



**AIS LLC**

## **SUPPLIERS CODE OF CONDUCT**

This Suppliers Code of Conduct is Approved by the Company Director:



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## AIS LLC

### SUPPLIERS CODE OF CONDUCT

#### Introduction

AIS LLC (the “Company”) is the owner and operator of the Akhalkalaki Hydropower Plant (HPP), located in the Akhalkalaki Municipality of the Samtskhe-Kavakheti region. The project’s major shareholders include Caucasus Clean Energy Holding (CCEH) and the Icelandic company Landsvirkjun Power (LVP). Founded in 2015, CCEH is an international investment holding company that has been actively engaged in the Georgian energy sector ever since. Its investors comprise well-established financial institutions from various Western European countries and the United States. Landsvirkjun Power, Iceland’s largest state-owned energy company, has played a key role in the hydropower plant’s development, marking its first investment outside of Iceland.

The Akhalkalaki HPP, consisting of Akhalkalaki 1 HPP and Akhalkalaki 2 HPP, is a run-of-river hydropower plant situated on the Paravani River and its right tributary, the Korkhi River, in the Samtskhe-Javakheti region. The project is divided into two schemes, each incorporating intakes, naturalized fish passes, buried penstocks, and powerhouses.

With a total installed capacity of 9.1 Megawatts (7.5 MW for Akhalkalaki 1 HPP and 1.6 MW for Akhalkalaki 2 HPP), the plant generates approximately 49 Gigawatt-hours of electricity annually. The produced energy is delivered to the national grid through a 35-kilovolt overhead and cable transmission line.

#### Preamble

In line with our dedication to ethical and sustainable business practices, we urge all our suppliers to embrace our "Suppliers Code of Conduct," which encompasses key areas such as Human Rights, Labor, Environment, and Ethical Conduct.

By adhering to these principles and promoting their integration throughout our supply chain, we aim to contribute positively to the global community and advance the goals of sustainable development.

#### **Human Rights:**

Suppliers commit to respecting and supporting internationally proclaimed human rights. Business activities must uphold the rights and dignity of individuals within organizations and communities.

#### **Labor:**

Suppliers uphold freedom of association and recognize the right to collective bargaining. Dedication to eliminating forced labor, promoting diversity, and ensuring a discrimination-free workplace.

#### **Environment:**

Suppliers adopt a precautionary approach to environmental challenges. Commitment to minimizing environmental impact, promoting sustainability, and supporting eco-friendly technologies.

#### **Anti-Corruption:**

Suppliers are committed to combating corruption. Implementation of robust anti-corruption measures, including policies, training, and reporting mechanisms.

#### **Reporting and Accountability:**

Suppliers acknowledge the importance of transparency and accountability. Regularly reporting to the Company on business practices, openly addressing challenges, including any breaches.

This Suppliers Code of Conduct emphasizes AIS LLC's commitment to ethical, social, and environmental considerations, promoting responsible and sustainable business practices among its suppliers.

## Suppliers Code of Conduct

The Suppliers Code of Conduct expects all AIS LLC Suppliers to strictly adhere to:

### Who are suppliers?

A supplier is a person or entity that provides goods or services to another company. They are vital partners in the supply chain, offering essential products or services for business operations or resale. Suppliers can include manufacturers, wholesalers, service providers, and vendors.

### Diversity

All AIS LLC Suppliers are expected to proactively enhance the diversity of their teams across different markets, upholding the highest standards of efficiency and technical competence. They must cultivate a workplace that promotes positivity, productivity, and motivation, valuing a spectrum of experiences among their employees.

### Disciplinary and Grievance Procedures

All AIS LLC Suppliers should eliminate acts of discrimination on the grounds of race, color, ethnic or national origins, disability, age, gender (including pregnancy), marital status or sexual orientation by any employee will result in disciplinary action, including termination.

### Equal Opportunities

All AIS LLC Suppliers are committed to providing equal opportunities for employees and candidates during their employment. Meaning that all job applicants and employees of the company will receive equal treatment regardless of race, color, ethnic, or national origins, disability, age, gender (including pregnancy), marital status or sexual orientation.

### Work-Family Life Balance

All AIS LLC Suppliers should assist employees in achieving work and family balance and provide an enabling environment that supports staff to more effectively manage and attend to the personal and family aspects of their lives.

### Compliance

#### **Regulations:**

All employees of AIS LLC Suppliers must adhere to all applicable laws and regulations in their business conduct, ensuring compliance both in letter and spirit across all territories of operation. If the ethical and professional standards outlined in the relevant laws and regulations are not as stringent as those in this Code, the standards of the Code shall take precedence.

#### **Health and Safety:**

All AIS LLC Suppliers are committed to fostering a safe and healthy working environment for their personnel. They shall diligently adhere to and comply with all health, safety, and environmental regulations in every jurisdiction where they operate, prioritizing the well-being and safety of their employees.

#### **Environment:**

All AIS LLC Suppliers are unwaveringly committed to fostering environmental stewardship. They are mandated to adhere to the client's Environmental Policy, ensuring not only strict compliance but also active participation in environmentally responsible practices, when possible. They should be committed to the best practices in minimizing its impact on the environment and preventing the wasteful use of natural resources.

#### **Financial Records:**

The internal accounting and audit procedures must accurately record all AIS Suppliers' business transactions and asset disposition. They should incorporate internal controls to assure the Client's executive director, upon request, that transactions are both accurate and legitimate. There shall be

no willful omissions of any within the cooperation from the books and records and no hidden bank accounts and funds. Any willful, material misrepresentation of, and/or misinformation on, the Suppliers' financial accounts and reports shall be regarded as a violation of the Code and may invite appropriate civil or criminal action under relevant laws.

#### **Whistleblowing:**

All AIS LLC Suppliers are expected to conduct business justly, truthfully, and transparently, adhering to all legal and regulatory responsibilities. It is essential to establish a robust system for confidentially reporting misconduct or wrongdoing, including a comprehensive whistleblowing policy and a reporting channel. The goals of the whistleblowing policy are to foster transparency, provide clear instructions for addressing concerns, ensure compliance with laws and regulations, and empower colleagues to promptly report suspicions of misconduct. Suppliers encourage employees to report concerns related to criminal activities, corruption, financial malpractice, and jeopardizing health and/safety. Employees who wish to raise concerns or discuss issues should contact their direct managers or HR representative or ESG manager. If there are no designated HR representatives or ESG managers available, employees who wish to raise concerns or discuss issues should contact their direct managers or when needed an executive manager for assistance and guidance. Anonymous written disclosures can be placed in a designated grievance box at the office. Matters raised will be thoroughly investigated by the management team, and if necessary, reported to law enforcement or external investigative bodies. Disclosures made in bad faith or for personal gain will be treated as disciplinary offenses, potentially resulting in summary dismissal.

#### **Anti-bribery and Anti-corruption:**

AIS is dedicated to conducting business with the utmost honesty, integrity, and strict adherence to anti-bribery and anti-corruption laws. We expect all our suppliers to uphold these principles, complying with relevant laws, including those specific to Georgia. Prohibiting any form of bribery or corruption, we define 'bribe' as any offering made to influence decisions or gain an unfair advantage, whether directly or indirectly. This commitment extends to complying with local regulations, with stricter requirements taking precedence.

#### **Employment-Related Issues**

All aspects of employment should adhere to the Suppliers Human Resources Policy, and/or HR representative, and working agreements, ensuring compliance with Georgian legal requirements. The Company values alignment with international standards, particularly those set by the International Labour Organization (ILO). In the absence of a formal Human Resources policy, it is crucial for company management to promptly develop concise guidelines to govern employment matters and maintain compliance with Georgian laws.

#### **Privacy and Information Security**

AIS requires all suppliers to prioritize employee privacy and confidential information protection. Files, medical records, complaints/investigations, and disciplinary actions are accessed solely for authorized business needs, avoiding inappropriate use or disclosure. Employee privacy is respected on the job, and private conduct is unregulated unless it affects work performance or conflicts with AIS Values and the Code. Compliance with local laws and avoiding actions perceived as privileges abuse are crucial. Unauthorized disclosures of confidential information are strictly prohibited.

#### **Reporting Violations and Breaches**

If any member of the Supplier team identifies or witnesses a violation of our anti-bribery and anti-corruption policy, immediate reporting through designated channels is imperative. Confidentiality of reports is prioritized for the protection of those coming forward. Upon receiving reports, a prompt and thorough investigation will be initiated. The Supplier shall treat each violation as an opportunity to gain experience and enhance our systems, deploying swift corrective actions. Simultaneously, we reinforce preventive measures, underscoring our commitment to ethical conduct. Addressing violations is integral to safeguarding our organization's integrity. By valuing reporting and ensuring effective corrective actions, Suppliers should uphold commitment to anti-bribery and anti-corruption,

fostering a culture of accountability and trust. A violation report must follow the procedures specified in the company's Human Resources policies and/or employment contracts, as well as meet the Georgian legal requirements. In the absence of established HR procedures, it is imperative for companies to promptly develop clear protocols and/or orders for handling violation reports to ensure ethical conduct and mitigate risks effectively.

### **Other Miscellaneous**

#### **Ethical Conduct:**

Every employee, shareholder, and director of Suppliers shall deal on behalf of the company with professionalism, honesty, integrity as well as high moral and ethical standards. Every employee of the suppliers shall be responsible for the implementation of and compliance with the Code in his/her professional environment. Failure to adhere to the Code could result in severe consequences, including termination of employment.

#### **Protecting Company Assets:**

The assets of any company should not be misused but employed primarily for the purpose of conducting the business for which they are duly authorized. These include tangible assets such as electronics, systems, facilities, materials, resources as well as intangible assets such as information technology and systems, proprietary information, intellectual property rights, relationships with third parties, etc. The management of a company bears the responsibility of ensuring the ethical and efficient utilization of these properties for the advancement of the company's objectives.

#### **Civic Participation:**

Any employee of AIS LLC Supplier shall in his/her private life be free to pursue an active role in civic or political affairs as long as it does not adversely affect the business.

#### **Publishing and dissemination of information:**

Any employee of any Supplier may not publish or disseminate any article, statement or information that may affect the business or interests of AIS except with the explicit permission of the Client.

#### **Integrity of Data Furnished:**

Every employee of AIS LLC Supplier shall ensure at all times the integrity of data or information furnished by him/her. Misrepresenting information (whether in content or form), committing plagiarism, or knowingly omitting crucial information may result in serious disciplinary proceedings, including civil liability.

#### **Office Attire:**

All employees of AIS LLC Supplier are expected to maintain a well-kept and professional outward appearance. The dress code may vary from office to office, but all employees are expected to dress neatly and professionally in order to positively represent the firm. Personal protective equipment should be used when applicable. Outfits of an overtly sexual nature, visibly dirty clothes, and un-kept hair will not be tolerated.

Additionally, all employees of AIS LLC Supplier at the hydropower plant must wear personal protective equipment (PPE) as mandated by safety protocols, including helmets, goggles, gloves, and protective clothing. Non-compliance poses risks to individuals and the workforce, leading to disciplinary action. Prioritizing safety is paramount.

#### **Exercise of Authority:**

Every employee of the supplier must commit to wield this authority with the utmost discretion and respect in all management staff, client, governmental, investor, and contractor relations. Indiscreet or disrespectful exercise of authority can result in highly negative consequences for clients, contractors, partners, and colleagues, and since employees are often perceived as the voice of an organization. Employees must be sensitive to the potential damage that an indiscreet or disrespectful exercise of authority can inflict on others.

## **Leaves and Absences**

### **Sick and Hospitalization Leave:**

All AIS LLC Suppliers' employee's employment contracts should include provisions for Sick and Hospital Leave in compliance with the relevant local laws and regulations.

### **Maternity Leave:**

All AIS LLC Supplier should be committed to providing its employees with paid maternity leave, unless prohibited by law. During this period, employees will continue to receive their regular salary. The maternity leave will commence on the day of birth unless an alternative arrangement is agreed upon. If an employee is unable to work, either partially or entirely due to pregnancy, the same guidelines as those for sick leave will be applied in accordance with Georgia's labor code.

### **Paternity Leave:**

All AIS LLC Suppliers should be dedicated to providing their employees with a paid paternity leave unless prohibited by law. During this period, employees will continue to receive their regular salary. The paternity leave will begin on the day of the child's birth unless there is an alternative arrangement agreed upon. Regardless of the circumstances, the issue should be resolved in accordance with Georgia's labor code.

### **Child Labor**

AIS LLC strictly prohibits the use of child labor in any form. Suppliers must comply with the Georgian Labour Code and International Labour Organization (ILO) conventions, ensuring that no individuals under the age of 16 are employed, except in cases where written consent is provided by their legal representatives or a guardianship authority. Such employment must be non-hazardous, should not interfere with the child's education, and must not harm their health or well-being. For individuals aged 16 to 18, suppliers must ensure that employment is non-hazardous, does not adversely affect their development, and adheres to all applicable regulations. Suppliers are required to conduct regular audits, maintain age verification records, and take corrective action in cases of non-compliance. This aligns with AIS LLC's zero-tolerance policy on child labor and commitment to upholding the rights and welfare of young workers.

### **Working Conditions**

AIS LLC Suppliers are committed to providing fair, safe, and legally compliant working conditions for all employees. This includes:

- **Working Hours:** Adhering to legal limits on working hours, ensuring that employees are not overworked and are entitled to adequate rest periods and breaks.
- **Wages and Benefits:** Suppliers must ensure that wages are fair and comply with the provisions of the Georgian Labour Code as well as good international practices. Wages should meet or exceed the minimum wage set by law and include all legally mandated benefits such as health insurance, paid leave, and other entitlements required under Georgian labor law. Suppliers are encouraged to regularly review their compensation structures to ensure fairness and alignment with both local regulations and good international practices.
- **Work Environment:** Maintaining a safe and healthy workplace, free from physical or mental hazards. Suppliers should minimize excessive physical demands and ensure that the mental well-being of employees is supported through appropriate work-life balance measures. This includes conducting regular health and safety audits, providing training, and implementing preventative measures to reduce workplace incidents.

### **Discrimination and Harassment**

AIS LLC Suppliers must ensure a workplace that is free from discrimination and harassment. This includes strict prohibition against discrimination based on race, color, ethnicity, gender, age, disability, sexual orientation, religion, or any other characteristic. Suppliers are required to establish clear, enforceable policies on equal opportunity, conduct regular training for all employees, and implement confidential reporting mechanisms for victims of harassment or discrimination. Harassment in any form, including sexual harassment, bullying, or intimidation, is strictly forbidden.

### **Gender Equality and Inclusion**

AIS LLC Suppliers are expected to promote gender equality and inclusivity within their workplaces. This includes providing equal opportunities for all employees, regardless of gender, ensuring equal pay for equal work, and actively working to close any gender pay gaps. Suppliers should implement policies that encourage the participation of women in leadership roles, provide support for career advancement, and create a work environment free from gender discrimination and harassment.

Suppliers must also offer accommodation, such as flexible work arrangements, to support work-life balance for all employees, especially those with caregiving responsibilities. Clear mechanisms should be in place for reporting and addressing gender-based discrimination or harassment, ensuring a safe and respectful workplace for everyone. Regular training on gender sensitivity and equality is encouraged to build awareness and foster an inclusive culture.

### **Greenhouse Gas Emissions and Energy Consumption**

Suppliers are expected to actively manage and minimize their greenhouse gas (GHG) emissions. This includes monitoring energy consumption, setting measurable targets to reduce carbon footprints, and investing in energy-efficient practices and technologies. Suppliers should report their emissions and energy usage data transparently to ensure compliance with AIS LLC's environmental sustainability goals. Suppliers are encouraged to set science-based targets for GHG reduction and transition to renewable energy sources where feasible.

### **Pollution Prevention and Waste Management**

AIS LLC Suppliers are required to adopt responsible waste management and pollution prevention practices. This involves minimizing waste production, safely disposing of hazardous materials, and actively seeking opportunities to recycle and reuse resources. Suppliers must implement waste reduction strategies, conduct regular environmental audits, and comply with all local and international regulations related to waste disposal and pollution control. Regular reporting on waste management performance is expected to be conducted.

### **Biodiversity, No Deforestation, and Land Conservation**

Suppliers must prioritize the protection of biodiversity and commit to practices that prevent deforestation and promote land conservation. This includes responsible sourcing of raw materials, adhering to no-deforestation commitments, and engaging in initiatives that restore and protect ecosystems. Suppliers are encouraged to collaborate with stakeholders to promote sustainable land management practices. Regular assessments should be conducted to monitor biodiversity impact, with active participation in conservation programs to offset any adverse effects of operations.

### **Anti-Corruption and Conflict of Interest**

AIS LLC Suppliers must uphold the highest standards of integrity and avoid any forms of corruption, bribery, or conflict of interest. This includes implementing robust anti-corruption policies, training employees on ethical practices, and establishing clear procedures for reporting suspected misconduct. Suppliers are prohibited from offering, soliciting, or accepting bribes in any form, and must ensure that business decisions are made transparently and without undue influence. Any potential conflicts of interest must be disclosed, and Suppliers are expected to implement policies that prevent corrupt practices. Regular audits and compliance checks should be conducted to ensure adherence to these principles.

### **Anti-Competitiveness Practices**

Suppliers are required to comply with all applicable antitrust and competition laws. This includes refraining from practices that limit fair competition, such as price-fixing, bid-rigging, or creating monopolies. Suppliers must conduct business with integrity, promoting a competitive and fair marketplace. Policies and procedures should be in place to prevent anti-competitive behavior, and employees must receive regular training on the importance of fair competition. Any activities that could be seen as anti-competitive are strictly prohibited, and suppliers must ensure that their business practices align with these principles. Suppliers are encouraged to participate in industry initiatives that promote market transparency and ethical conduct.



### **Suppliers Code of Conduct Annual Revision Process**

Aligned with internationally recognized ESG practices and standards, our Company undertakes a comprehensive review of all ESG documentation at the end of each year. This systematic review, led by the Company ESG Manager, ensures that our disclosures accurately reflect current assessments, performance metrics, and operational practices. If any modifications are made during the revision process, the updated documentation is subjected to a thorough approval procedure. Initially, the proposed changes are carefully reviewed and endorsed by the Company Director. Following this, the revised document is shared with the Caucasus Clean Energy Holding ESG and Sustainability Lead for final validation, ensuring that each modification adheres to our commitment to quality, transparency, and regulatory compliance. The Supervisory Board members are informed regarding changes, reinforcing our commitment to maintaining high international ESG standards.

The updated version is uploaded onto the company's webpage, while the previous version remains accessible on the website in the archive folder.