AUSTRIAN GEORGIAN DEVELOPMENT LLC
(AGD LLC)

WATER MANAGEMENT PLAN

This Plan is Approved by the General Director: Giorgi Abramishvili

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Austrian Georgian Development LLC
Water Management Plan

Introduction

Austrian Georgian Development LLC (AGD LLC) 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.

Water Use and Management

Austrian Georgian Development 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 Austrian Georgian Development LLC Corporate Governance Manual and the Austrian Georgian Development 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 Austrian Georgian Development 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:

- **Hydrological Monitoring and Data Collection:**
  Regular monitoring of water flow is conducted at designated cross-sections on the Lakhami River. Data collection includes seasonal and multi-annual measurements, with daily, 5-minute, and hourly data intervals collected, and is integrated into the Supervisory Control and Data Acquisition (SCADA) system, which enables live monitoring of water flows. This is supported by long-term hydrological datasets. The collected data is used for trend analysis and operational planning into the Supervisory Control and Data Acquisition (SCADA) system for live monitoring. This hydrological data is integrated into the Supervisory Control and Data Acquisition (SCADA) system and monitored in live regime to ensure timely and informed decision-making for both short-term operations and long-term planning.
- **Ecological Flow Compliance:**
  Ecological Flow Compliance is 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. Automated gauging systems are installed to monitor environmental (ecological) flow, and the data is 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.
- **Operational Risk Preparedness and Infrastructure Safeguards:**
  Austrian Georgian Development 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.

- **Governance, Oversight, and Stakeholder Engagement:**
  The Water Management Plan is overseen by the Environmental, Social, and Governance (ESG) function in close coordination with the Company General Director, Technical Director, and Operations Team, ensuring that water-related risks are addressed as part of AIS LLC's integrated Enterprise Risk Management (ERM) and corporate sustainability systems. The Board of directors directly oversees risk management and is informed of any material water-related risks during quarterly Supervisory Board meetings, as outlined in the AIS LLC Corporate Governance Manual.
- **Water Pollution Prevention and Control:**
  Austrian Georgian Development LLC is committed to preventing the contamination of surface and groundwater resources. Measures include routine inspection of facilities for potential leaks or hazardous discharges, implementation of sediment control structures, and proper handling and disposal of waste materials. In addition, the company actively removes debris from river bodies using automated trash racks, thereby ensuring a cleaner water body downstream. These practices ensure compliance with environmental permits and safeguard aquatic ecosystems from pollution-related risks. Austrian Georgian Development LLC exclusively uses high-quality biodegradable turbine oils and other environmentally friendly lubricants at key components such as gates and turbines to prevent water contamination. Additionally, although the transformers are not located too close to the riverbank or in immediate vicinity, as a preventive environmental safeguard, collection pits and have been installed at transformer locations to effectively contain and treat any potential leakages or accidental discharges. This ensures that contaminants do not reach the river, groundwater, or surrounding soil, thereby minimizing environmental risks and protecting natural resources.
- **Disclosure and Accountability:**
  The outcomes and progress of the Water Management Plan are disclosed through Austrian Georgian Development LLC's annual Environmental, Social, and Governance (ESG) Report on the corporate webpage **https://www.agd.ge/** This aligns with the principles of transparency, accountability, and continuous improvement.

Through the Water Management Plan, Austrian Georgian Development 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

Austrian Georgian Development LLC operates in regions where water resources are accessible to various users, including irrigation and agriculture. While the company utilizes the Lakhami River, the area is also well known for its smaller rivers and mountain springs. The region is not classified as water-stressed, ensuring balance and sustainable use of water remains a key priority. The company continuously monitors hydrological conditions and evaluates potential impacts through both quantitative methods (e.g., long-term flow measurements) and engagement with stakeholders, including water users and local authorities. These efforts ensure that the company's water abstraction does not adversely affect downstream users and remains fully aligned with national water allocation priorities and environmental commitments.

Business Impacts of Water-Related Incidents

Austrian Georgian Development LLC acknowledges that the operation of its hydropower plants fully depends on the availability and continuity of river water. Water-related incidents, such as prolonged droughts, sudden flooding, or infrastructure disruptions linked to extreme hydrological events, may therefore lead to operational delays, damage to assets, and compromised ecological flow compliance. Such incidents can also impact local community members, and result in reputational and regulatory 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 are used to strengthen preparedness and reduce vulnerability.

In line with the international good practices, Austrian Georgian Development 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 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 General 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
Hydrological flow monitoring	Measurement of flow volumes at designated river cross-sections	Operations team/ ESG Manager	Daily
Ecological flow compliance check	Verification of minimum flow release in line with permit/EIA	ESG Manager / Operations Team	Hourly/ Daily
Infrastructure inspection and maintenance	Assessment and upkeep of risk mitigation structures (e.g. slope stabilization)	Operations team / Operations Team	Semi-annual / After incidents
Risk review and update	Evaluation of water-related risks and adaptive measures	General Director/ Operations team / ESG Manager	Annually
Stakeholder engagement	Consultation with local communities and regulatory agencies	ESG Manager	Annually / As needed
Disclosure in ESG report	Reporting on WMP progress and incidents	ESG Manager	Annually