



GEORGIA CAPITAL PLC RESPONSIBLE INVESTMENT POLICY

Our Stance

Purpose

Georgia Capital (Georgia Capital PLC and JSC Georgia Capital) is a platform for buying, building and developing businesses in Georgia and monetizing its investments as they mature. Our primary business is to develop or buy businesses, help them develop their management and institutionalise their businesses so that they can further develop mainly on their own. Our portfolio is concentrated across structurally important industries for the country's sustainable development.

We are committed to conducting business in an environmentally, socially responsible and sustainable manner in order to reduce the environmental harm of the operations, while at the same time improving social impact to enhance long-term returns to our shareholders. We also believe that investing in sustainable manner is a part of our responsibility as corporate citizens of Georgia and of the wider world.

For our financial reporting, the Group consolidates the accounts of Georgia Capital PLC and JSC Georgia Capital (referred to as the “**Companies**” or in each case as the “**Company**” as applicable) but for the rest of the group, it has adopted investment entity accounting in accordance with IFRS 10. This Responsible Investment Policy (“**RI Policy**”) takes an approach consistent with, and informing where appropriate, our overall strategy and our financial reporting in that we oversee our investments (also called “portfolio companies”) but have varying degrees of influence on an ongoing basis.

Our RI Policy is integrated into our investment and portfolio management processes and procedures. This enables environmental and social aspects to be captured where they may directly or indirectly affect corporate and portfolio company performance. We monitor our portfolio companies' environmental and social performance and use our resources to encourage continual improvement of such performance.

This RI Policy covers Georgia Capital's responsible investment approach. It is supplemented by the dedicated Environmental and Social Policy.

Principles

Georgia Capital and this RI Policy are influenced by several responsible investment and ownership principles. We have aligned with, and adopted to the extent applicable to our type of company:

- United Nations-backed Principles of Responsible Investment (UN PRI) – 6 Principles
- UN Global Compact – 10 Principles
- UN Sustainable Development Goals (UN SDGs)
- The Taskforce for Climate-related Financial Disclosures (TCFD).

Georgia Capital has a history of investing in businesses that benefit from sustainable growth trends and by our investment and application of our RI Policy, the particular SDGs we and our portfolio companies contribute to are:

Goal 1 – No Poverty

Goal 3 – Good Health and Well Being

- Goal 4 – Quality Education
- Goal 5 – Gender Equality
- Goal 6 – Clean Water and Sanitation
- Goal 7 – Affordable and Clean Energy
- Goal 8 – Decent Work and Economic Growth
- Goal 9 – Industry, Innovation and Infrastructure
- Goal 10 – Reduced Inequalities
- Goal 11 – Sustainable Cities and Communities
- Goal 12 – Responsible Consumption and Production
- Goal 13 – Climate Action
- Goal 14 – Life Below Water
- Goal 15 – Life on Land; and
- Goal 16 – Peace, Justice and Strong Institutions

Many of our businesses have a positive impact on the environment and societies in which they operate, including on some of the areas highlighted by the UN’s Sustainable Development Goals (SDGs).

Georgia Capital has adopted the framework described by the Task Force on Climate-related Financial Disclosures (TCFD). It enables us to better understand the impact of climate-related risks and opportunities on our business and strategy. We have a forward-looking approach to climate and environmental risk management, including both near-term and longer timescales, recognizing that issues such as climate change impact us across our risk categories. Our management takes climate change risk and opportunities into consideration to protect and enhance the value of our assets.

Georgia Capital is a signatory to the UN Global Compact.

Wider Commitments

Our Environmental and Social Policy is available at <https://georgiacapital.ge/governance/cgf/policies>

In our Environmental and Social Policy, we undertake to:

1. Recognize sustainable development as a corporate commitment, sound business management and an integral part of our pursuit of good corporate citizenship;
2. Be an environmentally responsible business by minimizing the environmental impact of our operations and acting promptly to reduce or respond to incidents that endanger health, safety or the environment;
3. Conduct all activities in compliance with relevant environmental legislation and regulations in the countries in which the Group operates;
4. Provide a clean, safe and healthy workplace for employees, with appropriate training where necessary to ensure compliance and to communicate regularly with employees about the aims of, and their responsibilities under, the Environmental and Social Policy;
5. Conserve natural resources at the Company level through purposeful actions including but not limited to: improving the energy efficiency of buildings, reducing energy consumption and the volume of harmful greenhouse gas emissions, and utilizing circularity principles to reduce the consumption of materials and resources including reusing and recycling where possible; and
6. Require clients to adhere to environmental and social risk management policies and procedures in order to fulfil their own environmental and social responsibilities.

Scope

This RI Policy focuses on our approach to investing responsibly and covers current investments as well as future investments.

It is recognized that where the Company holds a minority interest or is otherwise restrained in our level of control, that the RI policy should be applied in a manner commensurate with the level of influence in the investment.

We will focus on Environment, Social and Governance (ESG) issues that are material to the Company and Company stakeholders and will apply in situations in which a particular issue is deemed material. The Company's investments are in Georgia and materiality is considered in respect of this geographic area. Any future possible new areas of investment outside of Georgia will require approval by the Board along with an appropriate consideration of whether the materiality parameters should be adjusted for the proposed investment.

We recognize that we are a young group and that this is a rapidly developing area, with new business practices and standards becoming part of market practice. This will involve development of our internal capabilities and capacity, iterative improvement of our internal methodologies and addressing issues such as data quality and disclosure. Understanding of material topics of ourselves and of our stakeholders will be developed. We anticipate that this policy will develop over time.

Governance Structure

The Board has overall responsibility for the RI Policy and its implementation for the review and approval of any material changes. The Audit and Valuation Committee retains responsibility for matters which fall into its Terms of Reference which can be viewed at: <https://georgiacapital.ge/governance/cgf/terms>.

The Chairman of the Audit and Valuation Committee summarises proceedings within the remit of the Committee to the Board (after meetings, and makes recommendations, if deemed appropriate, on area where action or improvement is needed.

At a management level, the Director of Investments is responsible for the implementation of the RI Policy. He may be assisted by the investment team, Finance, Investor Relations and the Legal departments (both Georgian and UK) as appropriate, alongside others.

The Finance Department, overseen by the Chief Financial Officer (CFO), reports on monitoring of identified financial and climate-related risks and significant changes through its regular reports to the management Board. Risks are escalated to the Audit and Valuation Committee.

The CEOs of the portfolio companies are responsible for implementing the ongoing RI Policy requirements which directly affect their company and for reporting data to the Finance Team.

Implementation through the value creation cycle

Georgia Capital's primary business is to develop or buy businesses, help them develop their management capacity and institutionalize their businesses so that they can continue to evolve and flourish on their own. The Group's focus is typically on larger scale investment opportunities in Georgia. The below illustrates how we implement this Responsible Investment Policy at each step.

Exclusion criteria and transaction qualification

Before or at the first discussion with the potential investment, the investment team will confirm that the investment does not fall within the below Exclusion List.

Exclusion List

The Group refrains from investing in environmentally, socially sensitive business activities including but not limited to:

- activities involving forced or child labour;
- business relating to pornography or prostitution;
- production or trade in weapons and munitions;
- activities involving the production, use, or trade of certain hazardous substances;
- growing of and manufacture of tobacco;
- businesses which generate more than 10% of their revenues from coal, oil or gas;
- in addition to the limit above, businesses involved in fossil fuel production, distribution or services that do not have a recognized strategy to achieve emissions consistent with the Paris Agreement's goal;
- businesses engaged in serious corporate governance breaches such as bribery and corruption that show no willingness to resolve these issues; and
- whilst not naturally within our geographic scope, we note for completeness that we refrain from investing in businesses involved in the production of palm oil and businesses involved in the production of fossil fuels from oil sands or through arctic drilling.

As the understanding of the finance sector's impact on natural capital and biodiversity in particular evolves we acknowledge that there might be further restrictions on investment.

The investment team will further consider material sustainability aspects as part of its due diligence. In particular, the investment team will consider whether the potential investment business activity or proposed transaction is subject to any exclusions or restrictions, imposed by any applicable laws, regulations, contracts or otherwise.

The investment team as overseen by Director of Investments will further assess the relative level of environmental and social risk associated with their business activities.

They are assisted by an ESG questionnaire which identifies environmental, social and governance concerns, alongside climate-related risks and opportunities.

Their conclusion and material findings of the above process will be presented to the Board when the overall potential investment is placed before the Board for approval. Depending on the significance of the potential investment and the significance of the potential risk, an investment paper/presentation may also be placed before the Board at an earlier stage.

Evaluation and Control

Based on the level of environmental and social risk associated with the potential investment's business activities or proposed transaction, and the analysis of the potential investment's procedures and measures in place to mitigate such risk, the Investment team as assisted by the Legal team or external legal or other advisors as appropriate will draft documentation with appropriate covenants to warrant compliance with relevant environmental, health and safety, labour regulations and standards as well as public disclosure standards. This could include the resilience of the potential investment's strategic plans to the impacts associated with ESG/sustainability/environmental and social concerns.

In addition, the Group (or the relevant member thereof) may consult industry specific guidance as well as seek the counsel and/or assistance of external advisors in connection with the drafting of relevant documentation and/or appropriate action plans.

Post-investment implementation and management of risk

Monitoring and Reporting

The Board has ultimate responsibility for risk, and the management board has delegated responsibility for risk management. The Group's risk management for ongoing investments is primarily managed by the Finance Department. Consequently, the Chief Financial Officer regularly monitors the environmental and social risk associated with its activities and compliance by clients within the terms of their respective agreements.

The Finance Department reports to the management board (usually as part of a wider semi-annual report) on the ongoing responsible investment risk across the portfolio companies. The Management Board reviews the reports and takes actions and escalates as necessary to the Board, or the Audit and Valuation Committee if the issue is within their remit.

Reporting

Georgia Capital will report on our application of this policy annually in the Resources and Responsibilities section or equivalent section of Georgia Capital PLC's Annual Report or possibly in a Sustainability Report. This reporting will be available on GCAP's website (Annual Reports are available at <https://georgiacapital.ge/ir/annual-reports>.)

We will consider additional avenues of reporting to external providers as and when appropriate.

We acknowledge that this is a young group, that our understanding of materiality is developing and that responsible investing practice is a rapidly developing area. We anticipate that this RI Policy will develop over time. The Policy will be reviewed annually by the Board.

Dated 21 March 2024