

2024



Lakhami Hydro Power Plant Annual ESG Report



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Acronyms

Acronyms	Explanation
AGD	Austrian Georgian Development
EIA	Environmental Impact Assessment
ESG	Environment, Social and Governance
HPP	Hydro Power Plant
kW	Kilowatt
LLC	Limited Liability Company
SDG	Sustainable Development Goals
SEP	Stakeholder Engagement Plan
UN	United Nations

AUSTRIAN GEORGIAN DEVELOPMENT LLC LAKHAMI HPP ESG ANNUAL REPORT - 2024

Introduction

The 2024 ESG Annual Report serves as a transparent reflection of AGD LLC – Lakhami HPP's commitment to sustainability and responsible business practices. Through this report, we highlight our achievements, address the challenges we've encountered, and showcase the progress we've made toward building a more sustainable future.

This report reflects our dedication to accountability, meaningful impact, and driving positive change.

As we enter our fourth year of operation, it is essential to assess the progress we've made toward our established targets and evaluate our strategies for continued improvement. Transparency is fundamental to our approach, and we remain committed to providing comprehensive insights into our performance. By clearly communicating our objectives, milestones, and outcomes, we aim to present an honest and complete picture of our journey.

This report goes beyond numbers. It tells the story of the efforts, innovations, and collaborations that are driving us forward. It reflects the lessons we've learned, the challenges we've overcome, and the opportunities we are pursuing to enhance our contribution to a sustainable future.

Transparency is the foundation of trust. By offering an open and honest account of where we stand, what we've achieved and where we need to grow and strengthen our accountability to all those who depend on us. This report is not just a summary of the year 2024, it reflects our vision for the future where renewable energy and responsible business practices come together to create a better and sustainable world for everyone. We would like to thank our team and the stakeholders for being part of this journey. Together, we can continue to make a meaningful difference.

Who Are We

Austrian Georgian Development LLC is a construction-development Company established in June 2013, with the aim of developing and implementing energy projects in Georgia. Austrian Georgian Development LLC is co-owned by CCEH Hydro III LLC, Geo Hydro Capital Group LLC, and Energy Solutions LLC. Caucasus Clean Energy Holding Pte. (CCEH) is an international investment Company that commenced its active operations in Georgia in 2015. The Company aims to invest in the construction of small and medium-sized HPPs in Georgia through equity participation. In addition to providing highly required capital for the projects, an extremely important aspect for the Company is the enrichment of these projects with Western best practices related to the construction and operation of small hydropower plants. Together with project developers, we share a common vision and strategy to achieve financial returns, among other things, through intangible value creation and the implementation of best practices in Environmental, Social, and Governance (ESG) aspects, which form the basis of CCEH's investment philosophy. Energy Solutions LLC was founded in 2014 with the aim of constructing and developing small and medium-sized hydropower plants in Georgia. The Company's main directions in the hydro energy business are consultancy services and project development. The consultancy service covers full technical, financial, and legal support, including the determination of new project opportunities and the optimization of existing hydropower plants. Project development includes identifying projects at initial stages, executing necessary studies, fundraising, and leading the project's day-to-day management to achieve successful completion. The Company has created a solid and trustworthy management and consultancy team in the hydro power business of Georgia.

About Lakhami Hydro Power Plant

The construction of Lakhami 1 and Lakhami 2 HPP projects commenced in 2018 and reached operational status in 2020. Lakhami HPP, located in Mestia Municipality along the Lakhami River, is a run-of-the-river hydroelectric power plant with a 16 MW installed capacity and an average annual output of 80,000,000 kWh. An overhead 35 kV transmission line directly connects Lakhami HPP-2 to Georgia's national grid at the Sagergila substation. Lakhami HPP-1 is connected to Lakhami HPP-2 through a double circuit 10 kV underground cable before further connection to the national grid.

Performance Highlights

a. Renewable energy footprint

Successfully generated and transmitted 54,323,349 kW of renewable energy, making a significant contribution to reducing the carbon footprint and advancing the global transition toward sustainable energy solutions.

b. Supply chain resilience

Since the construction phase which commenced in 2018 and has been completed in 2020, we collaborated with suppliers who shared our commitment to sustainability, fostering an ethical and resilient supply chain. Building on this foundation, we have introduced a comprehensive Supplier Code of Conduct during the operational phase. This code ensures that our sourcing practices remain responsible, aligned with our sustainability values, and reflective of our commitment to ethical and socially responsible business practices.

c. Waste management achievement

The Company has implemented a comprehensive waste management plan, duly approved by the Ministry of Agriculture and Environment of Georgia, ensuring strict adherence to regulatory standards. In 2024, the Company generated a total of 1,200 kilograms of domestic waste, all of which was appropriately treated in accordance with legal mandates, namely the waste has been treated by the local Municipal appropriate service center, with regard to hazardous waste, the Company has not disposed of any as per Georgian legislation. Instead, the accumulated hazardous waste has been securely stored in the designated facility, maintaining compliance with regulatory requirements and will be disposed of in due time. Additionally, in anticipation of potential need for treatment, the Company has established an agreement with a licensed waste management Company, ensuring proper handling and disposal of hazardous waste, should the need arise earlier than planned.

d. Community engagement

We have taken proactive steps to engage with local communities and families through interactive meetings aimed at raising awareness about pressing environmental, safety, and social well-being issues. This commitment reflects our dedication to promoting social well-being and fostering sustainable community development.

e. Biodiversity conservation

We've taken meaningful steps to protect local ecosystems, with a strong focus on preserving biodiversity and safeguarding brown trout populations in the operations area. From the early stages of the project, we constructed the fish ladders at both intakes, a clear sign of our dedication to environmental responsibility and long-term sustainability.

To ensure these fish passes are truly effective, we brought in independent experts to assess their performance. Their insights not only helped validate our efforts but also reflect our commitment to being open and transparent in how we care for the environment. We closely monitor the fish passes and carry out quarterly checks of the spawning grounds in our operational area. The findings are documented in detailed reports and submitted to the National Environmental Agency (NEA) of Georgia and publicly disclosed on the Company webpage: [Austrian Georgian Development](#). This proactive approach highlights our ongoing efforts to meet regulatory standards and support conservation in a meaningful way.

f. Economic development

Austrian Georgian Development LLC continues to play an active role in supporting local economies, not only through regular tax contributions to local municipalities, but also through targeted community investments. This approach strengthens economic resilience and reflects our commitment to being a responsible and engaged corporate citizen. In 2024, we allocated USD 33,100 to support local community development initiatives. A key project included improving access to clean drinking water in Lakhami village. The effort aligned with SDG 6: Clean Water and Sanitation. This investment in potable water infrastructure directly contributes to the well-being and quality of life of local residents. These actions highlight our continued dedication to making a meaningful, lasting impact across both the social and economic dimensions of the communities we serve.

Targets for Sustainable Future and alignment with United Nations Sustainable Development Goals (SDGs)

At Lakhmi HPP, our mission is clear: to power the future responsibly while protecting the environment and supporting the communities around us. As we present the 2024 ESG Annual Report, we reaffirm our strong commitment to environmental stewardship, social responsibility, and ethical governance.

In today's world, sustainability is not just a choice, it's a responsibility that every forward-thinking Company must embrace. At AGD LLC, we take this responsibility seriously, recognizing our role in tackling global challenges and driving meaningful progress, starting at the local level. As part of this commitment, we undertook a comprehensive effort to align our operations with the principles of the United Nations Global Compact. This process culminated in 2024, when our application for membership was accepted marking a key milestone in our sustainability journey. Even before joining formally, we were already guided by the principles of the UN Global Compact, embedding them into our daily operations. Our work reflects a strong alignment with global standards in environmental protection, social responsibility, and transparent governance. By voluntarily upholding these values, AGD LLC has established itself as a responsible corporate actor, dedicated to advancing sustainable development and contributing positively to the broader business ecosystem. In 2024, we focused on strengthening our local impact insuring that our operations at Lakhmi HPP meet both international benchmarks and priorities of nearby communities. Every step we take toward sustainability is a step toward a more resilient and equitable future. Below, we share our 2024 targets and accomplishments, which demonstrate our alignment with the United Nations Sustainable Development Goals (SDGs) and our unwavering commitment to building a more sustainable world.

#	Lakhmi HPP - Targets 2023	Link to SDG ¹	Metric Value	Targets set for 2024	Targets achieved in 2024
1.	Number of full-time employees	SDG 8 Decent work and economic growth	#	18	18
2.	Number of part time employees	SDG 8 Decent work and economic growth	#	0	0
3.	Number of full-time female employees	SDG 5 Gender equality	#	3	3
4.	Number of employees considered as youth (aged 15-24)	SDG 8 Decent work and economic growth	#	0	0
5.	Total employees: local people female	SDG 8 Decent work and economic growth	#	1	1
6.	Number of women in the Company management	SDG 5 Gender equality	#	1	1
7.	Funds allocated for local community development	SDG 6 Clean water and Sanitation	USD	10,000	33,100
8.	Fish monitoring	SDG 14 Life below water	#	4	4
9.	Spawning ground monitoring	SDG 14 Life below water	#	4	4
10.	Geological Survey	SDG 9 - Industry, innovation, and infrastructure	#	1	1
11.	Renewable energy generated by Company sources	SDG 7 Affordable and clean energy	kW	52,500,000	54,323,349
12.	Equivalent # of people reached via power generation	SDG 7 Affordable and clean energy	#	16,500	17,771
13.	ESAP Implementation Rate	SDG 17 Partnership for the goals	%	82%	84%

¹ SDG - The Sustainable Development Goals are a set of 17 global agreements set by United Nations, adopted by 193 countries to address and transform the world by 2030.

Occupational Health and Safety

Occupational health and safety remain a cornerstone of our operations at Lakhami HPP. In 2024, we reinforced our commitment to ensuring the well-being of our team and visitors by implementing several key initiatives aimed at promoting a safe and secure working environment.

As part of our safety monitoring, AGD LLC tracked and reported all workplace-related incidents, near misses, and injuries.

In 2024, there were no recorded workplace-related injuries, accidents, or fatalities. Although no incidents occurred, AGD LLC continues to enforce strict health and safety policies to mitigate potential risks and ensure a safe work environment. The Health & Safety Performance for 2024 is as follows:

Number of near misses	0
Number of incidents or injuries	0
Number of fatalities	0

As part of our comprehensive employee well-being program, health insurance is provided to all team members. Personal Protective Equipment (PPE) and Collective Protective Equipment (CPE) were regularly supplied to ensure the highest safety standards on-site.

To maintain professional excellence, our team underwent annual certification for electricians, ensuring they retain their qualifications and meet industry requirements. Moreover, to further enhance workplace safety, annual assessments of physical factors are conducted, providing valuable insights that support the continuous improvement of safety standards across the work environment.

Regular Toolbox Talks (TBTs) and training sessions continued to be a vital part of our operations, covering areas such as electrical safety, fire safety, working at heights, flood prevention, spill prevention, and other essential topics specific to HPP operations. These initiatives aim to ensure that both our operations team and visitors fully understand and adhere to safety protocols. The data presented below provides quantitative information regarding H&S training sessions and TBTs conducted in 2024, covering technical skills, occupational health and safety, and regulatory compliance:

Number of Trainings	10
Total Hours of Staff Training	24
Total Number of Toolbox Talks	7

Safety signage is strategically posted throughout the site and regularly inspected to ensure clear visibility and compliance. Fire extinguishers are checked and recharged on schedule in accordance with regulatory requirements, ensuring they remain in optimal working condition. To proactively mitigate risks inherent to our industry, bi-weekly risk assessments were conducted by the H&S team, ensuring that safety measures remain robust and adaptive to evolving needs.

Finally, we operate in strict compliance with the Law of Georgia on Labour Safety, meeting all mandated obligations while fostering a culture of safety and well-being for everyone on-site. These comprehensive efforts underline our dedication to protecting the health and safety of our employees, contractors, and visitors.

Human Capital Management

At AGD LLC, we believe that Human Capital Management goes beyond hiring, it's about building a strong, committed team that grows with us and remains connected to the communities where we operate. We are committed to creating opportunities for local residents whenever possible. To support this goal, job openings are publicly announced at the municipal and regional levels, helping ensure transparency and accessibility in our hiring process.

We're proud to offer more than just competitive salaries. Our employees receive a comprehensive benefits package that includes health insurance, transportation, daily meals, personal protective equipment (PPE), and uniforms.

Regular training sessions on health and safety and ESG practices are organized by our H&S and ESG teams. To ensure every voice is heard, we maintain clear grievance mechanisms, including direct reporting channels and anonymous suggestion boxes available onsite.

By supporting our team in this way, we aim to foster both professional development and a strong sense of community responsibility.

Stakeholder Engagement

Austrian Georgian Development LLC recognizes the importance of fostering meaningful community relationships. The success of our Company is closely tied to the well-being of the communities we neighboring. Stakeholder engagement has been ingrained in the core values of Austrian Georgian Development LLC from the outset. The ESG team developed a comprehensive stakeholder engagement plan, which received endorsement from Company executives and the Supervisory Board, ensuring alignment with the perspectives of all stakeholders. In order to facilitate transparent and collaborative communication channels, we maintained regular interactions with village residents and local municipal officials.

Sustainability Reporting Boundaries

AGD LLC's sustainability reporting aligns with the good international practices, including the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). This approach ensures transparency, accountability, and a comprehensive representation of our environmental, social, and governance (ESG) impacts.

The scope of our sustainability reporting is defined as follows:

- **Operational Coverage:** Includes all activities and operations under AGD LLC's direct control, primarily Lakhmi HPP.
- **Organizational Structure:** Covers AGD LLC and its shareholders, including CCEH Hydro III LLC, Geo Hydro Capital Group LLC, and Energy Solutions LLC, ensuring alignment with consolidated financial reporting and reflecting entities contributing significantly to revenue and sustainability impacts.
- **Geographical Scope:** Encompasses all regions and operational sites where AGD LLC operates, emphasizing site-specific environmental and social impacts.
- **Temporal Boundaries:** Aligns with our fiscal year to ensure consistency between financial and non-financial disclosures.

Governance and Oversight

Climate-related risks and sustainability reporting are overseen by the Supervisory Board, with regular updates from the ESG Manager. This ensures that initiatives, including emissions reduction, water management, and energy efficiency, align with corporate strategies, national energy goals, and global sustainability standards.

Strategy and Risk Management

AGD LLC identifies and addresses short, medium, and long-term climate risks, such as regulatory changes, water availability, and extreme weather events. These risks are managed through hydrological analyses, scenario planning, and resilience-building investments. Advanced water monitoring systems optimize production while maintaining ecological flow requirements, and infrastructure is fortified to withstand climate impacts.

Metrics and Targets

Key metrics include Scope 1, Scope 2, and Scope 3 emissions, energy efficiency, water conservation, and waste management. AGD LLC has set ambitious targets, such as reducing Scope 1 and 2 emissions by 30% by 2030 and target reducing overall electricity usage for internal consumption. Progress is reviewed regularly and disclosed transparently in annual sustainability reports. By integrating TCFD recommendations into our sustainability reporting boundaries, AGD LLC demonstrates its commitment to robust climate governance, effective risk management, and transparent communication of its ESG performance and climate resilience strategy.

Environmental Performance

In the pursuit of cleaner and greener energy, Lakhami HPP has continued its relentless focus on environmental practices. From harnessing the power of water to generate clean electricity to implementing innovative technologies that enhance energy efficiency, our commitment to minimizing our ecological footprint remains at the forefront of our operations.

a. Emissions

At Lakhami HPP, we are committed to advancing a low-carbon future by generating clean, renewable electricity and aligning our operations with national and global climate goals. As a 16 MW run-of-river hydropower facility, HPP operates with very low direct greenhouse gas (GHG) emissions, contributing to Georgia's efforts to meet its commitments under the Paris Agreement and its Nationally Determined Contributions (NDCs).

Contribution to Emissions Reduction

Run-of-river hydropower plants like Lakhami HPP play a critical role in displacing electricity generated from fossil fuels, which remain a significant part of Georgia's energy mix. By replacing fossil fuel-based power with renewable energy, Lakhami HPP helps reduce emissions and supports Georgia's target of a 47% reduction in GHG emissions below 1990 levels by 2030, with the potential for a 50–57% reduction with international support. In 2024, Lakhami HPP avoided an estimated 10,592 metric tons of CO₂ equivalent (tCO₂eq) emissions. This figure is based on the emissions intensity of displaced grid electricity. While small in scale compared to larger facilities, this contribution represents a meaningful step toward reducing the national carbon footprint and transitioning to cleaner energy sources.

Monitoring and Reporting

To ensure transparency and accountability, Lakhami HPP tracks and reports emissions data across all scopes: To ensure transparency and accountability, Lakhami HPP has been tracking and reporting Scope 1 and Scope 2 emissions since 2021.

- a. Scope 1 (Direct emissions): These include emissions from fuel use, which totaled 55 tCO₂eq in 2024.
- b. Scope 2 (Indirect emissions from purchased electricity): These emissions were limited to 0.6 tCO₂eq in 2024.
- c. Avoided emissions: Estimated at 10,592 tCO₂eq in 2024, these reflect the environmental benefit of replacing fossil fuel-based energy with renewable hydropower.

Starting in 2024, Lakhami HPP has expanded its emissions tracking to include Scope 3 emissions. This initiative provided a more comprehensive understanding of the plant's overall environmental footprint.

- d. The Scope 3 emissions categories included in this report are: Purchased goods and services (procurement-related emissions), Employee commuting (transportation emissions), Business travel (Company-related air and road travel emissions). The Scope 3 emissions were limited to 9 tCO₂eq in 2024.

For more details on sustainability initiatives and emission reduction efforts, please refer to the AGD LLC Sustainability and Emissions Reduction Plan, which is available on the Company's official corporate website at [Austrian Georgian Development](https://www.agd.georgia.gov.ge/).

Alignment with Climate-Related Goals

Lakhami HPP's efforts align with Georgia's climate strategy and the Task Force on Climate-Related Financial Disclosures (TCFD) framework. The following initiatives are central to our approach:

- a. Emission Reduction Targets: Lakhami HPP has committed to reducing Scope 1 and Scope 2 emissions by 30% by 2030.
- b. Energy Efficiency Improvements: We aim to reducing overall electricity usage for internal consumption.
- c. Sustainability Reporting: Regular tracking and disclosure of emissions data ensure alignment with Georgia's climate goals and the NDC framework.

Investments in Technology and Infrastructure

As previously reported, Lakhami HPP has made significant investments in advanced turbine technologies designed to optimize energy output while minimizing operational inefficiencies. These technologies continue to serve as a cornerstone of our sustainable operations, enhancing energy production while reducing environmental impact.

In 2024, Lakhani HPP advanced its commitment to comprehensive emissions management by initiating the monitoring of Scope 3 emissions. This initiative marks a critical step toward understanding and addressing the broader environmental impacts of our operations, including those arising from supply chain activities and other indirect sources. By incorporating Scope 3 emissions into our monitoring framework, we are strengthening our ability to identify opportunities for further emissions reductions across our value chain.

b.Supporting Green Transportation and Climate Goals

As part of its ongoing commitment to sustainability, the Company initiated the installation of an electric vehicle (EV) charging station at the plant in previous years. This station remains a key element in promoting low-emission mobility. Through continued efforts, the Company supports sustainable transportation, reduces indirect emissions, and contributes to the transition toward a cleaner, greener future. These initiatives reflect Lakhani HPP’s dedication to enhancing infrastructure resilience, adopting innovative solutions, and aligning with both national and global climate goals to help ensure a more sustainable tomorrow.

c. Waste Management Implementation

At Lakhani HPP, we are committed to significantly reducing overall waste generation through the implementation of a robust and comprehensive Waste Management Plan. This plan, approved by the Ministry of Environmental Protection and Agriculture of Georgia, governs all aspects of waste treatment, reflecting our dedication to environmental stewardship and full regulatory compliance.

Comprehensive Waste Management Practices

To enhance our waste management practices, we conduct regular waste audits to identify opportunities for improvement and implement targeted strategies to minimize waste. Our employees receive comprehensive training on waste reduction, fostering a strong culture of sustainability. Integrated recycling initiatives and waste separation systems are in place to limit contributions to landfills. Designated waste separation bins, accompanied by clear signage, are positioned throughout the site to encourage proper disposal.

We closely monitor the annual reduction in waste generated from operations and set clear targets to minimize output and reduce our environmental footprint. Given the small number of staff at the HPP, domestic waste generation remains minimal. Additionally, employees are well-informed and actively engaged in responsible waste management practices, further supporting our commitment to environmental responsibility.

Hazardous Waste Management

The safe handling and disposal of hazardous waste are critical to our operations, and we strictly adhere to Georgian legislation. Our Company ensures full compliance with these requirements, supported by specialized training sessions designed to protect employees and minimize environmental and health impacts. Moreover, to enhance staff awareness regarding hazardous waste management, we provide specialized training programs focused on the safe handling and treatment of hazardous waste. In 2024, the following types and amounts of hazardous waste were collected and safely stored at our designated temporary hazardous waste storage area:

Waste Code as per Law	Waste type	Weight in Kilograms
12 02 02*	Used absorbent pads	12 kg
12 01 07*	Residual machining oils/lubricants	4 kg
08 03 17*	Waste printer toner/ink containing hazardous substances	0,5 kg

Under Georgian law, hazardous waste can be stored in designated areas for up to three years or until the accumulated amount reaches 200 kilograms. All listed waste will be managed by Sanitary LLC, a certified hazardous waste treatment Company, in accordance with the agreement with AGD LLC. As for the oil, it will undergo a specialized recycling process as per the contractual terms, ensuring proper reuse and environmental sustainability.

Producer Responsibility Organization of Georgia

AGD LLC is an active member of the Producer Responsibility Organization of Georgia - Georgian Producers' Extended Liability Association Wasteless.² Through this membership, we contribute to managing specific waste streams, including tires, electrical and electronic equipment, batteries, accumulators, and oils and lubricants. Since its membership in 2021, AGD LLC has fully complied with Georgian legislation regarding the management of specific waste streams, namely electrical and electronic equipment, and oils and lubricants.

In accordance with the law, AGD LLC makes advance payments for these items, which are tracked by customs services and integrated with the Ministry of Environmental Protection and Agriculture's systems. These payments ensure that when the listed items reach the end of their lifecycle and are classified as waste, the Association facilitates their proper recycling and environmentally sound disposal.

These efforts aim to reduce waste sent to landfills by integrating it into recycling processes under the oversight of the Ministry of Environmental Protection and Agriculture of Georgia.

d. Biodiversity and Ecosystem Health

At Lakhami HPP, protecting biodiversity and maintaining the health of local ecosystems is a core principle of our operation. We are strongly committed to the responsible management of water resources and carry out daily monitoring of environmental flow. Through ongoing environmental assessments, targeted conservation initiatives, and active collaboration with stakeholders, we strive to preserve the Lakhami River and its aquatic life, with a particular focus on the Brown Trout. To support the healthy development of Brown Trout eyed eggs, we conduct quarterly monitoring of the spawning grounds. These assessments, performed by an independent ichthyologist, enable us to closely track ecological conditions and respond proactively to any changes.

As part of its commitment to environmental responsibility, the Company carried out an independent Annual Monitoring in 2024, led by an external ichthyologist. The assessment focused on the aquatic biodiversity of the Lakhami River, with particular emphasis on the status and long-term sustainability of the Brown Trout (*Salmo trutta*) population.

Hydrological and Habitat Conditions

The monitoring confirmed that the ecological flow was consistently maintained throughout the year. Riverbed examinations across all four quarters indicated positive conditions, with diverse aquatic habitats, including pools, eddies, rapids, and vegetation-covered areas, ensuring a favourable environment for ichthyofauna.

Brown Trout Population Development

The monitoring revealed significant progress in the natural repopulation of Brown Trout:

- **Spawning Success:** Larval-stage individuals were observed in the habitat, with hatching effectiveness estimated at 94-95%, based on the number of whitened or damaged eggs. No mass mortality events were recorded, and the population followed natural biological development.
- **Fish Population Growth:** The number of Brown Trout individuals increased significantly compared to 2023. While only eight individuals were recorded in 2023, the 2024 survey confirmed forty-one, reflecting a nearly fivefold increase.
- **Age Structure:** In 2023, the majority of observed individuals were one-year-olds. However, in 2024, both one- and two-year-old trout were recorded, with the latter group being dominant. This confirms successful natural recruitment and the presence of multiple age groups in the ecosystem.
- **Biomass Increase:** The total biomass of Brown Trout in Q3 2023 was 247 grams, whereas in Q3 2024, it reached 1,974 grams, marking an eightfold increase.

Spawning and Reproductive Potential

Observations confirmed that male trout begin spawning at age two, while females start at age three. The presence of multiple age groups indicates that reproductive efficiency will continue to increase, supporting long-term sustainability. At least 40 individuals actively participated in spawning, a remarkable outcome considering that prior to stocking and monitoring, fish presence in the river had not been confirmed.

² <https://wasteless.ge/>

Environmental and Ecosystem Stability

To assess potential abiotic impacts, the study also analysed the ichthyofauna's food base and baseline water quality indicators. The findings confirmed that water quality remains stable, and the river's ecosystem supports a healthy Brown Trout population. Macroinvertebrate monitoring further verified the availability of essential food sources and the continuous release of ecological flow in required volumes.

Effectiveness of Fish Pass Structures

The fish pass structures of Lakhami 1 and Lakhami 2 HPPs were evaluated for structural integrity and fish passage effectiveness:

- **Structural Integrity:** The monitoring confirmed that the fish passes remained operational throughout 2024, with no need for additional maintenance.
- **Fish Passage Efficiency:** Direct observations confirmed that fish migration continued unobstructed, validating the effectiveness of the fish pass systems. No additional recommendations were deemed necessary.

Key Conclusion

The most significant achievement of the 2024 monitoring is the successful initiation of natural spawning by a significantly increased Brown Trout population. This outcome underscores the Company's commitment to ecological conservation, as well as the effectiveness of its environmental management and biodiversity protection measures.

The establishment of a naturally spawning wild Brown Trout population in the Lakhami River is a tangible success, demonstrating the long-term viability of the Company's efforts to preserve and restore aquatic biodiversity.

Commitment to Biodiversity

As outlined in our Environmental Policy, we are committed to protecting and supporting biodiversity wherever we work. This includes keeping aquatic habitats and ecosystems in balance. Our work is guided by solid science and shaped through open collaboration with environmental experts, local communities, and regulatory bodies.

Photo #1. Inserting Spawn into the River



Photo #2. Larvae from the '24 spawning



Photo #3. Juvenile Brown trout hatched during the '24 season



Photo #4. Brown trout individual in the fish pass



Photo #5. Brown trout individual in the survey area



Photo #6. Biodiversity Survey Visual Record



- Regular visual monitoring, carried out jointly by the ESG and technical teams, verified the continued proper functionality of the fish passes. These efforts play a critical role in preserving and enhancing the ecological balance and biodiversity within the river ecosystems. Independent quarterly surveys led by invited third-party professionals assessed fish and macroinvertebrate diversity and abundance.
- Daily monitoring of environmental water releases through gauging stations ensures sustained and adequate downstream flow. This oversight guarantees the ecological health of river systems while supporting species that rely on these habitats. Reports on water releases are made publicly available on our website and submitted to the National Agency of Environment of Georgia for review and recommendations.

Key findings are presented in the table below:

Metric	Target '24	Actual '24
Number of Brown trout Brown Trout eyed eggs delivered at spawning ground	52000	52000
Number of fish species identified across monitoring periods in Lakhani river	1 (exclusively trout)	1
Total number of fish captured across quarterly monitoring periods in Lakhani river	45	67
Lakhani river taxonomic diversity of macroinvertebrates: number of orders and families	7/13	7/13

Lakhani HPP Fish and Spawning ground surveys reports are available on the Company's website [Austrian Georgian Development](#).

Transparency and Collaboration

In 2024, reaffirming our commitment to transparency and accountability, we continued the practice of publicly disclosing all relevant documentation, including our annual report, which highlights key achievements and addresses challenges encountered during the year, on our official website. Additionally, all reports produced during the year were submitted to the National Environmental Agency of Georgia, ensuring requirements of the Environmental Permit, alignment with national environmental objectives and fostering collaboration through expert feedback and recommendations for continuous improvement.

Looking Ahead

Lakhami HPP remains firmly committed to protecting biodiversity and supporting the ecosystems that sustain aquatic and water-dependent species. Through close collaboration with experts, regulatory bodies, and local communities, we strive to continuously strengthen our conservation efforts. Our proactive approach to biodiversity protection, compliance with environmental regulations, and commitment to transparent reporting reflects our broader dedication to environmental responsibility and sustainable development.

a. Geological Risk Monitoring and Mitigation

At Lakhami HPP, landslide-gravitational processes and other hazardous geological events are observed daily by the technical and operations team. If a critical or concerning area is identified, a third-party geological expert will be engaged to conduct a detailed assessment and recommend appropriate action. In addition to daily monitoring, an annual assessment was carried out by an independent geological expert in 2024, no critical observations were reported by the expert, the report was submitted to NEA with no further comments from the agency. This monitoring system ensures timely detection and response to potential geological risks.

b. Sustainable Water Management

Responsible water management is integral to our operations, ensuring that the water used for energy generation is returned to the environment without changes in quantity or quality. This commitment extends to all aspects of water use, including operational processes and domestic needs, and is closely monitored to ensure alignment with regulatory requirements.

Water Used for Energy Generation

As a run-of-river hydropower facility, Lakhami HPP relies on river water to generate renewable energy. Our turbines are engineered for optimal performance, ensuring efficient water consumption alongside power generation. This water is channeled through our system and released back into the river without alteration to its quantity or quality, preserving the natural flow and integrity of the ecosystem downstream. This dual focus enables us to meet stringent environmental standards while contributing to ecosystem preservation. The use of advanced technology further enhances our capacity to uphold sustainable energy practices.

Ecological Flow Compliance

To protect the ecological integrity of the Lakhami River and support water-dependent species, Lakhami HPP maintains a consistent downstream ecological flow, in accordance with the Environmental Permit issued by the Ministry of Environmental Protection and Agriculture of Georgia. For Lakhami 1 HPP, a minimum ecological flow of 0.18 cubic meters per second is ensured, while 0.27 cubic meters per second is maintained at Lakhami 2 HPP. These flow rates are critical for preserving aquatic habitats and sustaining the local ecosystem. To ensure compliance and transparency, quarterly reports are submitted to the National Environmental Agency and the Department of Environmental Supervision. These reports provide detailed records from automated gauging stations, covering ecological flow data, natural river flow levels, and water consumption demonstrating Lakhami HPP's ongoing commitment to environmental responsibility and regulatory compliance.

Water for Domestic Use

Due to the inability of LLC United Water Supply Company to ensure potable water supply for the Lakhami HPP, the Company signed an agreement with local potable water production Company Borjomi Waters. The supplier initially offered to deliver smaller 0.5-liter bottled water, but this offer was rejected to minimize plastic waste and reduce overall waste generation. The final agreement with the supplier was to deliver 20-liter reusable tanks for dispensers, which are refilled by the supplier.

Key Findings from 2024 reports and assessments

Biodiversity monitoring studies conducted in 2024 revealed that the ecological health of the Lakhami River remains stable and healthy, supported by adequate environmental water flow and sustainable management practices:

- Adequate Environmental Flow: Lakhami HPP met the required ecological flow ratios of 0.18 m³/sec for Lakhami 1 and 0.27 m³/sec for Lakhami 2, as prescribed in its operational plan. These flows were confirmed as adequate by ichthyological and biological surveys conducted during quarterly monitoring periods.
- Aquatic Biodiversity Indicators: Biodiversity assessments revealed no significant differences in fish or macroinvertebrate diversity between areas affected by HPP operations and control areas, further validating the adequacy of environmental flows.

Water Management Metrics

Metric	Target 2024	Actual '24	Target '25
Total average annual water usage for Lakhami HPP cascade operations (m ³ /year)	Measured daily to track water usage trends and optimize operational efficiency	69,662 (m ³ /y)	69,662 (m ³ /y)
Ecological Flow Ratio Lakhami 1	0.18 m ³ /sec.	0.18 m ³ /sec.	0.18 m ³ /sec.
Ecological Flow Ratio Lakhami 2	0.27 m ³ /sec.	0.27 m ³ /sec.	0.27 m ³ /sec.

Conclusion

By maintaining adequate environmental flow, Lakhami HPP supports the natural aquatic habitat and biodiversity of the Lakhami River. These efforts, reinforced by third-party surveys and ichthyologist appraisals, underscore our dedication to preserving aquatic ecosystems. Our transparent monitoring practices and sustainable water management strategies are integral to achieving long-term environmental stewardship and operational excellence.

Alignment with the National Laws and Regulations

As a conscientious Company, we are diligently adhering to Georgian laws and regulations. We meticulously monitor and implement all the stipulated responsibilities and mitigation measures outlined in the Environmental Impact Assessment and Environmental Permit, showcasing our commitment to legal compliance and environmental stewardship, the list of mandatory responsibilities is reflected below:

#	Subject Of Monitoring	Frequency	Progress
1	Electromagnetic radiation, Temperature, Relative humidity, Air velocity, Lighting, Noise, Vibration	Annually	Assessment conducted by the ESG and technical teams
2	Landslide-gravitational processes and other hazardous geological events	Annually	Assessment conducted by the invited third-party professional
3	Environmental flow release ³	Daily	Data has been gathered by the automated gauging stations
4	Aquatic Biodiversity	Quarterly	Assessment conducted by the invited third-party professional
5	Effectiveness of technical functionality of a fish pass and its operation	Monthly	Accomplished through the invited professional, international consultant, and technical team
6	Waste Management	Monthly	Accomplished through The certified contractors
7	Occupational Safety	Daily	Accomplished through the H&S/ESG/technical teams
8	Human Rights	Daily	Approved Human Rights Due diligence and Risks assessments

Lakhami HPP achieved full compliance with environmental regulations in 2024, receiving no penalties or sanctions from legal or regulatory bodies.

³ Environmental flow release is monitored on an hourly bases, while the information about the Environmental flow application is submitted to National Environmental Agency on quarterly bases as per environmental permit requirement

Stakeholder Engagement

At Lakhani HPP, AGD LLC recognizes that transparent, respectful, and ongoing stakeholder engagement is essential to the long-term success and sustainability of our operations. From the outset, stakeholder engagement has been a cornerstone of our approach. Guided by a comprehensive Stakeholder Engagement Plan (SEP) formally approved by Company director, the Holding ESG and Sustainability Lead, and the Supervisory Board, we ensure clear and consistent communication with all stakeholders.

The SEP goes beyond basic disclosure; it aims to build meaningful and constructive relationships with all parties interested in the Hydro Power Plant. A key feature of the SEP is a dedicated grievance mechanism, designed to offer an amicable and efficient resolution process for any concerns raised in connection with the HPP. This mechanism ensures that stakeholders feel heard and respected, reinforcing our commitment to transparency and accountability.

To promote open dialogue, AGD LLC maintains proactive communication channels with stakeholders. This includes regular meetings with local government representatives, village delegates, and community members, as well as broader community gatherings. These efforts have helped cultivate strong, trust-based relationships with the communities surrounding the Lakhani HPP. Since transitioning from the construction to the operational phase at the end of 2020, the frequency of day-to-day stakeholder interactions has naturally declined. However, our commitment to engagement remains strong and fully aligned with the current phase of operations. The ESG Manager remains readily accessible via phone, email, and the HPP's official website, ensuring that all stakeholders have an open line of communication. When on-site, the ESG Manager meets directly with community members to address specific concerns and uphold our transparency standards.

Our relationship with the Lakhani community goes beyond operational responsibilities. In 2024, despite the HPP being fully operational since 2020, AGD LLC made a voluntary decision to fund a local infrastructure project valued at USD 33,100, ensuring uninterrupted access to potable water supply in Lakhani village. This contribution reflects our continued commitment to the community's well-being and demonstrates alignment with SDG 6: Clean Water and Sanitation.

It is worth highlighting that no grievances or concerns were raised by stakeholders in 2024 regarding Lakhani HPP's operations. This outcome reflects the strength of our proactive engagement strategy and the effectiveness of the SEP in fostering trust and mutual understanding.

In 2024, the Company continued to demonstrate its commitment to social responsibility by responding to several community needs in Village Lakhani. In collaboration with local residents and the municipal government, the Company supported the installation of an air conditioning unit in the village's ritual hall, ensuring the space remains comfortable and functional for communal use. In a gesture of solidarity, financial assistance was extended to a resident facing urgent medical expenses, reflecting the Company's awareness of and compassion for individual difficulties. The Company also fulfilled a request from the local priest for fuel and supported the local kindergarten by providing a printer, contributing to improved learning conditions for young children. These actions underscore the Company's continued efforts to foster trust and strengthen its relationship with the communities in which it operates.

AGD LLC recognizes that the long-term success of its operations is fundamentally dependent on the well-being of the local communities surrounding its project sites.

Governance Practices

Transparent, accountable, and ethical governance is the bedrock upon which Lakhani HPP stands. In this report, we provide insights into our corporate governance structure and adherence to regulatory frameworks. We are dedicated to maintaining the highest standards of integrity, ensuring that our stakeholders can trust in our decision-making processes and ethical business conduct. A structured governance framework is integral to Lakhani HPP, featuring a two-tier system comprising the Supervisory Board and the Management of the Company. This hierarchical structure is meticulously designed to safeguard the best interests of AGD LLC and its stakeholders.

At the helm, the Supervisory Board assumes a crucial role in providing oversight and evaluating the management of business affairs related to Lakhmi HPP. This board acts as a vigilant guardian, ensuring that strategic decisions align with the Company's long-term objectives. The Management of the Company, on the other hand, is entrusted with the day-to-day operational activities of the Company. This includes the preparation and execution of the Company's strategic plan, a pivotal document that requires submission to the Supervisory Board for approval. By establishing this two-tier system, AGD LLC ensures a balanced and effective governance structure, promoting transparency, accountability, and strategic alignment with the overarching goals of Lakhmi HPP. This framework optimizes decision-making processes and fosters sustainable growth for the benefit of the Company and its stakeholders.

In 2024, AGD LLC further strengthened its governance practices by officially joining the UN Global Compact in April 2024, committing to align its operations with the Ten Principles of the UN Global Compact. This commitment emphasizes the Company's dedication to human rights, labor, environmental responsibility, and anti-corruption. As part of this commitment, AGD LLC will submit its first Communication on Progress (CoP) report in 2025, following the one-year participation requirement.

Customer Satisfaction Measurement

AGD LLC measures customer satisfaction through direct surveys. The Company interviews customers by survey questionnaire, which is a key tool for measuring their satisfaction. The survey questionnaire template filled in by customer # 0001 is presented in Annex #3.

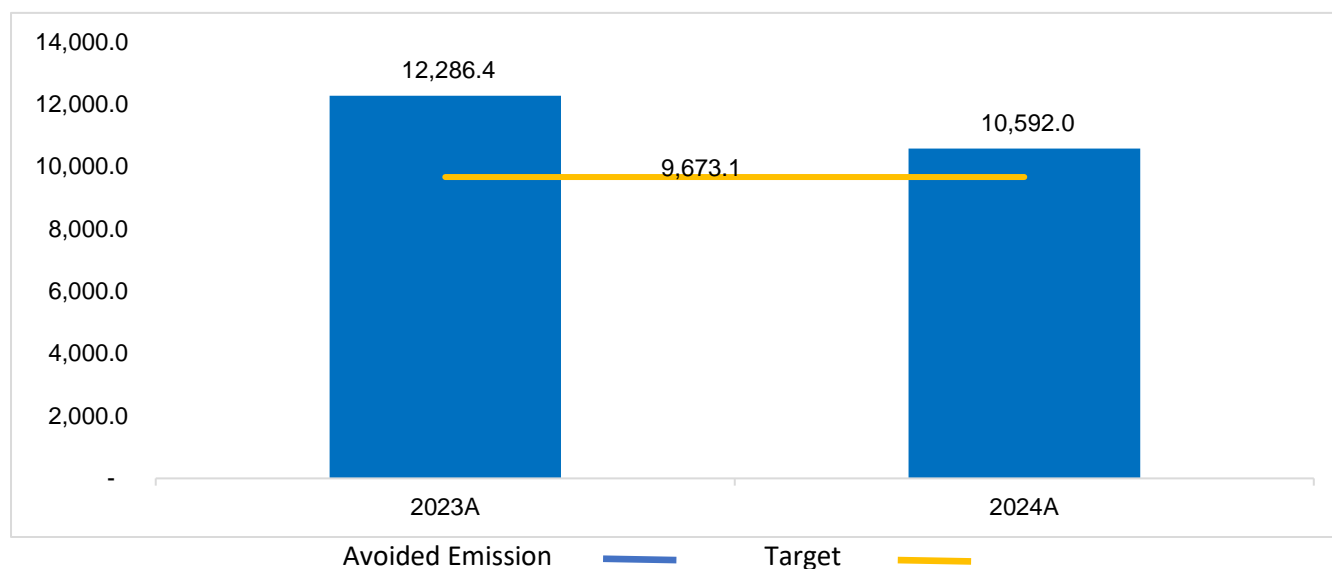
By participating in these surveys, customers are enabling AGD LLC to better understand how to serve customers and hence build a long-term, reliable relationship.

The results from the customer satisfaction surveys 2024 have been extremely positive, indicating that the customers are highly satisfied with our services. This feedback confirms our commitment to providing exceptional service and highlights our ability to meet the needs of our customers effectively.

Annex #1 Avoided Emissions (tCO₂eq/yr) Data

Lakhami HPP (AGD LLC)

Type Of Data	Q1	Q2	Q3	Q4	Actual '24	Target '24
Scope 1 (tCo2eq/yr)	12	14	16	13	55	56
Scope 2 (tCo2eq/yr)	0	0	0.1	0.5	0.6	5
Scope 3 (tCo2eq/yr)	1	1	2	5	9	15
AVOIDED EMISSION (tCo2eq/yr)	1,462	6,200	1,731	1,199	10,592	9,673



Annex #2 Historical Summary of Avoided Emissions (tCO₂eq/yr) Data

Lakhami HPP (AGD LLC)

Type Of Data	Actual '21	Actual '22	Actual '23	Actual '24
Scope 1 (tCo2eq/yr)	188	102	56	55
Scope 2 (tCo2eq/yr)	78	24	5	0.6
Scope 3 (tCo2eq/yr)	N/A	N/A	N/A	9
AVOIDED EMISSION (tCo2eq/yr)	8,385	12,128	12,286	10,592

Customer Satisfaction Survey

Dear Customer,

Thank you for your time and willingness to participate in the Customer Satisfaction Survey!

Your feedback is incredibly important to us as we are committed to continuously enhancing our products and services to better meet customers' needs.

Through this survey, you're truly helping us understand how we can better serve our customers for long-term and reliable partnerships.

Your honest feedback, opinions and suggestions are highly appreciated.

Please rest assured that all responses are treated as highly confidential and will be used solely to improve our service.

Please take a few moments to share your thoughts with us.

We value our partnership and look forward to cooperating with you.

Best Regards,

1. How satisfied are you with the service proposed by the company?

Very satisfied	Satisfied	Neutral	Dissatisfied	Very dissatisfied
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Additional Comment (if any):

Never experienced a single negative approach or issue. Always constructive and open to dialogue_ _ _ _ _

2. Do you find the cooperation efficient?

Very satisfied	Satisfied	Neutral	Dissatisfied	Very dissatisfied
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Additional Comment (if any):

Long years of communication and cooperation led us to efficient processes during execution. _ _ _ _ _

3. How satisfied are you with the flexibility of the company to provide customized services tailored to your needs?

Very satisfied	Satisfied	Neutral	Dissatisfied	Very dissatisfied
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Additional Comment (if any):

Agreeing on hourly optimized export generated benefit for parties. It was easy to communicate and execute. _ _ _ _ _

2

4

⁴ The answer selected by the user is marked in red font.

4. How satisfied are you with the supporting/incremental services (contract negotiations, execution process, billing and invoicing process)?

Very satisfied	Satisfied	Neutral	Dissatisfied	Very dissatisfied
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Additional Comment (if any):

All of them were based on business understanding and specific business needs. _ _ _ _

5. How likely are you to renew your contract with the company?

Very likely	Likely	Neutral	Unlikely	Very unlikely
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Additional Comment (if any):

6. How likely are you to recommend the services of our company to other businesses?

Very likely	Likely	Neutral	Unlikely	Very unlikely
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Additional Comment (if any):

7. Could you please share with us your constructive feedback that will assist us in improving our service?

Keep the same attitude for exploring and cooperating while focusing on valuable gains,
not just revenues.

We do appreciate your participation in our survey.

Your input is instrumental in guiding our efforts to enhance and improve our service.

Thank you for your continued support and partnership.

Customer: #0001