



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

SUSTAINABILITY REPORTING BOUNDARIES

The Document is Approved by the Company General Director:

Giorgi Abramishvili

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2025

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Austrian Georgian Development LLC Sustainability Reporting Boundaries

Introduction

"Austrian Georgian Development" LLC (AGD¹) was established in June 2013 and owns and operates hydropower projects in Georgia. The company developed the Lakhani HPP Cascade, consisting of Lakhani 1 and Lakhani 2 Hydropower Plants, located on the Lakhani 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 Lakhani 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.

At AGD LLC, we are deeply committed to fostering transparency and accountability in all aspects of our operations. We recognize the critical importance of sustainability as a cornerstone of our long-term success and as a responsibility to our stakeholders and the communities we serve. Our sustainability reporting is designed to provide a clear, accurate, and comprehensive view of our environmental, social, and governance (ESG) impacts. We strive to align our reporting practices with globally recognized standards and frameworks, ensuring that our disclosures meet the highest levels of integrity and reliability.

Lakhani Hydropower Plant, with an installed capacity of 16 MW, is one of the key assets in the Mestia Municipality of Georgia. AGD LLC is committed to sustainable operations and transparent reporting.

This document outlines the sustainability reporting boundaries, detailing the entities included in financial statements and their relevance to sustainability disclosures. Sustainability reporting applies solely to AGD LLC and covers only its direct operations and impacts.

Through this commitment, we aim to:

- Clearly define and communicate the boundaries of our sustainability reporting, ensuring they reflect the full scope of our organizational activities and align with our financial reporting.
- Continuously improve the quality and coverage of our sustainability disclosures, providing stakeholders with actionable insights into our performance and progress.
- Subject our sustainability data to rigorous internal reviews and third-party assurance processes, reinforcing confidence in the accuracy of our disclosures.
- Actively engage with stakeholders to ensure our reporting addresses their expectations and contributes to meaningful dialogue about our sustainability performance.

At AGD LLC, transparency in sustainability reporting is more than a compliance exercise - it is a reflection of our core values and an essential component of building trust with our stakeholders.

¹ AGD LLC does not have subsidiaries or ownership in any other companies.

Reporting Boundaries

The scope of AGD LLC's sustainability reporting encompasses the following key elements to provide a comprehensive and transparent representation of our environmental, social, and governance (ESG) performance:

1. Operational Coverage

All activities and operations under the direct operational control of AGD LLC.

2. Organizational Structure and Reporting Entities

Austrian Georgian Development LLC is co-owned by CCEH Hydro III LLC, Geo Hydro Capital Group LLC and Energy Solutions LLC. The information about mentioned companies are given below.

- Caucasus Clean Energy Holding Pte. (CCEH) is an international investment company. The Company has commenced its active operations in Georgia since 2015. The Company aims at investing in construction of small and medium HPPs in Georgia through the equity participation. In addition, extremely important aspect for the Company is not only provision of highly required capital for the projects, but also their enrichment with western best practices related to construction and operation of small hydropower plants. Together with the project developers, we share the common vision and strategy to achieve financial returns, amongst other things, through intangible value creation and implementation of best practices in Environmental, Social and Governance (ESG) aspects, which is a basis of the CCEH investment philosophy.
- Energy Solutions LLC was founded in 2014 aiming for the construction and development of small and medium-sized hydropower plants in Georgia. The company's main directions in hydro energy business are consultancy services and project development. The consultancy service covers full technical, financial and legal support, including determination of new project opportunities and optimization of existing hydro power plants. Project development includes identifying the projects on initial stages, executing necessary studies, fundraising and leading the project's day to day management for achieving successful accomplishment. The company has created solid and trustful management and consultancy team in hydro power business of Georgia.
- Geo Hydro Capital Group LLC was founded in 2013. The main direction of the company is development of small and medium-sized hydropower plants in Georgia.
- AGD LLC is the primary operational entity responsible for the hydropower plant's activities.

Financial Alignment

- Sustainability reporting boundaries align with our financial consolidation practices, covering all entities included in our consolidated financial statements.
- Activities contributing 75-100% of our total revenue are included, ensuring a comprehensive view of our business impacts. Revenue coverage is reflected both in annual and financial audit reports.
- Revenue contribution is assessed to determine its materiality in sustainability reporting. Entities contributing significantly to revenue are included in the reporting scope, ensuring comprehensive disclosure of sustainability impacts.

Responsibilities and Governance

- **The Role of the supervisory board:** The role of the supervisory board is to oversee the development of the project and ensure that:
 - The Management acts in line with their fiduciary duties.
 - All efforts are made to develop the project with highest integrity, responsibility, and accountability.
 - Management implements and follows the strategy defined and decisions made by the SB.
 - All ongoing activities are in line with the goal to develop the project in the most efficient manner.
- **Management of the Company:** The Management has the key role in the project development with the full discretion to manage the project, lead daily operations of the Company with the goal to ensure efficient development of the project and simultaneously steward the shareholders interest as much as practicable.
 - The Management should conduct risk management audit periodic and/or ad-hoc basis associated to the project development phase and present it to Management Committee if needed.
 - The Management should always act in the best interest of the company as required by the fiduciary duty and being accountable toward the Holding and Shareholders.
- Management is responsible for ensuring regulatory compliance, implementing the Environmental and Social Management System (ESMS), tracking ESG performance, and engaging transparently with stakeholders. They also oversee regular reporting, enforce health and safety standards, and respond to government inspections during operations. The management of the Company should immediately raise any key concerns in the process of GR to the Holding through MC and board meetings to seek for the support from the Holding to ensure the efficient development of the project, manage the bureaucratic burden and expedite the process to the extent possible.

Risk Management Processes

Risk Identification and Review: The Management conducts periodic and ad-hoc risk reviews, identifying material risks across the following categories:

- **Operational Risks:** Infrastructure challenges, natural catastrophes, health and safety incidents.
- **ESG Risks:** Environmental impact (Scope 1, Scope 2, and Scope 3 emissions), resource efficiency (water usage, energy), and stakeholder concerns.
- **Financial Risks:** Liquidity/cash flow risks, project cost overruns, and foreign exchange exposure.
- **Reputational Risks:** Regulatory compliance, ethical breaches, and stakeholder engagement failures.

Materiality Assessment: Material risks are prioritized through periodic assessments, integrating both internal business impacts and external societal/environmental impacts. Results are validated by third-party assurance providers where applicable.

Risk Mitigation: Identified risks are addressed through actionable mitigation strategies, which include scenario analyses, sensitivity testing, and defined contingency plans.

Audit and Monitoring: The risk management processes undergo third-party verification annually to ensure alignment with best practices and continuous improvement.

Lobbying and Trade Associations

AGD LLC is a member of the Georgian Renewable Energy Development Association (GREDA), which serves as a lobbying partner to the Government of Georgia on energy and environmental legislation.

While AIS does not engage in direct political lobbying, its affiliation with GREDA provides a formal channel for contributing to policy development that supports sustainable renewable energy practices. This relationship is considered an indirect impact pathway within AGD’s sustainability reporting boundary, reflecting the company’s commitment to transparent and responsible engagement beyond its operational footprint.

Task Force on Climate-Related Financial Disclosures

Governance

- The Supervisory Board actively oversees climate-related risks and opportunities, receiving updates from the ESG manager on Board meetings. This regular oversight ensures that Lakhmi HPP’s climate initiatives align with national energy goals, sustainability standards, and the company’s long-term vision.
- The ESG team collaborates with the General Director, Operations, Finance, and Health & Safety team to manage climate risks. This team is responsible for overseeing initiatives in water management, energy efficiency, emissions reduction, and waste management, setting performance targets that ensure compliance with Georgian environmental standards and support the company’s sustainability and resilience goals.

Strategy

- Climate-Related Risks and Opportunities:
 - Short-Term (1-3 years): Address emerging regulations for stricter emission controls and improve energy efficiency in operations through technology and process enhancements.
 - Medium-Term (3-10 years): Adapt to changing rainfall patterns that could impact water flow and generation capacity.
 - Long-Term (10+ years): Prepare for hydrological changes and potential extreme weather events by investing in resilient infrastructure and advanced technology to ensure operational stability.
- Climate risks, such as variations in water availability, influence Lakhmi HPP’s operational efficiency and financial planning. Investments in energy-efficient technology and renewable capacity help mitigate costs and emissions, aligning both financial objectives and sustainability goals.
- Lakhmi HPP incorporates resilience planning into its strategy by stress-testing operations against climate scenarios, including a 2°C or lower pathway.

Risk Management

- The company’s climate risk assessment includes environmental impact assessments, hydrological analyses, and scenario modelling. This approach also considers risks across the supply chain, enhancing resilience and ensuring comprehensive climate risk management.
- Processes for Managing Climate Risks:
 - Advanced water monitoring systems are used to optimize production during variable water conditions, ensuring operational efficiency and sustainable water use.
 - Facilities and slopes are fortified to withstand extreme weather events, ensuring operational continuity and minimizing climate-related disruptions.
- Climate-related risks are managed based on the Climate Change Impact Assessment, Environmental Policy, and Environmental Impact Assessment (EIA), ensuring the implementation of relevant mitigation measures. Advanced water monitoring systems, including gauging stations, are deployed to optimize production during variable water conditions while ensuring compliance with environmental flow requirements. The turbines do not affect water quality, and the turbined water is released back into the river.
- In addition to physical climate-related risks, AGD LLC acknowledges the relevance of transition risks, including evolving regulatory frameworks, climate-related policy changes, and carbon pricing developments. These risks, currently addressed in the AGD LLC Prospectus, will be explicitly

incorporated in future TCFD-aligned disclosures to provide a comprehensive view of climate risk exposure and ensure consistency with good reporting practices.

Metrics & Targets

- Monitoring Metrics: Lakhami HPP's key sustainability metrics include:
 - Water Usage and Flow Rates: Tracks water consumption trends and ecological flow, aligning with operational efficiency and conservation goals.
 - Energy Efficiency: Measures of improvements in energy usage, supporting cost-effective and sustainable operations.
 - Scope 1, 2, and 3 Emissions: Tracks direct, indirect (purchased electricity), and other indirect emissions (supply chain and vehicle operations).
- Climate-Related Targets:
 - Carbon Emissions: Reduce Scope 1 and Scope 2 emissions by 30% by 2030.
 - Energy Efficiency: Achieve a 20% improvement in operational energy efficiency by 2025.
 - Water Conservation: The minimum environmental flow release will be ensured in compliance with environmental permits and the Environmental Impact Assessment (EIA), allowing natural river flow downstream to support biodiversity. For hygiene and potable water use, compliance with health and safety standards will be maintained, alongside initiatives to promote water conservation. Staff will be trained to minimize unnecessary water use, such as turning off taps when not actively in use.

Progress against these targets is reviewed regularly, with transparent reporting in Lakhami HPP's annual sustainability disclosures. This process supports the plant's commitment to responsible, transparent, and resilient operations in the renewable energy sector.

Geographical Scope:

- All areas and geographies where AGD LLC operate, including key markets and production facilities.
- Reporting on environmental and social impacts specific to certain areas or operational areas, where applicable.

Policies and Procedures:

- ESG Policy - Aligns with sustainability governance and ESG performance management.
- Governance Manual - Supports clear roles, responsibilities, and oversight structure for ESG matters.
- Materiality Analysis - Ensures focus on key ESG topics most relevant to stakeholders and business.
- Reporting Ethical and Compliance Breaches - Demonstrates accountability and ethical governance.
- Environmental Policy - Covers environmental commitments, including resource efficiency and emissions management.
- EIA - Ensures compliance with local and international standards for environmental and social impacts.
- Stakeholder Engagement Plan - Supports communication and trust-building with internal and external stakeholders.
- Community Health and Safety plan - aligns with ESG principles by prioritizing social and community well-being.
- Financial Audit Report - Ensures financial transparency and accountability.
- Annual ESG Report - Consolidates all relevant aspects, including ESG disclosures and sustainability boundaries.

Indicators and Metrics:

- **Environmental indicators:** Greenhouse gas emissions (Scope 1, Scope 2, and Scope 3), energy consumption (renewable and non-renewable), water usage, and waste generation, focusing on resource efficiency and environmental impact mitigation.
- **Social indicators:** Employee health, safety, and well-being; diversity and inclusion metrics; human rights performance (including operations and supply chains); and community engagement outcomes.
- **Governance indicators:** Ethical business practices, regulatory compliance, and risk management integration, particularly linking materiality assessment results to enterprise risk management. Oversight of ESG processes by the Supervisory Board or senior management, with verification conducted by third-party assurance providers where applicable.

Temporal Boundaries:

- The reporting period aligns with our fiscal year to ensure consistency between financial and non-financial disclosures.

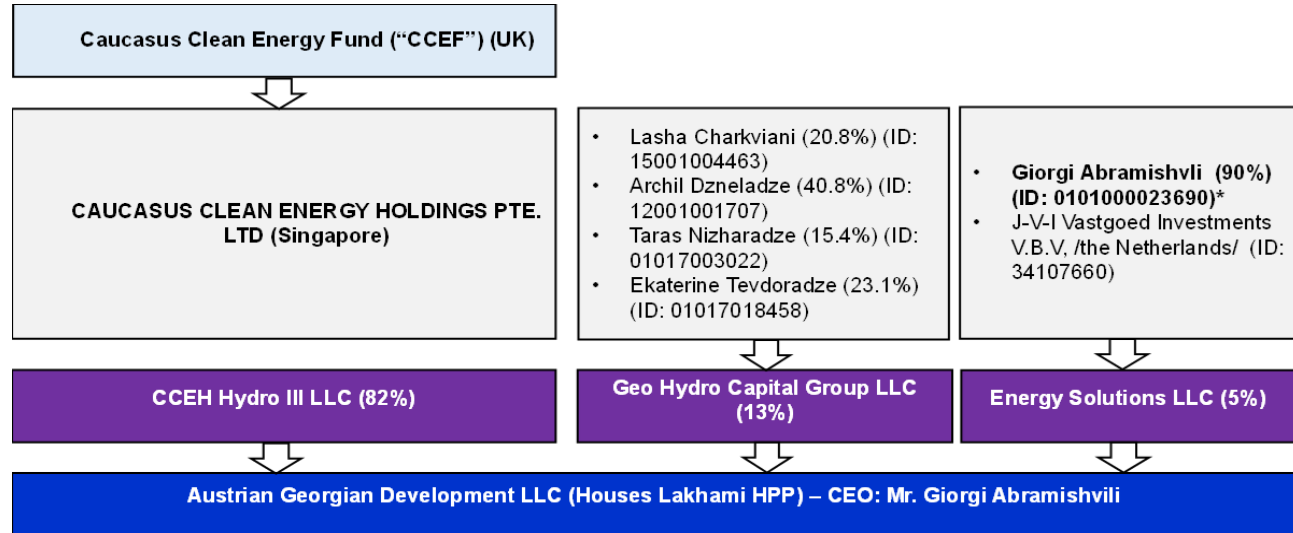
AGD LLC is committed to enhancing its sustainability reporting practices. By clearly defining reporting boundaries and responsibilities, the company aims to provide transparent and comprehensive sustainability disclosures, reflecting its dedication to sustainable development and continuous improvement.

Sustainability Reporting Boundaries Annual Revision Process

Aligned with internationally recognized ESG practices and standards, AGD LLC conducts an annual review of its Sustainability Reporting Boundaries to ensure alignment with regulatory requirements, operational updates, and stakeholder expectations. This process ensures that sustainability disclosures accurately reflect current assessments, performance metrics, and governance structures. The annual revision process is led by the Company Director, who reviews any necessary modifications and ensures compliance with corporate policies. Any proposed changes undergo a validation process with Caucasus Clean Energy Holding's ESG and Sustainability Lead, ensuring adherence to transparency, accountability, and best reporting practices. Following final validation, the updated documentation is formally approved by the Company Director and communicated to the Supervisory Board members. This reinforces AGD LLC's commitment to maintaining high international ESG standards. The updated version is uploaded onto the company's webpage to ensure public accessibility, while the previous version remains archived for reference.

Annexes

Annex #1: Organizational Chart



Annex #2: List of Policies and Documents

- Governance Manual
- Financial Audit Report
- Annual ESG Report
- Human Right Policy
- Human Rights Due Diligence
- Code of Conduct
- Suppliers’ Code of Conduct
- Reporting Ethical and Compliance Breaches
- ESG Policy
- Materiality Analysis
- Environmental Policy
- EIA
- Stakeholder Engagement Plan
- Community Health and Safety plan

Annex #3: List of Acronyms

EIA	Environmental Impact Assessment
ESG	Environmental, Social, and Governance
EU	European Union
GR	Government Relations
HPP	Hydropower Plant
LLC	Limited Liability Company
MC	Management Committee
SB	Supervisory Board
US	Unites States