



**AUSTRIAN GEORGIAN DEVELOPMENT LLC
(AGD LLC)**

ENVIRONMENT, SOCIAL & GOVERNANCE POLICY

The Document is Approved by the Company General Director:

Giorgi Abramishvili

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Austrian Georgian Development LLC Environment, Social & Governance Policy

Introduction

"Austrian Georgian Development" LLC (AGD) was established in June 2013 and owns and operates hydropower projects in Georgia. The company developed the Lakhami HPP Cascade, consisting of Lakhami 1 and Lakhami 2 Hydropower Plants, located on the Lakhami River in Mestia Municipality. These run-of-the-river plants have a combined installed capacity of 16 MW and generate an average of 80 million kWh annually. The Lakhami HPPs are connected to the national grid via a 35/6 kV power transmission line.

"Austrian Georgian Development" LLC is co-owned by CCEH Hydro III LLC – Part of Caucasus Clean Energy Holding (CCEH), an international investment holding company founded in 2015, with investors from Western Europe and the United States, actively engaged in the Georgian energy sector. Geo Hydro Capital Group LLC – Founded in 2013, specializing in the development of small and medium-sized hydropower plants in Georgia. Energy Solutions LLC – Established in 2014, focusing on the construction and development of small and medium-sized hydropower plants, as well as providing consultancy services in the hydro energy sector.

General

Sustainable power and infrastructure investment requires responsible business management of environmental, social and governance (“ESG”) matters.

This ESG Policy is designed to meet standards set forth by the United Nations Principles for Responsible Investment as well as the Environmental and Social Principles and Standards of the IFC and EIB.

AGD LLC is committed to implementing measurable ESG initiatives aligned with international standards. This policy establishes clear Key Performance Indicators (KPIs) and timelines to monitor progress, ensuring transparency and accountability in our sustainability efforts. AGD LLC maintains a comprehensive Environmental Policy that aligns with its ESG commitments.

Principles

AGD LLC will:

- As appropriate, minimize adverse impacts and enhance positive effects on the environment, workers, and all stakeholders.
- Commit to continuous improvements, and encourage staff to commit to continuous improvements, with respect to management of the environment, social matters and governance.
- Work overtime to apply relevant good international practice standards, with appropriate targets and timetables for achieving them

Policies

- AGD LLC shall comply with all applicable environmental laws, including international conventions ratified by the host country.
- AGD LLC shall establish and will maintain a management system for environmental and social matters of its Portfolio Investments (“ESMS”)
- AGD LLC Management shall appoint from among its team an Environmental and Social Manager who shall, among other things, be responsible for the proper operation and maintenance of the ESMS.
- AGD LLC should demonstrate good practice of meaningful dialogue, consultation and participation with stakeholders. Stakeholder concerns should be considered as early as possible in the project assessment process as well as constitute a crosscutting element throughout the projects’ life-cycle, in order to enhance sustainability and contribute to project success.
- AGD LLC will use its reasonable best efforts to ensure that it complies with applicable national and local laws on employment; do not make use of forced labor of any kind; do not employ or make use

of harmful child labor; pay wages that meet or exceed industry or legal national minima; treat their employees fairly in terms of recruitment, progression, terms and conditions of work and representation, irrespective of gender, race, color, disability, political opinion, sexual orientation, age, religion, social or ethnic origin, or HIV status; allow consultative work-place structures and associations which provide employees with an opportunity to present their views to management; and for remote operations involving the relocation of employees for extended periods of time, ensure that such employees have access to adequate housing and basic services.

- As soon as reasonably practicable and in any event within three Business Days after becoming aware of the occurrence, notify the investors' representative of any social, labor, health and safety, security or environmental incident including any claim for environmental or social damages accident, loss of life, material breach of law, material effect on the environment. As soon as reasonably practicable thereafter AGD LLC shall specify in each case the nature of the incident, accident, or circumstance and the impact or effect arising or likely to arise therefrom, and the measures being taken, or plans to be taken, to address them and prevent any future similar event; and keep the investors' representative reasonably informed of the on-going implementation of those measures.
- This ESG Policy and Environmental Policy are closely integrated and should be read together to ensure a holistic understanding of our sustainability approach. Both policies reinforce our commitment to responsible environmental management, social responsibility, and strong governance practices, ensuring alignment with national regulations and international best practice.

Anti-Bribery and Anti-Corruption

AGD LLC is dedicated to conducting its business with utmost honesty, integrity, and adherence to anti-bribery and anti-corruption laws. This commitment extends to complying with relevant laws, including those specific to Georgia. If local laws impose stricter requirements than those outlined in this policy, the more stringent local regulations will take precedence.

The act of bribery and corruption is absolutely prohibited. Within this context, a "bribe" encompasses any form of value, loan, award, or benefit that is offered, promised, given, or received directly or indirectly by any individual. Such offerings are reasonably made as an incentive for specific actions or omissions related to the individual's duties, to influence a decision or obtain an improper or unfair advantage, either for the benefit of the corporation or any other party. "Corruption" refers to the misuse of power or position for personal gain.

Exclusions

The following categories of activities are excluded from the AGD LLC working universe:

- Production or activities involving forced labor or child labor;
- Production or trade in any product or activity deemed illegal under country laws or regulations or international conventions and agreements, or subject to any phase-out bans, such as:
 - Wildlife or products regulated under the Convention on International Trade in Endangered Species or Wild Fauna and Flora (CITES); or
 - Unsustainable fishing methods (e.g., blast fishing and drift net fishing in the marine environment using nets in excess of 2.5 km in length);
- Trade in wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora.
- Purchase of land or real-estate investment except where it is directly associated with the Projects (e.g., land for the construction of a power plant).
- Production or activities that impinge on the land owned, or claimed under adjudication, by Indigenous People, without full documented consent of such people.
- Processing of toxic waste.
- Gambling and betting activities.
- Cross-border trades in waste and waste products.
- Destruction of High Conservation Value area.

ESG Principles

AGD LLC will use its reasonable best efforts to adhere to the following ESG principles:

- Comply with applicable laws.
- Minimize adverse impacts.
- Enhance positive effects.
- Commit to continuous improvements.
- Strive to apply relevant international good practice standards.
- Employ an environmental and social management system to effectively address ESG risks and realize ESG opportunities.

AGD LLC ESG initiatives will seek to create positive impact by:

- Contributing to the improvement of the living and working standards of individuals impacted by the Project.
- Contributing to the enhancement of corporate governance of the Project.
- Contributing to the development and augmentation of environmental standards of the Projects and their surrounding communities; and
- Minimizing the social footprint of the Project.

Integration With Environmental Policy

AGD LLC maintains a comprehensive Environmental Policy that is fully aligned with its ESG commitments, ensuring a cohesive and strategic approach to sustainability. To reinforce this alignment, the ESG Policy and Environmental Policy are closely integrated and should be read together.

Our targets, as outlined in the Environmental Policy, are directly aligned with the United Nations Sustainable Development Goals (UN SDGs), demonstrating our commitment to global sustainability efforts. By embedding these targets into our business operations, we actively contribute to climate action, responsible resource management, and social well-being, in line with international best practices. Through this integration, AGD LLC strengthens its commitment to responsible hydropower operations, regulatory compliance, and transparent sustainability reporting, ensuring that our ESG strategy remains impactful, measurable, and globally relevant.

ESG Goals, KPIs, And Timelines

AGD LLC believes that meaningful ESG progress is achieved through clear, measurable goals and a strong commitment to accountability and continuous improvement. As a member of the United Nations Global Compact, we align our efforts with the United Nations Sustainable Development Goals (UN SDGs) and have established the following specific objectives and key performance indicators (KPIs) to guide our sustainability journey. Quantitative environmental metrics supporting these goals are detailed in the AGD LLC Environmental Policy. Social and governance-related KPIs are embedded within our ESG Policy and supporting frameworks, including stakeholder engagement procedures, health and safety programs, and annual ESG disclosures.

Environmental Goals

- **Reducing Carbon Footprint:** We are committed to reducing Scope 1 and Scope 2 emissions by a significant percentage by 2030. To track progress, we will monitor and report on intermediate milestones annually.
- **Expanding Emissions Management:** In addition to Scope 1 and Scope 2, we are actively working to assess and reduce Scope 3 emissions, focusing on supply chain impacts and indirect emissions to enhance our overall carbon reduction strategy.
- **Enhancing Energy Efficiency:** By 2025, we aim to improve our operational energy efficiency, leveraging advanced technologies to optimize hydropower generation and minimize energy losses.
- **Sustainable Water Management:** We will ensure the proper operation of water monitoring systems to maintain full compliance with ecological flow requirements, minimize water waste, and safeguard local ecosystems.

Social Goals

- **Maintaining Community Engagement:** We prioritize open communication with stakeholders by conducting structured meetings with municipal authorities, village representatives, and residents at least two times a year.
- **Empowering Stakeholders:** We are enhancing our grievance mechanism, ensuring all concerns are addressed within a clearly defined response time, fostering trust and accountability.
- **Ensuring Employee Well-Being:** Every employee is at the heart of our operations. We commit to delivering annual health and safety training, ensuring 100% participation, and continuously improving workplace conditions.

Governance Goals

- **Keeping Policies Dynamic and Relevant:** Our ESG policy will undergo annual reviews and updates, integrating feedback from stakeholders to stay aligned with evolving best practices.
- **Ensuring Compliance and Integrity:** We are dedicated to full compliance with national environmental and labor regulations, as well as international ESG frameworks, ensuring responsible and ethical business conduct.
- **Transparent and Data-Driven Reporting:** We will publish an annual ESG report, providing clear, data-backed insights into our sustainability performance, measured against established KPIs.

The ESG Policy Annual Revision Process

Aligned with internationally recognized ESG practices and standards, our Company undertakes a comprehensive review of the ESG Policy 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 operational 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 of the ESG Policy is uploaded onto the company's webpage, while the previous version remains accessible on the website in the archive folder.