



Bakhvi HPP

Caucasus Clean Energy Holding (CCEH) Hydro VI LLC Water Management Plan

This Water Management Plan is Approved by the Company Director: Giorgi Abramishvili

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CCEH Hydro VI LLC Water Management Plan

Introduction

CCEH Hydro VI LLC (the “Company”) is a company developing the Bakhvi 1 hydro power plant in Guria, region of Georgia. Bakhvi 1 HPP involves the construction and operation of a 10.9 MW run-of-the river hydroelectric power plant on the Bakhvistskali River, located within the Ozurgeti Municipality. Investors of the company include Caucasus Clean Energy Holding (CCEH), Austrian Investment Fund ILAG, and other field-specific investors from Austria and Georgia. CCEH’s investors comprise well-known financial institutions from America and European countries (including European Investment Bank [EIB], Dutch Development Bank [FMO], Austrian Development Bank [OeEB], etc.). ILAG holds diverse business interests across several Western countries.

Bakhvi 1 HPP is under construction on a section of the Bakhvistskali River spanning elevations between 1,735 meters and 1,383 meters above sea level. The headworks will be situated approximately 250 meters downstream from the confluence of the Bakhvistskali and Baisura Rivers. The flood intake structure will be located at an elevation of 1,731.70 meters, and the HPP building will be positioned at an elevation of 1,383.0 meters.

Bakhvi 1 HPP consists of a headworks structure, a pressure pipeline system, and an above-ground power plant building that will house the necessary mechanical and electrical equipment for electricity generation. The installed capacity of the power plant is 10.9 MW, with a design flow rate of 4.0 m³/s.

CCEH Hydro VI LLC conducts its operations in compliance with the environmental and social management standards set by international financial institutions, including the IFC and EIB.s

Water Use and Management

CCEH Hydro VI LLC recognizes water as a shared and climate-sensitive resource. In line with the company’s Environmental Policy, Enterprise Risk Management (ERM) approach, as outlined in the CCEH Hydro VI LLC Corporate Governance Manual and the CCEH Hydro VI LLC Materiality Analysis, the Company is committed to identifying, evaluating, and mitigating water-related risks that may influence its operational integrity, regulatory compliance, and environmental stewardship.

The Water Management Plan is a structured component of CCEH Hydro VI LLC’s sustainability and governance framework. It reflects the company’s understanding that access to reliable and clean water is not only essential for hydropower operations, but also critical to the ecosystems and communities in which it operates. The Water Management Plan is grounded in the principles of precaution, adaptive management, and long-term resilience. The program encompasses the following key elements, including prevention of water pollution:

1. Hydrological Monitoring and Data Collection:

- a. During construction and commissioning, river discharge conditions are monitored to establish hydrological conditions, support regulatory reporting and verify the readiness of the ecological-flow monitoring arrangements. An automatic gauging station has been installed at the intake structure and is subject to testing and commissioning. Following commencement of operation, the device will continuously measure the quantity of water released downstream and will support verification of compliance with the applicable ecological-flow requirement

2. Ecological Flow Compliance:

- a. Ecological Flow Compliance will be strictly monitored to ensure the health of aquatic habitats and biodiversity. As the hydropower facility is a run-of-river plant and does not utilize reservoirs, flow regulation relies on the natural availability of river water. Automatic gauging station is installed to monitor environmental discharge. After commissioning the data will be integrated directly into the Supervisory Control and Data Acquisition (SCADA) system for live

tracking. Quarterly reports containing daily monitoring data are submitted to the National Environmental Agency in accordance with the requirements set forth in the Environmental Impact Assessment (EIA) permit.

3. Operational Risk Preparedness and Infrastructure Safeguards:

- a. CCEH Hydro VI LLC has established procedures to address acute hydrological incidents such as floods and sediment surges. Measures include slope stabilization, emergency water flow protocols, and protective infrastructure design. Sensitive areas are regularly monitored by a qualified geologist, and if any hazardous or unstable slopes are identified, trained rock climbers are mobilized to carry out slope cleanup and stabilization work as needed.

4. Governance, Oversight, and Stakeholder Engagement:

- a. The Water Management Plan is overseen by the Environmental, Social, and Governance (ESG) function in close coordination with the Company Director, and Technical Director, ensuring that water-related risks are addressed as part of CCEH Hydro VI LLC's integrated Enterprise Risk Management (ERM) and corporate sustainability systems.

5. Water Pollution Prevention and Control:

- a. During construction and commissioning, water-pollution prevention measures include proper storage and handling of fuels and chemicals, spill prevention and response, control of sediment runoff, appropriate wastewater management and periodic surface-water-quality monitoring. Following commencement of operation, the Operations Team will implement additional controls to prevent deterioration of water quality in the Bakhvistskali River. These will include preventive maintenance of operational equipment, prevention and response to oil-product spills, controlled sediment management and gradual flushing of settling basins to avoid sudden increases in downstream turbidity. Surface-water-quality monitoring will continue in accordance with the Environmental Monitoring Plan and applicable permit requirements.

6. Disclosure and Accountability:

- a. The outcomes and progress of the Water Management Plan are disclosed through CCEH Hydro VI LLC's annual Environmental, Social, and Governance (ESG) Report on the corporate web-page bakhvihpp.com. This aligns with the principles of transparency, accountability, and continuous improvement.

Through the Water Management Plan, CCEH Hydro VI LLC contributes to responsible water governance, enhances climate resilience, and upholds its commitments to environmental protection and long-term value creation.

Exposure to Competing Water Use Pressures

CCEH Hydro VI LLC is developing Bakhvi 1 HPP in an area where water use is not significantly influenced by competing demands such as irrigation or agricultural activities. Although the HPP area is not classified as water-stressed, balanced and sustainable management of water resources remains a key priority.

During construction and commissioning, the Company monitors hydrological conditions through long-term flow measurements and environmental monitoring. Following commencement of operation, these activities will be supplemented by operational controls to ensure that water abstraction for hydropower generation does not adversely affect downstream conditions and remains compliant with the minimum environmental-flow requirement, applicable regulatory obligations and environmental commitments.

Business Impacts of Water-Related Incidents

CCEH Hydro VI LLC recognises that, once operational, Bakhvi 1 HPP will depend on the availability and continuity of river flow. Water-related incidents, including prolonged drought, flooding, sediment surges and infrastructure disruption caused by extreme hydrological events, may affect commissioning schedules, future electricity generation, asset integrity and compliance with ecological-flow requirements. Such events may also affect local communities and create regulatory and reputational risks. The company incorporates water-related scenarios into its broader Enterprise Risk Management (ERM) processes to anticipate and address these potential impacts proactively. Periodic risk reviews, adaptive infrastructure design, and early warning systems will be used to strengthen preparedness and reduce vulnerability.

In line with the international good practices, CCEH Hydro VI LLC is exploring ways to deepen scenario-based risk planning and long-term adaptation strategies that address both acute and chronic water-related risks. This includes the integration of hydrological variability into business continuity plans and further alignment of operational resilience with corporate sustainability commitments.

Water Management Plan Revision Process

Aligned with internationally recognized ESG practices and standards, our Company undertakes a comprehensive review of all ESG documentation at the end of each year. This systematic review, led by the Company ESG Manager, ensures that our disclosures accurately reflect current assessments, performance metrics, and construction practices. If any modifications are made during the revision process, the updated documentation is subjected to a thorough approval procedure. Initially, the proposed changes are carefully reviewed and endorsed by the Company Director. Following this, the revised document is shared with the Caucasus Clean Energy Holding ESG and Sustainability Lead for final validation, ensuring that each modification adheres to our commitment to quality, transparency, and regulatory compliance. The Supervisory Board members are informed regarding changes, reinforcing our commitment to maintaining high international ESG standards.

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

Annex: Water Management Plan Implementation Schedule

The following implementation schedule outlines the key activities, responsible functions, and indicative timeframes for the Water Management Plan:

Activity	Description	Responsible Function	Frequency/ Timeline
Water discharge monitoring	Measurement of water discharge volumes	Technical Director / ESG Manager	Daily
Infrastructure inspection and maintenance	Assessment and upkeep of risk mitigation structures (e.g. slope stabilization)	Technical Director	Semi-annual / After incidents
Risk review and update	Evaluation of water-related risks and adaptive measures	Director/ Technical Director / ESG Manager	Annually
Stakeholder engagement	Consultation with local communities and regulatory agencies	ESG Manager	Annually / As needed
Disclosure in ESG Annual report	Reporting on WMP progress and incidents	ESG Manager	Annually