

Georgian Renewable Power Operations JSC (GRPO) Environmental and Social Policy Framework (2022)

1. Introduction

Georgian Renewable Power Operations JSC (GRPO or Company) is the joint stock company established to manage and operate renewable energy facilities in Georgia. GRPO manages the operational renewable energy assets of London-listed investment company Georgia Capital PLC. GRPO through its subsidiaries operates 50MW of hydropower plants and owns the only operational (21MW) wind power plant in the country.

State energy sector policy of Georgia targets to achieve economic independence of the state, develop sustainable and stable energy sector and ensure, that energy demand is addressed through utilization of the existing energy resources in Georgia (including water and wind resources) and through diversification of imported energy. Small sized hydropower power plants and wind power farms are strategic priorities in achieving this goal.

Based on above-mentioned state energy policy, GRPO's sister company Georgian Renewable Power Company JSC (GRPC) is actively working on development of new hydro and wind energy projects and pursue interest in development of geothermal energy and green hydrogen production projects.

This Environmental and Social Policy Statement (E&S Policy) represents GRPO's commitment to the principles of sustainable development, environmental protection, social responsibility in compliance with the Georgian legislation, international environmental, social, health and safety (ESHS) standards and the performance E&S requirements of the International Finance Institutions (IFIs).

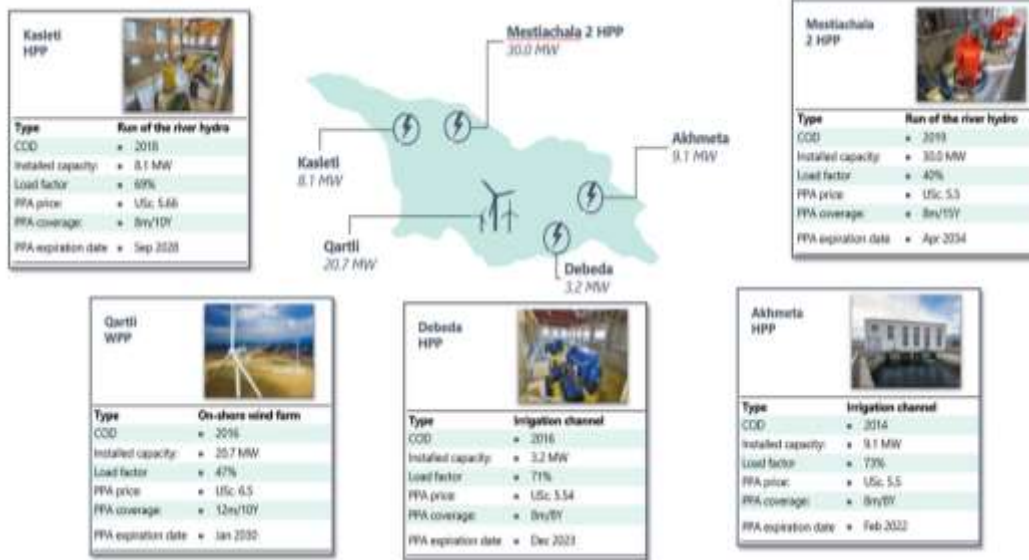
2. GRPO's Profile

Georgian Renewable Power Operations operates a portfolio of renewable energy facilities (hydro power plants and winds farm) via its subsidiaries:

- Svaneti Hydro JSC, which operates 30 MW Mestiachala 2 hydropower plant (HPP);
- Hydrolea LLC, which through its 100% owned operational subsidiaries operates small run-off-the river hydro power plants: 8.1 MW Kasleti 2 HPP, 3.2 MW Debeda HPP and 9.1 MW Akhmeta HPP
- Qartli Wind Farm LLC, which operates 20.7 MW Qartli wind power plant (WPP).

The electricity generated by GRPO's power plants is connected to the state energy system in compliance with technical conditions issued by Georgian State Electrosystem.

Allocation of GRPO operated facilities across the country is shown below:



3. Policy Purpose and Scope

GRPO recognizes that effective management of environmental and social (E&S) impacts associated with its business activities, such as health and safety of employees and community, environmental protection, natural resources use and biodiversity conservation is critical to the success of its operations.

This E&S Policy specifies GRPO’s adherence to the main principles of sustainable development and commitment to ensure social and environmental sustainability in its projects and operations and aimed to strengthen our environmental and social risks management and governance systems.

GRPO’s Environmental and Social Policy is applicable to all of the Company’s Operations and its subsidiaries including Operation & Maintenance, Rehabilitation Works and all Corporate Functions and contractors engaged to support the Company’s operations.

This Policy will become effective within 1 month of approval by GRPO Directorate.

GRPO believes that the E& S Policy is a dynamic and living document, which shall be further upgraded in the light of the experiences gained from field implementation and other relevant factors. The Policy will be reviewed every 5 years to ensure alignment with contemporary context.

4. Principles

GRPO is committed to conducting business and providing services in a thoughtful and responsible way, with a view to prevent pollution and safeguard the natural and social environment and based on the below key principles.

Compliance. GRPO will ensure full adherence to all applicable social and environmental laws pertaining to its Operations. GRPO will proactively identify and manage all social and environmental



risks and impacts associated with its Operations in a manner consistent with: the IFC's Performance Standards and the Social and Environmental Safeguard Policies of FMO, Asian Development Bank and EBRD recommendations and guidelines on Social and Environmental Sustainability;

Business ethics. GRPO adheres to high levels of standards related to labor practices, human rights, non-discrimination, gender, employee health and safety, materials sourcing and efficiency, product design and lifecycle management, corporate responsibility towards environmental protection;

Robust ESMS. GRPO has implemented an Environmental and Social Management System (ESMS) to ensure compliance of its operations and projects with Georgian legislation and international environmental, social, health and safety (ESHS) standards. ESMS incorporates the following elements: (i) environmental and social policy; (ii) E&S Management procedures for identification, assessment, management and monitoring environmental and social risks and impacts at both organizational and project levels; (iii) Environmental and social management plans (ESMPs) which provide details on actions and measures to maintain compliance with Georgian environmental regulations and with international good industry practices, including applicable IFIs' E&S performance standards; (iv) environmental and social action plan (ESAP); (v) organizational capacity, competency and commitment; (vi) stakeholder engagement; and (vii) monitoring and review.

Organizational Capacity. GRPO has established and will maintain, and strengthen as necessary, the organizational structure that defines roles, responsibilities, and authority to implement the environmental and social management system (ESMS). Through regular environmental awareness training of relevant employees and contractors GRPO will ensure personnel have the specific skills, knowledge and competency levels in their roles, and that appropriate training is provided where gaps in skills, knowledge and / or competency are identified.

Risk identification, assessment and management. GRPO identifies and assesses social and environment impacts, both adverse and beneficial, in the area of influence of its Operations and follows recognized risks mitigation hierarchy (avoid, minimize, mitigate, or compensate) for identified negative impacts on workers, affected communities, and the environment.

Monitoring and continuous improvement. GRPO will take all practical steps to ensure that potential hazards and risks to the environment are identified and that suitable and effective preventive and control measures are implemented. The operation of this policy and the associated procedures will be monitored and reviewed on a regular basis to ensure that they remain current and applicable to the company's activities. The company is committed to continually improving the effectiveness of the environmental management systems, and to prevent pollution within the company-working environment, and to the wider external environment.

Operational performance. GRPO is dedicated to the continuous improvement of operational performance in order to minimize workplace health and safety risks and reduce any adverse environmental and social impacts that result from company's activities. GRPO places strong emphasis on proper implementation of E&S corrective actions, to ensure international environmental standards compliance throughout the project cycle. A properly implemented ESAP, as well as various project level

Environmental and Social Management Plans (ESMPs) will contribute to the achievement of a number of objectives, including compliance with Georgian environmental regulations and with international best practice, including various IFIs performance standards.



Stakeholder engagement and transparency. GRPO will ensure that affected communities are appropriately engaged on issues that affect them through: prior disclosure of relevant information in a timely and culturally appropriate manner; effective and ongoing consultation with affected communities; and implementation of an effective community grievance redress mechanism.

Biodiversity protection. GRPO commits to responsible business conduct with care for environmental and biodiversity conservation. Our environmental ambition is to protect biodiversity and reduce our environmental footprint. Biodiversity protection is provided through applying the mitigation hierarchy – avoid, minimize, mitigate and compensate. GRPO is committed to the collective effort to protect biodiversity on all project sites. Impacts on migratory aquatic species, are among the most important priorities for the company.

Safety and emergency preparedness. Facilities’ safety for the environment, workers and communities is our priority. GRPO has developed Emergency Preparedness and Response Plans and procedures with identified potential emergency scenarios and our employees and contractors are trained on prevention measures and how to respond accidents and emergencies to minimize environmental and social impacts, which may be associated with them.

5. Commitments

GRPO is committed to:

- maintain a corporate environmental and social policy and setting standards to design, develop, operate and maintain the energy-related projects in an environmentally and socially responsible manner, with additional emphasis on minimizing adverse environmental and social impacts;
- comply with all applicable Georgian and international standards, laws, rules and regulations, IFIs’ performance standards, as well as continual adoption of industry best practices;
- provide a safe and healthful workplace and ensure that personnel are properly trained with the appropriate safety and emergency equipment;
- use a proactive approach to identifying and evaluating environmental and social risks and impacts and applying the mitigation hierarchy to anticipate and avoid risks and impacts, where avoidance is impossible to minimize such impacts, mitigate, and where appropriate compensate or off-set risks and impacts;
- communicate and promote awareness on environmental and social responsibility issues among employees, customers, partners, suppliers, contractors and other stakeholders;
- ensure total transparency in dealing with all the stakeholders - i.e. the concerned government agencies, local communities, individual landowners and employees and their involvement through a well-defined public consultation process as well as dissemination of relevant information about the project at every stage of implementation;
- be an environmentally responsible neighbor in the community where the company operates, and immediately correct conditions that may endanger health, safety, or the environment;
- ensure all managers, supervisors and employees are aware of their individual responsibilities for environmental, social, and health and safety performance;
- provide mechanisms for employees and other stakeholders to express concerns and make suggestions about GRPO’s activities and practices and acting in a transparent and accountable manner to address and respond to concerns and feedback;
- reduce waste and pollution through proper management, recycling, education, and efficient use of resources;

- consider safety and protection of the environment and the population as critical factors in all business decisions, to appropriately balance economic, social and environmental outcomes;
- ensure monitoring of biodiversity issues on project areas and implement all mitigation measures provided in Environmental Impact Assessment reports. In case of need additional mitigation measures for biodiversity will be elaborated and implemented;
- efficiently use natural resources through careful planning and efficient use of water, energy and raw materials;
- develop and implement procedures to prevent emergencies from arising, and to prepare for and respond to emergency situations that cannot be prevented;
- avoid involuntary physical and economic resettlement and mitigate the impacts on livelihoods by careful planning in consultation with affected persons;
- consider protection of the environment as a critical factor in business decisions, to appropriately balance economic, social and environmental outcomes.

To fulfill these commitments GRPO:

- implements the Environmental and Social Action Plan, to ensure that all the commitments to good environmental and social stewardship are followed;
- uses proactive approach to the management of environmental and social risks through the Environmental and Social Management System (ESMS) and documented risk management process;
- conducts regular review of our Environmental Management System to ensure that it is appropriate for the nature, scale and environmental impacts of our activities and products;
- conducts training and encourage our employees to conduct their activities in an environmentally responsible and sustainable manner;
- requires our suppliers and business partners and interested parties to maintain the same high levels of environmental performance;
- investigates and reports all environmental and H&S incidents, hazardous conditions and legacy issues, and deploys appropriate corrective actions according to procedures developed within ESMS;
- establishes measurable objectives and targets (including key performance indicators -KPIs) for environmental performance in order to strive for continuous improvement;
- meets relevant local Georgian environmental, social and H&S requirements and aligns its activities in compliance with IFIs performance standards, as well as other relevant industry codes and standards;
- ensures effective management of environmental, occupational H&S and community H&S issues during construction, operation and maintenance, including maintenance/repair and construction/reconstruction works;
- establishes effective consultation processes to engage relevant stakeholders with open dialog on environmental and social matters;
- conducts regular workplace audits and inspections with finding and corrective action plan set with responsible parties involved;
- ensures that procurement system considers the environmental credentials of awarded construction contractors, as well as all products and services used during operation and maintenance, including repair and construction/reconstruction works;
- takes into account the full lifecycle of assets when selecting equipment or infrastructure;
- actively supports the development of relevant new technologies or processes that have the potential to further improve environmental performance;



- ensures this policy is accessible within the workplace and effectively implemented throughout all working areas during construction and operation;
- provides adequate resources to meet company's commitment to health, safety and environment.

6. Public Information and Disclosure

We disclose and communicate commitments undertaken by this E&S Policy with all employees, suppliers, contractors, visitors, and other interested parties to ensure the transparency, accountability, and effectiveness of our commitments implementation. This E&S Policy is subject to disclosure at the website for the interest of external stakeholders.