI LLC established appropriate arrangements for monitoring and managing energy consumption and promoting resource efficiency during the construction phase of Bakhvi 1 HPP. Energy consumption data, including electricity and fuel use by both the Company and the Construction Contractor, were systematically collected, consolidated, and documented through the Company's greenhouse gas (GHG) accounting processes. The information formed part of the environmental performance monitoring framework and was used to quantify and disclose Scope 1 and Scope 2 emissions associated with construction activities. In 2025, the Company further expanded its reporting practices to include Scope 3 emissions, demonstrating an increasingly comprehensive approach to climate and resource management.

Evidence reviewed during the assessment confirmed that practical and proportionate measures were implemented to optimize energy use and minimize unnecessary consumption. The construction campsite and associated facilities were connected to the electricity grid, reducing reliance on diesel-powered generation. Diesel generators were maintained primarily for contingency purposes and utilized only during electricity outages. Electricity and diesel consumption were monitored and recorded, while energy conservation measures were formalized through a dedicated Electricity Use Control Measures document and communicated to personnel through trainings and Toolbox Talks. The audit verified the implementation of measures such as LED lighting and awareness initiatives encouraging personnel to switch off lighting, heating, and electrical equipment when not in use.

Resource efficiency principles were also integrated into construction practices. Treated wastewater from contractors batching plant operations was reused within the production process, reducing freshwater demand and promoting closed-loop water management. In addition, excavated spoil material was reused for engineering purposes, including backfilling and slope stabilization, thereby reducing the need for raw materials and minimizing waste generation. These measures demonstrate the application of practical resource optimization and circular economy principles during Project implementation.

Recognizing that 2025 represented the final stage of the construction of Bakhvi 1 HPP, the Company integrated energy efficiency, resource optimization, and climate considerations into longer-term planning through the Sustainability and Emissions Reduction Plan, Climate Strategy, Net-Zero Transition Plan, and the Water Management Plan developed for the operational phase of Bakhvi 1 HPP. These instruments establish the strategic framework for future emissions reduction, sustainable water resource management, resource optimization, and continual improvement of environmental performance throughout the operational lifecycle of the Project.

Overall, the audit confirmed that CCEH Hydro VI LLC adopted a systematic and forward-looking approach to energy and resource management during the construction phase. While opportunities for energy optimization are inherently more limited during construction than during operation, the arrangements reviewed demonstrate that energy consumption was effectively monitored, practical efficiency measures were implemented, and resource optimization principles were actively applied, establishing a sound foundation for future operational performance. The approach was found to be broadly aligned with the expectations of IFC Performance Standard 3 (Resource Efficiency and Pollution Prevention) and EIB Environmental and Social Standard 3 (Resource Efficiency and Pollution Prevention) and consistent with the environmental stewardship principles of the UN Global Compact (Principles 7–9).

4.3 Climate Risk Management and GHG Emissions Reduction

The assessment confirmed that CCEH Hydro VI LLC has established a structured approach to climate risk management and GHG emissions reduction that is proportionate to the Project's construction stage and aligned with evolving international good practice. Climate considerations were integrated into the Company's broader ESG framework through the Climate Strategy and Sustainability and Emissions Reduction Plan, while the Net-Zero Transition Plan, developed by the end of 2025, established the foundation for climate management during the future operational phase.

The Company identified and considered climate-related physical and transition risks relevant to the Bakhvi 1 HPP Project within its risk management processes. Particular attention was given to risks associated with the mountainous setting of the Project, including extreme precipitation events, flooding, landslides, erosion, and other climate-related hazards that could affect construction activities, infrastructure integrity, and future operational resilience.

Evidence reviewed during the assessment confirmed that the Company systematically quantified and disclosed GHG emissions associated with Project activities. Scope 1 and Scope 2 emissions were monitored and reported on a quarterly basis, while 2025 marked the first reporting year in which Scope 3 emissions were quantified and disclosed, expanding the Company's understanding of value chain emissions. Importantly, GHG verification was undertaken on a voluntary basis, exceeding applicable national regulatory requirements. The methodology, supporting calculations, and reported emissions data were independently assessed as part of this External ESG Audit, providing additional assurance regarding the completeness and reliability of the Company's climate-related disclosures.

A comparison of annual GHG performance demonstrates a notable reduction in direct and energy-related emissions during the final stage of the construction:

- Scope 1 emissions (direct emissions): decreased from 181 tCO_2eq in 2024 to 80 tCO_2eq in 2025, representing a reduction of approximately 56%;
- Scope 2 emissions (purchased electricity): decreased from 0.52 tCO_2eq in 2024 to 0.17 tCO_2eq in 2025, representing a reduction of approximately 67%;
- Scope 3 emissions (value chain emissions): were quantified and disclosed for the first time in 2025, amounting to 213 tCO_2eq;

- Avoided emissions: were not quantified in 2025, as the hydropower facility had not yet commenced electricity generation.

The observed reductions in Scope 1 and Scope 2 emissions are attributable to the progressive completion of construction activities and the implementation of energy efficiency and resource optimization measures in 2025.

The audit further confirmed that the Company had established emissions reduction commitments covering both the construction period and future operations. During construction, the objective was to maintain a downward trend in emissions through quarterly monitoring and improved management of emissions associated with Company, Contractor, and supply chain activities. For the operational phase, the Company has committed to maintaining a low-emissions profile, establishing an operational emissions baseline during the first full year of operation, reducing operational Scope 1 and Scope 2 emissions by 30% by 2030 relative to that baseline, and achieving net-zero emissions by 2050. These commitments are formalized through the Sustainability and Emissions Reduction Plan and Net-Zero Transition Plan and aligned with Georgia's Nationally Determined Contributions (NDCs), the objectives of the Paris Agreement, and international climate reporting practices.

Overall, the audit confirmed that CCEH Hydro VI LLC has adopted a proactive approach to climate management that extends beyond regulatory compliance. The integration of climate considerations into risk management, voluntary and externally reviewed GHG accounting and disclosure, and clear decarbonization commitments provide a strong foundation for climate resilience and effective GHG management throughout the future operational lifecycle of Bakhvi 1 HPP. The approach is broadly aligned with IFC Performance Standards 1 and 3, EIB Environmental and Social Standards 1 and 3, and the environmental principles of the UN Global Compact (Principles 7–9).

4.4 Climate-Related Financial Disclosures (TCFD Alignment Assessment)

The assessment confirmed that CCEH Hydro VI LLC has integrated climate-related considerations into its governance, risk management, and strategic planning processes in a manner substantially aligned with the core recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Although TCFD-aligned reporting is not required under Georgian legislation, the Company has voluntarily developed and publicly disclosed climate-related documents and management tools that support transparency and informed decision-making.

Governance: Climate-related risks and opportunities are overseen through the Company's ESG governance arrangements and broader risk management framework. The Supervisory Board receives updates on material ESG matters, while the ESG Manager coordinates the implementation of climate-related initiatives and works across relevant functions to address issues related to water resources, emissions management, environmental compliance, climate resilience, and adaptation planning.

Strategy: The Company demonstrates a forward-looking approach to climate resilience through the publicly disclosed Climate Change Risk Management (CCRM) Study, Climate Strategy, Sustainability and Emissions Reduction Plan, and Net-Zero Transition Plan. The CCRM assessment applies a scenario-based approach using the RCP 6.0 scenario for the period 2040–2059 to evaluate potential impacts of climate change on hydrology, infrastructure resilience, biodiversity, water resources, and future operational performance. The assessment identifies projected changes in temperature, precipitation patterns, river flows, and flood frequency and informs adaptation measures integrated into Project planning.

Risk Management: Climate-related risks are incorporated into the Company's broader risk management processes through climate risk assessments, materiality assessments, environmental monitoring, and periodic risk reviews. The assessment confirmed that physical climate risks relevant to the mountainous setting of Bakhvi 1 HPP are linked to specific mitigation and adaptation measures, including enhanced hydrological monitoring, environmental flow management, flood preparedness, slope stabilization, erosion control, biodiversity monitoring, and adaptive management practices aimed at strengthening long-term infrastructure resilience.

Metrics and Targets: The Company voluntarily monitors and discloses climate-related performance indicators, including Scope 1, Scope 2, and, from 2025 onwards, Scope 3 greenhouse gas emissions. The Sustainability and Emissions Reduction Plan establishes emissions monitoring and reduction commitments aligned with Georgia's broader decarbonization objectives, while the Net-Zero Transition Plan sets a long-term ambition of achieving net-zero emissions by 2050. The methodology, supporting calculations, and reported emissions data were reviewed and verified as part of this External ESG Audit, providing additional assurance regarding the reliability of climate-related disclosures.

Disclosure: Climate-related risks, targets, mitigation measures, and performance indicators are publicly disclosed through the Annual ESG Report and supporting climate documents available on the Company's website, including the Climate Change Risk Management Study, Climate Strategy, Sustainability and Emissions Reduction Plan, and Net-Zero Transition Plan. This level of transparency exceeds applicable national regulatory requirements and demonstrates a commitment to voluntary disclosure in line with international good practice.

Overall, the audit confirmed that CCEH Hydro VI LLC has progressed beyond a compliance-driven approach to climate reporting by embedding climate considerations into governance, strategy, risk management, performance monitoring, and public disclosure processes. The arrangements reviewed demonstrate substantial alignment with the core recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and reflect a mature and transparent approach to climate-related disclosure and decision-making.

4.5 Biodiversity Management

The assessment confirmed that CCEH Hydro VI LLC established and implemented a comprehensive biodiversity management framework during the construction phase of Bakhvi 1 HPP, consistent with the Biodiversity Monitoring Plan, environmental decision requirements, and the principles of IFC Performance Standard 6 and the corresponding EIB Environmental and Social Standards. The framework combined qualified third-party specialist monitoring, implementation of mitigation and offset measures, adaptive management, and forward-looking enhancement initiatives aimed at achieving the Project's biodiversity objectives.

Evidence reviewed during the assessment confirmed that biodiversity monitoring programmes were implemented throughout 2025 by qualified third-party specialists in accordance with the Environmental Monitoring Plan.

In total, 22 environmental surveys were completed in 2025, including six biodiversity surveys and two seasonal aquatic biodiversity surveys, covering terrestrial habitats, flora and fauna, aquatic ecosystems, and species of conservation concern. Monitoring results indicated that terrestrial and aquatic ecological conditions remained generally stable and consistent with baseline expectations, with no evidence suggesting significant adverse impacts attributable to construction activities. Ichthyological monitoring confirmed the continued presence of a small resident Brown Trout population in the Bakhvistskali River, while quarterly water quality monitoring demonstrated the absence of pollution associated with construction activities. Natural water discharge requirements were continuously monitored through automatic gauging systems and reported quarterly to the National Environmental Agency, supporting the protection of downstream aquatic habitats.

Quarterly ambient air quality, noise, and vibration monitoring undertaken during 2025 did not identify conditions suggesting adverse secondary impacts of construction activities on surrounding ecological receptors, complementing the findings of the biodiversity monitoring programme.

Monitoring findings and recommendations were documented through specialist reports submitted to the NEA and disclosed through the Company's Annual ESG Report. Recommendations arising from monitoring activities were incorporated into the Company's ESAP and tracked through periodic reviews and follow-up actions, demonstrating a structured approach to adaptive management. The absence of comments or objections from the NEA in relation to the submitted biodiversity reports provides additional evidence of satisfactory implementation of biodiversity-related commitments.

Guria National Park was officially established in 2024. Notably, the Company continued biodiversity monitoring throughout its approved Project territory through qualified third-party specialists, in accordance with the NEA-approved Biodiversity Monitoring Plan. The purpose of this monitoring was to verify that all Project activities and biodiversity surveys remained within the authorized Project area. The monitoring results confirmed that Project activities remained confined to the authorized areas and did not extend into Guria National Park. To support constructive and structured future cooperation with the Guria National Park Administration, the Company also developed the Bakhvi 1 HPP Engagement with Guria National Park: Cooperation and Environmental Commitments document. Through continued institutional engagement and science-based biodiversity monitoring, the Company demonstrated a proactive and responsible approach to maintaining clear separation between the Project footprint and the protected area.

The assessment further confirmed implementation of biodiversity offset commitments through a compensatory reforestation programme designed to contribute to the Project objective of achieving no net loss and, where feasible, a net gain of biodiversity values. Approximately 20 hectares of reforestation were planned to compensate for impacts on 9.09 hectares of affected natural habitat. The programme was implemented in accordance with a dedicated Reforestation Plan prepared by Ecolution Georgia and supported by a standalone Tree Planting Method Statement. During 2025, 16,500 native seedlings comprising High Mountain Maple and Caucasian (Sosnovsky) Pine were planted, supported by a planned replacement allowance of 4,950 seedlings. The Company allocated USD 179,421 towards reforestation activities in 2025. Post-planting monitoring, maintenance, survival assessments, and replacement obligations for subsequent years were incorporated into the action plans, enabling systematic follow-up and verification of implementation progress.

The Company also demonstrated a precautionary approach to future operational impacts by integrating biodiversity considerations into the design and management of ancillary infrastructure. Bird diverters were procured for the transmission line to minimize collision risks to avifauna, with installation planned following commissioning, while verification of fish pass effectiveness and fish restocking has been incorporated into future operational and monitoring commitments.

Overall, the evidence reviewed indicates that CCEH Hydro VI LLC implemented a mature and proactive biodiversity management approach characterized by independent monitoring, adaptive management, regulatory engagement, protected area stewardship, institutional cooperation, and compensatory measures exceeding the footprint of affected habitats. In professional judgement, the arrangements established during the construction phase provide a strong basis for maintaining biodiversity performance, protecting biodiversity values within the Project's area of influence and the adjacent Guria National Park, and verifying the effectiveness of mitigation and enhancement measures, including fish pass operation, fish restocking, and long-term reforestation commitments, throughout the operational lifecycle of Bakhvi 1 HPP. The overall approach demonstrates alignment with the objectives of IFC Performance Standards 1 and 6 and EIB Environmental and Social Standards 1 and 3 through the integration of science-based monitoring, adaptive management, and collaborative stewardship of biodiversity and protected area values.

4.6 Waste Management Practices

The assessment confirmed that CCEH Hydro VI LLC established and implemented a structured waste management framework during the final stage of the construction of Bakhvi 1 HPP, supported by documented procedures, regulatory approvals, defined responsibilities, and multiple layers of oversight. Waste management arrangements were aligned with the Waste Code of Georgia, the Company's ESMS, and applicable investor expectations.

Waste management activities during construction were governed by a Waste Management Plan developed and implemented by the Construction Contractor and approved by the NEA in 2024. The Company revised and updated its own Waste Management Plan, which was approved by the NEA in November 2025 (Agreement No. N21/11993). The Plans established requirements for the segregation, storage, transfer, reuse, recycling, and disposal of hazardous and non-hazardous waste streams, while promoting waste minimization and resource recovery. Evidence reviewed during the assessment confirmed that the Contractor's waste management arrangements were aligned with the Company's requirements, ensuring consistency of implementation across the Project.

Waste generation and disposal activities were systematically documented and supported by waste transfer notes, ensuring traceability from generation to final disposal. Hazardous and non-hazardous waste requiring specialized treatment were transferred through licensed service providers, including Medical Technology LLC, while domestic waste generated at the construction campsite was collected weekly by the Ozurgeti Municipal Service. The Company further participated in Wasteless, Georgia's Extended Producer Responsibility (EPR) Association, supporting national recycling systems and compliance with EPR obligations.

Waste performance indicators demonstrated positive trends during 2025. Domestic waste generation decreased from approximately 100,000 kg in 2024 to 97,000 kg in 2025, while solid hazardous waste generation declined from 1,000 kg to 800 kg. No significant oil spills were reported in 2025.

The assessment further confirmed that hazardous materials and hazardous waste were appropriately segregated, labelled, and stored in designated restricted-access areas. Evidence reviewed during the audit demonstrated the implementation of pollution prevention controls and indicated that compliance was reinforced through workforce training, Environmental Toolbox Talks, and routine inspections and oversight by both Contractor and Company environmental personnel.

Overall, the evidence reviewed indicates that CCEH Hydro VI LLC implemented a mature and well-controlled waste management system characterized by regulatory compliance, effective segregation and traceability mechanisms, active monitoring and oversight, workforce awareness, and a commitment to waste minimization and recycling. In professional judgement, the arrangements established during the construction phase provide a strong basis for maintaining effective waste governance and supporting the transition to sustainable operational waste management practices. The approach is broadly aligned with IFC Performance Standards 1 and 3 and EIB Environmental and Social Standards 1 and 3.

4.7 Environmental Reporting, Disclosure and Transparency

The assessment confirmed that CCEH Hydro VI LLC has established comprehensive environmental reporting and disclosure arrangements that support transparency, accountability, and stakeholder access to environmental information during the final stage of the construction of Bakhvi 1 HPP. Environmental performance information generated through monitoring activities, specialist assessments, inspections, and internal review processes was systematically documented and communicated through multiple channels.

Environmental reporting and disclosure practices implemented during 2025 included:

- **Annual ESG Reporting and Performance Disclosure** – The Company publicly disclosed its 2025 Annual ESG Report, presenting information on greenhouse gas emissions, climate commitments, biodiversity monitoring outcomes, reforestation activities, water and wastewater management, geological monitoring, waste management performance, and implementation of environmental and social initiatives. The Report further disclosed annual sustainability and SDG-linked targets together with the corresponding achievements, enabling stakeholders to assess progress against established commitments. In several instances, reported results exceeded the targets established for the reporting period.
- **Regulatory Reporting and Compliance Disclosure** – The Company submitted environmental monitoring reports and compliance-related information to the National Environmental Agency and other relevant authorities in accordance with environmental decision requirements and Georgian legislation. These submissions included natural water discharge monitoring data, biodiversity monitoring reports, geological assessments, surface water quality monitoring results, wastewater discharge testing results, waste management records, and other permit-related information. During 2025, one environmental enforcement outcome was recorded following the conclusion of a regulatory inspection undertaken in 2024, resulting in a fine of GEL 7,828 related to non-compliance with certain environmental decision

requirements. The Company's disclosure of this matter demonstrates a transparent approach to environmental compliance.

- **Public Disclosure and Stakeholder Communication** – Environmental and ESG-related documentation was publicly disclosed through the Company's website in both Georgian and English, including the Annual ESG Report, Climate Strategy, Sustainability and Emissions Reduction Plan, Net-Zero Transition Plan, environmental policies, and other sustainability-related documents. The Company further enhanced transparency through monthly newsletters published on its website and distributed within project-affected communities, the publication of 44 press releases, a media engagement event involving 13 regional and national journalists, and discussions of environmental performance and sustainability matters through the Advisory Council.
- **External Review and Verification** – Environmental disclosures were supported by independent biodiversity and geological assessments, accredited laboratory analyses, and the independent External ESG Audit conducted in August 2025, providing additional assurance regarding the credibility and reliability of the environmental information disclosed by the Company.

Overall, the assessment confirmed that CCEH Hydro VI LLC's environmental reporting and disclosure practices demonstrate a high degree of transparency and accountability, characterized by target-based performance reporting, structured regulatory disclosures, proactive stakeholder engagement, and independent verification of environmental information. In professional judgement, these arrangements reflect a mature and credible approach to environmental transparency and are broadly aligned with Good International Industry Practice, IFC Performance Standards 1 and 3, and EIB Environmental and Social Standards 1 and 3.

5 Social Assessment

This section assesses CCEH Hydro VI LLC's social performance during the final stage of the construction of Bakhvi 1 HPP, focusing on the effectiveness of the Company's policies, management systems, and operational practices relating to labor and working conditions, human rights, occupational and community health and safety, stakeholder engagement, community investment, and diversity and inclusion. The assessment examines compliance with applicable national legislation and the extent to which social risks and responsibilities were identified, managed, monitored, and integrated into Project implementation and oversight arrangements. It further evaluates whether the arrangements in place provided an effective basis for identifying, preventing, mitigating, and managing social risks and impacts in line with the relevant expectations of IFC Performance Standards, EIB Environmental and Social Standards, the human rights, labor, and anti-corruption principles of the United Nations Global Compact; and GIIP.

5.1 Labor and Human Rights Compliance

The assessment confirmed that CCEH Hydro VI LLC maintained a structured and proactive approach to labor and human rights management during the final stage of the construction of Bakhvi 1 HPP. The framework was implemented through the Corporate Human Rights Policy, Human Rights Due Diligence framework, Code of Conduct, Supplier Code of Conduct, grievance mechanisms, and broader ESG management arrangements. These measures are broadly aligned with Georgian labor legislation, IFC Performance Standard 2 (Labor and Working Conditions), EIB Environmental and Social Standard 8 (Labor Rights and Working Conditions), the UN Guiding Principles on Business and Human Rights, relevant International Labor Organization (ILO) principles, and the United Nations Global Compact.

The Company's Human Rights Policy, updated in 2025, establishes commitments relating to the prohibition of child labor, forced labor, human trafficking, discrimination, harassment, and other human rights abuses, while promoting fair employment practices, equal treatment, freedom of association, fair remuneration, and safe and healthy working conditions. These commitments were operationalized through annual Human Rights Due Diligence processes designed to identify, assess, and manage labor and human rights risks associated with both the Company's activities and its supply chain.

Evidence reviewed during the assessment confirmed the implementation of practical control measures, including age verification during recruitment, written employment contracts aligned the applicable labor regulations, workforce induction programmes, periodic awareness training, and incorporation of labor and human rights requirements into supplier and contractor arrangements. Given that construction activities were predominantly undertaken by the Construction Contractor, the Company exercised active oversight over contractor labor practices through document reviews and Company-led site inspections covering both direct employees and contractor personnel. This enabled verification of compliance with the Company's labor and human rights expectations and demonstrates that oversight extended beyond contractual commitments and contractor self-reporting.

The Company also maintained functional grievance and whistleblower mechanisms accessible to employees, contractor personnel, suppliers, and external stakeholders. Multiple reporting channels were available, including direct reporting to management, the ESG Manager, the Community Liaison Officer, through dedicated communication channels, via the Company website, or anonymously through grievance boxes, enabling concerns to be raised confidentially and without fear of retaliation. Human rights performance and emerging risks were periodically reported to management and the Supervisory Board, supporting accountability and governance oversight. In addition, recognizing that 2025 represented the final stage of the construction, the Company implemented an Employee Retrenchment Plan to facilitate an orderly and transparent workforce transition. Workforce adjustments were communicated in advance and managed without evidence of discrimination, unequal treatment, or labor-related conflict. All employees received full settlement of outstanding financial obligations, including final salary payments and any compensation due in accordance with Georgian labor legislation and the terms of their employment agreements.

The evidence reviewed did not indicate the occurrence of child labor, forced labor, human trafficking, discrimination, or other human rights violations in 2025, nor were any labor or human rights-related grievances recorded through the established mechanisms.

Overall, the assessment confirmed that CCEH Hydro VI LLC maintained a mature and effective labor and human rights management system characterized by risk-based due diligence, active Company oversight of contractor labor practices, accessible grievance mechanisms, and regular management review. In professional judgement, the arrangements established by the Company provided an effective basis for identifying, preventing, and managing labor and human rights risks associated with the construction phase of Bakhvi 1 HPP and demonstrate broad alignment with Georgian legislation, Good International Industry Practice, and the relevant expectations of the IFC and EIB.

5.2 Diversity, Equity, and Inclusion Initiatives

The assessment confirmed that CCEH Hydro VI LLC established a structured framework to promote diversity, equity, and inclusion and prevent discrimination during the final stage of the construction of Bakhvi 1 HPP. The framework was implemented through the Human Resources Policy, Corporate Human Rights Policy, Code of Conduct, and Gender Equity Policy, all updated in early 2026, and extended to both the Company's direct workforce and contractor personnel engaged on the Project. These arrangements are broadly aligned with Georgian legislation, IFC Performance Standard 2, EIB Environmental and Social Standard 8, and international good practice relating to non-discrimination and equal opportunity.

The Company's policies prohibit discrimination, harassment, gender-based violence, and unequal treatment on the basis of gender, age, ethnicity, religion, nationality, disability, political opinion, sexual orientation, union membership, and other protected characteristics, while promoting equal opportunity, fair employment practices, and an inclusive workplace culture. The Gender Equity Policy further establishes commitments relating to equal pay, women's participation and career advancement, prevention of gender-based violence and harassment, and gender-disaggregated workforce monitoring and reporting.

Evidence reviewed during the assessment indicated that these commitments were translated into practice through workforce monitoring, employee awareness initiatives, grievance management arrangements, and Company oversight of contractor workforce practices. During 2025, women represented 23 of the 91 personnel engaged across the Project workforce, including Company and Contractor, (approximately 26%), including two women in managerial positions, while female representation was also maintained within the Supervisory Board.

The principal Construction Contractor, Domus Fabrilis, employed 55 workers, of whom 31 (56%) were recruited from local communities and 10 (18%) were women engaged across a range of functions. The emphasis placed on local recruitment, including the principle of providing employment opportunities to local households where feasible, contributed to broader economic participation and more inclusive distribution of Project benefits during construction.

Furthermore, employees of the Company received performance bonuses linked to the successful completion of works in accordance with the construction schedule and achievement of safety objectives. The application of consistent performance criteria across the workforce provides additional evidence of fair and equitable employment practices.

Evidence reviewed during the assessment indicated that the transition from construction towards commissioning, including the planned reduction of the workforce, was managed in a fair and transparent manner. The implementation of the Employee Retrenchment Plan, combined with early notification of affected personnel regarding demobilization arrangements, contributed to the absence of identified concerns relating to discrimination, unequal treatment, or other diversity-related matters. No diversity-related grievances were recorded through the established mechanisms during 2025.

Overall, the assessment confirmed that CCEH Hydro VI LLC moved beyond policy commitments to demonstrate practical implementation of DEI principles throughout the construction phase of Bakhvi 1 HPP. In professional judgement, the combination of formal policy commitments, measurable workforce outcomes, active oversight of contractor practices, promotion of local employment and women's participation, and the absence of diversity-related grievances indicates that diversity, equity, and inclusion considerations were effectively integrated into Project workforce management and broadly aligned with Good International Industry Practice and the relevant expectations of the IFC and EIB.

5.3 Health, Safety, and the Well-being of Workers

The assessment confirmed that CCEH Hydro VI LLC maintained a robust occupational health and safety management system during the final stage of the construction of Bakhvi 1 HPP, supported by formal management arrangements, dedicated resources, active Company oversight, and practical implementation measures. Occupational health and safety was identified as a material topic through the Company's 2025 Materiality Assessment and integrated into the Enterprise Risk Management (ERM) framework.

Evidence reviewed during the assessment confirmed that both the Company and the Construction Contractor had documented OHS arrangements in place. The Company maintained its own Occupational Health and Safety Policy and Project-level requirements, while the Construction Contractor implemented an Occupational Health and Safety Management Plan aligned with the Company's standards and applicable legal requirements. The Company exercised active oversight of implementation through document reviews, management meetings, Company-led site inspections, and follow-up of corrective actions.

OHS risks were systematically identified, assessed, and managed throughout the construction phase. Risk assessments were updated to reflect changing site conditions, and activity-specific hazards and control measures were communicated through daily safety briefings, regular trainings, and Toolbox Talks. During 2025, the Project workforce participated in 59 health and safety training sessions and 58 Toolbox Talks, evidencing a sustained focus on workforce awareness and risk communication.

The Project was supported by dedicated health and safety resources commensurate with the scale and risk profile of construction activities. In 2025, CCEH Hydro VI LLC maintained a team of five H&S professionals, while the Construction Contractor deployed three HSE personnel responsible for day-to-day implementation of safety requirements on site. Workers were provided with the personal and collective protective equipment necessary for their assigned tasks, while broader well-being measures extended beyond statutory requirements to include health insurance, transportation, meals, and other employment benefits. These arrangements demonstrate the Company's commitment to safeguarding not only the physical safety of the workforce but also their overall well-being throughout the construction phase.

Evidence further confirmed the implementation of structured arrangements for incident reporting and organizational learning. Incident and near-miss registers were maintained and reviewed, and one near-miss recorded during 2025 was investigated, with corrective and preventive measures implemented to reduce the likelihood of recurrence.

Emergency preparedness formed an integral part of the OHS framework. The Company and the Construction Contractor maintained documented emergency response arrangements covering scenarios such as fires, hazardous material spills, traffic accidents, injuries, floods, landslides, avalanches, and rockfalls. Emergency procedures were communicated through inductions, refresher trainings, Toolbox Talks, emergency drills, and visitor induction sessions. Visitors received information on site hazards, emergency contacts, evacuation routes, assembly points, and applicable safety requirements. A fire drill conducted in 2025 demonstrated that emergency arrangements were periodically tested in practice.

Overall, the assessment confirmed that CCEH Hydro VI LLC implemented a mature and proactive approach to occupational health and safety during the construction phase of Bakhvi 1 HPP, characterized by competent resourcing, active oversight of contractor performance, systematic risk management, strong workforce engagement, and effective emergency preparedness. In professional judgement, the evidence reviewed indicates that health and safety requirements were consistently translated into practice, providing an effective basis for protecting the health, safety, and well-being of both Company and contractor personnel throughout Project implementation.

5.4 Training and Development Programs

The assessment confirmed that CCEH Hydro VI LLC maintained an active approach to workforce development and capacity building during the final stage of the construction of Bakhvi 1 HPP. Training and awareness initiatives aimed to strengthen competencies in environmental and social responsibility, occupational health and safety, human rights, ethical conduct, emergency preparedness, responsible workplace practices, and other job-specific skills.

Evidence reviewed during the assessment indicated that both Company employees and contractor personnel participated in regular awareness-raising and competency-building activities covering environmental protection, human rights, workplace conduct, emergency preparedness, and other topics necessary for the effective implementation of Project commitments. These initiatives contributed not only to compliance with Project requirements but also to fostering a culture of responsibility and accountability across the workforce.

Particular value was generated through the engagement of locally recruited workers employed by the Construction Contractor. Many local employees joined the Project in unskilled or semi-skilled roles and, through their participation in Project activities, acquired practical experience and increased awareness of occupational health and safety, environmental stewardship, human rights principles, and expected standards of workplace behavior. Beyond supporting safe and responsible Project implementation, this knowledge transfer contributed to strengthening individual capabilities and enhancing the longer-term employability and awareness of local workers beyond the life of the Project.

The Company also supported the professional development of its direct employees through annual Personal Development Plans (PDPs), which identified individual learning objectives and development needs. Employees were encouraged to pursue external professional development opportunities through a co-financing mechanism introduced in 2025. In addition, awareness training on the responsible use of artificial intelligence was delivered to employees, reflecting the Company's commitment to preparing its workforce for emerging technologies and evolving business practices.

Overall, the evidence reviewed indicates that CCEH Hydro VI LLC approached training and development not solely as a compliance obligation, but as an investment in workforce capability, organizational resilience, and local capacity building. In professional judgement, these arrangements contributed positively to the effective implementation of Project activities while creating benefits that extend beyond the construction phase through the transfer of knowledge and skills to both employees and locally recruited workers. The approach is broadly aligned with IFC Performance Standard 2 and EIB Environmental and Social Standard 8 and reflects Good International Industry Practice in promoting workforce competence and sustainable capacity development.

5.5 Stakeholder Engagement and Social Impact

The assessment confirmed that CCEH Hydro VI LLC maintained a structured and continuous stakeholder engagement process throughout 2025, supporting transparent communication and effective relationship management during the final stage of the construction and transition towards commissioning of Bakhvi 1 HPP. Evidence reviewed, including the Stakeholder Engagement Plan (SEP), stakeholder engagement records, website publications, and the 2025 Annual ESG Report, indicates that stakeholder engagement was integrated into Project implementation rather than undertaken solely to meet regulatory requirements.

The Company's engagement approach was grounded in the community needs assessment undertaken at the outset of Project implementation in 2021, which established an understanding of local priorities, expectations, and concerns. During 2025, as construction activities gradually declined and preparations for operation advanced, engagement efforts focused on communicating Project progress, environmental and social performance, implementation of commitments, achievement of sustainability objectives, and operational readiness. Stakeholders were not only provided with updates on Project developments but were also informed of how concerns and expectations raised through previous engagement processes had influenced Company actions and decision-making. This feedback loop transformed engagement from a one-way disclosure exercise into a mechanism of accountability, enabling stakeholders to recognize that their views had been acknowledged and considered while reinforcing the Company's commitment to maintaining constructive relationships beyond the completion of major construction activities.

The assessment further identified a practical example of the Company's responsive approach to potential Project-related impacts. During 2025, the Company completed the voluntary relocation of a household from the Project-affected community of Ukanava to an alternative residence within Ozurgeti Municipality in response to the condition of the existing dwelling and the potential for further deterioration associated with construction traffic vibrations. The household expressed satisfaction with the outcome. This case illustrates the Company's precautionary and people-centered approach extending beyond minimum compliance requirements.

Evidence reviewed confirms that regular direct communication was maintained with all 29 households located within the Project-affected area at the final stage of the construction. These interactions were complemented by monthly newsletters and updates disseminated through the Company's communication channels. During 2025, the Company distributed approximately 1,000 printed newspapers within local communities and published 44 press releases covering Project developments, environmental initiatives, community activities, and sustainability achievements. A dedicated media engagement event involving 13 regional and national journalists further promoted understanding of Project implementation and ESG performance. Collectively, these activities demonstrate a proactive approach to disclosure through multiple accessible communication channels extending beyond the immediate Project footprint.

The assessment also confirmed that the Company maintained a structured stakeholder request log documenting requests, inquiries, and follow-up actions. The log provides a transparent record of stakeholder interactions, assigned responsibilities, response status, and resolution, demonstrating a systematic approach to tracking commitments and ensuring that stakeholder concerns were addressed in a timely and accountable manner. The availability of this centralized tracking mechanism further strengthened the Company's stakeholder engagement process by supporting continuity, responsiveness, and institutional learning throughout Project implementation.

Stakeholder engagement also extended to institutional stakeholders, including continued coordination with the Guria National Park Administration and relevant environmental authorities regarding biodiversity monitoring, implementation of environmental commitments, and future cooperation in relation to protected area management.

Stakeholder engagement was further complemented by formal accountability mechanisms established by the Company, including the Advisory Council, which provided an independent platform for reviewing Project performance and facilitating dialogue with external stakeholders.

Evidence available through publicly disclosed materials reviewed during the assessment reflected positive stakeholder perceptions of the Company's engagement practices. Testimonials and feedback published on the Company's website highlighted the Company's openness, accessibility, responsiveness, and willingness to maintain dialogue throughout Project implementation. These external perspectives provide additional evidence that stakeholders regarded the engagement arrangements as meaningful and constructive and valued being informed of Project progress, outcomes, and future plans.

Consistent with these externally expressed perceptions, the evidence reviewed indicates that the social impacts of these arrangements extended beyond information disclosure. Continuous engagement contributed to maintaining stakeholder confidence during a period characterized by declining construction intensity and workforce transition, reducing uncertainty regarding future Project activities, and reinforcing the Company's social license to operate. By regularly communicating achievements, remaining activities, and future intentions, the Company fostered trust, transparency, and a shared understanding of Project performance and future direction.

Beyond supporting project-level transparency, the scale and openness of these communication efforts served a broader societal purpose. By openly communicating both achievements and challenges associated with Project implementation, the Company contributed to raising awareness of the benefits of responsible business conduct, transparent stakeholder dialogue, and sustainable infrastructure development. In this respect, the evidence reviewed suggests that the Company's stakeholder engagement practices provide an illustrative example of how meaningful engagement can generate value not only for directly affected stakeholders, but also for wider society.

Overall, the assessment indicates that CCEH Hydro VI LLC implemented stakeholder engagement during 2025 in a manner characterized by continuity, transparency, responsiveness, and accountability. In professional judgement, the evidence reviewed supports the conclusion that the Company's stakeholder engagement arrangements were implemented effectively and generated positive social outcomes by strengthening stakeholder confidence, supporting the Project's social license to operate, facilitating informed participation, and enabling responsive, people-centered solutions to stakeholder concerns throughout the transition from construction towards operation.

5.6 Community Development Initiatives and/or Social Investment

The audit confirmed that CCEH Hydro VI LLC maintains a structured and proactive approach to stakeholder engagement The assessment confirmed that CCEH Hydro VI LLC implemented a structured and needs-based approach to community development and social investment throughout the construction phase of Bakhvi 1 HPP. Evidence reviewed, including the 2025 Annual ESG Report, stakeholder engagement records, and publicly disclosed information, indicates that social investments were integrated into the Company's broader ESG framework and implemented in response to priorities identified by local stakeholders rather than through ad hoc philanthropic contributions.

The Company's approach was grounded in the community needs assessment undertaken at the outset of Project implementation in 2021, which identified key development priorities within neighbouring communities and established the basis for subsequent social investment activities. These priorities continued to guide community initiatives throughout the construction period and were periodically refined through ongoing dialogue with stakeholders, enabling the Company to adapt its support to evolving local needs and circumstances.

During 2025, despite the gradual reduction in construction activities, the Company continued to implement targeted social programmes focused on two priority areas: education and youth development, and support for persons with special needs. According to the Annual ESG Report, four social initiatives were implemented during the reporting period, directly benefiting approximately 55 individuals within project-affected communities. The

Company allocated USD 21,437 to social initiatives during 2025 and achieved all community investment targets established for the reporting year.

Education remained a central component of the Company's social investment approach. Since 2023, Bakhvi 1 HPP has partnered with Chkhakaura Public School to expand educational opportunities for local youth through training on environmental protection, renewable energy, climate change, waste management, disaster preparedness, career orientation, and project development. During the 2024–2025 academic year, students were further supported in developing and implementing small-scale environmental initiatives financed by the Company, encouraging practical application of knowledge and active citizenship. The assessment further noted that the Company supported a young woman from the project area who enrolled in the Faculty of Ecology at Batumi State University, thereby extending the impact of its educational initiatives beyond school-level activities and contributing to the development of future expertise in environmental sciences.

Importantly, evidence reviewed suggests that the impacts of these initiatives extended beyond immediate educational outputs. Publicly disclosed feedback from the school community indicated that the programme contributed not only to increased knowledge among participating students, but also to positive changes in attitudes, judgement, and behavioral patterns. According to the school director, the initiative influenced how students think, make decisions, and approach environmental and social issues in their daily lives. While qualitative in nature, such feedback provides evidence of developmental outcomes that are more likely to endure beyond the completion of the Project and therefore strengthen the sustainability of the Company's social investments.

The Company also continued its multi-year partnership supporting families of children with special needs through cooperation with the organization "Women for Women – Initiative Meetings in Guria" and Chokhatauri Municipality. The initiative, implemented since 2023, provided therapeutic support, awareness raising, and practical guidance to parents of children with special needs. During 2025, the third phase of the programme was completed, engaging 30 parents and concluding a structured three-year intervention. Beyond direct support, the initiative sought to reduce stigma and promote social inclusion through community awareness activities and storytelling campaigns.

The assessment further confirmed that the Company approached the completion of construction-related social programmes in a transparent and responsible manner. Beneficiaries were informed in advance regarding programme timelines and closure arrangements, ensuring that expectations were appropriately managed as the Project progressed towards commissioning.

Overall, the evidence reviewed indicates that CCEH Hydro VI LLC implemented community development and social investment initiatives in a strategic, transparent, and responsive manner. In professional judgement, the Company's approach demonstrates alignment with IFC Performance Standard 1, EIB Environmental and Social Standard 10, and Good International Industry Practice by linking investments to stakeholder-identified needs, establishing and achieving measurable targets, publicly disclosing outcomes, and generating social value that extends beyond immediate beneficiaries. The emphasis placed on education, inclusion, awareness raising, and behavioral change further enhances the sustainability of these outcomes and supports the creation of a positive social legacy within neighbouring communities.

6 Findings and Recommendations

The external ESG audit confirmed that CCEH Hydro VI LLC has established and operationalized a mature and effective ESG management system characterized by strong governance, proactive risk management, effective implementation arrangements, and a commitment to transparency and continuous improvement. The assessment, undertaken against the relevant requirements and expectations of the IFC Performance Standards, EIB Environmental and Social Standards, the principles of the United Nations Global Compact, and Good International Industry Practice, did not identify any material gaps, significant deficiencies, or material instances of non-alignment requiring corrective action.

Accordingly, the findings presented in this section focus on recognizing the Company's key strengths and notable good practices that distinguish its approach to sustainability management and responsible business conduct.

Given the overall maturity of the Company's ESG framework, and taking into account that the identified regulatory non-compliance matter had been acknowledged and addressed through strengthened internal controls, the assessment did not identify any material findings or matters warranting further recommendations for improvement.

6.1 Key Strength and Good Practices

This sub-section outlines the key ESG strengths and notable practices identified during the external ESG audit of CCEH Hydro VI LLC. In professional judgement, the evidence reviewed indicates that the Company has established an exemplary ESG framework and emerged as a progressively leading ESG performer within Georgia's renewable energy sector. Characterized by proactive leadership, continual improvement, and a commitment that extends beyond minimum regulatory requirements, the Company's approach reflects Good International Industry Practice and demonstrates how sustainability considerations can be effectively integrated into governance, operations, stakeholder relationships, and long-term planning to generate lasting environmental and social value throughout the Project lifecycle.

Key Strengths

1. **Structured ESG Governance and Oversight**
   The Company maintained a mature and well-integrated governance framework that embedded ESG considerations into strategic and operational decision-making through active Supervisory Board oversight, dedicated ESG resources, clear accountability structures, and transparent reporting practices. These arrangements enabled effective management of evolving ESG risks and opportunities while maintaining strong governance throughout the final stage of the construction of Bakhvi 1 HHP.

2. **Proactive Transition Planning and Operational Readiness**
   Recognizing the evolving environmental and social risk profile associated with the final stage of the construction and the transition from construction to operation, the Company proactively adapted its management framework through the development of operational ESMS documentation, climate-related planning instruments, and emerging technology governance arrangements. This forward-looking approach supported operational preparedness, continuity of ESG performance, and continual improvement beyond the construction phase.

3. **Sustained ESG Capacity and Effective Contractor Oversight**
   The Company maintained adequate ESG capacity throughout the final stage of the construction through dedicated environmental, social, and health and safety personnel at both Company and Contractor levels. Active oversight of contractor performance, supported by regular inspections and timely follow-up of corrective actions, ensured effective implementation of Project commitments and sustained oversight of ESG performance during a period when projects often experience reduced resources and attention.

4. **Independent Environmental Assurance and Owner Oversight**
   Environmental monitoring and assessments requested by NEA and carried out by third-party specialists were commissioned directly by the Company rather than the Construction Contractor. This strengthened owner oversight and provided additional assurance regarding the quality, objectivity, and reliability of environmental performance information.

5. **Structured Waste Management and Pollution Prevention**
   Guided by a Waste Management Plan approved in accordance with applicable legal requirements, the Company implemented a mature waste management system supported by effective segregation, traceability, and active oversight. Waste minimization efforts reduced the volume of waste requiring disposal, demonstrating a proactive approach to pollution prevention.

6. **Resource Efficiency and Circular Economy Practices**
   The Company incorporated resource efficiency measures into construction activities through the reuse of treated wastewater from batching plant operations and the beneficial use of excavated spoil materials for backfilling and slope stabilization. By reducing freshwater demand and minimizing waste generation, these practices demonstrate a practical commitment to circular economy principles and responsible resource management.

7. **Proactive Biodiversity Management and Operational Preparedness**
   The Company implemented a robust, science-based biodiversity management programme supported by independent monitoring, adaptive management, and active regulatory engagement. The continuity of biodiversity monitoring and reporting, combined with planned fish restocking, verification of fish pass effectiveness, and avifauna protection measures, demonstrates a proactive commitment to maintaining the effectiveness of biodiversity measures and strengthening ecological resilience throughout the operational phase of Bakhvi 1 HPP.

8. **Biodiversity Net Gain through Compensatory Reforestation**
   The Company implemented a 20-hectare compensatory reforestation programme to offset impacts on 9.09 hectares of affected natural habitat, contributing to the Project's objective of achieving no net loss and, where feasible, a net gain of biodiversity values. Supported by an investment of USD 179,421, the planting of 16,500 native seedlings and long-term monitoring and replacement commitments demonstrate a commitment to ecological restoration that extends beyond mitigation requirements.

9. **Human Rights Due Diligence and Responsible Workforce Transition**
   The Company translated its human rights commitments into practice through policies, Codes of Conduct, grievance mechanisms, awareness initiatives, and human rights requirements integrated into contractor and supplier management. Supported by active oversight of labor conditions and responsible workforce demobilization during the final stage of the construction, these arrangements reflect a proactive approach to human rights due diligence and responsible business conduct.

10. **Safety Excellence and Workforce Well-being**
    The Company demonstrated strong leadership in health and safety through dedicated H&S resources, active field presence, regular inspections, competency-building initiatives, Toolbox Talks, and emergency preparedness arrangements tailored to the Project's risk profile. The absence of major incidents or injury-related incidents in 2025, the final year of construction, with only one near-miss event reflected in the H&S records, highlights the effectiveness of the Company’s preventive approach and the robustness of H&S oversight maintained throughout the final construction stage. Complemented by health insurance coverage for all workers and benefits extending beyond statutory requirements, these arrangements reflect a genuine commitment to workforce protection and well-being.

11. **ESG Leadership through Transparency and Accountability**
    The Company translated sustainability commitments into measurable objectives linked to relevant SDGs and achieved or exceeded its ESG targets for 2025. Through balanced and transparent disclosure of both achievements and challenges, including compliance-related matters, alongside public reporting on climate, biodiversity, and broader sustainability performance, the Company demonstrated a mature, credible, and results-oriented approach to ESG accountability extending beyond regulatory expectations.

Good Practices

1. **Voluntary External ESG Assurance**
   The Company's decision to voluntarily subject its ESG performance to independent external assurance, despite the absence of a legal requirement, demonstrates a commitment to transparency, accountability, and continuous improvement. By seeking independent verification against IFC and EIB requirements, CCEH Hydro VI LLC strengthened stakeholder confidence in the credibility of its ESG disclosures and management practices.

2. **Climate Leadership through Voluntary Transparency and Decarbonization**
   The Company demonstrated climate leadership through the adoption of a Climate Strategy, Sustainability and Emissions Reduction Plan covering both construction and future operations, and a Net-Zero Transition Plan to guide long-term decarbonization. The voluntary quantification, disclosure, and verification of Scope 1 and Scope 2 emissions since the commencement of construction, together with the introduction of Scope 3 reporting in 2025, illustrate a progressive commitment to climate transparency and accountability that substantially exceeds Georgian regulatory requirements.

3. **Driving ESG Excellence through External Leadership and Innovation**
   The Company demonstrated that responsible business performance extends beyond internal systems by actively engaging in national and international sustainability initiatives, including the United Nations Global Compact, GREDA, Wasteless, and accelerator programmes. By seeking external perspectives, benchmarking against emerging good practice, and embracing collaborative learning, the Company accelerated its ESG maturity and reinforced its position as a progressively leading ESG performer committed to innovation and continuous improvement.

4. **Building a Culture of ESG Responsibility across the Supply Chain**
   The Company went beyond contractual compliance by actively promoting awareness of ESG principles and expectations among contractors and suppliers. Through Codes of Conduct, due diligence, supplier engagement, and performance oversight, it fostered a shared commitment to environmental stewardship, labor and human rights standards, ethical conduct, and responsible business practices throughout the Project supply chain.

5. **Advancing Gender Inclusion in a Traditionally Male-Dominated Sector**
   The Company implemented equal opportunity commitments and gender-related measures across both Company and Contractor workforces, supported by gender-disaggregated workforce monitoring. In 2025, women represented 20% of the Supervisory Board, 6% of management positions, and 26% of the total workforce, demonstrating practical efforts to promote women's participation and inclusion within a traditionally male-dominated industry.

6. **Building Future Skills and Organizational Resilience**
   The Company invested in developing the capabilities of its workforce through structured learning, employee engagement, and capacity-building initiatives. By anticipating future competency requirements, including through training on the responsible use of artificial intelligence, the Company fostered a culture of continuous improvement, adaptability, and organizational resilience.

7. **People-Centered Approach to Impact Mitigation**
   The Company's response to a household potentially affected by construction traffic vibrations demonstrated a precautionary and people-centered approach to impact management. By facilitating voluntary relocation to improved housing conditions in coordination with the local municipality and without resulting grievances, the Company sought to address community concerns proactively and minimize potential adverse impacts.

8. **Local Employment as a Driver of Sustainable Development**
   The Company prioritized local employment and complemented it with targeted capacity-building initiatives for locally recruited workers. This approach enabled the Project to generate not only short-term economic opportunities, but also lasting social value through strengthened local skills, improved employability, and the retention of Project benefits within neighbouring communities beyond the construction phase.

9. **Local Economic Contribution**
   The Company promoted local economic development through an employment and procurement approach guided by the principle of providing, where feasible, at least one employment opportunity per household and engaging local suppliers and service providers whenever practicable. Consistent with this commitment, the Construction Contractor recruited 56% of its workforce from local communities. Together, these measures supported broader economic participation and enabled Project benefits to be more widely shared and retained within neighbouring communities.

10. **Exemplary Transparency and Participatory Dialogue**
    The Company fostered open and inclusive communication through public disclosures, newsletters, media engagement, community meetings, digital platforms, grievance mechanisms, and the Advisory Council. The Advisory Council provided a trusted platform for stakeholder participation and dialogue. By regularly communicating how stakeholder feedback and recommendations had informed actions and decision-making, the Company reinforced accountability and demonstrated that engagement extended beyond information sharing to meaningful participation. Together, these arrangements strengthened stakeholder confidence and exemplified leadership in transparent and inclusive engagement.

11. **Strategic Social Investment and Lasting Community Value**
    The Company distinguished itself through a strategic approach to social investment that prioritized sustainable outcomes over charitable contributions. Since 2021, initiatives shaped by stakeholder priorities have focused on education, youth empowerment, social inclusion, and behavioral change, strengthening local capacity and community resilience. Positive feedback received from beneficiaries and stakeholders in 2025, the final year of construction, confirms that these investments generated meaningful social value and a lasting legacy extending beyond the Project lifecycle.

6.2 Recommendations

The assessment did not identify any material gaps, significant deficiencies, or instances of non-alignment requiring additional corrective action or further enhancement. While one regulatory non-compliance matter was recorded during the reporting period, the matter had been acknowledged and addressed through strengthened internal controls and enhanced compliance oversight. Accordingly, no further recommendations are proposed. The findings indicate that CCEH Hydro VI LLC has established a mature and effective ESG framework that provides a strong foundation for the transition from construction to operations.

7 Conclusion

The ESG audit of CCEH Hydro VI LLC provides a comprehensive and evidence-based assessment of the Company's environmental, social, and governance systems, policies, management practices, and performance during the final year of construction of Bakhvi 1 HPP. The assessment confirms that CCEH Hydro VI LLC has established a mature, effective, and forward-looking ESG management framework broadly aligned with the relevant requirements and expectations of the IFC Performance Standards, EIB Environmental and Social Standards, the principles of the United Nations Global Compact, and Good International Industry Practice, while maintaining compliance with applicable national legal and regulatory requirements.

Beyond compliance, the Company demonstrated a proactive and forward-looking approach to sustainability through voluntary initiatives and practices relating to climate governance, biodiversity stewardship, meaningful stakeholder engagement, transparency, workforce well-being, and strategic social investment. Collectively, these initiatives generated positive environmental and social value, strengthened stakeholder confidence, and helped establish and sustain the Company's social license to operate.

The audit further confirmed that ESG considerations were effectively integrated into governance arrangements, management systems, implementation processes, and decision-making, enabling the Company to manage evolving risks and opportunities while supporting operational readiness and long-term sustainability objectives. The following sections present the detailed compliance verification findings, key strengths and notable good practices identified during the audit, and final remarks.

In view of the maturity and effectiveness of the Company's ESG framework, and the absence of material gaps, significant deficiencies, or findings requiring management action, <u>the assessment did not identify any areas warranting recommendations for improvement.</u>

7.1 Key Verification Points

In addition to the qualitative findings presented in this report, the audit assessed CCEH Hydro VI LLC's ESG performance against the relevant requirements and expectations of internationally recognized standards, principles, and applicable national legal requirements. The assessment confirmed a high degree of alignment across the frameworks reviewed. The following subsections summarize the Company's implementation approach, supporting evidence, and corresponding compliance status. The assessment also identified a number of practices that extend beyond minimum requirements through voluntary initiatives, enhanced transparency, proactive and meaningful stakeholder engagement, and forward-looking management approaches, reflecting the Company's commitment to continuous improvement and responsible business conduct.

7.1.1 Compliance with IFC Performance Standards (2012)

IFC Performance Standard	CCEH Hydro VI LLC Compliance Summary	Compliance Status
Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts	CCEH Hydro VI LLC maintains a mature and well-established ESMS supported by comprehensive policies and procedures, ESAP implementation, ESG risk management, double materiality assessment, stakeholder engagement and grievance mechanisms, contractor management arrangements, independent environmental monitoring, and regular reporting to senior management and the Supervisory Board. The effectiveness of the system was evidenced through dedicated ESG resources at both Company and Contractor levels, active supervision of contractor performance, regular inspections, timely follow-up of corrective actions, and ongoing verification of environmental and social commitments during the final stage of the construction. ESG risks, performance indicators, and emerging operational considerations were systematically integrated into governance, management oversight, decision-making, and transition planning for the future operation of Bakhvi 1 HPP, demonstrating that ESG management was embedded in both strategic direction and day-to-day implementation.	Full Compliance
Performance Standard 2: Labor and Working Conditions	The Company implemented comprehensive labor management arrangements supported by written employment contracts, clear terms and conditions of employment, equal opportunity and non-discrimination commitments, employee grievance mechanisms, workforce training, health insurance coverage, and robust occupational health and safety systems. Effective oversight of contractor labor practices was maintained throughout the final stage of the construction, supported by Codes of Conduct, human rights requirements, and due diligence processes applicable to contractors and suppliers. No instances of child labor, forced labor, labor-related grievances, or other material non-compliances relating to labor and working conditions were identified during the assessment period. The structured and	Full Compliance

	responsible management of workforce demobilization further demonstrated a commitment to fair treatment of workers during the transition from construction to operations.	
Performance Standard 3: Resource Efficiency and Pollution Prevention	The Company implemented comprehensive measures for pollution prevention, resource efficiency, waste and hazardous materials management, wastewater control, and spill prevention and response. Waste management was guided by a legally approved Waste Management Plan supported by segregation, traceability, active oversight, waste minimization, and reuse practices, and engagement of licensed waste contractors. Resource efficiency measures included the reuse of treated wastewater from batching plant operations and the beneficial use of excavated spoil materials for backfilling and slope stabilization, reducing freshwater demand and waste generation. The Company also monitored energy consumption and greenhouse gas emissions and incorporated energy and emissions considerations into its climate planning and performance management processes. Independent environmental monitoring provided additional assurance regarding environmental performance, while voluntary greenhouse gas accounting and disclosure further demonstrated the Company's commitment to environmental stewardship beyond compliance requirements.	Full Compliance
Performance Standard 4: Community Health, Safety, and Security	The Company maintained comprehensive occupational and community health and safety arrangements supported by emergency preparedness and response procedures, stakeholder communication and grievance mechanisms, traffic and site safety controls, and active contractor oversight. Regular inspections, H&S training, Toolbox Talks, preventive measures, and timely follow-up of identified issues supported effective risk management throughout the final stage of the construction. No community health and safety incidents or material non-compliances relating to community health, safety, and security were identified during the assessment period. The H&S records reflect only one near-miss event, which was managed through the Company’s established incident reporting and follow-up procedures.	Full Compliance
Performance Standard 5: Land Acquisition and Involuntary Resettlement	During the assessment period, the Company facilitated the voluntary acquisition of one residential property in the Project-affected community of Ukanava in response to concerns regarding the potential for further structural deterioration of a dwelling exposed to construction traffic vibrations. In cooperation with the local municipality, the affected household was relocated in summer 2025 to an alternative	Full Compliance

	residence within Ozurgeti Municipality offering improved living conditions. The household expressed satisfaction with the outcome. This case demonstrates a precautionary and people-centered approach to managing potential Project-related impacts.	
Performance Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources	The Company implemented a science-based biodiversity management programme in accordance with the NEA-approved Biodiversity Monitoring Plan, supported by independent specialist monitoring, adaptive management, natural water discharge management, and measures to prevent indirect impacts on habitats through erosion and geotechnical risk management. In 2025, 22 environmental surveys were undertaken, including six biodiversity surveys and two seasonal aquatic biodiversity surveys covering terrestrial habitats, flora and fauna, aquatic ecosystems, and ichthyological assessments. Monitoring findings informed follow-up actions under the EAP. To compensate for impacts on 9.09 hectares of natural habitat, the Company financed the implementation of a 20-hectare compensatory reforestation programme and allocated USD 179,421 towards planting, maintenance, and follow-up activities during 2025.	Full Compliance
Performance Standard 7: Indigenous Peoples	No Indigenous Peoples, as defined under IFC Performance Standard 7, are recognized or present in Georgia. Accordingly, the requirements of Performance Standard 7 are not applicable to the Project.	Not Applicable
Performance Standard 8: Cultural Heritage	The cultural heritage sites and resources were not recorded at the preconstruction survey. The Company maintained a Chance Find Procedure and communicated relevant requirements to the Construction Contractor to manage any potential archaeological or cultural heritage discoveries during construction activities. No chance finds were recorded during 2025.	Full Compliance

7.1.2 Compliance with EIB Environmental and Social Standards (2022)

EIB Environmental and Social Standard	CCEH Hydro VI LLC Compliance Summary	Compliance Status
Standard 1: Environmental and Social Impacts and Risks	CCEH Hydro VI LLC maintained a mature ESMS supported by comprehensive policies and procedures, ESAP implementation, double materiality assessment, ESG risk management, independent monitoring, stakeholder engagement mechanisms, and regular reporting to senior management and the Supervisory Board. Dedicated ESG resources, active contractor oversight, corrective action follow-up, and transition planning for operations demonstrated	Full Compliance

	effective implementation and integration of ESG considerations into decision-making processes.	
Standard 2: Stakeholder Engagement	The Company implemented a structured and continuous stakeholder engagement process supported by a SEP, accessible grievance mechanisms, direct engagement with all project-affected households, newsletters, media outreach, and the Advisory Council. Stakeholders were regularly informed of Project progress and how their feedback influenced Company actions, demonstrating transparency, accountability, and meaningful participation.	Full Compliance
Standard 3: Resource Efficiency and Pollution Prevention	The Company implemented measures relating to pollution prevention, waste and hazardous materials management, wastewater control, spill prevention and response, and resource efficiency. Waste management arrangements included segregation, traceability, reuse practices, and engagement of licensed contractors. Resource efficiency measures reduced freshwater demand and waste generation, while energy consumption and greenhouse gas emissions were monitored and incorporated into climate and performance management processes.	Full Compliance
Standard 4: Biodiversity and Ecosystems	The Company implemented the Biodiversity Monitoring Plan through independent specialist monitoring, ecological flow management, adaptive management, and measures addressing indirect impacts through erosion and geotechnical risk management. In 2025, 22 environmental surveys, including biodiversity and aquatic assessments, informed follow-up actions. To compensate for impacts on 9.09 hectares of natural habitat, the Company financed the implementation of a 20-hectare compensatory reforestation programme and allocated USD 179,421 towards planting, maintenance, and follow-up activities.	Full Compliance
Standard 5: Climate Change	The Company demonstrated a proactive approach to climate governance through the implementation of a Climate Strategy, Sustainability and Emissions Reduction Plan covering construction and future operations, and a Net-Zero Transition Plan. Climate-related risks and opportunities were assessed and integrated into the Company's Enterprise Risk Management framework and operational planning processes to strengthen resilience and preparedness for future operations. Scope 1 and Scope 2 emissions were voluntarily quantified, disclosed, and verified from the commencement of construction, with Scope 3 reporting introduced in 2025, exceeding Georgian regulatory requirements.	Full Compliance
Standard 6: Involuntary Resettlement	During 2025, the Company completed the voluntary relocation of a household from the	Full Compliance

	Project-affected community of Ukanava to an alternative residence within Ozurgeti Municipality in response to potential Project-related impacts affecting the existing dwelling. The household expressed satisfaction with the outcome, demonstrating a precautionary and people-centered approach to impact management.	
Standard 7: Rights and Interests of Vulnerable Groups	The Company implemented non-discrimination and equal opportunity commitments supported by human rights policies, grievance mechanisms, and targeted social investment initiatives benefiting vulnerable groups, including a multi-year programme supporting families of children with disabilities. Community engagement arrangements sought to ensure inclusive participation and consideration of stakeholder needs	Full Compliance
Standard 8: Labor Rights and Working Conditions	The Company maintained comprehensive labor management arrangements supported by written employment contracts, equal opportunity commitments, grievance mechanisms, workforce training, health insurance coverage, occupational health and safety systems, and effective oversight of contractor labor practices. No instances of child labor, forced labor, or labor-related grievances were identified during the assessment period.	Full Compliance
Standard 9: Health, Safety and Security	The Company maintained comprehensive occupational and community health and safety arrangements supported by emergency preparedness procedures, contractor oversight, traffic and site safety controls, H&S training, Toolbox Talks, and regular inspections. Preventive measures and corrective action follow-up supported effective risk management throughout the final year of construction. No community health and safety incidents or material non-compliances relating to community health, safety, and security were identified during the assessment period. The H&S records reflect only one near-miss event, which was managed through the Company's established incident reporting and follow-up procedures.	Full Compliance
Standard 10: Cultural Heritage	No cultural heritage sites or resources were recorded during pre-construction surveys within the construction area. The Company maintained a Chance Find Procedure and communicated relevant requirements to the Construction Contractor to manage any potential archaeological discoveries. No chance finds were recorded during 2025.	Full Compliance
Standard 11: Intermediated Finance	The Project did not involve financial intermediation arrangements; therefore, the requirements of this Standard were not applicable.	Not Applicable

7.1.3 Alignment with Global Reporting Initiative

GRI Standard / Principle	CCEH Hydro VI LLC Reporting Summary	Alignment Status
GRI 2: General Disclosures (2021)	The Company disclosed information relating to its activities, governance arrangements, strategy, policies, stakeholder engagement processes, reporting practices, and approach to managing material topics through the 2025 Annual ESG Report.	**Aligned**
GRI 3: Material Topics (2021)	A double materiality assessment was undertaken to identify and prioritize material ESG topics relevant to the Company and its stakeholders. Material topics informed reporting content, management approaches, and performance disclosures.	**Aligned**
GRI 305: Emissions	Scope 1 and Scope 2 greenhouse gas emissions were voluntarily quantified, disclosed, and independently verified from the commencement of construction, with Scope 3 reporting introduced in 2025.	**Aligned**
GRI 306: Waste	The Company reported on waste management practices, including segregation, traceability, reuse practices, and engagement of licensed waste contractors.	**Aligned**
GRI 403: Occupational Health and Safety	Occupational health and safety performance, management arrangements, training, emergency preparedness, incidents, and workforce protection measures were disclosed through the ESG reporting process.	**Aligned**
GRI 404: Training and Education	The Company disclosed workforce training activities, capacity-building initiatives, and investments in employee development and future skills.	**Aligned**
GRI 405: Diversity and Equal Opportunity	Gender-disaggregated workforce information and measures promoting equal opportunity and inclusion were reported.	**Aligned**
GRI 413: Local Communities	The Company reported on stakeholder engagement activities, grievance mechanisms, strategic social investment programmes, and community development initiatives implemented in neighbouring communities.	**Aligned**
GRI 304: Biodiversity	Biodiversity management activities, monitoring programmes, compensatory reforestation measures, and implementation of the Biodiversity Monitoring Plan were publicly disclosed.	**Aligned**

7.1.4 Alignment with Task Force on Climate-Related Financial Disclosures

TCFD Pillar	CCEH Hydro VI LLC Disclosure Summary	Alignment Status
Governance	Climate-related responsibilities were integrated into the Company's governance arrangements, with oversight exercised by senior management and the Supervisory Board. Climate considerations were incorporated into strategic planning, risk oversight, and periodic performance reporting.	**Aligned**

Strategy	The Company adopted a Climate Strategy, Sustainability and Emissions Reduction Plan covering construction and future operations, and a Net-Zero Transition Plan supporting long-term decarbonization objectives. Climate-related considerations informed transition planning for the operational phase of Bakhvi 1 HPP.	**Aligned**
Risk Management	Climate-related risks and opportunities were identified, assessed, and integrated into the Enterprise Risk Management framework. The assessment considered both transition and physical climate risks relevant to the Project context, with mitigation and adaptation measures incorporated into management processes and operational planning.	**Aligned**
Metrics and Targets	The Company voluntarily quantified, disclosed, and independently verified Scope 1 and Scope 2 greenhouse gas emissions from the commencement of construction and introduced Scope 3 reporting in 2025. Climate-related performance indicators and emissions data were monitored and publicly disclosed through the Annual ESG Report.	**Aligned**

7.1.5 Alignment with UN Global Compact Principles

UN Global Compact Principles	CCEH Hydro VI LLC Reporting Summary	Alignment Status
Human Rights (Principles 1–2)	The Company maintained Human Rights and related corporate policies, grievance mechanisms, stakeholder engagement processes, and due diligence arrangements designed to support respect for internationally recognized human rights and avoid complicity in adverse impacts. Human rights expectations were also integrated into contractor and supplier management processes.	**Aligned**
Labor (Principles 3–6)	The Company implemented labor management arrangements supported by written employment contracts, equal opportunity and non-discrimination commitments, workforce training, employee grievance mechanisms, occupational health and safety systems, and oversight of contractor labor practices. No instances of child labor, forced labor, or labor-related grievances were identified during the assessment period.	**Aligned**
Environment (Principles 7–9)	The Company adopted a precautionary and proactive approach to environmental management through implementation of its ESMS, Climate Strategy, Biodiversity Monitoring Plan, pollution prevention measures, resource efficiency initiatives, independent environmental monitoring, and compensatory reforestation commitments. Voluntary greenhouse gas disclosure and climate planning further	**Aligned**

	demonstrated environmental leadership beyond compliance requirements.	
Anti-Corruption (Principle 10)	The Company maintained governance arrangements supported by Codes of Conduct, anti-corruption commitments, whistleblowing and grievance mechanisms, and Supervisory Board oversight designed to promote ethical business conduct, integrity, and accountability throughout its operations and supply chain.	**Aligned**

7.1.6 Compliance with Georgian National Legislation

Area of Compliance	CCEH Hydro VI LLC Compliance Summary	Compliance Status
Environmental Decision and Permit Requirements	The Company implemented the requirements of the Environmental Decision No. 163/ს, issued by the National Environment Agency on 27 June 2022, and other applicable permits and approvals through established management systems, monitoring programmes, and follow-up mechanisms. No violations, enforcement actions, or penalties were recorded by the competent authorities during 2025.	**Compliance Confirmed**
Biodiversity and Ecological Flow Requirements	Biodiversity-related commitments, ecological flow obligations, and specialist monitoring requirements arising from the Environmental Decision and the updated Biodiversity Monitoring Plan were implemented and reported to the relevant authorities.	**Compliance Confirmed**
Tree-Cutting and Compensatory Reforestation Obligations	Tree-cutting activities were implemented within the footprint defined by Forest Land Use Approval No. Gov-39. Compensatory reforestation commitments were implemented in accordance with approved requirements, including the 20-hectare reforestation programme and associated maintenance obligations.	**Compliance Confirmed**
Waste Management Requirements	Waste management activities were undertaken in accordance with the approved Waste Management Plan, approved by the National Environment Agency under Agreement No. N21/11993 of November 2025, and were supported by waste segregation, traceability measures, and the engagement of licensed waste management contractors.	**Compliance Confirmed**
Wastewater Discharge Requirements	Wastewater generated at the campsite was treated prior to discharge in accordance with the applicable Water Discharge Permit. Quarterly testing by an independent third-party laboratory confirmed compliance with the relevant effluent discharge limits.	**Compliance Confirmed**
Air Quality, Noise and Vibration Requirements	Ambient air quality, noise, and vibration monitoring were undertaken in accordance with regulatory requirements, with no material non-compliances identified during the assessment period.	**Compliance Confirmed**
Labor and Occupational Health and Safety Requirements	Labour and OHS arrangements complied with the Labour Code of Georgia and the Organic Law of Georgia on Occupational Safety. Controls included written employment contracts, certified H&S staff in accordance with national requirements, bi-weekly risk assessments, inductions, trainings, Toolbox Talks, PPE,	**Compliance Confirmed**

	emergency preparedness, and a robust incident reporting and investigation system.	

Beyond demonstrating a high degree of compliance with applicable legal requirements and alignment with relevant international standards and principles, the assessment identified a number of strengths and good practices that distinguish CCEH Hydro VI LLC's approach to ESG management. These include mature governance and oversight arrangements, proactive planning for the transition to operations, strong environmental stewardship supported by independent monitoring and biodiversity enhancement measures, a robust approach to workforce well-being and human rights, enhanced transparency and climate-related governance practices, meaningful stakeholder engagement, and strategic social investment generating lasting community value. Collectively, these practices reflect a commitment to sustainability, continuous improvement, and responsible business conduct extending beyond compliance obligations.

7.2 Final Remarks

The external ESG audit confirmed that CCEH Hydro VI LLC has established a mature and effective ESG management framework broadly aligned with the IFC Performance Standards, EIB Environmental and Social Standards, the principles of the United Nations Global Compact, and Good International Industry Practice, while maintaining compliance with applicable national legal requirements. ESG considerations were effectively integrated into governance, decision-making, and Project implementation throughout the final stage of the construction.

Beyond compliance, the Company distinguished itself through voluntary initiatives and practices that strengthened transparency, accountability, stakeholder trust, and long-term sustainability outcomes. Underpinned by robust governance, exemplary stakeholder engagement, and strategic social investment, the assessment indicates that CCEH Hydro VI LLC has established a strong and enduring social license to operate within neighboring communities. Overall, the Company is exceptionally well-positioned to sustain ESG excellence during operations and further reinforce its position as a progressively leading ESG performer within Georgia's renewable energy sector.

8 Annex

1. *External ESG Audit Terms of Reference*

ToR - External Audit.docx

2. *List of Reviewed Documents*

Category	Documents
Management Plans and Procedures	Environmental and Social Action Plan; Environmental Monitoring Plan; Biodiversity Monitoring Plan; Reforestation Plan; Water Management Plan; Waste Management Plan; Pollution Prevention Implementation Plan; Sustainability and Emissions Reduction Plan; Net Zero Transition Plan; Occupational Health & Safety Management Plan; Community Health and Safety Plan; Traffic Management Plan; Retrenchment Plan; Emergency Preparedness and Response Plan; Community Liaison Implementation Plan; Stakeholder Engagement Plan; Grievance Management Plan; Spill Response Procedure; Chance Find Procedure.
Policies and Codes	Environmental Policy; Corporate Human Right Policy; ESG Policy; Board Diversity Policy; Compliance Policy; Information Security Policy; AI Policy; Gender Equity Policy; HR Policy; Code of Conduct; Suppliers Code of Conduct.
Governance and Due Diligence Documents	Corporate Governance Manual; Environmental and Social Management System Manual; Materiality Analysis; Board Average Tenure; Human Right Due Diligence; Sustainability Reporting Boundaries; Public Registry; Bakhvi 1 HPP Engagement with Guria National Park Cooperation and Environmental Commitments.
Monitoring, Audit and performance Reports	Annual ESG Report; Biodiversity Monitoring Report; Ichthyological Monitoring Report; Geological Monitoring Report; Noise, Vibration, Air Quality and Water Quality Monitoring Report; Site Inspection Report.
Internal Documentation and Records	Grievance Log; Request Log; GHG Emissions Register; Personnel and Visitor's Training Attendance Sheets; Spill Log; Incident & Near Miss Log; Induction Training and Awareness Material.

3. *CCEH HYDRO VI LLC External ESG Audit Checklist*

External ESG Audit Checklist.xlsx