



AUSTRIAN GEORGIAN DEVELOPMENT LLC

(AGD LLC)

CLIMATE STRATEGY

Lakhami HPP

This Plan is Approved by the Company General Director:

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Contents

CONTENTS	2
INTRODUCTION.....	3
LAKHAMI HPP'S IMPORTANCE IN NATIONAL ENERGY DECARBONIZATION	4
COMMITMENT TO MANAGING SCOPE 1, SCOPE 2, AND SCOPE 3 EMISSIONS	4
KEY CLIMATE RISKS, ADAPTATION RESPONSES, AND BIODIVERSITY MONITORING APPROACH	5
GEORGIA'S CLIMATE STRATEGY AND ENERGY SECTOR OVERVIEW	5
POLICY AND REGULATORY ALIGNMENT.....	7
CLIMATE GOVERNANCE AND ESG FRAMEWORK.....	8
OBJECTIVE AND SCOPE.....	10
GHG EMISSIONS MANAGEMENT	11
CLIMATE RISK AND RESILIENCE ASSESSMENT	12
WATER RESOURCE STEWARDSHIP.....	16
BIODIVERSITY AND ECOSYSTEM PROTECTION.....	17
CHALLENGES FROM CLIMATE CHANGE	19
ADAPTATION STRATEGIES AND MEASURES.....	20
COMMUNITY AND STAKEHOLDER ENGAGEMENT	23
CAPACITY BUILDING AND INTERNAL GOVERNANCE	23
MONITORING, EVALUATION, AND REPORTING (MER)	24
INVESTMENT AND FINANCING PLAN	25
CONCLUSION.....	26
ANNEXES	28

AUSTRIAN GEORGIAN DEVELOPMENT LLC CLIMATE STRATEGY

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.

Lakhami HPP is a run-of-river cascade consisting of two diversion-type hydropower plants. The cascade has a combined installed capacity of approximately 16 MW and an average annual generation of around 80 million kWh. Lakhami HPP reached commercial operation in 2020 and supplies renewable electricity to Georgia's national grid through the Sagergila substation connection system.

This Climate Strategy establishes the framework through which AGD LLC integrates climate-related considerations into operational management, environmental governance, ESG disclosure, and long-term resilience planning of the Lakhami HPP Cascade. It has been prepared in the same general structure and level of detail as the climate strategies prepared for Bakhvi 2 HPP and Akhalkalaki HPP, while reflecting the specific context, operational data, climate risk assessment, and ESG documentation of Lakhami HPP. The Strategy reflects the specific context, operational data, climate risk assessment, and ESG documentation of Lakhami HPP.

The Strategy covers climate mitigation, climate adaptation, GHG emissions management, water resource stewardship, biodiversity and ecosystem protection, stakeholder engagement, capacity building, monitoring and reporting, and investment planning. It supports transparent, decision-useful disclosure aligned with good international practice, including the TCFD framework, IFC Performance Standards, EIB Environmental and Social Standards, the GHG Protocol, and the IHA Climate Change Resilience Guide for Hydropower.

Lakhami HPP at a Glance

Project type: two-stage run-of-river hydropower cascade on the Lakhami River

Location: Mestia Municipality, Samegrelo-Zemo Svaneti, Georgia

Installed capacity: approximately 16 MW (Lakhami 1: 6.4 MW; Lakhami 2: 9.5 MW)

Average annual generation: approximately 80 GWh

2025 generation supplied to the grid: 59,900,298 kWh

2025 avoided emissions: approximately 10,925 tCO₂eq

Lakhami HPP's Importance in National Energy Decarbonization

Lakhami HPP contributes directly to Georgia's renewable energy transition by supplying low-carbon electricity to the national grid and reducing the need for fossil-fuel-based generation. As a run-of-river hydropower facility, the cascade generates electricity without fuel combustion during normal operation and without a large storage reservoir, thereby maintaining a low operational emissions profile.

The project also contributes to Georgia's updated Nationally Determined Contribution (NDC) under the Paris Agreement by supporting lower-carbon electricity generation and reducing reliance on fossil-fuel-based electricity imports. Domestic renewable electricity generation additionally strengthens national energy security by reducing exposure to imported energy resources and external energy market volatility. AS a run-of-river cascade, Lakhami HPP also avoids the larger-scale inundation and reservoir-related impacts commonly associated with conventional storage hydropower projects, while maintaining renewable electricity generation capacity under variable hydrological conditions. In 2025, Lakhami HPP generated and transmitted 59,900,298 kWh of renewable electricity to the national grid. This resulted in approximately 10,925 tCO₂eq avoided greenhouse gas emissions during the reporting year. The avoided emissions impact was more than 200 times higher than the Company's reported Scope 1, Scope 2, and Scope 3 emissions for the same year, demonstrating that HPP's principal climate contribution is the reliable generation of renewable electricity while maintaining disciplined operational emissions management.

The project therefore contributes simultaneously to climate mitigation, renewable energy development, and long-term energy resilience objectives within Georgia's evolving climate and energy transition framework.

Commitment to Managing Scope 1, Scope 2, and Scope 3 Emissions

AGD LLC applies a structured emissions management approach covering Scope 1, Scope 2, and Scope 3 emissions. The approach is implemented through the Sustainability and Emissions Reduction Plan, the Net-Zero Transition Plan, annual ESG reporting, quarterly emissions tracking, and management review of performance against targets.

- Scope 1 emissions are mainly associated with fuel consumption for maintenance, operational vehicles, backup equipment, and other direct operational activities.
- Scope 2 emissions are associated with purchased electricity consumption for auxiliary systems and supporting facilities; these emissions remain very low because the project generates renewable electricity on site.
- Scope 3 emissions are associated with contractor activities, purchased goods and services, business travel, waste management, and other indirect value-chain activities. AGD LLC began integrating Scope 3 reporting from 2024 onward and continues improving data coverage and methodology.

In 2025, AGD LLC reported Scope 1 emissions of 41 tCO₂eq, Scope 2 emissions of 0.1 tCO₂eq, and Scope 3 emissions of 13 tCO₂eq, resulting in total reported emissions of approximately 54.1 tCO₂eq. Based on 2025 generation of 59,900,298 kWh the reported emissions intensity was approximately 0.90 tCO₂eq/GWh.

Scope 1 and Scope 2 emissions remained below the Company's annual targets during the reporting year, while Scope 3 emissions exceeded the annual target due primarily to ongoing improvement of indirect emissions data collection and reporting coverage.

The Company applies quarterly monitoring and annual disclosure of emissions data through its ESG reporting processes and integrates emissions-related performance into broader ESG governance and climate-related management systems.

The emissions management framework additionally supports AGD LLC's long-term objective of reducing operational emissions, strengthening Scope 3 emissions management, and progressing toward net-zero emissions by 2050 in line with the Net-Zero Transition Plan.

Key Climate Risks, Adaptation Responses, and Biodiversity Monitoring Approach

Project-specific climate risk assessment for Lakhmi HPP is based primarily on the Climate Change Risk Management assessment prepared by Blue Rivers Environmental Consulting in 2021. The assessment applied the IHA Climate Change Resilience Guide for Hydropower and evaluated projected climate-related changes under the RCP 6.0 scenario for the 2040-2059 period.

1. Average annual precipitation in the Samegrelo and Zemo Svaneti region is projected to increase from approximately 959 mm to 992 mm per year.
2. Average annual air temperature in the project region is projected to increase by approximately 1.5°C under RCP 6.0.
3. Average annual water availability at 50% provision is projected to increase by approximately 0.15 m³/s at the upper section and 0.18 m³/s at the lower section.
4. Annual electricity generation for 2040-2059 is projected at approximately 38.344 GWh for the upper section and 42.346 GWh for the lower section, under the modeled RCP 6.0 scenario, indicating generally stable long-term generation performance relative to baseline operational conditions. The intensity and frequency of extreme floods is projected to increase by approximately 10.4% on average, with the greatest seasonal increase expected in summer months.

The overall assessment indicates that the cascade is not expected to experience a material reduction in long-term energy generation under the modeled RCP 6.0 scenario. However, increased flood intensity, seasonal hydrological redistribution, sediment transport, erosion, and water-related incidents require continued monitoring and adaptive management.

The assessment therefore emphasizes the importance of continued hydraulic monitoring, preventive maintenance, sediment management, erosion prevention measures, and adaptive operational planning to strengthen long-term climate resilience across the cascade.

Biodiversity protection is integral to the climate resilience approach. The Company maintains fish passes at both intake structures, conducts quarterly aquatic biodiversity monitoring, maintains ecological flow compliance, performs fish pass inspections, and implements the brown trout restocking program required under the environmental permit.

In 2025, 52,000 brown trout spawn at the so-called eye-stage development phase, were released into the Lakhmi River, and monitoring confirmed continued development of the Brown Trout population and stable macroinvertebrate conditions within the affected river section.

The biodiversity monitoring framework additionally includes electrofishing surveys, habitat inspections, water quality monitoring, macroinvertebrate assessments, and monitoring of erosion prevention and sediment management measures supporting aquatic ecosystem stability under changing hydrological conditions.

Georgia's Climate Strategy and Energy Sector Overview

Georgia's climate policy is shaped by its commitments under the Paris Agreement and its Nationally Determined Contribution. The country has set emissions reduction objectives while also prioritizing energy security, renewable energy development, resilience to climate impacts, and alignment with evolving European climate and sustainability expectations.

The energy sector is central to Georgia's climate transition. Hydropower already plays a major role in domestic electricity generation and remains one of the most direct pathways for reducing carbon intensity, lowering reliance on fossil fuel imports, and strengthening local energy resilience. At the same

time, hydropower assets are climate-sensitive because their performance depends on river hydrology, seasonal precipitation, snowmelt, glacial contribution, sediment dynamics, and extreme weather events. Climate resilience, adaptive operational management, and environmental monitoring therefore remain increasingly important components of sustainable hydropower management in Georgia.

Within this national context, Lakhmi HPP contributes to Georgia's climate and energy objectives through renewable electricity generation, avoided greenhouse gas emissions, environmental flow management, biodiversity monitoring, and climate-informed operational risk management. The cascade's run-of-river configuration supports low-emission electricity generation while avoiding the large reservoir-related emissions and hydrological alteration risks associated with conventional storage hydropower. The project therefore contributes simultaneously to renewable energy development, climate mitigation, and long-term energy resilience objectives within Georgia's evolving energy transition framework.

In 2025, Lakhmi HPP generated approximately 59.9 GWh of renewable electricity and avoided approximately 10,925 tCO₂eq of greenhouse gas emissions through displacement of more carbon-intensive electricity generation sources within the national grid. The project therefore contributes to Georgia's broader decarbonization pathway and implementation of national climate commitments under the Paris Agreement and the updated NDC framework.

Georgia's climate and energy transition framework is also increasingly linked to investor expectations, ESG disclosure practices, sustainable finance, and climate-related reporting. AGD LLC responds to these expectations through annual ESG reporting, emissions tracking, sustainability governance, the Sustainability and Emissions Reduction Plan, the Net-Zero Transition Plan, the Water Management Plan, the Materiality Analysis, and the public disclosure of key environmental and social documents.

The Company's climate-related management framework is further supported through implementation of the Environmental and Social Management System (ESMS), the Environmental and Social Action Plan (ESAP), and associated environmental monitoring systems.

Climate-related risks, ESG priorities, emissions management, biodiversity protection measures, and environmental performance indicators are integrated into broader governance and operational oversight processes involving Executive Management, operational teams, ESG functions, and the Supervisory Board. This integrated approach supports accountability, climate resilience, environmental compliance, and continuous improvement across Project operations.

Key contributions of Lakhmi HPP within Georgia's climate and energy transition framework include

- Low-carbon electricity generation through a 16 MW run-of-river hydropower cascade.
- Avoidance of fossil-fuel-based emissions through renewable electricity supplied to the national grid.
- Operational monitoring of ecological flows, water use, fish passage, biodiversity, geological risk, waste, and OHS.
- Climate risk assessment using the RCP 6.0 scenario for 2040-2059 and implementation of adaptation measures.
- Integration of ESG priorities and climate-related risks into Board oversight and management processes.

The Company additionally supports transparency and stakeholder engagement through ESG disclosure, environmental monitoring reporting, grievance management mechanisms, and ongoing communication with regulators, local communities, and other stakeholders.

Policy and Regulatory Alignment

AGD LLC operates within a regulatory and governance framework shaped by Georgian environmental legislation, climate commitments, environmental permit obligations, investor requirements, and international ESG standards relevant to hydropower infrastructure. The Climate Strategy supports alignment with national requirements and recognized good international practice.

National Regulatory and Policy Alignment

AGD LLC's environmental and climate management approach is grounded in Georgia's national regulatory and policy framework, ensuring that Lakhmi HPP operates in accordance with applicable permit conditions, environmental obligations, and domestic climate policy priorities.

- Georgia's Nationally Determined Contribution under the Paris Agreement and national climate policy priorities.
- Environmental Impact Assessment and Environmental Permit obligations applicable to Lakhmi HPP.
- Ecological flow requirements for Lakhmi 1 HPP and Lakhmi 2 HPP.
- National requirements related to water resource management, biodiversity protection, waste management, ambient air protection, occupational health and safety, and environmental liability.
- Reporting and disclosure expectations applicable to operational hydropower assets and ESG-focused investors.
- Regulatory monitoring and reporting obligations applicable to operational hydropower infrastructure and environmental compliance management;
- ESG-related disclosure and transparency expectations associated with investors, lenders, and sustainability-related reporting practices.

The Strategy additionally supports implementation of environmental and social commitments reflected within AGD LLC's ESMS, Environmental Policy, Water Management Plan, Stakeholder Engagement Plan, Sustainability and Emissions Reduction Plan, and Net-Zero Transition Plan.

International Standards and Good Practice

AGD LLC's climate and environmental management approach is guided by internationally recognized sustainability, climate, environmental, and social standards, ensuring that Lakhmi HPP's operations are managed in line with good international practice and evolving ESG expectations.

- IFC Performance Standards, particularly PS1, PS3, PS4, and PS6.
- EIB Environmental and Social Standards, including climate change, biodiversity, resource efficiency, pollution prevention, and stakeholder engagement requirements.
- GHG Protocol principles of relevance, completeness, consistency, transparency, and accuracy.
- TCFD recommendations covering governance, strategy, risk management, metrics, and targets.
- IHA Climate Change Resilience Guide for Hydropower, used as the methodological basis for climate risk assessment.
- UN Global Compact principles, following AGD LLC's participation in the UN Global Compact framework.

These frameworks guide AGD LLC's approach to emissions monitoring, climate-related risk management, water stewardship, biodiversity and ecosystem protection, stakeholder engagement, and transparent reporting.

The Strategy is implemented together with the Company's Environmental Policy, ESMS, Stakeholder Engagement Plan, Sustainability and Emissions Reduction Plan, Net-Zero Transition Plan, Water Management Plan, Materiality Analysis, and annual ESG reporting processes. The integrated application of these frameworks supports consistent environmental governance, operational accountability, climate resilience management, and alignment with evolving international ESG and sustainable finance expectations relevant to renewable energy infrastructure.

The combined application of these frameworks and management systems supports integration of climate-related considerations into operational management, environmental governance, enterprise risk management, biodiversity protection, and long-term resilience planning across the Lakhmi HPP.

Climate Governance and ESG Framework

AGD LLC applies a structured climate governance and ESG management framework to ensure that climate-related risks, environmental responsibilities, and sustainability objectives are integrated into operational management and long-term resilience planning. The framework combines Board oversight, management accountability, ESG coordination, technical implementation, and external validation where required.

Climate-related governance and management responsibilities are integrated into broader operational oversight, enterprise risk management, environmental management, and ESG governance processes implemented throughout the operational phase of the HPP.

Governance Structure and Oversight

Governance at Lakhmi HPP is based on a two-tier structure comprising the Supervisory Board and the Company's Management. The Supervisory Board provides strategic oversight and reviews material ESG matters, including climate-related risks, emissions performance, biodiversity and ecological flow compliance, environmental monitoring outcomes, and implementation of sustainability commitments. Board-level review supports integration of climate priorities into strategic decision-making and management performance evaluation. The Supervisory Board additionally oversees climate-related risks and opportunities, environmental and social performance, emissions reduction strategies, biodiversity management, and broader sustainability-related governance matter through periodic review and ESG oversight processes.

The Company Director provides overall accountability for the implementation of climate and ESG commitments. The ESG Manager coordinates emissions tracking, environmental and social reporting, documentation, stakeholder engagement, and compliance follow-up. The Technical and Operations Team implements operational controls, hydrological monitoring, maintenance, efficiency measures, and incident response procedures. The CCEH ESG and Sustainability Lead provides additional review and validation support, strengthening consistency with broader holding-level ESG practices.

Monitoring and Disclosure

AGD LLC maintains a structured and transparent approach to emissions monitoring and disclosure. The Company tracks greenhouse gas emissions across Scope 1, Scope 2, and Scope 3 categories on a quarterly basis, supported by defined methodologies and internal verification processes.

The Net-Zero Transition Plan is implemented through the Sustainability and Emissions Reduction Plan, which includes:

- Annual emissions data (Scope 1, Scope 2, Scope 3);
- Avoided emissions;
- Reduction targets and projections;
- Performance tracking and evaluation.

AGD LLC publicly discloses emissions data, targets, and progress through:

- The Sustainability and Emissions Reduction Plan;
- The Annual ESG Report;
- The Company’s corporate website.

This ensures transparency, consistency, and alignment with international sustainability reporting practices.

Integration with ESG and Environmental Management Systems

Climate Strategy is implemented through AGD LLC’s broader ESG and operational management framework. Climate-related responsibilities are embedded into the ESMS, ESAP, Environmental Policy, Water Management Plan, Stakeholder Engagement Plan, Sustainability and Emissions Reduction Plan, Net-Zero Transition Plan, Materiality Analysis, and annual ESG reporting process.

- Climate-related risks and opportunities are reviewed through ESG governance and enterprise risk management processes.
- GHG emissions are tracked quarterly and disclosed through annual ESG reporting.
- Ecological flow compliance is monitored through automated gauging systems with 5-minute and hourly monitoring data automatically uploaded into the cloud-based monitoring system.
- Biodiversity performance is evaluated through quarterly aquatic biodiversity monitoring and fish pass inspections.
- Material ESG topics include renewable energy generation, biodiversity protection, ecological flow compliance, emissions management, community relations, health and safety, and effectiveness of environmental and social management systems.

The integration of climate-related considerations into operational management systems, environmental monitoring, ESG governance, and risk management processes supports a structured and organization-wide approach to climate resilience and environmental performance management.

Climate-Related Performance Monitoring

AGD LLC uses defined climate and ESG indicators to monitor performance and support continuous improvement in climate resilience, environmental management, and operational practices.

AGD LLC applies defined operational, environmental, and ESG indicators to monitor climate-related performance and support continuous improvement of resilience measures and operational management practices.

Climate-related KPIs and monitoring indicators include Scope 1, Scope 2, and Scope 3 emissions, avoided greenhouse gas emissions, emissions intensity indicators, ecological flow compliance, hydrological monitoring indicators, biodiversity monitoring results, fish pass functionality assessments, sediment and erosion-related monitoring observations, environmental compliance indicators, waste management performance, Implementation status of climate adaptation and mitigation measures.

Monitoring results are consolidated through internal reporting processes and reviewed by management, operational, and ESG functions. Key environmental and climate-related indicators are disclosed through annual ESG reporting and public documentation available on the Company website.

The Company’s monitoring and reporting framework supports transparency toward regulators, investors, lenders, local communities, employees, and other stakeholders while also strengthening operational oversight, climate resilience evaluation, and adaptive management processes.

Where appropriate, AGD LLC additionally engages independent specialists, geologists, ichthyological experts, environmental consultants, and ESG advisors to support monitoring, technical review, biodiversity assessment, and climate-related management activities.

Objective and Scope

The objective of this Climate Strategy is to define AGD LLC's approach to managing climate-related risks and opportunities throughout the operational phase of the Lakhami HPP Cascade. The Strategy establishes a structured framework for climate mitigation, adaptation, emissions management, water stewardship, biodiversity protection, governance, stakeholder engagement, and transparent monitoring and reporting.

The scope of the Strategy covers Lakhami 1 HPP and Lakhami 2 HPP, including associated intakes, penstocks, powerhouses, grid connection facilities, operational systems, environmental monitoring activities, and ESG governance processes. It focuses on the operational phase of the project and addresses both physical climate risks and transition-related ESG expectations. The Strategy focuses specifically on the operational phase of the Project and addresses both physical climate risks and transition-related ESG and disclosure expectations relevant to hydropower infrastructure and renewable energy operations.

The Climate Strategy is informed by and aligned with the following project-specific documents and disclosures:

- Lakhami 1 and 2 Hydropower Project Climate Change Risk Management assessment prepared by Blue Rivers Environmental Consulting;
- AGD LLC Sustainability and Emissions Reduction Plan;
- AGD LLC Net-Zero Transition Plan;
- AGD LLC Water Management Plan;
- AGD LLC Environmental Policy, ESMS, Stakeholder Engagement Plan, Materiality Analysis, and ESG Policy;
- Lakhami HPP Annual ESG Report and annual environmental monitoring disclosures.

The scope of greenhouse gas accounting includes direct emissions associated with operational activities, indirect emissions related to purchased electricity consumption, and progressively integrated Scope 3 emissions associated with contractors, purchased goods and services, transport, waste management, and other value-chain activities. The Strategy additionally supports integration of climate-related considerations into enterprise risk management, operational resilience planning, environmental governance, and long-term sustainability management processes.

- Integrating climate-related considerations into operational decision-making and maintenance planning.
- Strengthening resilience to hydrological variability, flooding, erosion, sediment transport, and water-related incidents.
- Supporting transparent emissions tracking, climate disclosure, and ESG reporting.
- Maintaining biodiversity protection and ecological flow compliance under changing hydrological conditions.
- Aligning with evolving regulatory, lender, investor, and stakeholder expectations.

The Strategy additionally supports continuous improvement of climate-related monitoring, adaptive management, environmental performance, and operational resilience across the Lakhami HPP Cascade through periodic review of monitoring results, climate-related risks, operational observations, and ESG performance indicators.

GHG Emissions Management

GHG emissions management at Lakhami HPP is based on a structured accounting, monitoring, and reporting framework covering relevant emission sources and categories. The approach follows internationally recognized principles and is implemented through the Sustainability and Emissions Reduction Plan, Net-Zero Transition Plan, and annual ESG reporting.

Emissions accounting and disclosure are aligned with the principles of the GHG Protocol, including relevance, completeness, consistency, transparency, and accuracy, while climate-related performance reporting additionally reflects the core disclosure principles incorporated within the TCFD framework.

2025 Emissions Profile

In 2025, Lakhami HPP maintained a very low operational emissions profile. Direct emissions were primarily associated with maintenance, operational transport, and fuel-related activities. Purchased electricity-related emissions remained minimal, while Scope 3 emissions reflected indirect value-chain activities that are progressively incorporated into the Company’s reporting system.

Type of data	Q1	Q2	Q3	Q4	Actual 2025	Target 2025
Scope 1 (tCO ₂ eq/yr)	10.15	10.00	10.00	11.00	41	55
Scope 2 (tCO ₂ eq/yr)	0.01	0.03	0.02	0.04	0.1	0.6
Scope 3 (tCO ₂ eq/yr)	2.00	1.85	7.00	2.40	13	9
Avoided emissions (tCO ₂ eq/yr)	1,620	5,863	1,549	1,893	10,925	10,592

Source: AGD LLC 2025 Annual ESG Report, Annex #1.

Total reported Scope 1, Scope 2, and Scope 3 emissions in 2025 were approximately 54.1 tCO₂eq. Based on renewable electricity generation of 59,900,298 kWh, the reported emissions intensity was approximately 0.90 tCO₂eq/GWh. This confirms Lakhami HPP’s low-emission profile relative to fossil-fuel-based electricity generation.

Scope 1 and Scope 2 emissions remained below their 2025 targets, while Scope 3 emissions exceeded the annual target. The increase in Scope 3 emissions primarily reflects ongoing improvement of indirect emissions accounting, data coverage, supplier-related information collection, and reporting methodology development. AGD LLC will therefore continue strengthening supplier engagement, contractor data collection, transport optimization, waste-related emissions oversight, and indirect emissions documentation.

The Company continues strengthening supplier engagement, contractor-related emissions data collection, transport optimization measures, waste-related emissions oversight, and supporting documentation associated with indirect emissions reporting.

Avoided Emissions and Climate Contribution

Avoided emissions are calculated to represent the estimated greenhouse gas emissions displaced by renewable electricity generation supplied to the national grid. In 2025, Lakhami HPP avoided approximately 10,925 tCO₂eq. This avoided emissions figure was approximately 202 times higher than total reported Scope 1, Scope 2, and Scope 3 emissions for the same year.

The project’s most important climate contribution is therefore the reliable generation of renewable electricity, combined with continued reduction of its limited operational and value-chain emissions. The renewable electricity generated by Lakhami HPP contributes directly to Georgia’s lower-carbon energy transition and supports implementation of the country’s broader decarbonization objectives under the Paris Agreement and Nationally Determined Contribution (NDC).

The Company tracks avoided emissions annually and discloses them through ESG reporting and related sustainability documents.

Historical Emissions and Reduction Trajectory

Type of data	Actual 2021	Actual 2022	Actual 2023	Actual 2024	Actual 2025
Scope 1 (tCO ₂ eq/yr)	188	102	56	55	41
Scope 2 (tCO ₂ eq/yr)	78	24	5	0.6	0.1
Scope 3 (tCO ₂ eq/yr)	N/A	N/A	N/A	9	13
Avoided emissions (tCO ₂ eq/yr)	8,385	12,128	12,286	10,592	10,925

Source: AGD LLC 2025 Annual ESG Report, Annex #2.

AGD LLC has established emissions reduction targets and tracks performance quarterly. The Company aims to reduce Scope 1 and Scope 2 emissions by 2030, strengthen management of Scope 3 emissions, and achieve net-zero emissions by 2050 in line with its Net-Zero Transition Plan. Emissions data are reviewed internally and disclosed publicly through annual ESG reporting. Emissions-related performance indicators are periodically reviewed through ESG governance and management processes to support continuous improvement of emissions management, operational efficiency, and climate-related disclosure practices.

Emissions Management Measures

AGD LLC applies targeted emissions management measures to improve emissions data quality, reduce unnecessary fuel and energy use, strengthen value-chain transparency, and support credible annual reporting of Scope 1, Scope 2, Scope 3, and avoided emissions.

- Quarterly tracking of Scope 1, Scope 2, Scope 3, and avoided emissions.
- Regular maintenance of turbines, vehicles, auxiliary systems, and backup equipment to reduce unnecessary fuel and energy use.
- Use of automated energy monitoring and fuel consumption records to strengthen data quality.
- Supplier and contractor engagement through responsible procurement requirements and supplier codes of conduct.
- Optimization of operational efficiency, including turbine performance reviews and preventive maintenance.
- Ongoing improvement of Scope 3 data coverage, calculation methodology, and supporting documentation.
- Annual disclosure of emissions data and progress through the Company website and ESG reports.

The Company additionally integrates emissions management into broader ESG governance, operational planning, environmental management, and climate resilience processes to support long-term sustainability objectives and continuous improvement of climate-related performance.

Climate Risk and Resilience Assessment

AGD LLC recognizes climate change as a material long-term consideration for hydropower operations, water resource management, infrastructure resilience, and ecosystem stability. The Lakhami HPP Cascade is directly dependent on the hydrological regime of the Lakhami River, which is influenced by snowmelt, rainfall, groundwater, glacial runoff, seasonal precipitation, sediment dynamics, and extreme weather events.

A project-specific Climate Change Risk Management assessment was prepared for the Lakhami 1+2 Hydropower Project by Blue Rivers Environmental Consulting in 2021. The assessment applied the IHA Climate Change Resilience Guide for Hydropower and evaluated projected climate-related impacts under the RCP 6.0 scenario for the 2040-2059 period using regional climate projections and local hydrological information. The assessment evaluated projected changes in precipitation, temperature, water availability, seasonal river flow distribution, electricity generation, flood intensity, and operational resilience considerations relevant to the long-term operation of the Lakhami HPP.

The assessment concluded that the Project is not expected to experience a material reduction in long-term electricity generation under the modeled climate scenario. However, projected increases in flood intensity, seasonal hydrological redistribution, sediment transport, erosion pressures, slope instability risks, and operational variability require continued monitoring, operational preparedness, and adaptive management measures.

The Climate Change Risk Management assessment therefore forms an important technical basis for AGD LLC’s climate adaptation planning, hydrological monitoring approach, infrastructure resilience measures, and operational climate-risk management framework.

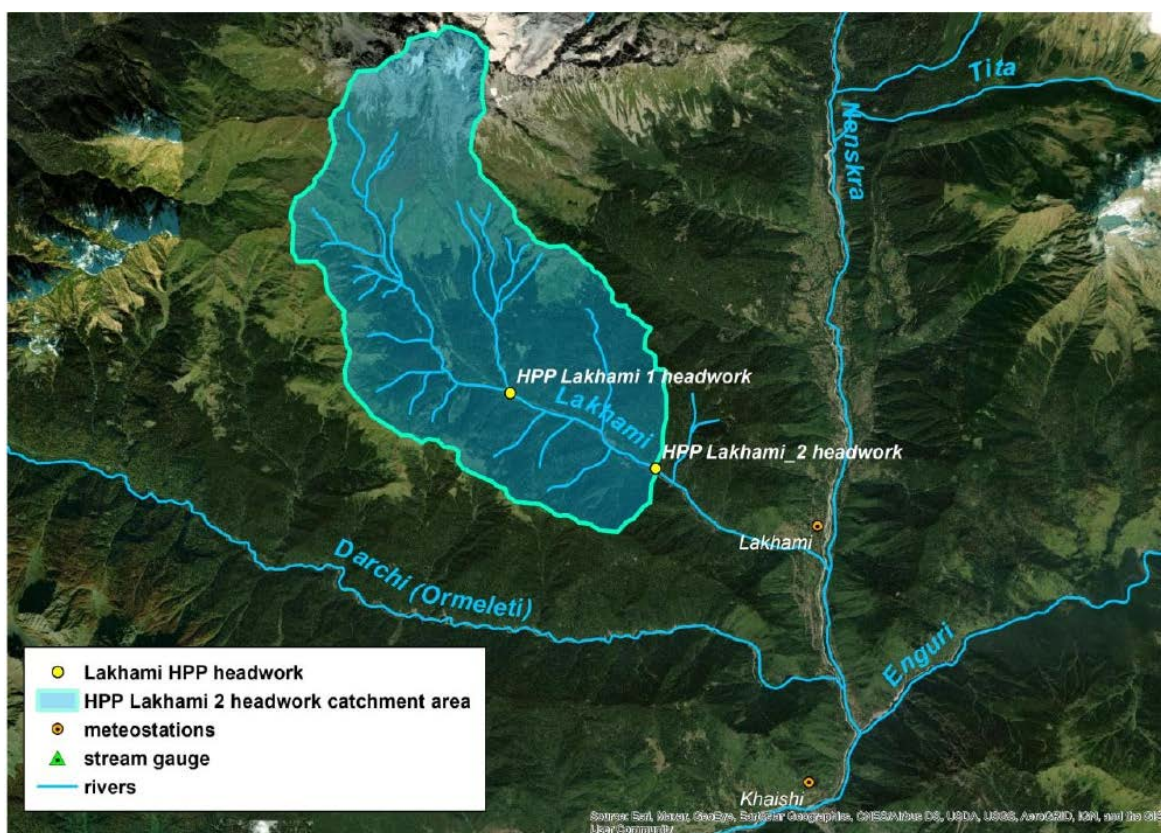


Figure 1. Lakhami 1+2 HPP location and catchment context

Baseline Project and River Context

The Lakhami River originates on the eastern slope of the Kodori Range, near the Kharikhra glacier, and flows toward the Nenskra River near Lakhami village. The river is fed by snow, rainfall, groundwater, and glacial runoff. Its natural water regime includes spring-summer and summer-autumn floods, with sustained low-flow conditions during winter. The baseline operational and hydrological conditions evaluated under the Climate Change Risk Management assessment are summarized below.

Parameter	Lakhami 1 HPP / Upper section	Lakhami 2 HPP / Lower section
Elevation range	1,380-1,047 m a.s.l.	1,045-706 m a.s.l.
Installed capacity	6.4 MW	9.5 MW
Average annual generation	32.2 GWh	47.7 GWh
Pipeline length	3.8 km GRP and steel pipe	4.5 km GRP and steel pipe
Intake type	Tyrolean type intake	Tyrolean type intake
Baseline/planned annual generation used in CCRM	38 GWh	42 GWh

Source: AGD project page and Blue Rivers Climate Change Risk Management assessment.

The baseline hydrological and operational conditions established within the Climate Change Risk Management assessment were used to evaluate projected climate-related impacts on water availability, generation performance, flood behavior, and long-term operational resilience of the cascade.

Climate Projections Under RCP 6.0

The assessment identified projected changes in precipitation, temperature, water availability, seasonal flow distribution, electricity generation, and flood intensity. The overall results indicate that the cascade is not expected to experience a material reduction in annual energy generation under the modeled RCP 6.0 scenario. However, hydrological variability and flood-related risks require continued adaptive management.

Climate parameter	Baseline / reference	2040-2059 projection	Expected change / implication
Annual precipitation	959 mm/year	992 mm/year	Approx. +3.5%; strongest monthly increase projected in May
Average annual air temperature	Approx. 10.4°C in project reference context	Approx. 11.9°C	Approx. +1.5°C; supports higher atmospheric water-holding capacity
Upper section water availability, 50% provision	2.05 m ³ /s	Approx. 2.19-2.20 m ³ /s	Approx. +0.15 m ³ /s
Lower section water availability, 50% provision	2.64 m ³ /s	Approx. 2.82 m ³ /s	Approx. +0.18 m ³ /s
Extreme flood intensity and frequency	Historical flood behavior	RCP 6.0 2040-2059	Approx. +10.4% average; strongest increase in summer

Source: Blue Rivers Climate Change Risk Management assessment, Tables 3, 9, 16, 17, and conclusions.

The projected increase in temperature and precipitation is expected to influence seasonal runoff distribution, sediment transport conditions, flood intensity, and hydrological variability across the Project area.

The assessment therefore emphasizes the importance of continued hydrological monitoring, preventive maintenance, sediment management, erosion prevention measures, ecological flow compliance, and adaptive operational planning.

Seasonal Hydrological Redistribution

Projected climate conditions may change the seasonal distribution of river flow. Under RCP 6.0, the summer share of flow is projected to increase, autumn flow share is projected to decrease, winter flow share remains generally unchanged, and spring flow share increases slightly. These changes are relevant for generation planning, sediment and flood management, and ecological flow compliance.

Season	Baseline share of annual flow	RCP 6.0 share of annual flow	Management implication
Spring	30%	31%	Slight increase; maintain flexible operational planning
Summer	45%	47%	Higher peak season importance and flood/sediment management focus
Autumn	17%	14%	Lower seasonal share; monitor low-flow and ecological flow conditions
Winter	8%	8%	Generally unchanged; continue winter low-flow monitoring

Source: Blue Rivers Climate Change Risk Management assessment, annual flow distribution analysis.

The projected redistribution of seasonal river flow highlights the importance of maintaining adaptive operational management, ecological flow compliance systems, hydrological monitoring, and preventive maintenance measures under changing climate conditions.

Projected Electricity Generation

The Climate Change Risk Management assessment evaluated projected electricity generation performance for both Lakhmi 1 HPP and Lakhmi 2 HPP under the modeled RCP 6.0 climate scenario for the 2040-2059 period. The assessment indicates that long-term annual generation performance is expected to remain generally stable under projected climate conditions.

Generation parameter	Lakhami 1 / Upper section	Lakhami 2 / Lower section	Total
Baseline / planned generation	38.000 GWh	42.000 GWh	80.000 GWh
Projected generation 2040-2059	38.344 GWh	42.346 GWh	80.690 GWh
Change vs planned generation	Approx. +1%	Approx. +1%	Approx. +1%

Source: Blue Rivers Climate Change Risk Management assessment, Table 12 and conclusions.

The modeled results indicate that Lakhami HPP maintains a comparatively strong long-term generation outlook under the RCP 6.0 scenario. The projected increase in annual generation is primarily associated with slightly increased projected precipitation and water availability under the modeled climate conditions. At the same time, the favorable long-term generation outlook does not eliminate climate-related operational risks associated with hydrological variability, flood intensity, sediment transport, erosion processes, infrastructure reliability, and seasonal flow redistribution. Continued hydrological monitoring, preventive maintenance, sediment management, ecological flow oversight, and adaptive operational planning therefore remain important components of long-term climate resilience management.

The assessment indicates that projected climate conditions are not expected to significantly reduce the long-term renewable electricity generation potential of the Lakhami HPP Cascade under the modeled scenario.

Flood Hazard and Hydraulic Reliability

The assessment evaluated the effect of projected temperature increases on extreme floods using the IHA approximation that the water-holding capacity of the atmosphere increases by about 7% for each 1°C increase in air temperature. Under RCP 6.0, the intensity and frequency of extreme floods are projected to increase by approximately 10.4% on average.

Location	Probability / return period	Historical Q (m ³ /s)	Projected Q (m ³ /s)	Projected change
Lakhami 1 HPP Headwork	1% / 100-year	145	156	+7.6%
Lakhami 1 HPP Powerhouse	1% / 100-year	187	193	+3.2%
Lakhami 2 HPP Headwork	1% / 100-year	187	193	+3.2%
Lakhami 2 HPP Powerhouse	1% / 100-year	216	222	+2.8%
Lakhami 1 HPP Headwork	2% / 50-year	105	110	+4.8%

Source: Blue Rivers Climate Change Risk Management assessment, Table 18.

The projected increase in flood discharge requires continued maintenance, emergency preparedness, sediment management, slope stability monitoring, access road preparedness, and post-event inspections. The assessment also indicates that projected water level increases at the headworks and powerhouses remain very small, supporting the conclusion that flood-related risks are manageable with continued operational controls and adaptation measures. The assessment additionally indicates that projected increases in water levels at intake and powerhouse structures remain comparatively limited, supporting the conclusion that flood-related risks remain manageable through continued operational controls, preventive maintenance, and adaptive management measures.

Flood preparedness and hydraulic reliability therefore remain important components of AGD LLC's climate resilience and operational risk management framework.

Climate Risk Profile

AGD LLC's climate risk profile for the Lakhami HPP Cascade reflects the key physical and transition risks that may affect long-term operational resilience, environmental performance, and ESG transparency.

- Hydrological regime shifts and seasonal redistribution of flow, including higher summer share and lower autumn share.
- Increased flood intensity and frequency, especially during summer months.
- Sediment transport, bedload movement, and debris accumulation risks during high-flow events.

- Slope instability, erosion, and access road risks under intensified rainfall conditions.
- Ecological sensitivity associated with low-flow periods, sediment pulses, water temperature changes, and habitat disturbance.
- Transition and disclosure expectations related to emissions accounting, biodiversity performance, climate risk integration, and ESG transparency.

The overall climate risk profile indicates that the principal long-term climate-related challenges for the Project are associated primarily with hydrological variability, flood management, sediment dynamics, and operational resilience rather than material reductions in annual renewable electricity generation potential.

AGD LLC therefore applies a climate resilience approach focused on continuous hydrological monitoring, ecological flow compliance, sediment and erosion management, preventive maintenance, biodiversity monitoring, emergency preparedness, and adaptive operational planning across the Lakhami HPP.

Water Resource Stewardship

Water resource stewardship is a central component of AGD LLC's operational management, environmental performance, and climate resilience approach. Lakhami HPP depends directly on the sustainable availability and quality of the Lakhami River and therefore applies a precautionary, adaptive, and monitoring-based approach to water management. As a run-of-river hydropower cascade, Lakhami HPP utilizes natural river flow for electricity generation without large-scale water storage. Water diverted through the turbines is returned to the river system without consumption and without intended alteration of water quality. The Company's water stewardship approach balances renewable electricity generation with protection of ecological flow, aquatic habitats, community interests, and regulatory compliance.

The Water Management Plan forms an integrated component of AGD LLC's environmental management, ESG governance, operational resilience, and climate adaptation framework.

Hydrological Monitoring and Operational Control

Hydrological monitoring is conducted at designated cross-sections on the Lakhami River through automated gauging systems that transmit real-time monitoring data to a secure cloud-based platform and support integration with the SCADA system. Monitoring includes regular and automated tracking of natural river flow, ecological discharge, operational water use, and water levels. The Monitoring data are used for trend analysis, operational planning, regulatory reporting, and early identification of hydrological and operational risks.

- Automated gauging systems installed at intake structures for ecological flow monitoring.
- Daily, 5-minute, and hourly monitoring data are transmitted by automated gauging systems to a secure cloud-based platform, supporting real-time monitoring and operational oversight;
- Quarterly reporting of ecological flow data to relevant environmental authorities in accordance with environmental permit requirement
- Use of hydrological data for climate risk review, generation planning, sediment management, flood preparedness, and adaptive operation.

The Company additionally maintains long-term hydrological datasets supporting climate-risk evaluation, operational trend analysis, and future reassessment of climate-related hydrological conditions.

Ecological Flow Compliance

Maintenance of ecological flow is essential for downstream aquatic habitat, fish migration, ecosystem continuity, and regulatory compliance. Lakhami HPP maintains a minimum ecological flow of 0.18 m³/s

at Lakhami 1 HPP and 0.27 m³/s at Lakhami 2 HPP. Automated gauging systems continuously monitor compliance, and quarterly reports are submitted to relevant authorities.

Metric	Target 2025	Actual 2025
Ecological flow - Lakhami 1	0.18 m ³ /s	0.18 m ³ /s maintained
Ecological flow - Lakhami 2	0.27 m ³ /s	0.27 m ³ /s maintained
River water used for generation - Lakhami 1	31,860,000 m ³ /year	31,860,000 m ³ /year diverted and returned
River water used for generation - Lakhami 2	47,790,000 m ³ /year	47,790,000 m ³ /year diverted and returned
Potable water monitoring	Meter installation	Installed August 2025
Measured potable water use (Aug-Dec)	Monitored	134 m ³
Average monthly potable water use	Monitored	26.8 m ³

Source: AGD LLC 2025 Annual ESG Report, Water Management Metrics.

As the Project operates without large-scale reservoir storage, river flow regulation depends directly on natural hydrological conditions and continuous operational monitoring of ecological discharge requirements.

Water Quality, Sediment, and Pollution Prevention

AGD LLC applies operational controls and preventive measures to minimize water pollution risks and manage sediment, debris, and erosion-related impacts associated with hydropower operations. Measures include routine inspection of hydraulic infrastructure, sediment control, debris removal from trash racks, use of biodegradable turbine oils and environmentally friendly lubricants, proper handling and disposal of waste materials, transformer containment safeguards, and spill prevention procedures.

The Company additionally applies geological monitoring, erosion prevention measures, riverbank stability monitoring, and periodic inspection of erosion-prone areas to reduce risks associated with intensified rainfall, sediment transport, slope instability, and infrastructure exposure under changing climate conditions. Water-related incidents such as prolonged drought, sudden flooding, sediment surges or infrastructure disruption linked to extreme hydrological events may affect generation, ecological flow compliance, infrastructure condition, and stakeholder trust. AGD LLC therefore incorporates water-related risk scenarios into its broader risk management approach and applies periodic risk reviews, adaptive infrastructure design, and early-warning mechanisms.

Adaptive Water Management Under Climate Change

Projected increases in precipitation, water availability, flood intensity, and seasonal flow redistribution under the RCP 6.0 scenario reinforces the importance of adaptive water management across the Lakhami HPP Cascade. AGD LLC therefore integrates hydrological monitoring, ecological flow compliance, climate-informed operational planning, periodic risk review, infrastructure inspection, sediment management, and stakeholder communication into its broader climate resilience framework. The Company's adaptive water management approach additionally supports long-term operational resilience through continuous monitoring of hydrological conditions, preventive maintenance activities, operational preparedness for high-flow events, and periodic evaluation of climate-related operational risks and infrastructure performance.

This integrated approach enables AGD LLC to support reliable renewable electricity generation while maintaining environmental responsibility, water stewardship, ecological protection, and regulatory compliance under evolving climate conditions.

Biodiversity and Ecosystem Protection

Biodiversity and ecosystem protection form an integral part of AGD LLC's climate resilience and environmental management approach. The long-term sustainability of Lakhami HPP is directly linked to the ecological condition of the Lakhami River, the functionality of fish passage systems, maintenance of ecological flow, and protection of aquatic habitats.

The Company therefore applies a monitoring-based and adaptive environmental management approach designed to support biodiversity conservation, aquatic ecosystem stability, regulatory compliance, and long-term operational resilience under changing climate conditions.

Biodiversity Monitoring Framework

Biodiversity monitoring is implemented through quarterly aquatic biodiversity surveys, annual summary reporting, fish pass functionality checks, water quality measurements, macroinvertebrate assessments, habitat inspections, and electrofishing surveys conducted by independent specialists. Monitoring results are submitted to the National Environmental Agency and publicly disclosed through the Company's website.

- Quarterly monitoring by independent ichthyological specialists.
- Habitat inspections, electrofishing surveys, macroinvertebrate assessments, and water quality measurements.
- Routine operational inspections of fish pass systems, including weekly visual inspections by the operational team.
- Annual brown trout restocking in accordance with regulatory requirements.
- Integration of monitoring results into adaptive environmental management and ESG reporting.
- Monitoring of erosion prevention, riverbank stability, and sediment management measures to reduce habitat disturbance and maintain ecosystem stability under changing hydrological conditions.

The biodiversity monitoring framework additionally supports evaluation of ecological flow effectiveness, fish migration continuity, aquatic ecosystem condition, and broader environmental performance across the Lakhmi HPP.

2025 Biodiversity Results

Indicator	2025 status / result
Brown trout restocking	52,000 brown trout spawn at the so-called eye-stage development phase released into the Lakhmi River
Quarterly aquatic biodiversity monitoring	Four quarterly monitoring surveys completed
Electrofishing monitoring	43 individuals recorded, with additional fish observed in surveyed reaches
Population trend	More than 25% increase in trout population compared with 2024 monitoring period
Macroinvertebrate diversity	Stable at 7 orders / 13 families
Water quality	Temperature, dissolved oxygen, pH, conductivity, and total dissolved solids remained within suitable ecological ranges
Fish pass structures	Fully operational and structurally intact; no technical deficiencies identified
Ecological flow	Continuous compliance maintained at Lakhmi 1 and Lakhmi 2

Source: AGD LLC 2025 Annual ESG Report, Biodiversity and Ecosystem Health section.

Monitoring results additionally confirmed continued biological progression of the Brown Trout population together with generally stable macroinvertebrate conditions within monitored aquatic habitats.

Ecosystem-Based Climate Resilience

Climate change may influence aquatic ecosystems through hydrological variability, increased flood pulses, sediment movement, erosion, water temperature changes, and seasonal low-flow conditions. AGD LLC addresses these pressures through ecological flow maintenance, fish pass operation, biodiversity monitoring, sediment and debris management, water quality protection, and adaptive environmental management. The Company additionally integrates biodiversity monitoring and aquatic ecosystem observations into broader climate resilience and operational risk management processes to support long-term environmental sustainability and ecosystem continuity. The 2025 monitoring results confirm continued stability and biological progression of the Brown Trout population in the Lakhmi River. These

findings indicate that mitigation measures, ecological flow management, and fish pass systems are functioning as intended and remain aligned with regulatory requirements and long-term ecosystem sustainability objectives.

The ecosystem-based adaptation approach implemented by AGD LLC therefore supports biodiversity protection, ecological continuity, aquatic ecosystem resilience, and long-term environmental sustainability across the Lakhmi HPP Cascade under evolving climate conditions.

Challenges from Climate Change

Climate change presents a multi-dimensional risk landscape for Lakhmi HPP. The project's exposure is shaped by its mountainous catchment, reliance on river hydrology, high-flow and sediment conditions, slope stability considerations, biodiversity obligations, infrastructure resilience requirements and evolving ESG expectations. While climate risk assessment indicates a favorable long-term generation outlook under RCP 6.0, the cascade must continue managing physical, ecological, regulatory, and transition-related challenges through adaptive operational management and continuous environmental monitoring.

Hydrological Variability and Seasonal Redistribution

Projected increases in annual precipitation and water availability may support generation, but changes in seasonal distribution can alter operational conditions. A higher summer share of annual flow and reduced autumn share may increase operational complexity, influence sediment and debris loads, and require flexible generation planning and ecological flow management. Hydrological variability may additionally affect seasonal runoff behavior, flood preparedness requirements, sediment transport conditions, and ecological flow management during lower-flow periods. AGD LLC therefore maintains continuous hydrological monitoring, operational flow oversight, and periodic climate-related risk review processes to support adaptive management under changing climate conditions.

AGD LLC therefore maintains continuous hydrological monitoring, ecological flow oversight, and periodic review of climate-related hydrological trends to support adaptive operational management under changing climate conditions.

Extreme Weather, Floods, and Infrastructure Risk

The projected increase in flood intensity and frequency may place additional pressure on intake structures, channels, penstocks, riverbanks, access roads, and slope stability. Flood events may also increase sediment and bedload transport, create debris accumulation at intake structures, and affect operational safety during high-flow conditions.

The Climate Change Risk Management assessment projects an approximate 10.4% increase in extreme flood intensity and frequency on average, with the greatest seasonal increase expected during summer months. AGD LLC addresses these risks through preventive maintenance, infrastructure inspections, emergency preparedness procedures, hydrological monitoring, debris management, slope stabilization activities, and post-event inspection protocols.

The Company additionally applies geological monitoring and erosion prevention measures to strengthen long-term hydraulic reliability, infrastructure resilience, and operational continuity under intensified hydrological conditions.

Sediment, Erosion, and Geotechnical Pressures

Mountain hydropower projects are exposed to sediment transport, localized erosion, and slope instability, particularly under intensified rainfall or rapid snowmelt conditions. AGD LLC manages these risks through routine inspections, geological monitoring, trained response procedures, slope cleanup and stabilization where needed, sediment management, and post-event assessments. Sediment transport and erosion

processes are additionally monitored as part of the Company's broader climate resilience, water management, and environmental monitoring framework. The adaptive operational approach applied by AGD LLC supports early identification of geotechnical risks and reduction of potential impacts on operational continuity, infrastructure condition, and aquatic ecosystem stability.

Ecological and Biodiversity Pressures

Hydrological changes can influence aquatic habitat, fish migration, water quality, and macroinvertebrate communities. The Company maintains biodiversity resilience through fish pass systems, ecological flow compliance, water quality monitoring, brown trout restocking, quarterly biodiversity surveys, and adaptive management based on monitoring results. Potential ecological pressures associated with climate change additionally include habitat disturbance during extreme flow events, sediment pulses, water temperature variation, and seasonal low-flow conditions affecting aquatic ecosystem stability.

AGD LLC therefore integrates biodiversity monitoring findings, ecological observations, and aquatic ecosystem assessments into broader operational resilience and environmental management processes supporting long-term ecosystem sustainability.

Transition, Disclosure, and ESG Expectations

The climate and ESG disclosure landscape is becoming more demanding. AGD LLC faces expectations related to GHG emissions accounting, Scope 3 data coverage, climate risk integration, biodiversity performance, ESG governance, stakeholder engagement, and transparent reporting. The Company addresses these expectations through strengthened ESG documentation, Board oversight, annual reporting, and continuous improvement of climate-related monitoring and disclosure. The Company's approach is additionally supported through implementation of the Sustainability and Emissions Reduction Plan, Net-Zero Transition Plan, Environmental and Social Management System (ESMS), Water Management Plan, Materiality Analysis, and climate-related governance processes aligned with internationally recognized ESG and climate disclosure frameworks.

Through this integrated governance and operational approach, AGD LLC seeks to strengthen climate resilience, environmental accountability, transparency, operational sustainability, and long-term ESG performance across the Lakhmi HPP.

Adaptation Strategies and Measures

AGD LLC applies an integrated adaptation framework combining technical, operational, environmental, and governance measures. The approach is informed by the Climate Change Risk Management assessment prepared by Blue Rivers Environmental Consulting, the Water Management Plan, environmental permit obligations, operational experience, ESG monitoring results, and ongoing environmental and hydrological monitoring activities.

The adaptation framework is designed to strengthen operational resilience, maintain infrastructure reliability, support ecological stability, and improve preparedness for projected hydrological and climate-related changes under the RCP 6.0 scenario. The Company applies a monitoring-based and adaptive management approach through which operational practices, environmental controls, and climate-related measures are periodically reviewed and updated based on monitoring results, specialist assessments, operational observations, and evolving climate conditions.

The Company applies a monitoring-based and adaptive management approach through which operational practices, environmental controls, resilience measures, and climate-related management priorities are periodically reviewed and refined based on monitoring data, operational observations, specialist assessments, and evolving climate conditions.

Data-Driven Climate and Hydrological Monitoring

A central component of the adaptation approach is continuous climate and hydrological monitoring. AGD LLC maintains hydrological monitoring at intake structures and designated river cross-sections and integrates water level, discharge, and ecological flow data into the cloud system for live operational oversight and decision-making. The Company also maintains structured datasets covering precipitation, water level, discharge, ecological flow, generation, and weather-related incidents to support long-term operational analysis and climate resilience planning.

In line with recommendations presented within the Climate Change Risk Management assessment, AGD LLC plans to further strengthen precipitation monitoring, including consideration of precipitation data collection near the Lakhmi 1 intake, subject to technical feasibility and permitting requirements. Monitoring data is reviewed monthly and annually to support operational planning, flood preparedness, ecological flow management, sediment oversight, and future climate risk reassessment.

Monitoring data are reviewed periodically through ESG and operational management processes to support adaptive operational planning, hydrological trend evaluation, and future reassessment of climate-related risks and resilience measures.

Technical and Infrastructure Resilience Measures

Technical and infrastructure resilience measures are implemented throughout the cascade to reduce exposure to climate-related operational risks. These measures include routine inspection and preventive maintenance of intake structures, penstocks, powerhouses, access roads, and slope protection systems. AGD LLC also conducts sediment and debris management activities, including trash rack cleaning, post-flood inspections of hydraulic structures, and maintenance of drainage and operational infrastructure.

Additional resilience measures include geological and geotechnical inspections, slope stabilization activities where required, erosion prevention measures, and targeted clean-up of unstable areas by qualified personnel. Emergency preparedness procedures and operational protocols are maintained for flood events, sediment surges, and high-flow conditions, while post-event inspections are conducted following significant hydrological or weather-related incidents to assess infrastructure condition and operational safety.

Technical adaptation approach is intended to strengthen hydraulic reliability, operational continuity, infrastructure resilience, and preparedness for intensified hydrological conditions projected under future climate scenarios.

Operational Adaptation Measures

Operational adaptation measures are integrated into day-to-day management of the hydropower cascade. Generation planning is adjusted according to seasonal and real-time hydrological conditions, while turbine performance monitoring and preventive maintenance support efficient use of available water resources. Climate-informed planning is also applied to maintenance scheduling, access road preparedness, and operational response during periods of increased hydrological variability or extreme weather conditions.

Hydrological monitoring results, operational observations, and climate-related indicators are periodically reviewed through ESG and management processes to support adaptive operational planning and continuous improvement of resilience measures.

The operational adaptation framework additionally supports preparedness for sediment accumulation, debris transport, ecological flow variability, flood-related operational disruptions, and climate-related infrastructure pressures.

Ecosystem-Based Adaptation Measures

Ecological and ecosystem-based adaptation measures form an important component of the Company's climate resilience approach. AGD LLC maintains fish pass functionality and unobstructed aquatic connectivity at both intake structures, while ecological flow compliance is continuously maintained to support downstream aquatic habitats and ecosystem continuity. The Company also continues annual brown trout restocking and quarterly aquatic biodiversity monitoring in accordance with regulatory requirements and environmental management commitments.

Biodiversity monitoring activities include electrofishing surveys, macroinvertebrate assessments, water quality monitoring, habitat inspections, and fish population observations conducted by independent specialists. Monitoring findings are integrated into environmental management and operational decision-making processes to support adaptive ecosystem management under changing climate conditions. The Company additionally monitors erosion prevention measures, riverbank stability, sediment management conditions, and aquatic habitat integrity to reduce habitat disturbance and maintain ecosystem stability during periods of increased flood intensity, sediment transport, or hydrological variability.

The ecosystem-based adaptation approach implemented across the Lakhmi HPP Cascade supports biodiversity protection, ecological continuity, aquatic ecosystem resilience, and long-term environmental sustainability under evolving climate conditions, including risks related to sediment accumulation, debris management, seasonal hydrological variability, and high-flow events.

Governance and Continuous Improvement

Climate adaptation measures are integrated into AGD LLC's broader corporate governance, ESG management, environmental management, operational risk management, and stakeholder engagement processes. Oversight responsibilities are distributed between the Supervisory Board, the Company's Management, and relevant operational and ESG functions in accordance with the Company's Corporate Governance Manual.

The Supervisory Board maintains oversight of climate-related risks, ESG performance, environmental compliance, biodiversity protection, emissions management, and long-term sustainability priorities through periodic review and governance processes. The Board also oversees climate-related risks and opportunities, emissions reduction strategies, environmental and social performance, and integration of ESG considerations into operational and strategic decision-making processes.

Management of the Company is responsible for implementation of climate-related measures, operational controls, monitoring activities, and adaptive management actions. The ESG Manager, operational teams, and relevant functional departments support ongoing climate resilience activities through emissions tracking, hydrological monitoring, biodiversity monitoring, environmental reporting, risk review, and implementation of mitigation and adaptation measures.

Climate adaptation and resilience considerations are also integrated into AGD LLC's Enterprise Risk Management framework and materiality assessment processes. The Company periodically evaluates climate-related, environmental, biodiversity, operational, and stakeholder-related risks through ESG governance and materiality review mechanisms to support informed operational and strategic decision-making.

Monitoring results, specialist studies, operational observations, audit findings, and stakeholder feedback are periodically reviewed to refine adaptation priorities and strengthen resilience measures over time. This includes periodic review of hydrological conditions, ecological flow compliance, biodiversity monitoring results, sediment and erosion-related observations, operational incidents, and climate-related risks affecting infrastructure resilience and environmental performance.

AGD LLC additionally applies a continuous improvement approach through annual ESG reporting, periodic policy and management system reviews, external audits, internal monitoring processes, and ongoing evaluation of environmental and climate-related performance indicators.

Through this integrated governance and continuous improvement framework, AGD LLC seeks to strengthen long-term climate resilience, operational sustainability, environmental accountability, adaptive management capacity, and ESG performance across the Lakhami HPP.

Community and Stakeholder Engagement

Effective climate resilience and environmental stewardship depend on transparent communication and constructive engagement with stakeholders. AGD LLC maintains ongoing engagement with local residents, municipal representatives, regulatory authorities, employees, suppliers, contractors, investors, and other relevant parties in accordance with its Stakeholder Engagement Plan.

Stakeholder engagement is integrated into governance and operational management. The Company uses direct meetings, phone and email correspondence, on-site engagement by the ESG Manager, regulatory reporting, disclosure of environmental documents, and the formal grievance mechanism to maintain accessible communication channels throughout the operational phase.

In 2025, Lakhami HPP maintained active communication with local residents and municipal representatives. The formal grievance mechanism remained operational, and grievances related to local trees, house cracks, and turbine hall cooling fan noise were assessed, addressed, and closed through the established process. The Company also responded positively to a community request from Lakhami Kindergarten by providing educational toys to support early childhood development.

Climate-related stakeholder engagement focuses on water management, ecological flow compliance, biodiversity conservation, environmental monitoring, operational safety, community health and safety, and transparent disclosure of ESG performance.

Stakeholder engagement activities additionally support transparency regarding climate-related risks, operational monitoring results, environmental compliance, and implementation of climate-related management measures across the Lakhami HPP. Stakeholder feedback is reviewed as part of risk assessment and operational planning processes and supports continuous improvement of climate resilience and environmental management practices.

Community and stakeholder engagement findings are additionally considered within the Company's materiality assessment and enterprise risk management processes supporting adaptive management and long-term operational resilience planning. Moreover, AGD LLC maintains public disclosure of key ESG and environmental documents through the Company website to support transparency, stakeholder accessibility, and responsible communication regarding environmental, social, governance, and climate-related performance.

Capacity Building and Internal Governance

Capacity building and awareness raising form an important component of AGD LLC's climate resilience, environmental management, and ESG governance approach. Effective implementation of climate-related measures depends on operational awareness, technical competence, environmental responsibility, and ongoing engagement of employees, operational personnel, contractors, and relevant stakeholders.

The Company integrates climate-related awareness and environmental responsibilities into broader operational management, occupational health and safety practices, ESG governance processes, and environmental compliance activities across the Lakhami HPP Cascade.

Capacity building activities include operational briefings, environmental awareness discussions, health and safety training, emergency preparedness activities, contractor communication, and practical

implementation of environmental and operational procedures relevant to hydrological monitoring, ecological flow compliance, biodiversity protection, waste management, spill prevention, and operational safety.

Climate-related awareness activities additionally support understanding of hydrological variability, flood-related operational risks, sediment and erosion management, biodiversity protection obligations, and environmental monitoring responsibilities associated with operation of the Lakhmi HPP Cascade.

Operational and ESG personnel involved in monitoring, reporting, environmental management, and climate-related governance activities participate in implementation and oversight of emissions tracking, ecological flow monitoring, biodiversity monitoring, environmental reporting, and stakeholder engagement processes.

The Company additionally maintains operational coordination between management, ESG functions, technical teams, operational personnel, and external specialists where required to support implementation of climate-related monitoring, adaptation measures, environmental oversight, and resilience-related operational controls.

Emergency preparedness and operational response capacity are also supported through operational procedures and preparedness measures relevant to high-flow events, sediment surges, infrastructure inspections, slope instability observations, and operational disruptions associated with extreme hydrological conditions.

Capacity building and awareness activities are periodically reviewed and refined through ESG management, operational oversight, environmental monitoring findings, and operational experience to support continuous improvement of climate resilience and environmental management practices.

Monitoring, Evaluation, and Reporting (MER)

Monitoring, Evaluation, and Reporting is a core component of AGD LLC’s climate governance framework. The MER system enables the Company to track environmental and climate-related performance, evaluate operational and ecological conditions, assess the effectiveness of mitigation and adaptation measures, and support evidence-based decision-making.

The MER framework additionally supports climate resilience management, regulatory compliance, operational transparency, ESG disclosure, and continuous improvement of environmental and operational performance across the Lakhmi HPP.

Monitoring area	Frequency / timing	Methodology / responsible party	Use of results
GHG emissions	Quarterly and annually	ESG Manager with accounting, technical teams, and CCEH review	Track Scope 1, Scope 2, Scope 3, avoided emissions, targets, and trends
Hydrological flow monitoring	Continuous / live	Automated gauging systems transmit real-time monitoring data to a secure cloud-based platform	Operational planning, ecological flow compliance, climate risk trend review
Ecological flow compliance	Continuous / reported quarterly	Automated gauging at intake structures, ESG and operations oversight	Regulatory reporting and aquatic habitat protection
Aquatic biodiversity	Quarterly and annual summary	Independent ichthyological specialist and ESG function	Evaluate fish population, fish pass function, macroinvertebrates, water quality
Geological risk monitoring	Daily visual and annual specialist assessment	Technical/operations team and third-party geologist where required	Identify slope instability, erosion, or terrain movement risks
Waste management	Monthly / ongoing	Internal controls and licensed/certified contractors	Waste minimization, legal compliance, and emissions oversight
OHS and emergency preparedness	Daily and event-based	H&S, ESG, and operations teams	Worker safety, incident prevention, and climate-related emergency readiness
Stakeholder engagement	Ongoing and as needed	ESG Manager and management team	Address concerns, document grievances, improve social license and transparency

Monitoring activities additionally include review of sediment management conditions, erosion prevention measures, riverbank stability, operational incidents, and climate-related infrastructure resilience indicators.

Monitoring results are consolidated through internal reporting and reviewed by relevant management and ESG functions. Key climate and environmental indicators are disclosed through annual ESG reporting and public documentation on the Company website. The MER process supports transparency toward regulators, investors, local communities, employees, and other stakeholders.

Climate-related monitoring data are also used to support operational planning, flood preparedness, ecological flow management, biodiversity protection, climate risk reassessment, and adaptive operational decision-making processes.

AGD LLC applies a continuous improvement approach to MER. Monitoring methodologies, operational indicators, environmental management measures, data quality controls, and reporting practices are periodically reviewed and refined in response to operating experience, climate-related risk trends, regulatory developments, external recommendations, and stakeholder expectations.

Monitoring findings, ESG reporting results, audit observations, hydrological trends, biodiversity monitoring outcomes, and operational performance indicators are periodically evaluated to support refinement of mitigation measures, adaptation priorities, and long-term climate resilience planning.

The MER framework therefore functions as an integrated operational, environmental, and governance management tool supporting climate resilience, environmental stewardship, ESG transparency, operational sustainability, and continuous improvement across the Lakhmi HPP.

Investment and Financing Plan

Implementation of climate-related measures requires continued allocation of operational, environmental, and financial resources supporting resilience, environmental protection, monitoring, governance, and ESG performance across the Lakhmi HPP Cascade.

AGD LLC integrates climate-related expenditures into operational budgeting, preventive maintenance planning, environmental management activities, ESG governance processes, and long-term operational resilience planning.

Climate-related investments are primarily focused on maintaining operational reliability, strengthening environmental performance, supporting climate resilience, and ensuring compliance with environmental permit obligations and ESG-related commitments applicable to operation of the plant.

Investment priorities include maintenance and improvement of hydrological monitoring systems, ecological flow monitoring infrastructure, automated gauging systems, sediment and debris management activities, slope stabilization and geotechnical response measures, fish pass maintenance, biodiversity monitoring activities, brown trout restocking, emissions tracking systems, and preparation of annual ESG and climate-related disclosures.

Climate adaptation-related expenditures additionally include monitoring equipment, operational preparedness measures, flood-response procedures, infrastructure inspections, erosion prevention activities, access road maintenance, sediment management measures, and operational controls supporting resilience under changing hydrological conditions.

Climate mitigation-related investments focus on operational efficiency improvements, preventive maintenance activities, fuel-use optimization, emissions tracking systems, supplier engagement, and progressive improvement of Scope 3 emissions data collection and reporting practices.

Biodiversity and ecosystem protection expenditures include fish pass maintenance, quarterly aquatic biodiversity surveys, electrofishing monitoring, brown trout restocking, ecological flow monitoring

systems, water quality monitoring activities, and environmental monitoring measures supporting protection of aquatic ecosystem continuity and river habitat conditions.

Governance and reporting-related expenditures include annual ESG reporting, emissions disclosure processes, environmental and climate-related documentation updates, external specialist involvement where required, stakeholder engagement activities, and periodic review of ESG and climate-related management systems.

The Company additionally allocates operational resources toward emergency preparedness, geological monitoring, infrastructure inspections, post-event assessments, and operational response measures associated with flood events, sediment surges, erosion processes, and other climate-related operational risks.

Climate-related budget allocations are subject to internal review by Company Management and, where material, oversight by the Supervisory Board. Climate-related expenditures are evaluated together with operational, environmental, ESG, and resilience priorities to support efficient resource allocation, accountability, environmental compliance, and long-term operational sustainability.

Through this integrated investment and financing approach, AGD LLC supports implementation of climate adaptation measures, environmental protection activities, operational resilience initiatives, biodiversity protection measures, and long-term sustainability objectives across the Lakhmi HPP.

Conclusion

AGD LLC recognizes climate change as a long-term operational, environmental, and governance consideration directly relevant to the sustainable operation and resilience of the Lakhmi HPP. This Climate Strategy establishes an integrated framework for climate resilience, emissions management, water stewardship, biodiversity protection, monitoring, stakeholder engagement, capacity building, and climate-related governance across the operational phase of Lakhmi HPP.

The project-specific Climate Change Risk Management assessment indicates that, under the RCP 6.0 scenario for 2040-2059, Lakhmi HPP is expected to maintain a comparatively favorable long-term generation outlook. Annual precipitation is projected to increase from approximately 959 mm to 992 mm, while average annual water availability is projected to increase by approximately 0.15 m³/s at the upper section and 0.18 m³/s at the lower section. Annual generation is projected to increase by approximately 1% relative to planned generation. At the same time, the assessment identifies increased flood intensity and frequency, seasonal flow redistribution, sediment and erosion pressures, and ecological sensitivity as key climate-related issues requiring ongoing management.

In 2025, Lakhmi HPP generated 59,900,298 kWh of renewable electricity and avoided approximately 10,925 tCO₂eq of greenhouse gas emissions. Total reported Scope 1, Scope 2, and Scope 3 emissions were approximately 54.1 tCO₂eq, confirming the project's low-emission operational profile and positive contribution to Georgia's low-carbon energy transition and broader climate objectives under the Paris Agreement and Nationally Determined Contribution (NDC).

AGD LLC has established monitoring and governance systems that support climate-informed decision-making, adaptive management, and environmental protection. These include the automated hydrological and ecological flow monitoring systems with live operational oversight, biodiversity monitoring, fish pass operation, geological risk monitoring, emissions tracking, ESG reporting, stakeholder engagement, and Supervisory Board oversight of material ESG and climate-related risks. h

The Company will continue strengthening climate resilience, emissions monitoring, biodiversity protection, hydrological oversight, stakeholder engagement, and ESG reporting through ongoing monitoring, periodic review of climate-related risks, adaptive operational management, and continuous refinement of its environmental and social management systems. Climate-related monitoring results,

operational observations, biodiversity assessments, and hydrological data will continue to support adaptive management and long-term operational resilience planning across the Lakhami HPP Cascade. Through this integrated approach, AGD LLC supports Georgia’s transition toward a more sustainable, climate-resilient, and lower-carbon energy system while maintaining responsible operation of the Lakhami HPP.

Annexes

Annex #1. Climate Projection Summary under RCP 6.0 (2040-2059)

Parameter	Baseline / reference	Projection 2040-2059	Change
Annual precipitation	959 mm/year	992 mm/year	+3.5%
Average annual air temperature	Approx. 10.4°C	Approx. 11.9°C	+1.5°C
Water availability - upper section	2.05 m3/s	Approx. 2.19-2.20 m3/s	+0.15 m3/s
Water availability - lower section	2.64 m3/s	Approx. 2.82 m3/s	+0.18 m3/s
Extreme flood intensity/frequency	Historical climate	RCP 6.0	+10.4% average

Source: Blue Rivers Climate Change Risk Management assessment.

Annex #2. Projected Electricity Generation Under Climate Scenario

Scenario / basis	Lakhami 1 / Upper section	Lakhami 2 / Lower section	Total
Planned / baseline annual generation	38.000 GWh	42.000 GWh	80.000 GWh
RCP 6.0 projected generation 2040-2059	38.344 GWh	42.346 GWh	80.690 GWh
Change vs planned	+1%	+1%	+1%

Source: Blue Rivers Climate Change Risk Management assessment.

Annex #3. Flood Discharge Projection Summary

Location	Return period	Historical Q (m3/s)	Projected Q (m3/s)	Difference
Lakhami 1 HPP Headwork	100-year	145	156	+7.6%
Lakhami 1 HPP Headwork	50-year	105	110	+4.8%
Lakhami 1 HPP Powerhouse	100-year	187	193	+3.2%
Lakhami 2 HPP Headwork	100-year	187	193	+3.2%
Lakhami 2 HPP Powerhouse	100-year	216	222	+2.8%

Source: Blue Rivers Climate Change Risk Management assessment, Table 18.

Annex #4. Lakhami HPP Emission Data 2025

Type of data	Q1	Q2	Q3	Q4	Actual 2025	Target 2025
Scope 1 (tCO ₂ eq/yr)	10.15	10.00	10.00	11.00	41	55
Scope 2 (tCO ₂ eq/yr)	0.01	0.03	0.02	0.04	0.1	0.6
Scope 3 (tCO ₂ eq/yr)	2.00	1.85	7.00	2.40	13	9
Avoided emissions (tCO ₂ eq/yr)	1,620	5,863	1,549	1,893	10,925	10,592

Source: AGD LLC 2025 Annual ESG Report, Annex #1.

Annex #5. Historical Emissions Summary (2021-2025)

Type of data	Actual 2021	Actual 2022	Actual 2023	Actual 2024	Actual 2025
Scope 1 (tCO ₂ eq/yr)	188	102	56	55	41
Scope 2 (tCO ₂ eq/yr)	78	24	5	0.6	0.1
Scope 3 (tCO ₂ eq/yr)	N/A	N/A	N/A	9	13
Avoided emissions (tCO ₂ eq/yr)	8,385	12,128	12,286	10,592	10,925

Source: AGD LLC 2025 Annual ESG Report, Annex #2.

Annex #6. Water Resource Management Metrics 2025

Category	Monitoring indicator	Target requirement /	2025 actual / status
Environmental protection	Minimum ecological flow - Lakhami 1	0.18 m3/s	Maintained / compliant
Environmental protection	Minimum ecological flow - Lakhami 2	0.27 m3/s	Maintained / compliant
Operational water use	River water used for generation - Lakhami 1	31,860,000 m3/year	Diverted and returned to river system
Operational water use	River water used for generation - Lakhami 2	47,790,000 m3/year	Diverted and returned to river system
Resource monitoring	Potable water monitoring	Meter installation	Installed August 2025
Resource monitoring	Measured potable water use	Monitored	134 m3 for August-December

Source: AGD LLC 2025 Annual ESG Report, Water Management Metrics.

Annex #7. Environmental, Social, Health, Safety, and Operational Monitoring 2025

Monitoring area	Frequency	Responsible party / methodology	2025 outcome
Workplace environment	Annually	ESG and technical teams	Workplace environmental parameters within acceptable occupational exposure limits
Geological monitoring	Annually plus daily visual checks	Operations team and third-party specialist where required	No landslides or hazardous geological events recorded
Environmental flow release	Daily / continuous	Automated gauging stations and monitoring system	Environmental flow maintained according to requirements
Aquatic biodiversity	Quarterly	Invited third-party professional specialists	Stable aquatic conditions and continued presence of brown trout
Soil and ground quality	Event-driven	Spill prevention and incident response protocols	No spill incidents or soil contamination recorded
Fish pass functionality	Quarterly and weekly visual checks	Consultant, technical team, and operations team	Fish passes operated effectively and supported migration
Waste management	Monthly	Waste collection, segregation, and disposal through contractors	Waste handled in accordance with approved Waste Management Plan
OHS	Daily	H&S, ESG, and technical teams	Procedures implemented and no major incidents recorded
Human rights and social equity	Daily / ongoing	Human rights due diligence and risk assessment processes	No grievances or violations reported in 2025

Source: AGD LLC 2025 Annual ESG Report, Alignment with National Laws and Regulations section.