



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

**PRODUCT STEWARDSHIP PROGRAM
RESPONSIBLE RENEWABLE ELECTRICITY**

This document is approved by the Company General Director: Giorgi Abramishvili

A handwritten signature in blue ink, appearing to be "Giorgi Abramishvili", with a long horizontal line extending to the right.

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AUSTRIAN GEORGIAN DEVELOPMENT LLC PRODUCT STEWARDSHIP PROGRAM RESPONSIBLE RENEWABLE ELECTRICITY

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.

As a renewable energy producer, AGD LLC recognizes that its core product is not only electricity, but renewable electricity produced under responsible environmental, social, and governance conditions. For this reason, the Company applies a product stewardship approach to ensure that electricity generation is managed responsibly across the full operational cycle, from water use and biodiversity protection to operational reliability, transparency, and stakeholder engagement.

Purpose and Scope

This Program defines how AGD LLC manages the sustainability profile of its electricity product and ensures that renewable generation contributes to Georgia's low-carbon transition and broader climate objectives.

This Program establishes a structured framework for defining, managing, and communicating the environmental, social, and governance characteristics of electricity generated by AGD LLC. It applies to all operational activities associated with the Lakhami Hydropower Plant, including electricity generation, water use, biodiversity protection, environmental controls, and the certification and transfer of renewable energy attributes.

The Program is implemented in alignment with applicable Georgian legislation, environmental permit conditions issued by Ministry of Environmental Protection and Agriculture of Georgia, order # n-911 and good international practice.

Product Definition

AGD LLC defines its core product as - renewable electricity with verified environmental attributes, generated by the Lakhami Hydropower Plant. The sustainability and responsibility of this electricity is ensured through:

- Renewable hydropower generation;
- Traceability of renewable electricity generation via automated meters, sustainable and efficient operation of the hydropower plant, including resource optimization and long-term asset management;

- Environmental integrity ensured by compliance with Environmental Permit conditions, company ESMS and commitment to implement ESG in line with IFC and EIB E&S Standards, including strong internal, external and regulatory monitoring systems;
- Health and safety management systems to protect employees, contractors and visitors;
- Social responsibility, including liaison with local communities and other stakeholders, employment of local population and contribution to the development of the local economy through payment of taxes defined by the state;
- Operational controls, that minimize environmental, social and governance impacts.

Governance and Responsibilities

Implementation of this Program is integrated within AGD LLC's corporate governance framework. The Supervisory Board provides oversight of environmental, social, and governance matters, including environmental performance, climate-related risks, and compliance with applicable standards.

Operational implementation is carried out by AGD LLC management in coordination with Caucasus Clean Energy Holding (CCEH).

The CCEH Operations team covers oversight of electricity generation, including performance monitoring, technical reliability, and compliance with operational requirements. The ESG Manager and/or person responsible for ESG is responsible for oversight of environmental, social, and governance performance, including:

- Compliance with environmental permit conditions;
- Monitoring of ecological flow and water use;
- Monitoring of release of minimal environmental flow defined by the regulatory;
- Implementation and verification of biodiversity protection measures;
- Implementation and verification of environmental protection measures;
- Planning and management of environmental data collection and reporting;
- Planning and management of social data collection and reporting;
- Execution of grievance mechanism (both stakeholder and workers grievances);
- Management and monitoring of ESG disclosures and certification processes.

Management ensures that environmental, social, operational, and certification data is recorded, reviewed, and maintained in a consistent and auditable manner.

Monitoring, Data Management and Verification

Operational and environmental performance is monitored through:

- Minute-by-minute data captured by the automated gauging stations is transmitted in real time to a secure Google Drive platform, enabling continuous operational and environmental performance monitoring by the operations team;
- Periodic internal and external inspections;
- Regulatory oversight and audits;
- ESG external audits.

All relevant data is systematically recorded, maintained, and reviewed to ensure accuracy, traceability, and alignment with regulatory and reporting requirements.

Environmental and operational performance indicators are subject to internal review and, where applicable, independent verification, ensuring that reported information is reliable, consistent, and auditable.

Environmental Performance

Environmental integrity is ensured through strict operational controls and monitoring systems. Ecological flow requirements are defined at 0.18 m³/s for Lakhmi 1 and 0.27 m³/s for Lakhmi 2, and 2025 monitoring records confirm consistent adherence to these regulatory thresholds throughout the reporting period. These flows are continuously monitored through automated gauging systems installed at the intake structures, ensuring protection of downstream ecosystems.

The fish pass systems at both Lakhmi 1 and Lakhmi 2 HPP were assessed during quarterly biodiversity monitoring by the independent third-party specialist's surveys and were confirmed to remain fully operational and structurally intact throughout 2025. In addition to independent quarterly assessments, the operational team conducts weekly visual inspections to ensure that the fish passes remain unobstructed and function as intended. Field observations during monitoring confirmed ongoing fish movement through the structures.

As a run-of-river facility, water used for electricity generation is continuously returned to the river after use, without material alteration of its quantity or quality.

Biodiversity safeguards include functioning fish passes, continuous quarterly biodiversity monitoring, macroinvertebrate sampling, water quality measurements, and annual restocking of brown trout. In accordance with regulatory requirements, AGD LLC released 52,000 brown trout eye-stage spawn in 2025. Monitoring confirmed more than a 25% increase in trout population compared to 2024, and 43 brown trout individuals were captured and recorded during the third-quarter electrofishing survey. Monitoring results confirmed suitable environmental conditions for sustaining a rapidly developing trout population.

Potable water use is also managed responsibly. In 2025, AGD LLC strengthened internal resource monitoring by installing a potable water meter in August 2025. The measured potable water use for the August - December monitoring period was 134 m³, with an average monthly potable water use of 26.8 m³.

Environmental controls are actively implemented across all operations. In 2025, the Company generated 10.3% less domestic waste, namely 1,076 kilograms of domestic waste, representing a decrease from 1,200 kilograms in 2024. No hazardous waste was disposed of during the reporting period; instead, 19 kilograms of hazardous waste were generated and securely stored in a designated temporary hazardous waste storage facility in compliance with regulatory requirements. These hazardous waste streams included used absorbent pads, residual machining oils/lubricants, and waste printer toner/ink containing hazardous substances.

In 2025, Lakhmi HPP is estimated to have avoided approximately 10,925 tCO₂eq of greenhouse gas emissions. This estimate reflects the emissions associated with an equivalent volume of electricity generated from higher-carbon sources within the grid. Avoided emissions are calculated based on annual electricity generation and applicable grid emission factors and may vary from year to year depending on hydrological conditions and changes in the electricity generation mix.

In addition to avoided emissions, AGD LLC monitors its greenhouse gas emissions in line with international standards. For 2025, the emissions profile of Lakhmi HPP is as follows:

- Scope 1 (direct emissions): 41 tCO₂eq
- Scope 2 (indirect emissions from purchased electricity): 0.1 tCO₂eq
- Scope 3 (other indirect emissions): 13 tCO₂eq

The overall emissions footprint remains low, reflecting the renewable nature of hydropower operations and limited reliance on fuel and external energy sources. Environmental performance is regularly reviewed within the Company's governance framework, including oversight by the ESG Manager and periodic reporting to management and the Supervisory Board, ensuring alignment with environmental objectives and regulatory requirements. These measures ensure that electricity generation maintains ecosystem integrity and minimizes environmental impact.

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Health and Safety Performance

AGD LLC prioritizes the health and safety of both its workforce and neighboring communities as an integral part of responsible renewable electricity generation. For the workforce, the Company maintains structured health and safety management systems supported by regular training, operational procedures, and continuous monitoring. Employees and contractors are provided with a safe working environment, and risks are actively identified, assessed, and mitigated through routine inspections and oversight.

For surrounding communities, safety is managed through a combination of physical controls and operational practices. High-risk infrastructure, including intake structures, electrical installations, and transmission lines, is secured through fencing, controlled access, warning signage, and surveillance systems. Regular inspections are conducted to ensure the integrity of these measures, and any deficiencies are addressed without delay.

Additional precautions are implemented to manage specific risks such as rapid flow variation, electrocution hazards, and seasonal conditions. Where relevant, advance warnings, visual checks, and communication with local representatives are applied to prevent exposure to risk.

Through these measures, AGD LLC ensures that its operations do not create unacceptable risks to employees, contractors, or local communities.

Social Performance

AGD LLC manages its social performance through ongoing, proportionate engagement with local communities and the implementation of structured communication, by using different communication channels, including the grievance mechanism.

As Lakhmi HPP has entered a stable operational phase, the intensity of day-to-day interaction with neighboring community - Lakhmi village, has naturally decreased. However, this reflects the absence of significant issues rather than reduced commitment. The Company maintains open, transparent, and accessible communication channels at all times.

The ESG Manager and/or person responsible for ESG remains the primary point of contact, and multiple communication channels are continuously available to all stakeholders. The Company also maintains an accessible grievance mechanism, through which all concerns are formally recorded, assessed, and addressed in a timely and transparent manner.

In 2025, three formal grievances were registered and addressed: one related to a fading walnut tree near the penstock, one concerning cracks in a house later determined to be unrelated to HPP operations, and one concerning noise from turbine hall cooling fans, which was resolved through installation of soundproof chambers. In addition, one informal community request was received from Lakhmi Kindergarten, to which the Company responded by providing approximately USD 500 worth of educational toys.

This balanced approach ensures that, even with reduced interaction intensity during the operational phase, Lakhmi HPP remains responsive, accessible, and aligned with good international practice in stakeholder engagement and social performance.

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Continuous Improvement

AGD LLC is committed to the continuous improvement of its product stewardship practices. The Company periodically reviews operational performance, environmental controls, and, where applicable, certification processes to identify opportunities for enhancement, taking into account regulatory developments, technological advancements, and evolving good international practices; this process is managed in accordance with the company ESMS. Where necessary, corrective actions are implemented to address identified gaps or deviations, ensuring that the environmental integrity and credibility of the Company's renewable electricity product are maintained over time. This approach is consistent with the Company's documented use of independent monitoring, Board-level ESG oversight, and implementation of recommendations identified through external ESG review.

Through this integrated approach, AGD LLC ensures that its electricity is not only renewable, but also quantifiably responsible, environmentally safeguarded, and operationally reliable, contributing to climate objectives while maintaining ecosystem integrity. This Program is subject to periodic review and update to reflect changes in regulatory requirements, operational conditions, and market mechanisms related to renewable energy certification, where applicable. Updates are approved by Company management and communicated to relevant personnel to ensure continued alignment with applicable standards and internal practices.

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Program Review and Update

This Program is reviewed periodically to ensure alignment with:

- Regulatory requirements;
- Environmental permit conditions;
- Corporate governance framework/ESMS;
- Market and certification developments.

Updates are approved through the Company's governance structure and communicated to relevant personnel.

Annex #1: Responsible Renewable Electricity Attributes

Area	Implementation and Performance
Hydropower source	Electricity is generated exclusively from run-of-river hydropower at Lakhami HPP-1 (6.5 MW) and Lakhami HPP-2 (9.5 MW), with a total installed capacity of 16 MW, ensuring low-impact renewable generation without large-scale water storage and preservation of natural river flow dynamics.
Generation (kWh)	In In 2025, the plant generated and transmitted 59,900,298 kWh of renewable electricity via the national grid, corresponding to approximately equivalent of 20,044 people supplied with renewable electricity.
Ecological flow compliance	Ecological flow was maintained in full compliance with permit requirements at 0.18 m ³ /sec for Lakhami 1 and 0.27 m ³ /sec for Lakhami 2, supported by automated gauging systems and quarterly reporting.
Biodiversity safeguards	Biodiversity measures include fish pass structures at both intake structures, annual release of 52,000 brown trout eye-stage spawn, quarterly biodiversity monitoring, water quality monitoring, macroinvertebrate sampling, and weekly visual inspections by the operational team. Monitoring confirmed more than 25% increase in trout population compared to 2024 and recorded 43 individuals during electrofishing surveys.
Water management	Water used for electricity generation is diverted through turbines and fully returned to the river system. Potable water meter installation was completed in August 2025 and measured potable water use for August-December was 134 m ³ .
Operational reliability	Electricity generation is managed through SCADA-based and automated real-time monitoring, ensuring stable operation aligned with hydrological conditions and environmental requirements.
Environmental controls	Environmental controls include structured waste minimization, including a 10.3% reduction of domestic waste to 1,076 kg in 2025, and secure temporary storage of 19 kg of hazardous waste in compliance with regulatory requirements. Full compliance with environmental regulations was maintained during the reporting period.
Health and Safety Performance	AGD LLC ensures the health and safety of its workforce and neighboring communities through structured management systems, regular training, and continuous monitoring. Operational risks are controlled through secured infrastructure, including fencing, restricted access, warning signage, and surveillance systems. Specific risks such as high-voltage exposure, rapid flow variation, and seasonal hazards are actively managed through preventive measures and routine inspections, ensuring that operations do not pose unacceptable risks.
Social Performance	AGD LLC maintains proportionate engagement with local communities during the operational phase. Communication channels remain accessible, and the grievance mechanism remains fully operational. The ESG Manager and/or person responsible for ESG serves as the primary contact point, supported by phone, email, and web-based communication. Where relevant, targeted engagement, including door-to-door communication and awareness activities, is conducted to promote community safety and prevent incidents. An accessible grievance mechanism ensures that all concerns are formally recorded, assessed, and addressed in a timely and transparent manner.