GEORGIA CAPITAL

Shaping the future with lasting contributions

Georgia Capital PLC | Sustainability Report 2024

Introduction

Continuously exploring opportunities to drive positive change.

Georgia Capital PLC ("Georgia Capital" or "GCAP" or "the Company" – LSE: CGEO LN) is a platform for buying, building and developing businesses in Georgia and monetising investments, as they mature. Georgia Capital PLC holds 100% of the share capital of JSC Georgia Capital ("JSC GCAP"), which together are referred to as the "Group" or "GCAP HoldCo". This Sustainability Report aims to provide material and relevant information on the developments in the Group and its portfolio companies' environmental, social and governance ("ESG") practices for the financial year ending 31 December 2024 and should be read in conjunction with our Annual Report and Accounts 2024 and the relevant policies available on the Company's website.

In order to effectively manage the Group's direct and indirect impact on society and the environment, the Board of Directors has adopted a Code of Conduct and Ethics, as well as policies concerning climate change, environmental and social matters, employees, anti-corruption and anti-bribery. We invite you to read more about our policies, practices and initiatives in the sections below.

Copies of the Code of Conduct and Ethics policies can be found at https://georgiacapital.ge/governance/cgf/policies

In this report

About Georgia Capital

TCFD

Assurance Statement

Photo credit: Images in this report are courtesy of the National Parks of Georgia

Georgia Capital at a Glance

Georgia Capital is a platform for buying, building and developing businesses in Georgia with holdings in sectors that are expected to benefit from the continued growth and further diversification of the Georgian economy.

The Group's focus is typically on capital-light, larger-scale investment opportunities in Georgia, which have the potential to reach at least GEL 300 million equity value over three to five years from the initial investment and to monetise them through exits, as investments mature.

With a portfolio valued at GEL 3.8 billion, we recognise the significant impact our decisions have on a broad range of stakeholders, particularly within Georgia. As the largest employer in the Georgian private sector, with over 20,200 employees as of December 2024, Georgia Capital is committed to creating value not only for investors but also for society. We invest in the development of our employees and contribute to the economic and social well-being of local communities, while managing our environmental footprint responsibly.

To reinforce our commitment to responsible corporate governance, we adhere to our Environmental and Social Policy. Georgia Capital is dedicated to conducting business in a socially and environmentally responsible manner, reducing our environmental impact, and enhancing social performance to maximise long-term shareholder returns. We remain committed to achieving our strategic and investment objectives while upholding our responsibilities as both an employer and global corporate citizen.

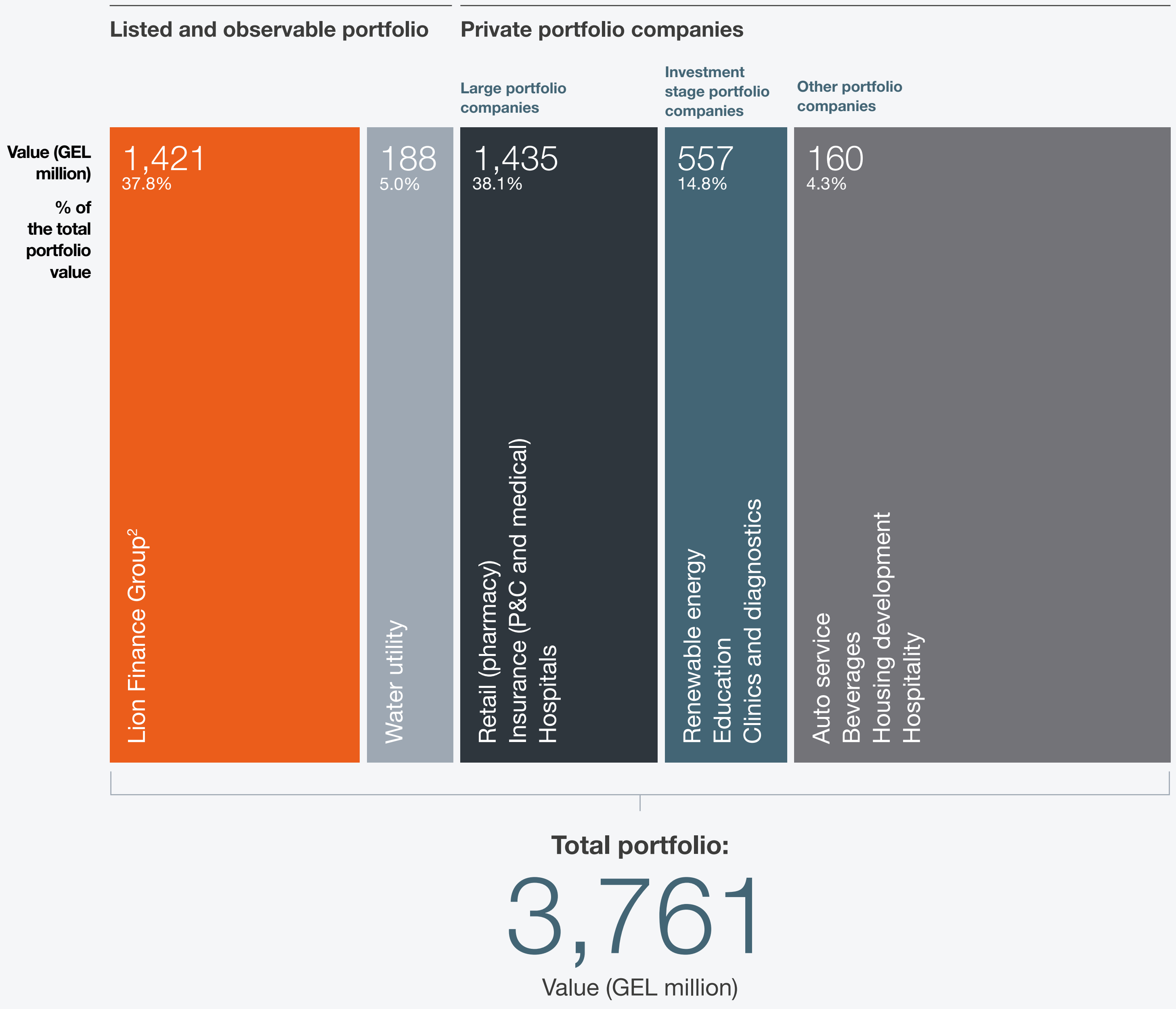
GCAP's track-record of investing in industries with positive impact on people and the planet:
GCAP's investment approach consistently prioritises positive ESG factors, including but not limited to:

- Our healthcare businesses are instrumental in advancing Georgia's healthcare system and improving societal well-being.
- Our education business plays a key role in strengthening the country's education system by empowering and developing future generations.
- Through green initiatives, our renewable energy business actively supports climate change mitigation, resource conservation and pollution prevention.
- Our auto service business contributes to reducing greenhouse gas ("GHG") emissions and minimising road traffic accidents in Georgia.

External benchmarking

CDP[1]	F	D-/D	**C-/C**	B-/B	A		
MSCI ESG RATING	CCC	B	BB	BBB	**A**	AA	AAA

Georgia Capital currently has the following portfolio companies:



1 Climate change questionnaire 2024.
2 Lion Finance Group PLC, formerly known as Bank of Georgia Group PLC.

Chairman and CEO Statement

Irakli Gilauri
Chairman and
Chief Executive Officer

"At Georgia Capital, ESG principles are deeply integrated into our operations and investment strategy, reflecting our long-term commitment to sustainability."

As the largest private-sector employer in Georgia, we understand the responsibility we have in shaping the future of our communities. Our strong track record of responsible investment and portfolio management demonstrates our focus on driving sustainable growth and creating businesses that generate lasting value.

In 2024, we made progress in advancing our ESG initiatives. The achievements outlined in this report showcase our ongoing efforts to embed sustainability into our operations and the positive impact we are having on our stakeholders.

Looking ahead, we remain dedicated to further enhancing our ESG processes across the Group and within our portfolio companies. We are motivated to continue driving meaningful change and delivering long-term value for our communities, investors and all of our stakeholders.

Irakli Gilauri
Chairman and CEO
20 March 2024

2024 in Brief

1. PARTICIPATION IN COP29 ROUNDTABLE DISCUSSION

In 2024, Azerbaijan hosted the United Nations Climate Change Conference ("COP29"), during which Georgia Capital was invited by the Asian Development Bank ("ADB") to join the soft launch of a transition finance research paper in Baku. The event was followed by a closed-door roundtable discussion, where representatives from leading financial sector players, including GCAP, addressed the challenges and opportunities surrounding transition finance. The event provided GCAP with an opportunity to share insights on the key barriers the financial sector faces in supporting the transition to a low-carbon economy and to discuss strategies for encouraging smaller firms to embrace decarbonisation.

2. STRENGTHENING ESG RISK ASSESSMENT AND MANAGEMENT PROCESSES

In 2024, Georgia Capital took significant steps to enhance its internal ESG risk assessment and management framework. Key initiatives included the development and formalisation of GCAP's ESG risk assessment and management process across the investment cycle, the introduction of sector-specific initial investment appraisal procedures, and the implementation of periodic information checklists. These advancements were supported by a Georgia-based external ESG specialist, ensuring alignment with best practices.

3. FORMALISING A STAKEHOLDER ENGAGEMENT PLAN

In addition to enhancing its ESG risk assessment and management, Georgia Capital established a formal stakeholder engagement plan to strengthen trust, collaboration and alignment with its stakeholders.

4. ADB IMPACT AWARD

In 2024, Georgia Capital was honoured with an Impact Award by the ADB's Central and West Asia Department in recognition of its issuance of the largest corporate sustainability-linked bond ("SLB") listed on the Georgian Stock Exchange.

ESG Materiality Assessment

In 2024, we conducted a comprehensive materiality assessment for Georgia Capital to systematically identify, prioritise and address the ESG factors most critical to our long-term success. This assessment serves as a cornerstone for shaping our ESG strategy, ensuring it is both impactful and aligned with stakeholder expectations.

The materiality assessment encompasses all three pillars of ESG, reflecting our commitment to an integrated approach. Each material issue is presented in the subsequent sections. This thorough evaluation underscores our dedication to driving meaningful progress across the ESG spectrum.

We conducted the assessment internally based on our informed judgement, drawing on internationally recognised sector-specific frameworks. Key references include the MSCI Industry Materiality Map and the SASB Materiality Finder, ensuring our approach remains consistent with global best practices and industry benchmarks.

By focusing on material ESG topics, we aim to unlock value-creation opportunities, and strengthen our contribution to sustainable development. This rigorous process not only aligns with our strategic priorities but also reinforces our accountability to stakeholders and our position as a responsible investor.

Environmental

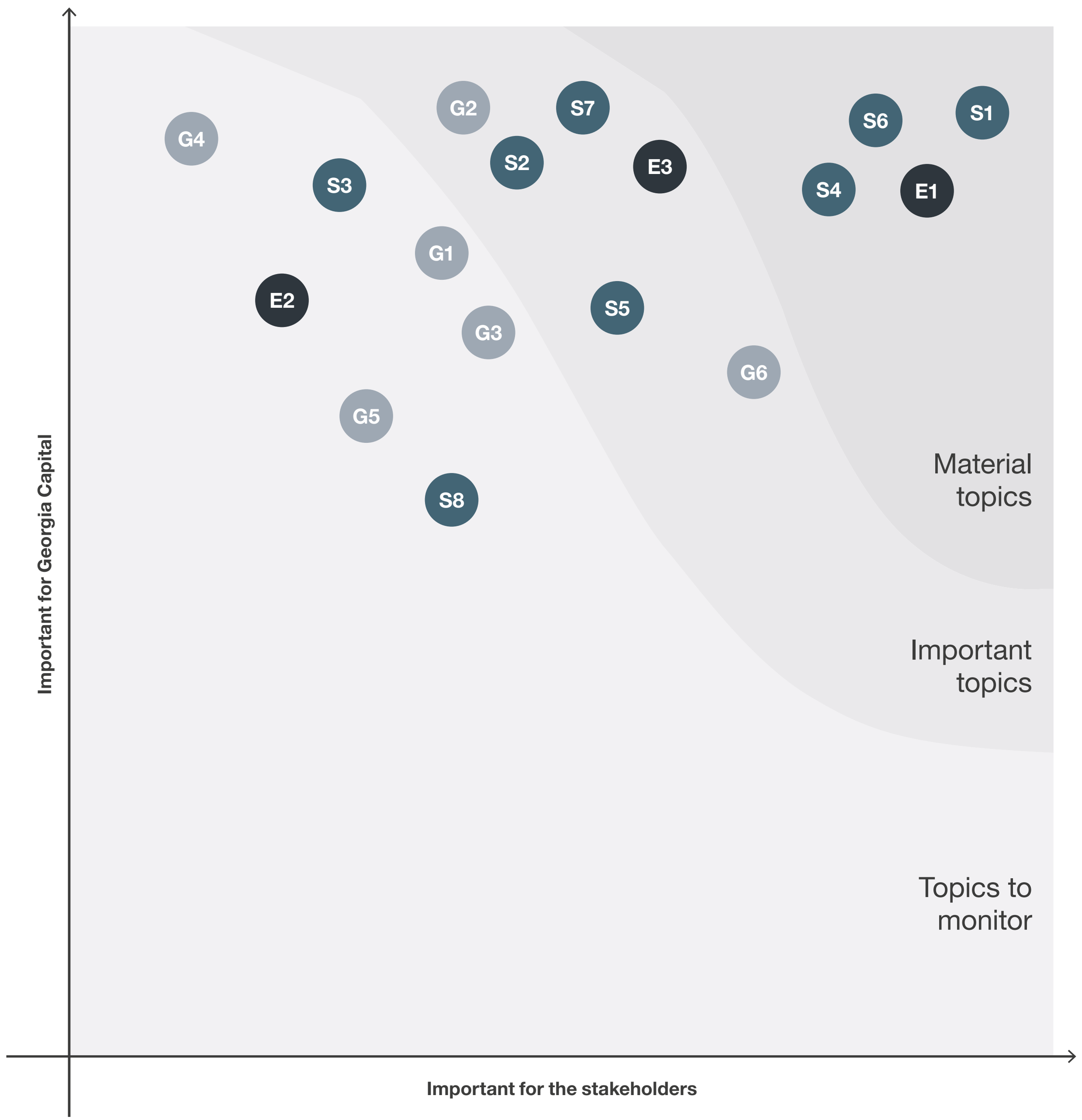
		Page
E1	Measuring and reducing greenhouse gas ("GHG") emissions	5
E2	Assessing climate-related risks and opportunities	9
E3	Transitioning to energy-efficient technologies	9

Social

S1	Diversity	10
S2	Employee engagement	11
S3	Employee attraction, training and development	12
S4	Health and safety	13
S5	Charitable donations	14
S6	Human rights	14
S7	Stakeholder engagement	15
S8	Supplier screening	15

Governance

G1	Effective Board	16
G2	Responsible investment	17
G3	Anti-bribery and anti-corruption	20
G4	ESG risk management	20
G5	Governance of portfolio companies	21
G6	Engagement with portfolio companies on ESG issues	21



ESG Materiality Assessment continued

E1. Measuring and reducing greenhouse gas ("GHG") emissions

Emission disclosure and calculation methodology

Reporting methodology

In preparing our emissions data, we have used the World Resources Institute/World Business Council for Sustainable Development, Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition 2016) as a reference source. We have also used the most recent Georgian electricity conversion factor taken from the JRC Guidebook – "How to Develop a Sustainable Energy and Climate Action Plan in the Eastern Partnership Countries", European Commission, Ispra, 2018, JRC113659. Further conversion factors have been taken from the UK Government's "Greenhouse Gas Conversion Factors for Company Reporting 2024". Energy consumption is disclosed in line with the UK Government's Streamlined Energy and Carbon Reporting ("SECR") requirements. The emissions disclosures are also prepared in accordance with the Task Force on Climate-related Disclosures ("TCFD") requirements and the requirements of section 414 of the Companies Act.

Overview of organisation

The operations of Georgia Capital in London and Tbilisi itself have relatively low energy consumption. However, we recognise the evolving significance of emissions disclosures in the investment community and in line with our commitment to increasing transparency, we voluntarily disclose emissions for JSC Georgia Capital (intermediate Georgian holding company) and its portfolio investments. We have reported on all the emission sources listed under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (Scopes 1 and 2).

Additionally, we have reported on those emissions under Scope 3 that are applicable to our businesses' direct operations. All reported sources fall within our financial statements. We do not have responsibility for any emission sources that are not included in our financial statements.

What we report:

The Group's "central" operations

Our reported data is collected in respect of the Group. Data on emissions resulting from travel is reported for business-related travel only but excludes commuting. As we do not have any joint ventures, sub-leased properties or offshore emissions, these have not been included within the reported figures.

The data has been obtained from the Group's locations using both invoices and site meter readings.

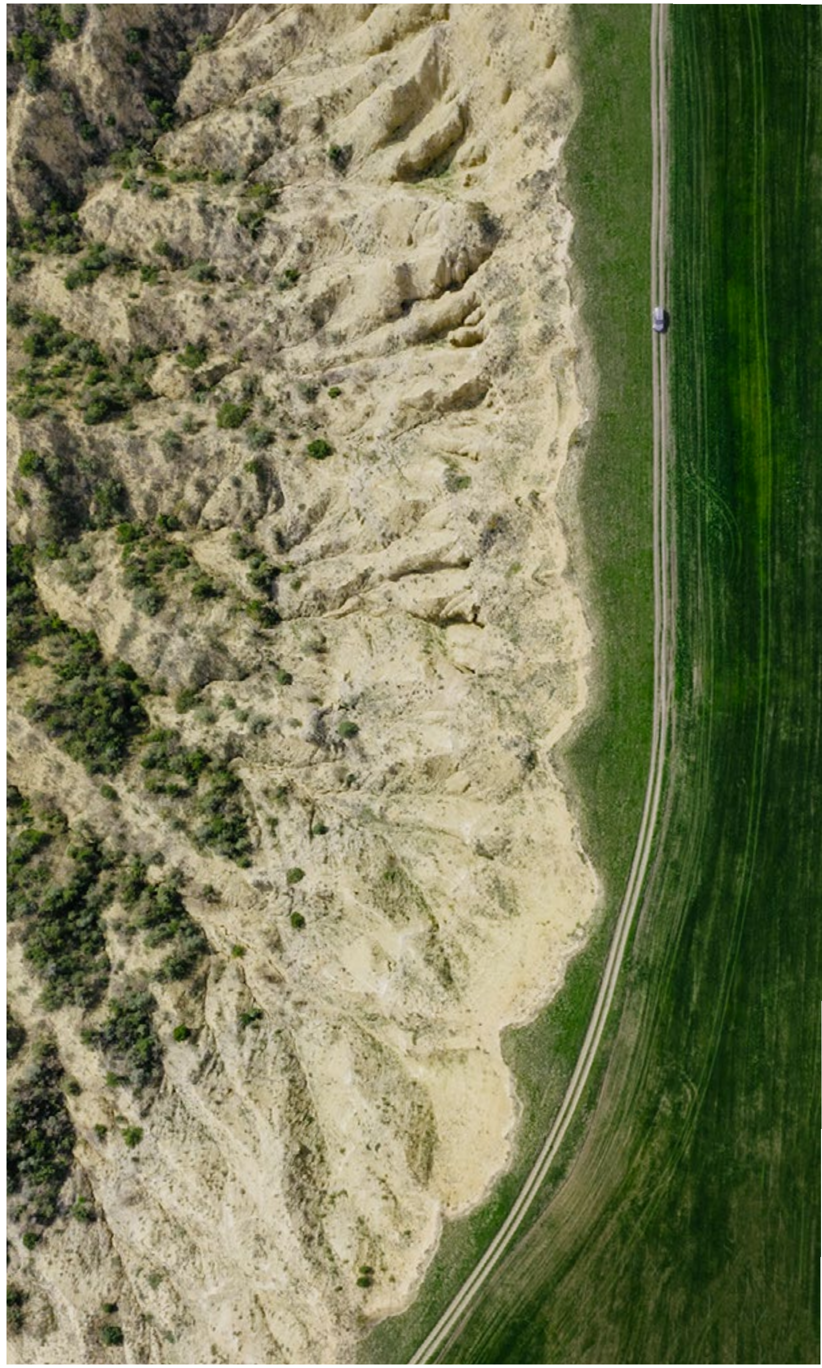
In April 2024, Georgia Capital PLC relocated its registered address to Leeds, UK. The company now employs a single individual who works remotely, resulting in no GHG emissions from the UK office for the remaining eight months of 2024. In 2024, the UK office's four-month electricity consumption was 1.4MWh, and 3.3MWh for the full year 2023, with no other recorded sources of emissions. These costs were included within the lease fees. The electricity consumption of the UK office is included in the Scope 2 emissions calculation. As the UK office's consumption was immaterial, its emissions are not reported separately for SECR disclosure purposes.

The Group's portfolio

Data from our portfolio companies' Scope 1, 2 and 3[1] emissions have been aggregated and presented as a separate line item under Scope 3 emissions in accordance with the Greenhouse Gas Protocol. GCAP adheres to the control approach when determining the GHG inventory boundaries. Under this approach, we report the GHG emissions of all our private investments where the Group holds a controlling stake. Therefore, the GHG emissions of Lion Finance Group (19.23% shareholding as of 31 December 2024) and the water utility business (20% interest stake as of 31 December 2024) have not been included in the calculations. As Georgia Capital maintained operational control of the beer and distribution business until the end of 2024, despite its sale during the year, the business' GHG emissions have been included in our calculations.

Lion Finance Group, as a UK listed company discloses Scope 1, 2 and 3 emissions in its annual filings, available at: https://lionfinancegroup.uk/annual-reports/latest-annual-report/

1 Portfolio company Scope 3 emissions reported for business travel and employee commuting.



ESG Materiality Assessment continued

E1. Measuring and reducing greenhouse gas (“GHG”) emissions continued

Summary of GHG disclosure

The table below summarises the various elements of our disclosure and details the particular GHG emissions and whether they are included or excluded.

Element	Description	Included/Excluded
Scope 1 – Static fossil fuel	Combustion of fossil fuels, e.g. natural gas, fuel oils, diesel and petrol in stationary equipment at owned and controlled sites	Excluded – No such processes/equipment owned or operated by the Group.
Scope 1 – Mobile fossil fuel	Combustion of petrol, diesel and aviation fuel in owned/operated vehicles	Business travel has been included.
Scope 1 – Other emissions	Process emissions and refrigerant leakage	Excluded – No such processes/equipment owned or operated by the Group.
Scope 2 – Consumption of electricity	Consumption of electricity	Included – Used electricity at owned and controlled sites using the most recent Georgia electricity conversion factor taken from the JRC Guidebook – How to Develop a Sustainable Energy and Climate Action Plan in the Eastern Partnership Countries, European Commission, Ispra, 2018, JRC113659.
Scope 2 – Consumption of thermal energy	Direct consumption of heat, steam or cooling generated by others	Excluded – No such thermal energy supplies are consumed by the Group.
Scope 3	Combustion of petrol, diesel and aviation fuel in vehicles owned and operated by others	Included – Air business travel (short-haul and long-haul); information on the class of travel is unavailable, hence, we used an ‘average passenger’ conversion factor, with radiative forcing. Included – Ground transportation, including taxis, coaches, trains, etc., owned and operated by others. Excluded – Emissions from staff commuting at GCAP HoldCo level.
	Investments	Included – Scope 1, 2 and 3[1] of our portfolio companies where we have a majority stake.

Emissions

Total GHG emissions (tonnes CO_2e)

Data for the period beginning 1 January 2022 and ending 31 December 2024	2022[2]	2023	2024
Scope 1 (a)	**66**	**73**	**70**
Static fossil fuel (emissions fuel combustion and facility operations)	–	–	–
Mobile fossil fuel	66	73	70
Scope 2 (b)	**4**	**4**	**4**
Emissions from electricity, heat, steam and cooling purchased for own use	4	4	4
Scope 3	**29,057**	**26,723**	**27,659**
Air travel and ground transportation provided by third parties plus electricity, heat/steam, cooling provided within lease and service agreements	78	35	60
Investment portfolio emissions[3]	28,979	26,688	27,600
of which, Scope 1 (c)	*18,643*	*17,460*	*17,561*
of which, Scope 2 (d)	*5,064*	*4,993*	*5,434*
of which, Scope 3 (voluntary disclosure)	*5,272*	*4,234*	*4,605*
Total GHG emissions	**29,127**	**26,800**	**27,734**
FTEs[4] at GCAP HoldCo level	48	47	45
Total GHG emissions per FTE (GCAP HoldCo)	606.8	570.2	616.3
FTEs at GCAP HoldCo and portfolio company levels	19,114	19,815	20,259
Total GHG emissions per FTE (GCAP HoldCo and portfolio company levels)	**1.52**	**1.35**	**1.37**

Sustainability Performance Target (“SPT”) Indicator under GCAP’s SLB Framework	2022[2]	2023	2024
Scope 1 (a)	66	73	70
Scope 2 (b)	4	4	4
Scope 3 (c)+(d)	23,706	22,454	22,995
Total GHG emissions related to SPT	**23,776**	**22,531**	**23,069**

Carbon intensity	2022[2]	2023	2024
Weighted average carbon intensity: Investments[5]	**3.9**	**3.9**	**3.3**

1 Portfolio company Scope 3 emissions reported for business travel and employee commuting.
2 The 2022 GHG emissions have been retrospectively adjusted, incorporating the calculation methodology agreed upon with our external verification provider. The total GHG emissions for 2022 were assessed at 29,127 tCO_2e, compared to the previously disclosed 28,179 tCO_2e. Specifically, GHG emissions under the SLB Framework, following the retrospective application of the relevant methodology, amount to 23,776 tCO_2e, as opposed to the previously disclosed 22,829 tCO_2e, representing an updated baseline for GHG emission reduction targets/SPTs.
3 Investment portfolio companies’ total Scope 1 and 2 emissions are: 23,706 tCO_2e in 2022, 22,454 tCO_2e in 2023 and 22,995 tCO_2e in 2024.
4 FTE (“full time employee”) is stated excluding temporary employees.
5 GCAP’s private portfolio companies’ carbon exposure intensity, expressed in tonnes CO_2e/US$ million revenue.

ESG Materiality Assessment continued
E1. Measuring and reducing greenhouse gas (“GHG”) emissions continued

Energy consumption (in kilowatt hours, kWh)	Prior reporting year (2023)	Current reporting year (2024)
Purchased electricity	41,053	40,769
Gas combustion	–	–
Transport fuel	237,031	228,850
Refrigerants	–	–
Total energy consumption (kWh)[1]	**278,084**	**269,619**

Emissions (per metric tonne of CO_2 equivalent, tCO_2e)	Total	Scope	Total	Scope
Purchased electricity	4.3	2	4.0	2
Gas combustion	–	1	–	1
Transport[2]	32.5	3	56.8	3
Refrigerant emissions	–	2	–	2
Total gross emissions	**36.7**	**–**	**60.9**	**–**

Intensity ratio (tCO_2e per FTE)	Total	Total
Intensity ratio	2.39	2.98

SECR Report
This report has been produced in accordance with the UK Government’s policy on SECR. As determined by the Greenhouse Gas Protocol, the scope and boundary of the GHG emissions herein relate to those where we have operational control, i.e. those relating to our corporate offices in both London and Tbilisi. As stated on page 5, in 2024, GCAP reports the energy consumption of the London office only for the first four months.

GHG emissions and energy data
The table on the top reports upon GHG and energy data for the period December 2023 to December 2024. The prior reporting year has been included for comparative purposes.

Quantification and reporting methodology
The GHG and energy data presented above has been collated, calculated and presented using methodology following the Greenhouse Gas Reporting Protocol, and uses the 2024 Government Emission Conversion Factors for Company Reporting.

Intensity ratio
The intensity ratio used in the table above displays total gross emissions (tCO_2e) per FTE.

Commitment to a Net-Zero future
In 2022, Georgia Capital committed to the Net-Zero Initiative and expressed its willingness to reach Net-Zero across Scope 1 and 2 emissions at both GCAP HoldCo and portfolio company levels by 2050.

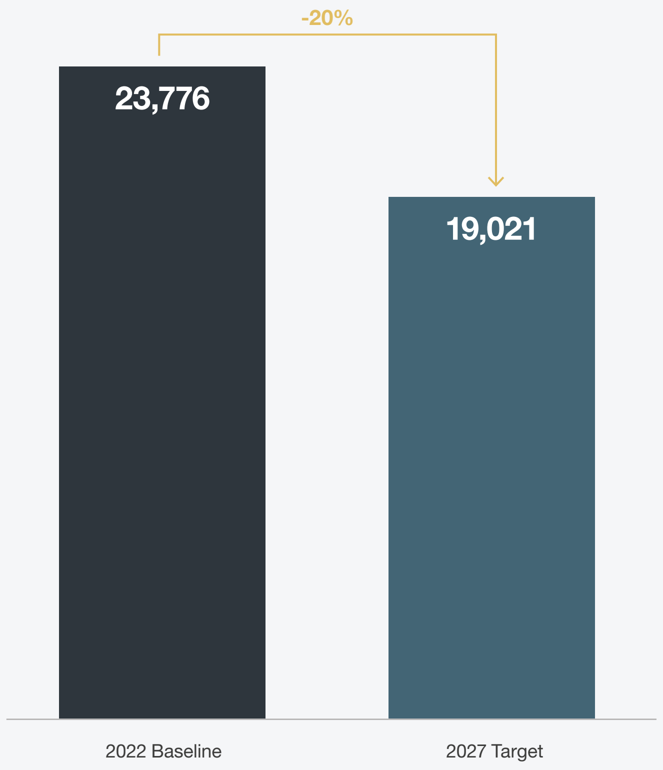
Georgia Capital commits to reducing total Scope 1 and Scope 2 emissions by 30% by 2030 compared to the base year, 2022, and by 95% by 2050, ultimately becoming Net-Zero.

In August 2023, JSC GCAP successfully issued a US$ 150 million SLB on the Georgian market. The issuance of the bonds represents the largest-ever corporate bond offering in Georgia, and the first of its magnitude and kind in the region.

Georgia Capital has established an SLB Framework in partnership with an international sustainable finance advisor, HPL.LLC. Under the framework, GCAP intends to decrease its GHG emissions[3] by 20% by 2027 compared to a 2022 baseline.

GCAP’s SPT[3]

GHG emissions (tCO_2e)



In line with GCAP’s overarching commitment to reaching Net-Zero across the Group by 2050.

1 Scope 1 and Scope 2 consumption data is converted in kWh. For the distance (km) conversion into kWh, we used a conversion factor for an average size car.
2 Transport emissions represent 1) business travel in employee-owned vehicles where the firm is responsible for purchasing the fuel, and 2) business travel in company owned vehicles.
3 Represents GCAP’s absolute Scope 1, 2 and 3 emissions (the latter reflecting the aggregated Scope 1 and 2 emissions of the portfolio companies). The 2022 GHG emissions have been retrospectively adjusted, incorporating the calculation methodology agreed upon with our external verification provider. Specifically, GHG emissions under the SLB Framework, following the retrospective application of the relevant methodology, amount to 23,776 tCO_2e, as opposed to the previously disclosed 22,829 tCO_2e, representing an updated baseline for GHG emission reduction targets/SPTs.

ESG Materiality Assessment continued
E1. Measuring and reducing greenhouse gas ("GHG") emissions continued

The issuance of the SLB represents a significant strategic milestone for GCAP, as it will support climate change mitigation, natural resources conservation and pollution prevention, thereby contributing to the transition towards a more sustainable and lower-carbon economy in Georgia.

GCAP's SPT contributes to the United Nations ("UN") Global Compact's Sustainable Development Goals ("SDGs")

7 AFFORDABLE AND CLEAN ENERGY

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

GCAP obtained a second-party opinion from Sustainalytics, a leading provider of ESG research and analysis, for its SLB Framework, affirming the alignment with the five core components of the SLB Principles.

The transaction was supported by Georgia Capital's longstanding partner international financial institutions ("IFIs"), who approved GCAP's SLB Framework and ESG position after rigorous due diligence.

European Bank for Reconstruction and Development

IFC International Finance Corporation WORLD BANK GROUP

AIIB

ADB ASIAN DEVELOPMENT BANK

Under the SLB, GCAP is committed to having external limited assurance conducted against the SLB target on an annual basis until bond maturity. The assurance report can be found on pages 50 to 51 of this report.

GCAP's SLB Framework overview

SUSTAINALYTICS

01	**Key Performance Indicator ("KPI")**	Absolute Scope 1, 2 and 3 GHG emissions reduction	**Very Strong**
02	**Sustainability Performance Target ("SPT")**	Reduce absolute Scope 1, 2 and 3 GHG emissions by 20% by 2027 compared to a 2022 baseline	**Ambitious**
03	**Characteristics**	Adjust coupon rate based on the progress against the KPI/SPT	**Aligned**
04	**Reporting**	Disclose the performance towards the KPI/SPT on an annual basis in Sustainability Reports	**Aligned**
05	**Verification**	GCAP commits to have external limited assurance conducted annually, until bond maturity	**Aligned**

ESG Materiality Assessment continued

E2. Assessing climate-related risks and opportunities

Georgia Capital recognises the critical importance of assessing climate-related risks and opportunities to ensure long-term resilience and sustainability.

The Board is entrusted with providing oversight of climate-related risks and opportunities, aided by the Audit and Valuation Committee. In support of the evaluation of climate-related risks and opportunities that may be present, a review of GCAP's direct operations and a macro-level review of the portfolio companies' operations were completed. The process was followed by a comprehensive quantitative assessment, specifically on GHG inventory management. An early-stage scenario analysis was completed as part of the process towards understanding how the climate impacts identified in the qualitative assessment could present as financial risks to GCAP under different plausible future scenarios. The findings and potential risk implications of such findings are provided in our TCFD disclosures on pages 40 to 48.

E3. Transitioning to energy-efficient technologies

Over the last periods, Georgia Capital has introduced and implemented energy-efficient solutions to further reduce energy consumption by conducting various activities across the Group and portfolio companies.

Our portfolio companies continue to implement energy-saving solutions, such as LED lights and other energy-efficient equipment, such as boilers and heating ventilation and air conditioning systems. Our housing development business pioneered the introduction of energy-efficient construction materials. In our education business, five of our school campuses successfully introduced solar panels and our other educational infrastructures will follow in due course. Our beverages business reduced energy consumption and carbon footprint through its CO_2 recovery plant, alongside the wastewater treatment plant. The company also introduced the Green Fridge Policy which reduces the carbon footprint of cooling bottled and canned products. Additionally, our periodic technical inspection ("PTI") business adheres to green standards, exemplified by the planting of trees in every Tbilisi branch, contributing to a green space that encompasses 20% of the total territory.

ESG Materiality Assessment continued

S1. Diversity

Georgia Capital is fully committed to providing equal opportunities as an employer and prohibits unlawful and unfair discrimination. We believe that there are great benefits to be gained from having a diverse workforce. We seek to ensure that our corporate culture and policies, particularly our HR policies, create an inclusive work environment that helps to bring out the best in our employees.

Georgia Capital's Diversity Policy establishes a commitment to eliminating unlawful and unfair discrimination and values the differences that a diverse workforce brings to the organisation.

The Board embraces diversity in all its forms. In line with Georgia Capital's Diversity Policy, diversity of gender, social and ethnic backgrounds, age, disability, race, religion or belief, sex or sexual orientation, cognitive and personal strengths and balance in terms of skills, experience, independence and knowledge, amongst other factors, will be taken into consideration when seeking to make any new appointment within the business, whether an employee, client, supplier or contractor.

On 31 December 2024, Georgia Capital, had a total of 45 employees, of which 25 are female, and 20 are male.

We are supportive of the ambition shown in recent reviews on diversity, including the Parker Review regarding ethnic diversity. The Board is in alignment with recommendations for ethnic minorities on UK boards. For details on the Board diversity please refer to page 171 of the Nomination Committee Report in the Annual Report 2024. Similarly, we endorse the FTSE Women Leaders Review, which primarily targets FTSE 350 companies.

We are committed to exploring ways to increase female and ethnic representation at both Board and senior management levels. Moreover, the Board recognises the significance of all forms of diversity and remains steadfast in its commitment to continuous progress in this domain.

55.6%

of Georgia Capital employees are women

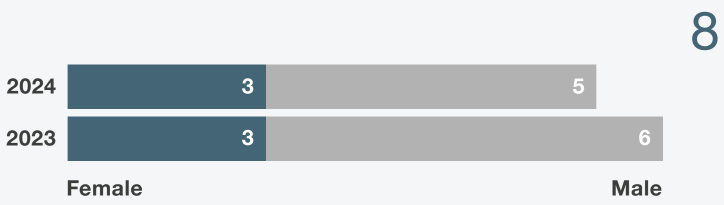
74.6%

of all employees at the Group and portfolio company levels are women

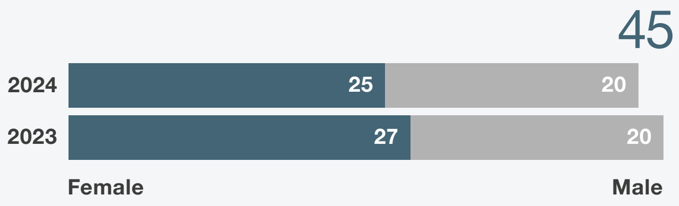
Gender diversity

Board of Directors at Georgia Capital PLC

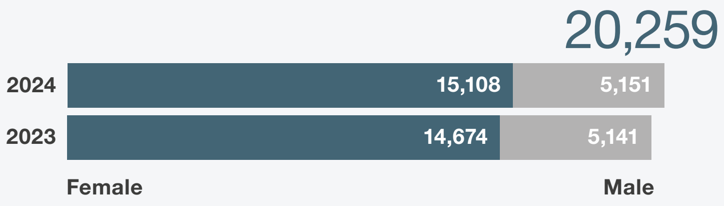
Management at Georgia Capital[1]



All employees at Georgia Capital[2]

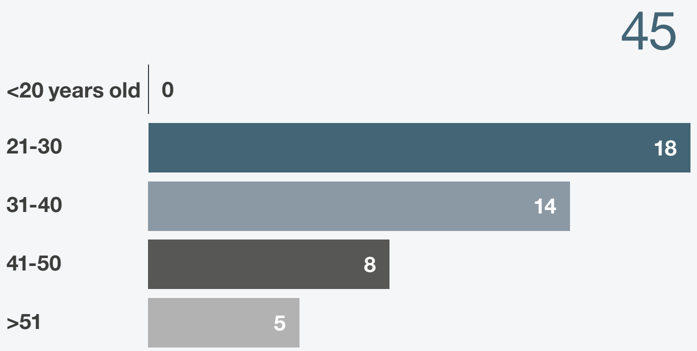


All employees at the Group and portfolio levels

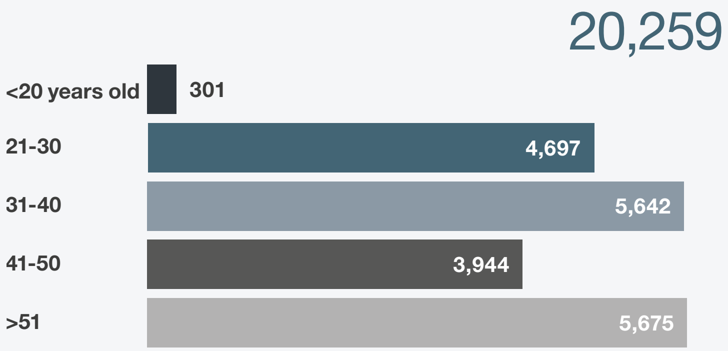


Age diversity

All employees at Georgia Capital[2]



All employees at the Group and portfolio company levels



1 The Chairman and CEO is included in both categories: "Board of Directors at Georgia Capital PLC" and "Management at Georgia Capital".
2 Employee numbers are presented at JSC Georgia Capital and Georgia Capital PLC levels.

ESG Materiality Assessment continued

S2. Employee engagement

We are committed to employee engagement and we believe that effective communication is key. We strive to provide our employees with a continuous flow of information, which includes our corporate culture, the Group's strategy and performance, risks relating to its performance, such as financial and economic factors, and our policies and procedures. We provide information in a number of ways, including via managers, presentations, email, Group intranet and regular off-site meetings.

There are feedback systems, such as employee satisfaction surveys and a designated Non-Executive Director for workforce engagement at the Board level, which ensures that the opinions of our employees are taken into account when making decisions that are likely to affect their interests.

Employee satisfaction surveys are regularly conducted at the holding company level. These surveys allow employees to provide anonymous feedback regarding their overall experience at Georgia Capital, their perceptions of being valued for their contributions, and their satisfaction with work-life balance.

Additionally, participants offer recommendations for enhancing the organisational environment. The results of these surveys are compiled and communicated to management for further analysis and consideration.

We maintain a Group-wide Code of Conduct and Ethics for our employees and other effective HR policies and procedures covering matters such as:

- Staff administration, compensation and benefits.
- Recruitment, development and training.
- Diversity and anti-nepotism.
- Succession planning, departure and dismissal.
- Grievances and whistleblowing.

> "We are dedicated to fostering employee engagement and maintaining effective communication, ensuring a consistent flow of information regarding our corporate culture, strategy, performance, and relevant policies."

ESG Materiality Assessment continued

S3. Employee attraction, training and development

Sustained development of the Group's businesses requires the strengthening of the teams, both by using the Group's own significant internal resources through staff development and rotation and by attracting external candidates.

Our Recruitment Policy and relevant control procedures ensure an unbiased hiring process that provides equal employment opportunities for all candidates. All employees at Georgia Capital are engaged under an employment contract and we do not use zero hours contracts.

To attract young talent, we actively partner with leading Georgian business schools and universities, participate in job fairs and run extensive internships locally and internationally. Georgia Capital continues its talent acquisition project for its Investment Officer positions which was launched in 2016.

To manage our employees in a way that best supports our business strategy and their professional growth, we seek to help them contribute to business performance through personal and professional development.

In recent years we created a programme for the Investment department which helped participants to grasp new developments in the field and refresh their knowledge. To help the newcomers adapt to the new working environment, respective teams organise comprehensive introductory and cross-department meetings.

In addition to specific training courses, regular workshops are held in the Company which are linked to the more complex matters, such as business approaches and the best practices in related fields. Besides in-house training, Georgia Capital provides designated training and certification programmes for various departments through third-party resources.

Georgia Capital values the exchange of upward, downward and peer feedback when it comes to performance management. Through the performance evaluation and talent management process, several staff members were identified and promoted in 2024.

ESG Materiality Assessment continued

S4. Health and safety

Ensuring the safety of the workplace and providing healthy working conditions are amongst the Group's fundamental HR management principles. The Group pays particular attention to preventative measures, such as conducting regular staff training and medical check-ups, certifying workplaces and promoting a healthy lifestyle. Consistent with these principles, Georgia Capital has engaged a safety consultancy company that provides a dedicated safety inspector. The inspector conducted a safety audit, offered recommendations and conducted staff training. Our safety consultant ensures systematic monitoring to guarantee compliance with globally accepted standards.

Georgia Capital is aware of the damaging impact of stress and anxiety on an individual. It is Company practice to hold workshops to check on employees' mental health and to offer face-to-face counselling. Employees are encouraged to express their mental health concerns in an open manner and seek assistance. We provide the opportunity for a flexible work schedule and remote and hybrid working arrangements. Respective teams at GCAP track the workload of the employees to identify if hiring additional staff is required.

ESG Materiality Assessment continued

S5. Charitable donations

In 2024, the Group and its portfolio companies spent a total of GEL 1.6 million in financing sponsorship and charitable activities. As part of the sponsorship and charitable activities, the Group continues to focus on promoting and enhancing access to education, conserving nature, supporting people with disabilities and special needs, and facilitating innovative projects that focus on social good. The sponsorship and charity activities encourage partnerships with various foundations and non-governmental organisations ("NGOs") to deliver sustainable results and bring positive change. In doing so, we follow our undertakings in respect of social and community matters as set out in our Environmental and Social Policy.

In 2024, Georgia Capital continued the sponsorship programme to support the Caucasus Nature Fund, whose purpose is nature protection in the South Caucasus. The fund helps to support the effective long-term management of nature in the biologically rich, protected territories of Armenia, Azerbaijan and Georgia. In 2024, Georgia Capital also supported the Fulbright programme and covered the education and travel expenses of one high-achieving student.

Total sponsorship and charitable expenditure of the Group and portfolio companies

1.6

GEL million

S6. Human rights

At GCAP, we are committed to respecting, promoting and upholding internationally recognised human rights standards across our operations and business practices. We strive to ensure dignity, equality and freedom for all individuals affected by our activities.

Our Human Rights Policy

The Human Resources Policy is an integral part of the employee on-boarding package at each business level with updates communicated electronically.

The Human Rights Policy is part of the Human Resources Policy and covers the following:

- Equal opportunities and anti-discrimination.
- Work environment free of harassment.
- Grievance Policy.

We recognise the importance of observing human rights and are committed to implementing socially responsible business practices. Our Human Rights Policy establishes priorities and puts control procedures in place to provide equal opportunities and prevent discrimination or harassment on any grounds, including disabilities. The policy applies to all employees and includes procedures in relation to employment processes, training and development, recruitment and on the continuity of employment of employees who become disabled during their employment.

Modern slavery

The Group has zero tolerance against modern slavery and human trafficking. We believe in doing business ethically, transparently and in full compliance with all applicable laws and regulations. Even though we are an investment holding company and the risk of modern slavery and human trafficking within our own business operations is low, we recognise that our supply chain could potentially pose such risks. A large majority of GCAP's suppliers are professional advisors and consultants, predominantly blue-chip, reputable international organisations with sound ESG policies and procedures, which therefore, have lower exposure to ESG-related risks. Our existing policies and procedures ensure that an appropriate level of due diligence is conducted on prospective suppliers before they are appointed, or any expenditure is committed.

We note that in accordance with our Responsible Investment Policy, we expressly do not invest in businesses which have activities involving forced or child labour. Evaluation of risk is carried out at the pre-investment or pre-engagement stage through due diligence and controls, and with post-investment implementation and management of risk through monitoring and reporting predominantly by the Legal and Finance departments who report to the Management Board and ultimately the Board of Directors.

ESG Materiality Assessment continued

S7. Stakeholder engagement

Georgia Capital recognises the critical role of effective stakeholder engagement in building trust and fostering collaboration. As mentioned on the page 3, in 2024, we further enhanced our stakeholder engagement plan, aligning it with the International Finance Corporation's ("IFC") Stakeholder Engagement Handbook. During this process, we strengthened key elements, including the formulation of a grievance redress mechanism and mapping of relevant stakeholders, identifying their concerns and assessing areas of strength and improvement.

For more details on our stakeholder engagement approach, please refer to pages 128 to 131 in the 2024 Annual Report.

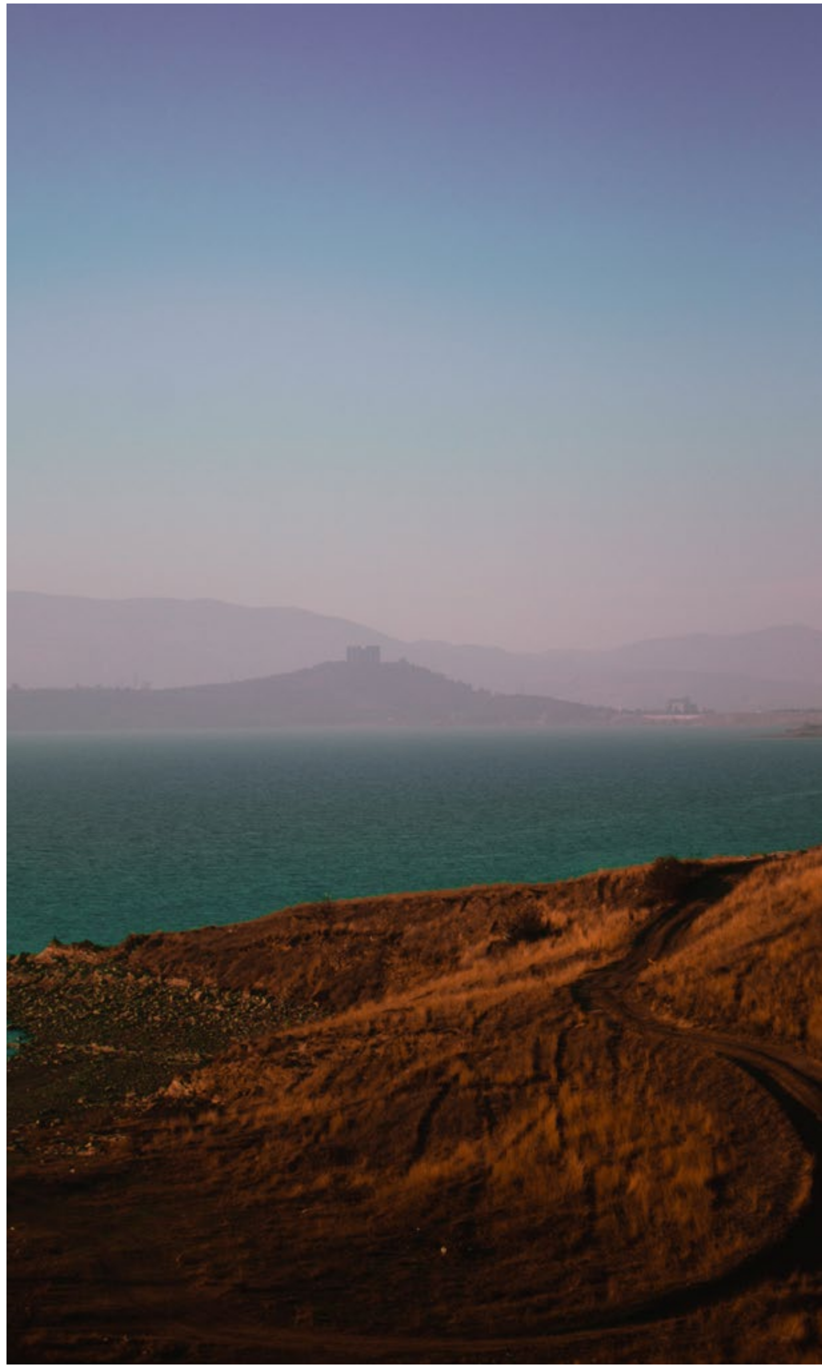
S8. Supplier screening

Georgia Capital seeks to engage with suppliers whose ESG practices align with our commitment to sustainability and responsible business conduct. A large majority of GCAP's suppliers are professional advisors and consultants, predominantly blue-chip, reputable international organisations with sound ESG policies and procedures, which, therefore, have lower exposure to ESG-related risks. However, our existing policies and procedures ensure that an appropriate level of due diligence is conducted on prospective suppliers before they are appointed, or any expenditure is committed. The nature of due diligence is determined on a case-by-case basis, however, as a general rule, the procedure safeguards the assessment of risks associated with bribery and corruption, information and data security, human rights and employment practices, and other material aspects as determined during the assessment.

In 2024, significant items for Georgia Capital procurement expenditures were audit, valuation and compliance services, as well as services sourced from professional consultations and investor relations services. The breakdown of expenditures by type of suppliers is provided in the graph.

Expenses by type of suppliers at Georgia Capital level (FY24)

- Audit, valuation and compliance services: 38%
- Professional consultations and investor relation services: 27%
- Insurance and other services: 21%
- Legal advisors: 13%



ESG Materiality Assessment continued

G1. Effective Board

At Georgia Capital, the Board plays a pivotal role in ensuring the Company delivers not only strong shareholder returns but also lasting, sustainable value for all stakeholders. Comprising five Directors, including four Independent Non-Executive Directors, the Board is structured to uphold the highest standards of governance. Each member of the Board brings a wealth of experience from senior roles across diverse industries, offering valuable perspectives that enhance the quality of decision-making and strategic oversight.

The Board, appointed by shareholder vote at the Annual General Meeting, is supported by its Nomination Committee, which ensures an optimal balance of skills, experience, independence, and knowledge.

To reinforce its commitment to continuous improvement, Georgia Capital periodically engages Amandla UK Limited to evaluate the Board's effectiveness.

In 2023, a comprehensive review was conducted using a multi-faceted approach, including online interviews with Directors, individual feedback assessments, group coaching sessions, and direct observation of Board meetings.

The evaluation confirmed the Board's effectiveness in governance, supervision and oversight, highlighting its capacity to drive sustainable impact across operations.

"An effective Board is central to Georgia Capital's ability to create long-term value and foster positive outcomes for all stakeholders, demonstrating that strong governance and sustainability go hand in hand."

ESG Materiality Assessment continued

G2. Responsible investment

Georgia Capital adheres to the Responsible Investment Policy, which is integrated into the investment and portfolio management processes and procedures. Georgia Capital monitors the portfolio companies' ESG performance and uses the resources to encourage the adoption of ESG best practices. This policy covers Georgia Capital's responsible investment approach. It is supplemented with a dedicated Environmental and Social Policy.

Terms of reference of Georgia Capital's three principal Committees can be found on our website: https://georgiacapital.ge/governance/cgf/terms

The Responsible Investment Policy can be found on our website: https://georgiacapital.ge/governance/cgf/policies

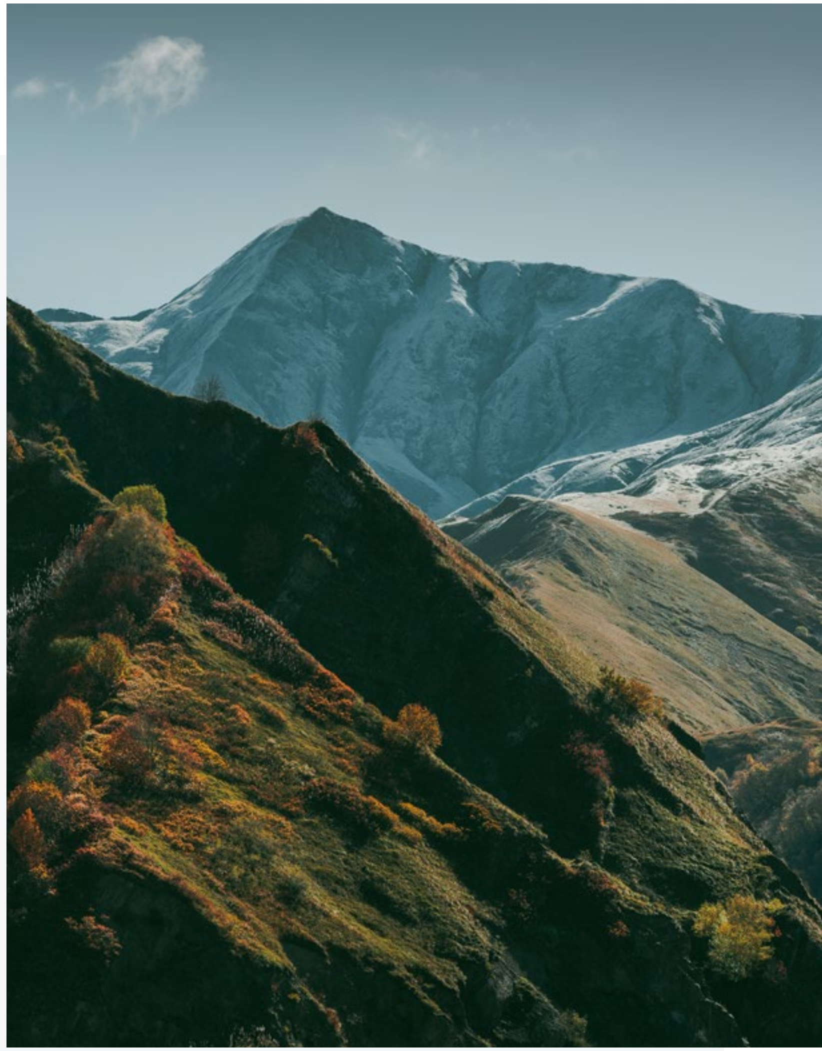
Oversight of the Responsible Investment Policy

The Board

- The Board has overall responsibility for the policy and its implementation, and for the review and approval of any material changes.
- Approves the subsequent actions or recommendations if deemed appropriate.
- Monitors the implementation and conduct of the policy.

Audit and Valuation Committee

- The Audit and Valuation Committee retains responsibility for matters which fall into its Terms of Reference.
- The Chairman of the Audit and Valuation Committee reports to the Board and makes recommendations for matters within the remit of the Audit and Valuation Committee.



Management

- The Director of Investments is responsible for the implementation of the policy. He may be assisted by the investment team, Finance, Investor Relations and Legal departments, and advisors.
- The Director of Investments summarises proceedings to the Board and makes recommendations, if deemed appropriate, on areas where action or improvement is needed.
- The Finance department, overseen by the Chief Financial Officer, reports on the monitoring of identified financial and climate-related risks and significant changes through its regular reports to the Management Board.
- The CEOs of the portfolio companies are responsible for implementing the ongoing Responsible Investment Policy requirements which directly affect their company and reporting data to the finance team.

ESG Materiality Assessment continued
G2. Responsible investment continued

Georgia Capital's primary business is to develop or buy businesses, help them develop their management capacity and institutionalise their businesses so that they can continue to evolve and flourish on their own. Through the Responsible Investment Policy, ESG considerations are embedded into the entire deal process, from the initial investment stage to active ownership. 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. Here we illustrate how we implement the Responsible Investment Policy at each step.

Implementation of the Responsible Investment Policy

Dual screening

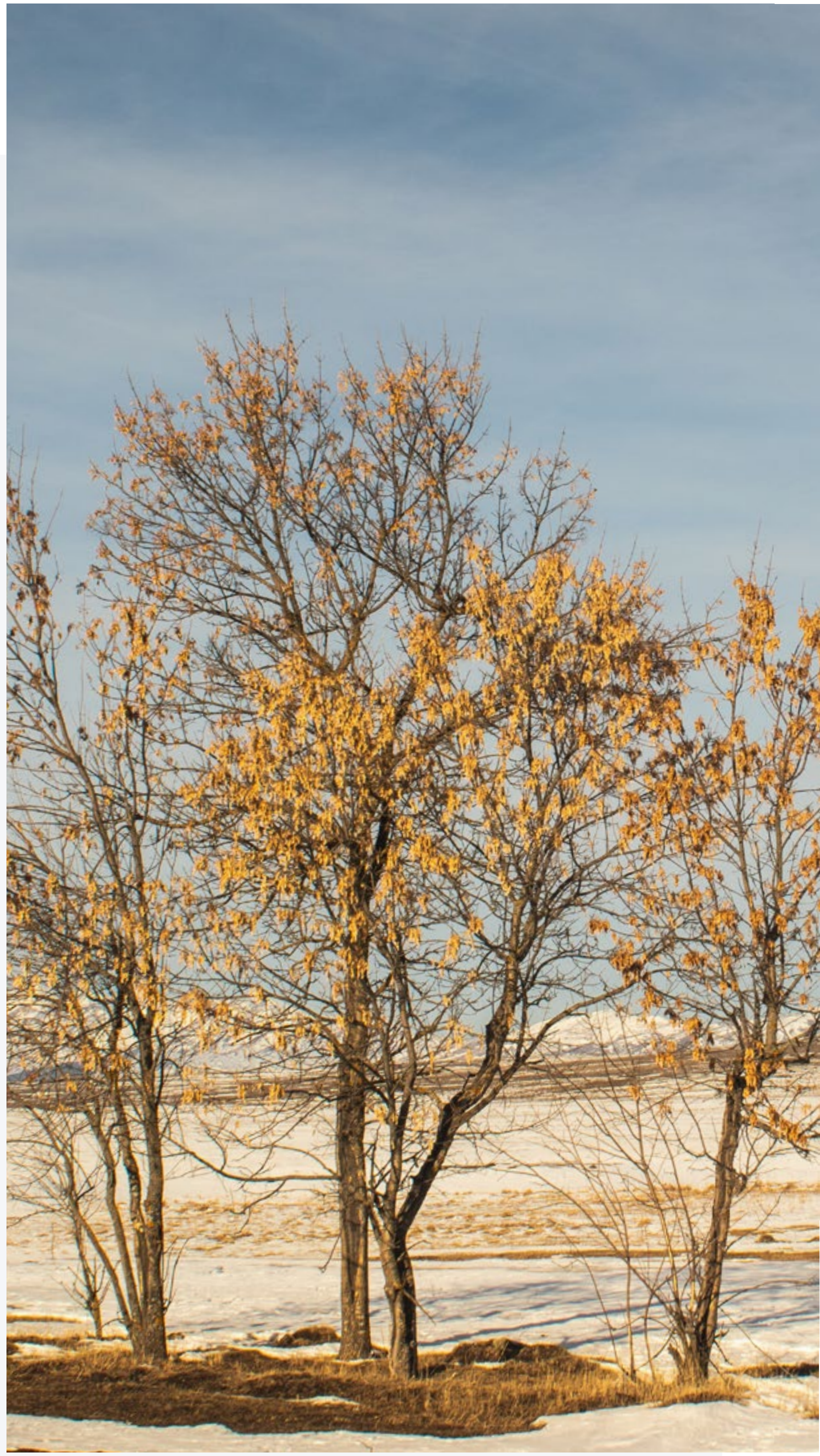
Exclusion list
- Forced labour
- Pornography
- Trade of weapons
- Certain hazardous substances
- Tobacco
- Coal, oil, gas
- Corporate governance breaches such as bribery and corruption

Due diligence

ESG due diligence
- ESG due diligence review
- Risk assessment

Active ownership

Ongoing engagement
- Regular ESG reassessment of the portfolio companies
- Periodic follow up about the ESG matters



ESG Materiality Assessment continued
G2. Responsible investment continued

Implementation of the Responsible Investment Policy continued

Step 1:
Exclusion criteria and transaction qualification

We do not invest in businesses that fall into our Exclusion List. The Group refrains from investing in environmentally and 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 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 recognised 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.

Step 2:
Comprehensive due diligence

If the investment does not fall within the Exclusion List, 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 the 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 and screening list which identifies ESG concerns, alongside climate-related risks and opportunities.

Their conclusion and the 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.

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, and 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 concerns.

In addition, the Group or the relevant portfolio company 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.

Step 3:
Active ownership: monitoring and reporting

As part of our ongoing ESG assessment process, each business is reassessed on a semi-annual basis and we follow up to ensure appropriate actions are taken to improve as required.
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 risks associated with its activities. The Finance department reports to the Management Board periodically 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.

ESG Materiality Assessment continued

G3. Anti-bribery and anti-corruption

The Group has a Code of Conduct and Ethics, as well as an Anti-Bribery and Anti-Corruption Policy, which are applicable to the Group companies.

As an organisation that is fully committed to the prevention of bribery and corruption, the Group ensures that appropriate internal controls are in place and operating effectively.

Anti-Bribery and Anti-Corruption Policy enforcement processes include:
- an anonymous whistleblowing hotline;
- an internal whistleblowing process;
- disclosure of gifts or other benefits, including hospitality offered to, or received by, the Group's personnel;
- voluntary disclosure of corrupt conduct;
- third-party screening to identify the level of risk third parties might pose;
- informing the banks/partners/counterparties about anti-corruption and anti-bribery principles before commencement of business relations;
- ensuring that anti-bribery and anti-corruption clauses are incorporated in the agreements with customers and third parties;
- ensuring that anti-bribery and anti-corruption matters are included in contractual agreements with partners/counterparties; and
- online training programme aiming to raise awareness of corruption and bribery issues among employees.

As part of the Group's third-party screening to identify the level of risk which third parties might pose, the Group carries out due diligence such as indirect investigations, which include general research of the activities undertaken by the proposed business partners, research into their reputation and information on whether the company is a related party. The Compliance Officer (the General Counsel) has the authority to conduct periodic compliance checks of the operations of the Group. We are pleased to confirm that there have been no instances of violation of the Anti-Bribery and Anti-Corruption Policy in 2024.

G4. ESG risk management

The Group's approach to risk management is underpinned by a dynamic horizon scanning process that continually reassesses and reviews risks, considering both internal and external factors.

This process ensures that material risks are promptly escalated and reported to the Board, enabling informed and proactive decision-making.

A cornerstone of the Group's ESG practices is its Responsible Investment Policy, detailed on pages 17 to 19. Building on this foundation, Georgia Capital made significant advancements in ESG risk management during the recent period:
- In 2023, the Board revised the schedule of matters reserved for the Board, updating it to cover any duties previously reserved to the Investment Committee, and to make it clear that the Board has primary responsibility for overseeing environmental and social risks and that the Company's strategic direction is regularly informed by material environmental and social issues. Given the small size of the Board and the importance of these matters, the Board believes that it is appropriate for the whole Board to be responsible for these issues.
- As described on the page 3, in 2024, Georgia Capital further formalised its ESG risk assessment and management processes across the investment cycle and introduced sector-specific initial investment appraisal procedures and periodic information checklists with a help of external ESG specialist to ensure alignment with leading industry practices.

ESG Materiality Assessment continued

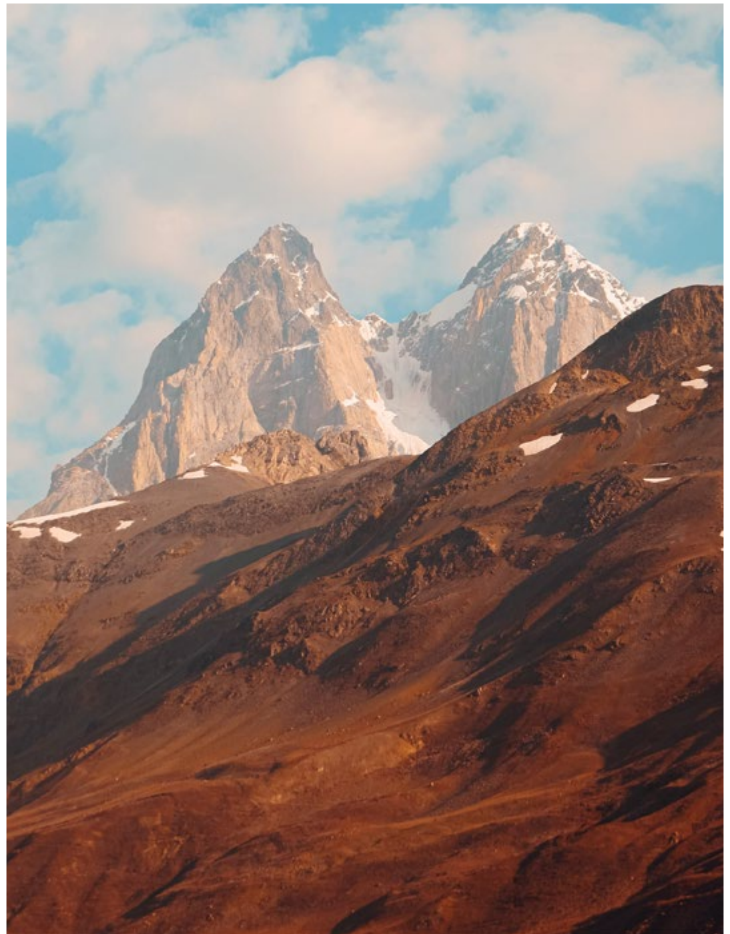
G5. Governance of portfolio companies

As a Group, we are dedicated to a long-term investment strategy that fosters strong, collaborative relationships with the businesses in which we invest. We maintain close engagement with the management teams of our portfolio companies, ensuring active involvement in their success while prioritising the interests of our shareholders and stakeholders. Central to our success is a cohesive, professional team committed to achieving the Group's objectives. We focus on attracting top talent, supporting their development, and nurturing long-term commitment to our business.

In terms of governance, Georgia Capital does not engage in the day-to-day operations of its portfolio companies. Instead, we focus on four key areas:

- **Capital allocation:** Approval of all decisions related to equity, debt, profit reinvestment and divestment.
- **Strategy and business planning:** Setting strategy, approving business plans and monitoring progress.
- **Human capital:** Oversight of CEO and CFO appointments and KPI setting.
- **ESG strategy:** Approval and monitoring of ESG initiatives.

"Central to our success is a cohesive, professional team committed to achieving the Group's objectives."



G6. Engagement with portfolio companies on ESG issues

As an investment holding company with 45 employees, Georgia Capital has a limited direct impact on the environment and the community in which it operates.

However, we understand that the indirect impact of our investment undertakings is an important consideration for our stakeholders.

We are committed to fostering strong ESG practices both at the holding company and portfolio company levels. To ensure effective engagement, Georgia Capital works closely with portfolio companies on ESG matters, providing them with direct access to our management team and the Board. Representatives have the opportunity to approach them directly or request ad hoc meetings to address pertinent issues.

Additionally, Georgia Capital undertakes the following actions:

- In line with our responsible investment approach, GCAP conducts semi-annual monitoring of each portfolio company. The Finance department oversees the assessment of environmental and social aspects within the portfolio.
- GCAP monitors and assesses the implementation of ESG commitments by portfolio companies on a semi-annual basis to ensure alignment with the ESG strategy.
- As the first entity to issue the first ever SLB on the local market, Georgia Capital actively supports portfolio companies seeking to raise capital through sustainable finance mechanisms.
- GCAP HoldCo continuously analyses developments in the ESG landscape and shares relevant expertise with portfolio companies to enhance their ESG operations.

Through these efforts, Georgia Capital ensures that its portfolio companies are supported in adhering to leading ESG practices, driving long-term sustainability and value creation.

Our Commitment to the Principles of the UN Global Compact

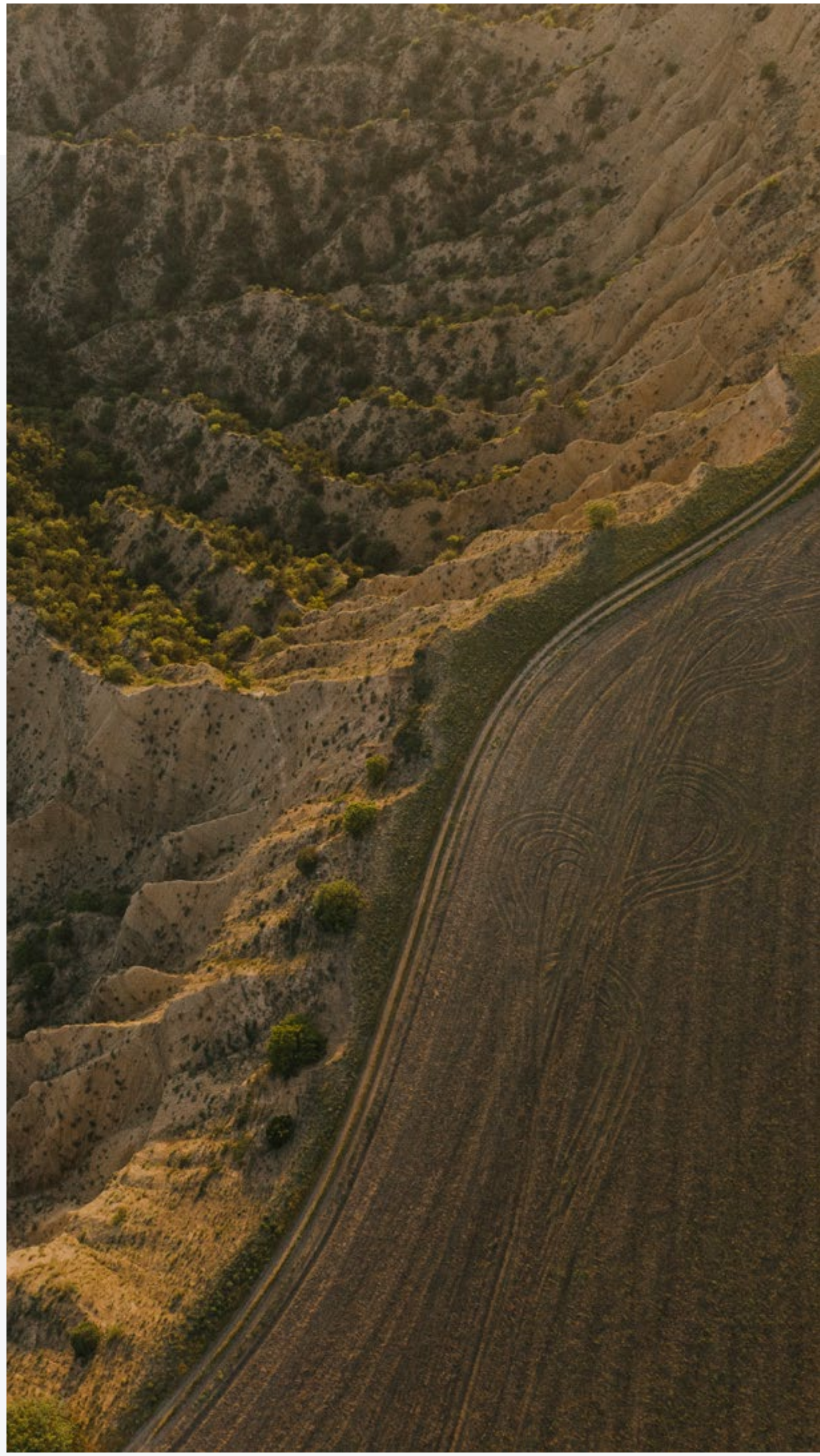
Since February 2022, we have been a signatory of the UN Global Compact and have officially expressed our commitment to its ten Principles, which are then sub-divided into 17 SDGs.

Georgia Capital introduced an initiative to align the portfolio companies' performance with the UN SDGs, which required our portfolio companies to determine relevant SDGs and implement respective procedures to track their progress towards the identified goals.

Georgia Capital is committed to the following the UN SDGs

At the holding company level GCAP is committed to the following SDGs:

Explore the case studies on pages 23 to 39 to discover how our portfolio companies contribute to SDGs.



SDG 3 – GOOD HEALTH AND WELL-BEING

CASE STUDY

Making healthcare affordable for the ones in need

Our healthcare businesses dedicated significant resources to making healthcare services accessible to people in need. In 2024, the business organised 25 free screening programmes, benefiting approximately 27,252 individuals. These programmes included tuberculosis management, cancer and hepatitis C screenings, as well as antenatal care.

At our hospitals, specialists provided complimentary medical services to socially and economically disadvantaged groups, amounting to an investment of GEL 1.7 million. Additionally, the hospitals coordinated free blood transfusions for inpatients and offered medical check-ups to 813 beneficiaries of the Georgian Solidarity Fund. The business also extended a 20% discount on all healthcare services to a charitable organisation supporting children diagnosed with leukaemia and cancer.

In collaboration with Liberty Bank, our clinics business continued to offer discounted services to pensioners and socially vulnerable individuals. Since its launch in January 2020, this initiative has benefited over 69,000 patients, providing around 443,000 discounted services.

27,252

individuals benefited from 25 free screening programmes

443,000

discounted services provided

SDG 3 – GOOD HEALTH AND WELL-BEING CONTINUED

CASE STUDY

Hospitals business, the sole provider of paediatric oncology services in Georgia

Our hospitals business is the sole provider of paediatric oncology services in Georgia, offering support to children with various oncology disorders free of charge under the Government-subsidised programme. In 2024, 595 patients with different types of cancer (solid tumours, leukaemia, lymphomas, etc.) received the necessary treatment, and 86 patients received haemato-oncology treatment.

595
received necessary treatment

86
received haemato-oncology treatment

SDG 3 – GOOD HEALTH AND WELL-BEING CONTINUED

CASE STUDY

Karavi's partnership with Kaikona to support child development

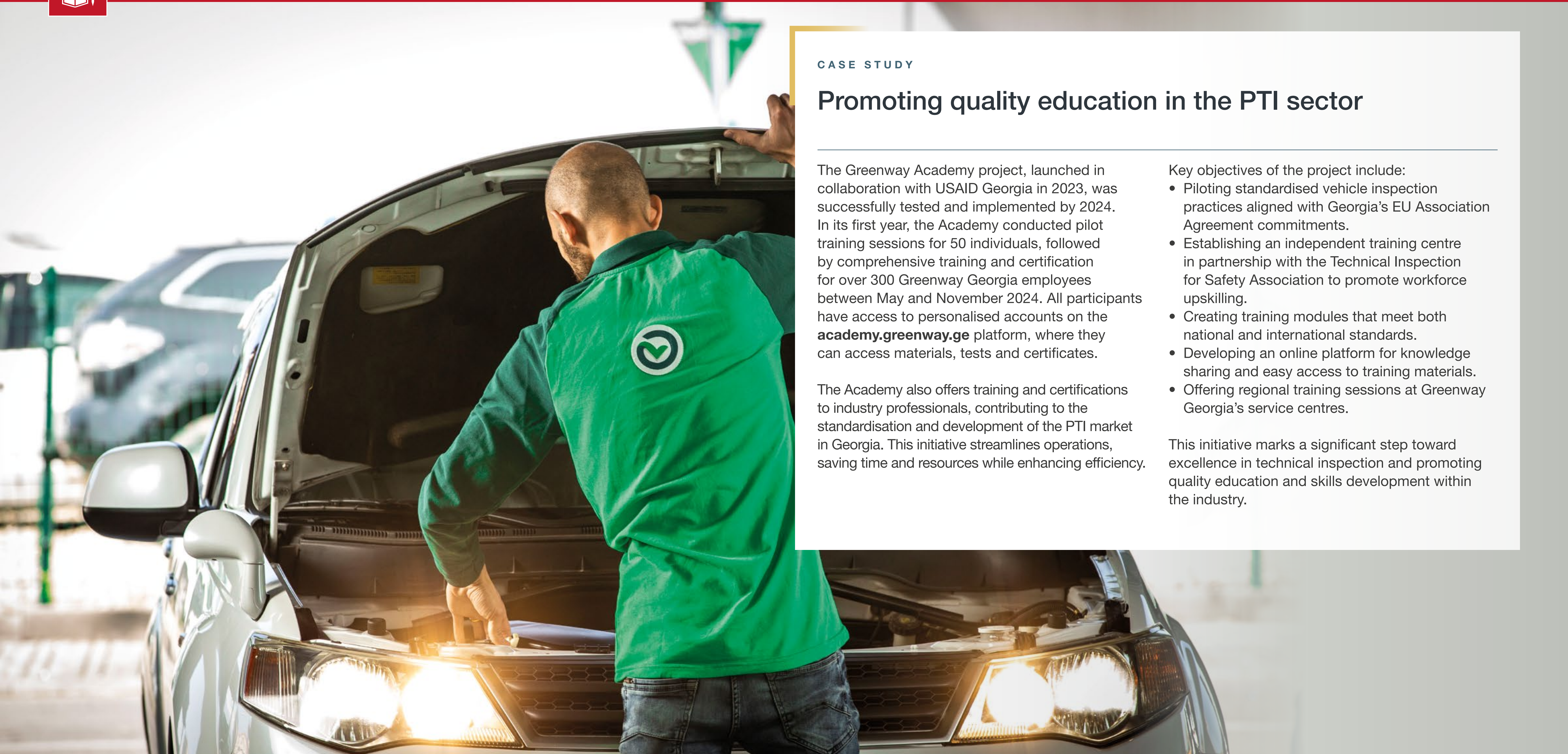
In 2024, Evex's Children's Neurodevelopment Center, Karavi, partnered with Kaikona Neurodevelopment Space through a memorandum of understanding ("MoU"). This collaboration aims to support the development, resilience and well-being of children and adolescents by empowering caregivers, therapists, educators and parents.

The partnership introduced a series of programmes and workshops focused on enhancing parental awareness and education. These initiatives provided caregivers with tools to support emotional, cognitive and social growth in children, while deepening understanding of how neurodevelopment impacts everyday life.

As part of this collaboration, ICDP (International Child Development Programme) workshops were held to equip parents, caregivers and educators with skills to engage in sensitive, supportive interactions with children. This initiative promoted nurturing environments that foster emotional well-being and resilience. Additionally, Karavi offered educational sessions on child neurodevelopment, parenting strategies and creating supportive home environments to help professionals and parents better address children's developmental needs.

4 QUALITY EDUCATION

SDG 4 – QUALITY EDUCATION



CASE STUDY

Promoting quality education in the PTI sector

The Greenway Academy project, launched in collaboration with USAID Georgia in 2023, was successfully tested and implemented by 2024. In its first year, the Academy conducted pilot training sessions for 50 individuals, followed by comprehensive training and certification for over 300 Greenway Georgia employees between May and November 2024. All participants have access to personalised accounts on the **academy.greenway.ge** platform, where they can access materials, tests and certificates.

The Academy also offers training and certifications to industry professionals, contributing to the standardisation and development of the PTI market in Georgia. This initiative streamlines operations, saving time and resources while enhancing efficiency.

Key objectives of the project include:

- Piloting standardised vehicle inspection practices aligned with Georgia's EU Association Agreement commitments.
- Establishing an independent training centre in partnership with the Technical Inspection for Safety Association to promote workforce upskilling.
- Creating training modules that meet both national and international standards.
- Developing an online platform for knowledge sharing and easy access to training materials.
- Offering regional training sessions at Greenway Georgia's service centres.

This initiative marks a significant step toward excellence in technical inspection and promoting quality education and skills development within the industry.

5 GENDER EQUALITY

SDG 5 – GENDER EQUALITY

CASE STUDY

Gender equality

Our renewable energy business puts great effort into gender inclusion policy implementation, which outlines and highlights the company's attitude to female roles in organisational culture, development, leadership and engagement. In a proactive effort to enhance gender diversity and address the gender gap, the company has committed to the UN Women Empowerment Principles.

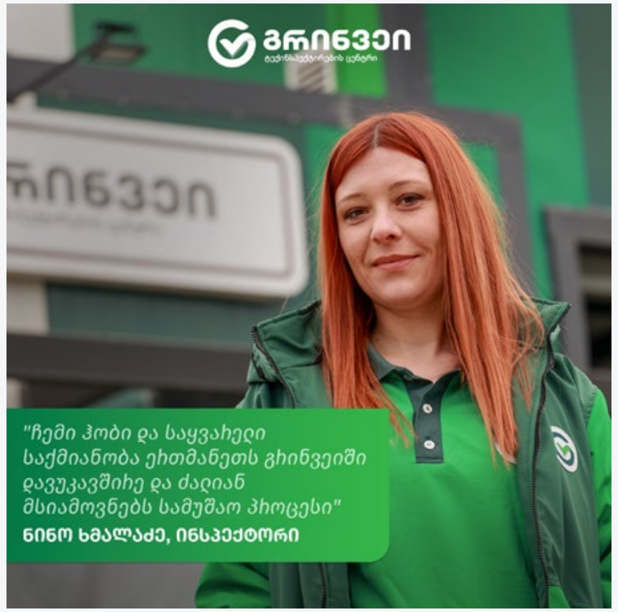
Additionally, the company organises women's career guidance workshops in high schools across Georgia to raise awareness about the crucial role of women in the energy sector. A total of six career guidance workshops were conducted, spanning both Tbilisi and various regions in Georgia.

In September 2024, the CFO was honoured to serve as a jury member for the Central Asia Regional Economic Cooperation ("CAREC") Gender Climate Awards 2024.

Fostering gender equality continues to be one of the main priorities for the P&C insurance business.

Currently, 50% of the management board is composed of women, and among all employees, 60% are female. The business consistently conducts compensation compliance research, monitors for any potential pay disparities, and adheres to objective compensation criteria based on responsibilities, skills, experience and performance. Additionally, the P&C insurance business eradicates gender bias in its employee promotion system and advocates for equal opportunities. The company ensures that both women and men receive equal training and education, thereby maximising their potential within the organisation.

In September 2022, our PTI business joined the women's empowerment principles submission project – an initiative that empowers women and implements non-discriminatory policies. The company is actively supporting equal opportunities. In 2023, the representation of women on the management board was strengthened with the appointment of a new CFO, resulting in a women-to-men distribution ratio of 57% to 43%. Beyond top management roles, the business has also recruited three female inspectors in a traditionally male-dominated field. This achievement is a byproduct of the successfully executed gender fostering programme implemented by the business.



SDG 6 – CLEAN WATER AND SANITATION

CASE STUDY

Success story of our water utility business

GCAP holds a 20% equity interest in the water utility business, which provides 24-hour water and wastewater services to approximately 1.4 million residents and 43,000 legal entities. Since its acquisition, the business has invested GEL 666 million to upgrade and expand water utility infrastructure, improving service delivery and operational efficiency.

Through strategic capital investments, the business reduced its self-produced electricity consumption by around 45% (135GWh) from 2015 to 2021, freeing up electricity for market sales. This reduction has contributed to avoiding approximately 120,000 tonnes of CO_2 annually, with a 70% decrease in total GHG emissions in 2021 compared to 2016.

The water utility business operates with a commitment to green economy principles, prioritising minimal environmental impact and maximum resource efficiency. Its mission to provide access to clean water and sanitation is complemented by high standards of social and governmental conduct, including:

- Promoting environmental awareness and education.
- Establishing robust health and safety measures.
- Adhering to IFC Performance Standards.
- Implementing a three-tier management structure.
- Committing to annual environmental and social disclosures.

These initiatives have contributed to the sustainable development of the country, creating lasting environmental and social impacts.

SDG 7 – AFFORDABLE AND CLEAN ENERGY

CASE STUDY

Debut green bond issuance on the local market

In 2022, our renewable energy business successfully issued inaugural US$ 80 million green secured bonds on the local capital market. This bond marks the first green bond issued on the Georgian capital market.

The business obtained a second-party opinion from Sustainalytics, a leading provider of ESG research and analysis, for its Green Bond Framework, aligning with the four core components of the International Capital Market Association's Green Bond Principles 2021. This follows the company's 2020 issuance of US$ 250 million green bonds, which were listed on the Irish Stock Exchange.

The success of these issuances positioned the company as a thought leader in sustainable finance, with invitations to share expertise at high-profile events such as Energy Week in Astana, the ADB Gender Forum, and the Georgia Energy Exhibition and Forum. In 2024, the CFO contributed to key discussions on ESG bonds and renewable energy financing at forums hosted by leading financial institutions.

SDG 8 – DECENT WORK AND ECONOMIC GROWTH

CASE STUDY

Aldagi promoting employee well-being and inclusion for sustainable growth

In 2024, Aldagi reinforced its dedication to cultivating a respectful and inclusive workplace by prioritising investments in human capital. Key initiatives included:

- **Enhanced social policies:** Introduction of a new social policy promoting employees' full rights to self-expression.
- **"For Us" employee fund:** Established to assist employees and their families facing health challenges, the fund disbursed GEL 30,000 to nine beneficiaries over 1.5 years. Operated via a transparent online platform, the fund enables contributions, funding requests and real-time updates, with Aldagi doubling the fund's balance monthly.
- **Development and well-being programmes:** Aldagi sustained initiatives supporting emotional stability and a healthy work environment. Employees benefit from access to personal and professional development programmes and fully financed life, critical illness, and health insurance packages.

These measures highlight Aldagi's strategic commitment to employee well-being, fostering an inclusive and sustainable work culture.

GEL 30,000

disbursed to nine beneficiaries

SDG 8 – DECENT WORK AND ECONOMIC GROWTH CONTINUED

CASE STUDY

Aldagi advancing socially responsible business practices

In collaboration with the Center for Strategic Research and Development of Georgia, Aldagi leveraged its expertise in HR, marketing, communications, legal and finance to support social businesses and startups in achieving their goals.

Through consultations and project-based initiatives, Aldagi's team provided strategic guidance, industry insights and practical tools to help these organisations address challenges and enhance their operations. This initiative underscores Aldagi's dedication to corporate social responsibility while fostering the growth of Georgia's entrepreneurial and social business landscape.

8 DECENT WORK AND ECONOMIC GROWTH

SDG 8 – DECENT WORK AND ECONOMIC GROWTH CONTINUED

CASE STUDY

Developing talent at portfolio companies

In line with its strategy to cultivate a new generation of doctors in Georgia, the hospitals business launched postgraduate residency programmes in 2015 across various specialties. These programmes are designed to address physician shortages in key areas and have proven to be highly effective. Currently, 313 talented residents are engaged in 33 specialties, with 23 receiving full scholarships.

The hospitals business maintains strong partnerships with nearly all leading universities in Georgia, serving as the primary source of emerging talent. Furthermore, the business has signed MoUs with 18 nursing colleges across the country. The hospitals business also continues to offer training through the Evex Learning Centre, the only institution in Georgia dedicated to continuing medical education.

In 2024, the Evex Learning Centre trained a total of 1,706 nurses (including both employees and candidates), 2,222 physicians and 422 back-office employees and managers.

Our diagnostics business further supports workforce development by sponsoring educational programmes for its HR and IT departments. This initiative enables employees to enhance their skills and stay current with industry trends. In total, the business invested GEL 54,000 in employee training, sponsoring various projects and masterclasses to promote employee well-being and professional growth.

GEL 54,000

spent on promoting employee well-being and professional growth

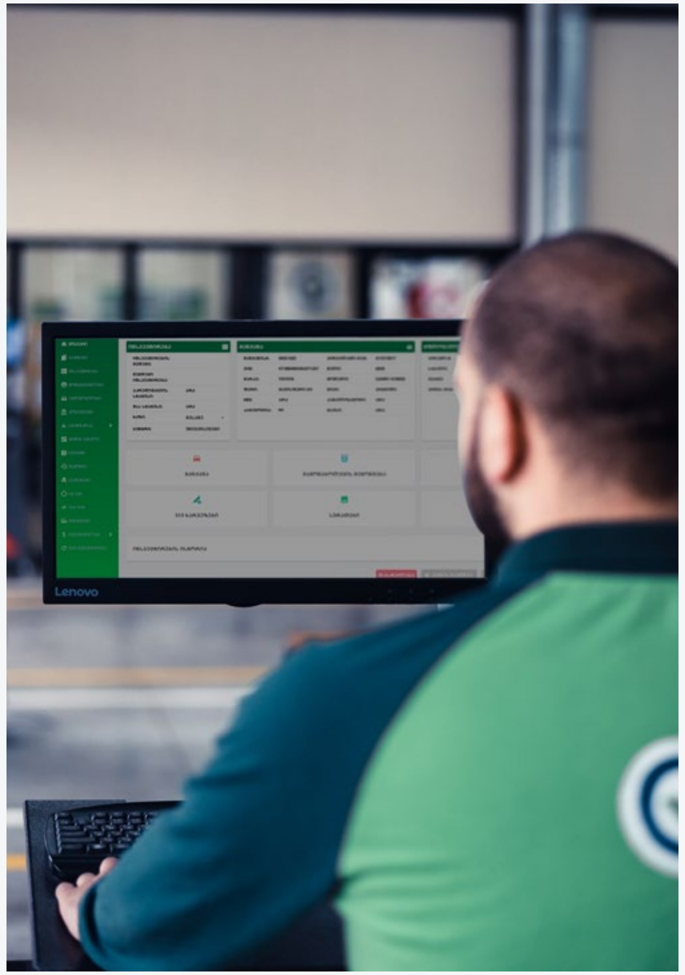
SDG 9 – INDUSTRY, INNOVATION AND INFRASTRUCTURE

CASE STUDY

Our PTI business at the forefront of technological innovation in the local market

Since June 2024, our PTI business, Greenway Georgia, has launched a new project featuring in-house developed software that streamlines registration and inspection processes. Previously, Greenway Georgia used IVIS software, which posed challenges in transitioning to new technologies. After a year and a half of collaboration with developers, the new system was successfully implemented across all centres.

The new software has reduced inspection time by over 30%, shortened registration to one minute, and improved data sharing and reporting flexibility. Greenway Georgia aims to eventually make the software available to other market players, positioning the company at the forefront of innovation in the local PTI market.



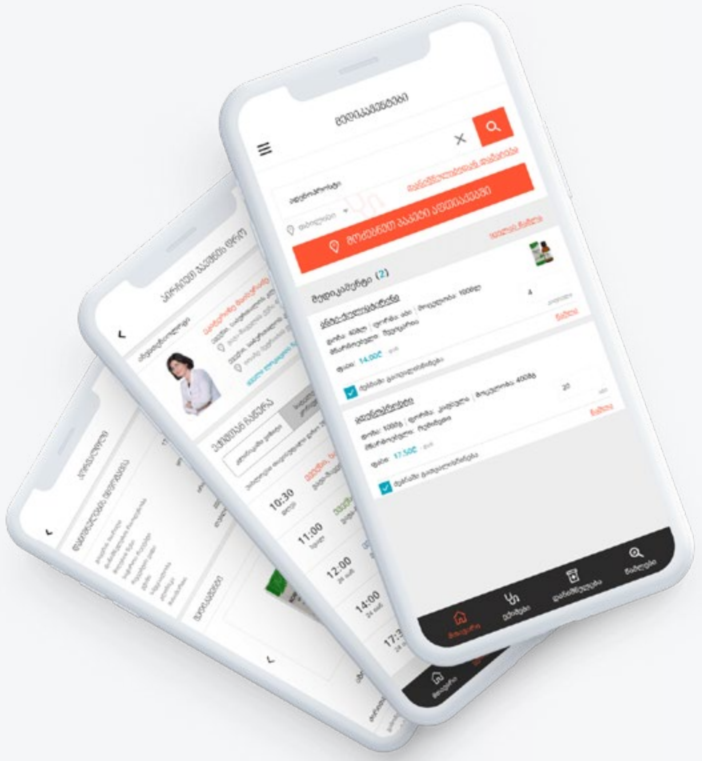
CASE STUDY

The country's largest digital healthcare platform

EKIMO is an innovative, independent and fully integrated digital healthcare platform that consolidates all primary healthcare services, including doctors, clinics, laboratories, radiology units, retail pharmacies and medical insurance. Launched in March 2020, the platform is open to all healthcare providers and health product vendors in the country.

EKIMO is free for users, offering seamless access to a comprehensive healthcare ecosystem, including appointment bookings, online consultations, payment services and pharmacy deliveries. Since its inception, EKIMO has grown to include a network of 1,037 doctors from 175 clinics, with half of these being independent third-party providers.

In 2021, EKIMO earned the Gold Award in the Environmental & Social Innovation category at the European Bank for Reconstruction and Development Sustainability Awards.



SDG 11 – SUSTAINABLE CITIES AND COMMUNITIES

CASE STUDY

Building sustainable neighbourhoods in Tbilisi

Improving energy efficiency and promoting greener construction in residential real estate aligns with the EU's environmental goals, enhances living standards, and benefits both the economy and society.

Environmental considerations are central to the housing development business, now operating under Georgia Real Estate ("GRE"). GRE has been committed to constructing energy-efficient buildings since it pioneered energy-efficient complexes in Georgia in 2014.

Through partnerships with IFIs like the IFC, Green for Growth Fund, and ADB, GRE has gained access to best practices and technical assistance for conducting energy audits and meeting high energy standards. This has enabled the use of energy-efficient materials such as aerated blocks, improved insulation and modern boilers. These initiatives result in annual CO_2 savings equivalent to planting over 1,000,000 trees.

Currently, GRE is developing two affordable housing projects, partly financed by the ADB, with a strong focus on energy efficiency and social issues. GRE has ensured these projects meet accessibility, safety, and energy efficiency standards.

Additionally, GRE remains committed to sustainable development through:

- Adhering to international health, safety and environment ("HSE") standards, with daily monitoring of construction sites and retrained personnel to address HSE issues promptly.
- Supporting biodiversity by preserving existing trees and planting 600 new seedlings in the m³ project, which features 35% green space and a 1.4 hectare park.
- Promoting a healthy lifestyle with diverse sports facilities, common areas, and spaces for schools, kindergartens, large organisations, small businesses and startups.

GRE is also developing an eco-friendly four-floor building complex on a 20,000 m² plot near Mtatsminda Park, offering residents a healthier living environment with more green space.

SDG 12 – RESPONSIBLE CONSUMPTION AND PRODUCTION

CASE STUDY

Amboli's commitment to sustainable waste management

The auto retail sector is exposed to products that can have a dangerous impact on the environment at the end of their lifecycle unless properly recycled. Companies in this field are obligated to collect and deliver the waste to authorised recyclers for recycling. Our car services and parts business, Amboli, is a member of one of the largest waste management business associations, which includes major players in the auto industry. The company collects secondary waste daily and delivers it to this association.

By the end of 2023, Amboli obtained a license to establish its own waste management organisation, "Amboli O2", which began operations in 2024. This non-profit organisation aims to actively contribute to reducing pollution by raising awareness of the environmental harm caused by improper waste disposal. "Amboli O2" has established collection points at Amboli's branches and warehouses, enabling both clients and the public to dispose of secondary batteries, oils and tires. The collected waste will be delivered to authorised recyclers to minimise pollution and environmental harm caused by the products.

CASE STUDY

Ardi's #SayNoToPlastic campaign

Our medical insurance company, Ardi, demonstrates its commitment to sustainability through its green policies, including the transition to fully digital insurance cards through the #SayNoToPlastic campaign. Since 2019, this initiative has successfully eliminated the need for over 500,000 plastic cards, reinforcing Ardi's dedication to corporate sustainability and its active participation as a member of the UN Global Compact.

500,000

plastic cards eliminated

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

SDG 12 – RESPONSIBLE CONSUMPTION AND PRODUCTION CONTINUED

CASE STUDY

Paper-free PTI service centres

In July 2023, the business initiated the “Paperless Project”. As part of this endeavour, customers now receive all relevant documents via SMS rather than in printed form. This shift has entirely eliminated paper consumption at service centres, achieving full digitalisation of services while raising awareness about paper usage among customers and competitors. The project continued to thrive in 2024, with inspection reports also delivered via SMS, resulting in a 78% reduction in paper consumption.

78%

reduction in papers consumption

CASE STUDY

Our beverage business promoting responsible drinking

The products of our beverages business are enjoyed daily by thousands of people in 25 different countries. While the majority of consumers practice moderate alcohol consumption, it is important to acknowledge the clear health and behavioural risks associated with excessive alcohol intake. As a company with a strong commitment to social responsibility, our beverages business integrates a social and ethical approach to address consumer concerns. In line with this commitment, the business has developed a special programme called “DON’T DRINK AND DRIVE”, through which it promotes responsible drinking, aspiring to educate consumers about the importance of moderation and explaining the risks associated with harmful alcohol use.

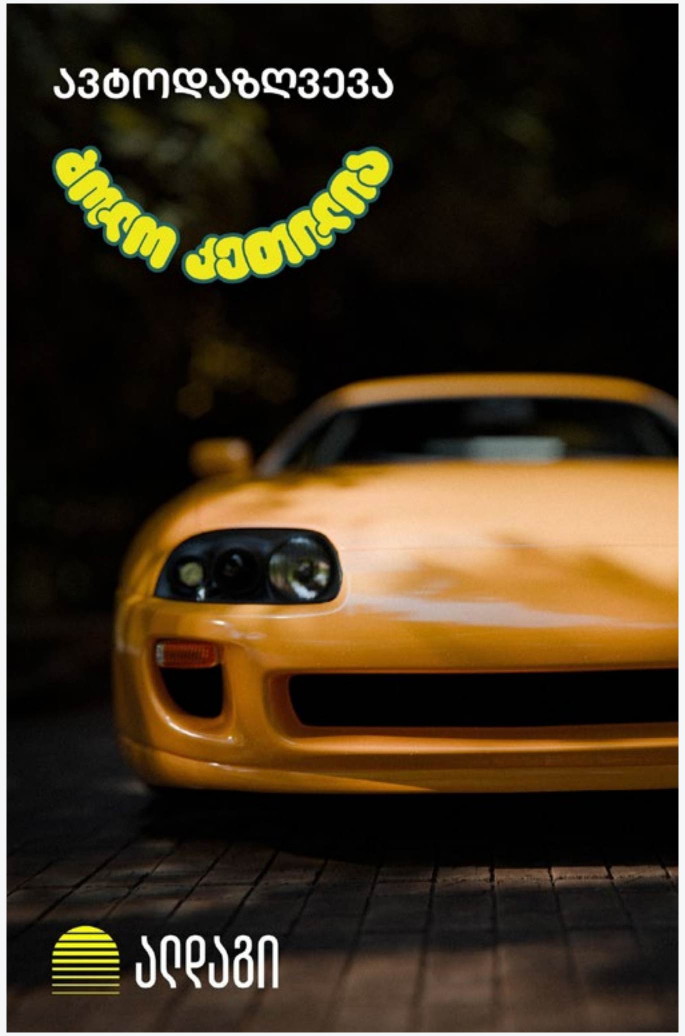
SDG 13 – CLIMATE ACTION

CASE STUDY

Aldagi's green insurance policies

To promote the adoption of electric vehicles ("EVs") in Georgia, Aldagi introduced a tailored insurance product designed specifically for EVs and their owners. A dedicated EV insurance team was established to lead this strategic initiative, forging partnerships with EV service networks to ensure customers have access to top-tier maintenance and support.

This approach underscores Aldagi's commitment to fostering a sustainable transportation ecosystem while delivering innovative, customer-focused solutions. By addressing the unique risks associated with EVs, Aldagi supports the transition to cleaner mobility, aligning with global environmental objectives, reducing carbon emissions, and strengthening its role as a socially responsible and forward-thinking insurer in a market increasingly shaped by sustainability.

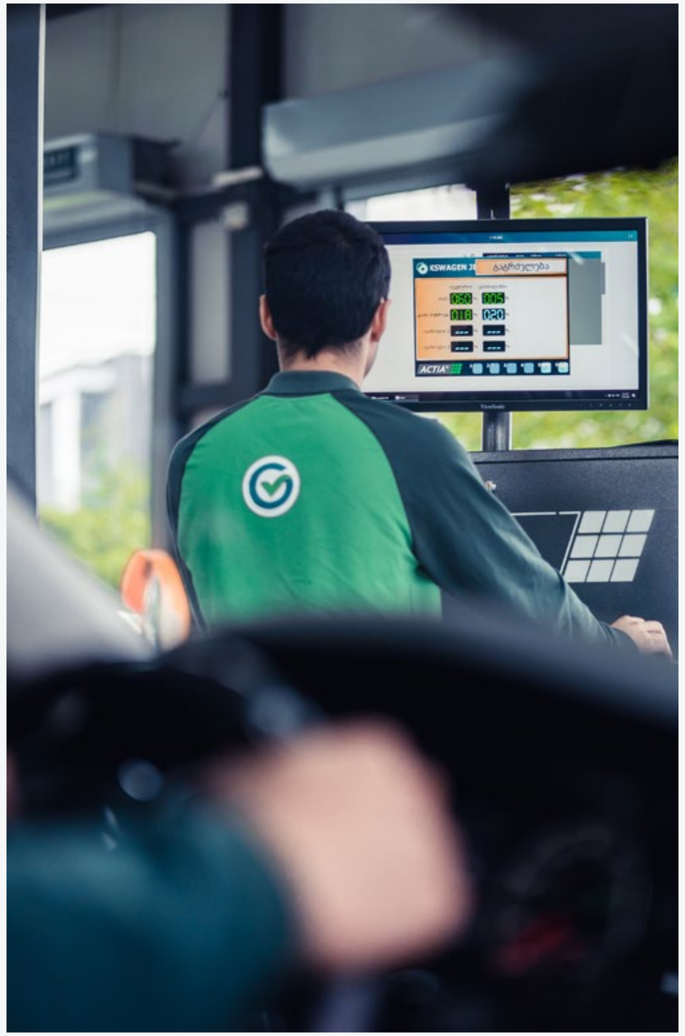


CASE STUDY

PTI business facilitating environmental change

Our PTI business initiated the creation of the association "Technical Inspection for Safety", which brings together key market players (60% of the market) to work systematically with governmental organisations and NGOs to raise public awareness on environmental issues and increase the effectiveness of recently adopted reform, which requires conducting periodic technical inspections of vehicles in Georgia. Through the NGO platform, the PTI business facilitates international practices and standards and holds training sessions for union members.

The association's future goals include active communication with the non-governmental sector to solve the problem of periodic technical inspection of vehicles and the establishment of uniform standards in PTI centres.



SDG 13 – CLIMATE ACTION CONTINUED

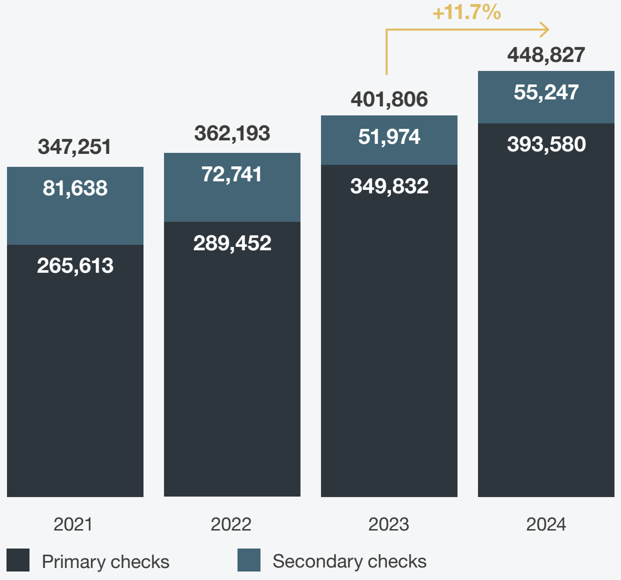
CASE STUDY

PTI business supporting climate change mitigation

Our PTI business is the largest network of mandatory technical inspections in Georgia, covering 40% of the market. The business actively contributes to reducing GHG emissions and road accidents in Georgia. In 2024, it conducted over 393,580 inspections, with a failure rate of 18% – a significant improvement from 52% in 2019. About half of the failures were due to excess exhaust emissions. The decline in failure rates highlights progress in reducing GHG emissions, thereby minimising negative environmental impact.

448,827

inspections performed in 2024



CASE STUDY

Aldagi's Climate Risk Awareness initiative

In 2023, Aldagi initiated the development of an ESG strategy to strengthen its sustainability framework. By 2024, in collaboration with sustainability experts, the company conducted a comprehensive assessment to identify key ESG impact areas.

This assessment informed a detailed five-year action plan, outlining priorities and step-by-step recommendations. At the core of Aldagi's ESG strategy is a commitment to environmental protection. The company plans to invest in initiatives aimed at raising public awareness of environmental risks, particularly those associated with climate change, underscoring its dedication to fostering a sustainable future.

SDG 13 – CLIMATE ACTION CONTINUED

CASE STUDY

Green solutions at our beer and distribution business

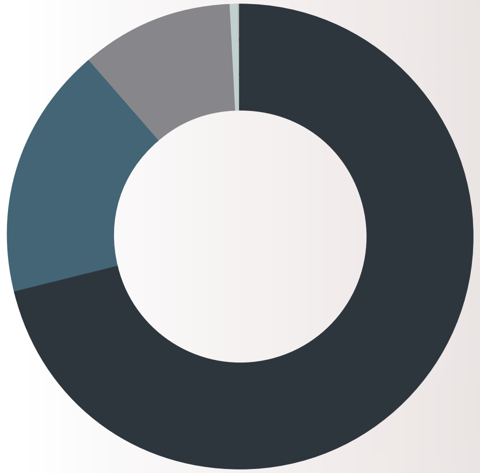
Our beer and distribution business is dedicated to sustainability and minimising its environmental footprint. It operates a CO_2 recovery plant and a wastewater treatment plant, alongside implementing the Green Fridge Policy to reduce the carbon footprint of cooling bottled and canned products. The CO_2 recovery plant captures carbon dioxide released during beer fermentation, preventing its release into the atmosphere. In 2024, the business recovered up to 650,000kg of CO_2.

The wastewater treatment plant uses physical, chemical and biological methods to clean wastewater, ensuring it is ecologically safe and reducing harmful pollutants such as COD (chemical oxygen demand), BOD (biochemical oxygen demand), nitrogen and phosphate.

In 2024 the business reduced:

856

Tonnes



- COD: 71.3%
- Suspended solids: 17.5%
- BOD: 10.5%
- Phosphorous: 0.5%
- Nitrogen: 0.2%

TCFD

The following section reflects Georgia Capital's response to the TCFD recommendations. The disclosures have been prepared in line with the all-sector guidance and, where applicable, reflect the supplementary recommendations for the asset managers. In this section, we present the Company's perspective on four core pillars of governance, strategy, risk management, and metrics and targets related to climate change mitigation.

Governance

Board oversight

The Board is entrusted with providing oversight of climate-related risks and opportunities, aided by the Audit and Valuation Committee. The Audit and Valuation Committee and the Board have responsibility for assessing and managing climate-related risks and opportunities in relation to GCAP's direct operations and to our portfolio companies, as they affect matters within their remit.

Current, future and emerging risks are included within the standing item, "Discussion of risks", of the Audit and Valuation Committee and Board agendas. Risks, including those relating to climate change, are discussed, and implications for future strategy are considered, semi-annually, in line with the annual and semi-annual reports.

In 2022, the Board supported the initiative of incorporating ESG as one of the core pillars of GCAP's strategy. The Board also reviewed the alignment of GCAP's portfolio operations with the UN SDGs and supported the enhancement of ESG transparency. Georgia Capital submits the climate change questionnaire to the CDP annually for additional transparency.

The Board is responsible for the approval of the climate-related metrics and targets that have been established by GCAP in 2022. It is also responsible for ensuring progress against agreed metrics and targets.

In 2023, the Board revised the schedule of matters reserved for the Board, including explicitly stating that it now covered any duties previously reserved to the Investment Committee, and further to make it clear that the Board had primary responsibility for overseeing environmental and social risks and that the Company's strategic direction is regularly informed by material environmental and social issues. Given the small size of the Board and the importance of these matters, including climate change, the Board believes that it is appropriate for the whole Board to be responsible for these issues.

Management oversight

Within the management team, the Chief Financial Officer, supported by the finance team, is responsible for identifying risks, including climate change risks, in relation to the investment portfolio and including these in the valuation process. The Director of Investments, supported by the Investment Officers, is responsible for identifying specific risks and opportunities at the initial investment stage.

The Chief Financial Officer and Director of Investments report on monitoring of identified financial and climate-related risks and significant changes through their regular reports to the Management Board. Risks are escalated to the Audit and Valuation Committee.

The Board and management work together to develop and review the GCAP investment strategy and consider, among other aspects, climate-related issues. They are also responsible for setting a wide range of corporate policies and objectives, among them environmental and social policies, and for monitoring performance against objectives and targets.

Strategy

In support of the evaluation of climate-related risks and opportunities that may be present, a review of GCAP's direct operations and a macro-level review of the portfolio companies' operations were completed. The process was followed by a comprehensive quantitative assessment, specifically on GHG inventory management.

It is considered that indirect climate-related risks within the portfolio companies will be more significant than those present within the Group's operations. An early-stage scenario analysis was completed as part of the process towards understanding how the climate impacts identified in the qualitative assessment could present as financial risks to GCAP under different plausible future scenarios. The findings and potential risk implications of such findings are provided below in the section "Scenario analysis of plausible futures".

GCAP's strategy incorporates strong consideration of climate change aspects (e.g. GCAP's focus upon renewable energy, 6.7% share of the portfolio at 31 December 2024, the issuance of the SLB in 2023, and increased focus on sustainability both at GCAP and portfolio company levels).

Scenario analysis of plausible futures

Network for Greening the Financial System ("NGFS"[1]) climate scenarios were chosen for their relevance to the finance sector and to allow for comparability.

Climate change scenarios for the Republic of Georgia were explored as follows:

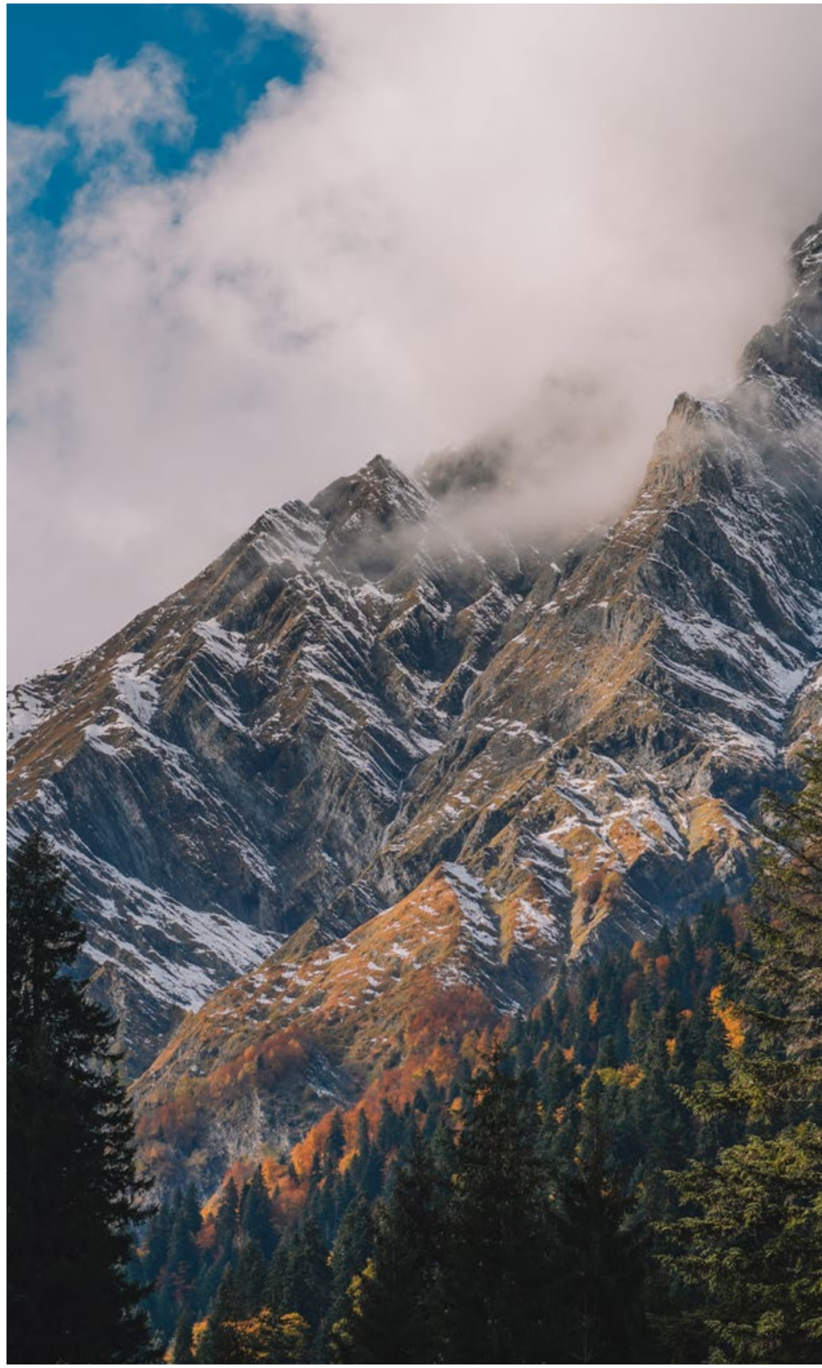
- Current Policies (policy ambition of 3°C).
- Delayed Transition (policy ambition of 1.7°C).
- Net Zero 2050 (policy ambition of 1.4°C).

GCAP invests over a five-to-ten-year horizon. With this in mind, scenario outputs were considered by GCAP in the short term (year 2027), medium term (year 2030) and long term (year 2050).

Each NGFS scenario explores a different set of assumptions for how climate policy, emissions and temperatures evolve. The scenario descriptions using the REMIND-MAgPIE 3.3-4.8 model are as follows:

- **Current Policies** assumes that only currently implemented policies are preserved, leading to high physical risks. Emissions grow until 2080 leading to about 3°C of warming. This scenario is dominated by physical risks due to the resulting climate and weather pattern changes. Transition risks are muted as regulators and technology are not being driven to change beyond current plans. Georgia will experience a reduction in the overall volume of precipitation across the country, including a reduction in the volume of snowfall. Gradual snow melt will be replaced by more intense rainfall run-off. This will result in landscape instability and heightened flood risk with the potential for infrastructure to be overwhelmed. In addition, there is an expectation of an increasing frequency of heat waves.
- **Delayed Transition 1.7°C** assumes that global annual emissions do not decrease until 2030, necessitating the implementation of stringent policies to limit warming to below 2°C. The availability of negative emissions technologies is restricted, further complicating mitigation efforts. Under this scenario, no new climate policies are introduced before 2030, and the scale of action varies across countries and regions based on existing policies. This trajectory results in heightened transition and physical risks compared to the Net Zero 2050 scenario.
- **Net Zero 2050** limits global warming to 1.5°C through stringent climate policies and technological innovation, achieving global net-zero emissions around mid-century. This scenario assumes the immediate implementation of ambitious climate policies. Net CO_2 emissions reach zero around 2050, ensuring at least a 50% probability of keeping global warming below 1.5°C by the end of the century, with only a limited temporary overshoot in earlier years. While physical risks remain relatively low, transition risks are significant due to the rapid policy and economic shifts required.

Carbon prices (including taxation measures) are a key policy instrument for incentivising carbon emissions reduction. There is a direct relationship between the ambition (and stringency) of policies and the cost of emissions. The cost of emissions is also sensitive to the timing and implementation of the policies, the distribution of policies across all industrial sectors and the available technology, for example for CO_2 removal.



1 www.ngfs.net. Network for Greening the Financial System Climate Scenarios for Central Banks and Supervisors, November 2024.

Strategy continued

The carbon price in Georgia is a key variable in determining the future climate-related financial risk for GCAP. The projected carbon price over the short, medium and long term under the three plausible scenarios is shown in Table 1. Under Current Policies, there is little change in the carbon price. However, there is a sharp increase in the carbon price occurring in about 2030-2035 under the Delayed Transition 1.7°C scenario. Under the Net Zero 2050 scenario, a global carbon price of 183.3 US$2010/tonnes CO_2 by 2030 is projected.

Based on the early-stage scenario modelling initial tables of potential climate-related financial risks and opportunities for each scenario were prepared.

As an example, a summary table of a Delayed Transition 1.7°C scenario is presented at Table 2. In this example scenario, the increasing carbon price is likely to be relevant to each of the portfolio companies either directly or through their supply chains. In addition, potential financial impacts under this scenario may also arise associated with:

- acute physical events, for example, from increased flooding or land instability due to intense rainfall on operations or physical assets;
- chronic physical changes to climate, such as increased average temperatures affecting the condition or habitability of real estate assets, the physical condition of distribution networks, and/or community health; and
- adaptation of operations or assets to mitigate the effect of physical or transition risks. In this example, transition risks and, in particular, opportunities for the GCAP investment strategy and portfolio may be driven by the Georgian Nationally Determined Contributions and the Georgian 2030 Climate Change Strategy and Action Plan ("CCSAP").

It is noted that under the plausible scenario analysis, there will be little difference in the physical outcomes between Current Policies and Delayed Transition 1.7°C before 2050. But under the Delayed Transition 1.7°C scenario, there is significant potential for variation in near-term policy action which will introduce great uncertainty for businesses.

A narrative summary of qualitatively identified macro-level risks and opportunities under the Delayed Transition 1.7°C scenario and the potential impact of these risks is provided in Table 2. For each portfolio company, examples are given which are considered to have a potential impact on the portfolio company, if not to the portfolio as a whole. The percentage value of the portfolio company within the portfolio is provided as a broad indicator of likely weighting.

Table 1: Shadow carbon price, global (US$2010/tonnes CO_2)

	Projected carbon price				
NGFS modelled scenario	Year 2025	Year 2027	Year 2030	Year 2035	Year 2050
Current Policies	10.7	10.5	10.3	10.2	11.1
Delayed Transition 1.7°C	10.7	10.5	10.3	98.9	320.4
Net Zero 2050	98.4	140.8	183.3	294.9	748.8

Table 2: Portfolio 2024: Qualitative presence of potential climate-related physical or transition risks under Delayed Transition 1.7°C

	Physical risks[1]				Transition risks[2]							
	Acute		Chronic		Legal/regulation		Market		Reputation		Technology/digital	
Portfolio company	Risk	Opp.	Risk	Opp.	Risk	Opp.	Risk	Opp.	Risk	Opp.	Risk	Opp.
Lion Finance Group	!		!		!	●		●		●		●
Water utility	!		!	●	!	●		●		●		●
Renewable energy	!	●	!	●		●		●		●		●
Healthcare businesses: hospitals and clinics and diagnostics	!		!	●	!	●		●				●
Retail (pharmacy)	!		!	●	!	●		●				●
Medical insurance	!		!	●	!	●		●				●
P&C insurance	!		!		!	●	!	●				
Education	!		!							●		
Auto service	!	●	!	●	!	●		●		●		
Beverages	!		!		!							
Housing development and hospitality	!		!		!	●						

Key:
! Potentially material risk areas
● Potentially material opportunities for each of the portfolio companies
Blank areas indicate that neither material risks nor material opportunities are anticipated

1 Physical risks and opportunities are those that occur due to the physical manifestation of climate change – as chronic long-term climate changes or as acute episodic weather events.
2 Transition risks and opportunities are those related to the transition to a low-carbon economy including legal/regulatory risks such as carbon prices, market supply and demand, reputation and technology (e.g. disrupters, improvements and replacement of technology that support the transition to a low-carbon economy).

Strategy continued

Lion Finance Group (37.8% of total portfolio)

- **Risks** – Within the medium term, the rapid implementation of climate policy and regulation may result in sharply increasing direct regulatory expenses in relation to fixed assets such as the Bank's retail outlets.
- **Opportunities** – In the short term, and in mitigation, the Bank is already in the advanced stages of implementing energy efficiency programmes within its real estate (retail, office and data centres). By anticipating compliance with regulations relating to fuel efficiency standards, emissions-reducing regulations and building efficiency compliance, the Bank will minimise costs in relation to regulations. In addition, it will lower energy expenditure and generate a financial benefit, especially where renewable energy is utilised. Additionally, the Bank has adopted digital technology to enable all forms of digital banking, potentially further reducing the need for fixed assets.

Since 2021, Lion Finance Group PLC completes its own TCFD assessment. The results are available publicly in Lion Finance Group PLC's Annual Report and Accounts which can be viewed or downloaded at: **https://lionfinancegroup.uk/annual-reports/latest-annual-report/**.

Water utility (5.0% of total portfolio)

- **Risks** – Acute physical risks may impact utility assets. For example, in the short to medium term, extreme rain events may overwhelm infrastructure, causing damaged water treatment and sewage treatment plants. Pipelines are also at risk from such events, as the overall integrity is placed under pressure. These will require increased maintenance and repair costs. Landslides in more remote locations could cause further damage and may block access in some areas.
- **Opportunities** – In the medium term, decarbonisation of operations will enable the water utility operations to limit the cost consequences of carbon pricing and provide an advantage over more carbon-intensive competition.

Retail (pharmacy) (19.0% of total portfolio)

- **Risks** – The principal risks arise from physical aspects of climate change and may impact the physical assets. Transition risks are considered to mainly relate to carbon pricing and the effect this will have on the supply chain, for example, the purchase of drugs and medicines. As the carbon price rapidly increases post-2030 (medium term) the prices of goods will increase. While this will be felt across the market and will not be unique to the portfolio, given the leading market share, this could result in reputational risk arising from consumer perception.
- **Opportunities** – There is a regulation opportunity for the retail (pharmacy) business. Being an early adopter of fuel efficiency standards, emissions-reducing regulations and building efficiency compliance will reduce overall running costs in the medium term. Good energy management and the use of renewable energy will not only lower energy expenditure and generate a financial benefit but will also reduce the carbon footprint of the operations.

Healthcare businesses – hospitals and clinics and diagnostics (11.0% of total portfolio)

- **Risks** – under the delayed Transition, it is anticipated that in the medium-term carbon prices will remain low. After 2030, carbon prices may rise quickly y-o-y towards 2050. The implications of this will be financially more severe for carbon-intensive products, services and operations. This will result in increased costs of purchases relating to medical equipment and supplies, particularly those originating out-of-country.
- **Opportunities** – In the short to medium term, commitment to a low-carbon portfolio (for example, low-carbon hospitals) could have certain benefits. A reduction in the portfolio's carbon intensity will mitigate future costs associated with increasing carbon prices.

Medical insurance (3.1% of total portfolio)

- **Risks** – An increase in medical insurance claims may arise from both acute short-term weather conditions (flooding and, in some regions, landslides and heatwaves) and long-term chronic changes in weather such as increased average temperatures, impacting health. Failure of infrastructure may cause longer-term ill health from waterborne diseases. There is also a risk that the Georgian Government introduces a policy for insurers to maintain policy cover for the "uninsurable", the costs of which may not be possible to pass on to the insured.
- **Opportunities** – Encouraging customers to prepare to be resilient with respect to climate risks, for example through premium incentives to have healthy lifestyles, may contribute positively to the business reputation and customer base.

P&C insurance (8.3% of total portfolio)

- **Risks** – Carbon pricing is a fundamental component of the EU's climate change agenda. Under the Delayed Transition 1.7°C scenario, carbon pricing is expected to rise sharply after 2030 (medium term). This will see a progressive rise in the cost of carbon-intensive products and services, logistics, distribution and any other operations within the supply chain associated with high-carbon emissions. This will have implications for the cost of insurance, which may be passed on to the customer. Beginning with transition risks, some lines of business may see changes in claims patterns as Georgian Government policy and regulation relating to carbon emissions evolve. This might result in fluctuating loss ratios and profitability. The steep rise in carbon prices can lead to reduced profitability, obsolete assets and impairments in sectors that are difficult to decarbonise and where additional costs cannot be passed on to customers. The transition will shift demand toward low-carbon technologies and create new opportunities for companies that provide innovative solutions and are able to reduce their emissions more efficiently than competitors. Failure to manage potentially detrimental impacts will result in damage to a company's reputation.
- **Opportunities** – Opportunities will likely arise from energy efficiency regulation which will force customers to upgrade their homes and vehicles and may require new product offerings. Commercial opportunities are also likely to arise by creating targeted products that address climate change and energy transition.

Strategy continued

Renewable energy (6.7% of total portfolio)

- **Risks** – In the short to medium term, the infrastructure and transmission lines are clearly at risk from physical risks such as landslides, or extreme heat impacting the integrity of lines or pipes. However, for each of the hydro and wind power plants, the business has taken steps to improve the resilience of infrastructure to changes in climate.
- **Opportunities** – The renewable energy business generates electricity using renewable sources, and there are a number of policy and Georgian Government incentives for solar wind and hydropower generation in Georgia as part of the Georgian 2030 CCSAP. Renewable energy sources are considered to be the future of energy and are valued higher than traditional electricity generation companies.

Education (4.8% of total portfolio)

- Risks – The potential risks relate to transition type risks, in particular energy and air quality regulations, that may be introduced under this scenario at short notice in the medium term. Schools may be expected to retrofit heating and cooling measures/equipment to meet regulations. In addition, energy requirements may arise in response to air conditioner use during prolonged heatwaves for example. These risks are expected for all real estate.

Auto service

- Risks – Currently, vehicles on the market and in use in Georgia are mainly diesel and petrol-fuelled. Initially, in the short term, there will be a gradual switch to EVs. After 2030, there will likely be a significant increase in the use of electric vehicles, abruptly reducing the need for emissions checks. Additionally, the anticipated rise of carbon pricing and adoption of border adjustment mechanisms after 2030 will affect Amboli's (the auto service business' car services and parts business) supply chain and trade of car consumables and parts. There will likely be an abrupt rise in distribution and retail costs as a result of increases in carbon pricing.
- **Opportunities** – In the short to medium term, it may be that there will be stricter emissions requirements. This may mean that more vehicles will need to be emissions-checked more regularly or be modified, causing demand at PTI centres.

Beverages

- **Risks** – In addition to physical risks (reduced rain, high intensity events, prolonged heatwaves) affecting hops and grape production, the main identified risk relates to regulatory transition risk. In particular, carbon prices and border taxes such as the EU Carbon Border Adjustment Mechanism will adversely affect the prices of both incoming goods and exported products in medium term (post-2030).

Housing development and hospitality

- **Risks** – Physical risks to property will occur. These include deterioration of asset integrity due to flooding or extreme heat. In the medium term (post-2030) assets that are not energy efficient will be hit by energy efficiency regulation for retrofitting and increased energy costs due to carbon pricing. Additionally, as green building technologies advance, failing to adopt sustainable or energy-efficient solutions may render developments less competitive and result in higher operational costs.
- **Opportunities** – Early adoption of fuel efficiency standards, emissions-reducing regulations and building efficiency compliance will reduce longer-term costs relating to regulations including a reduction in potential declines.

The Group's strategy is to focus predominantly on capital-light, larger-scale investment opportunities in Georgia and it normally seeks to monetise its investment through appropriate exit options, typically within five to ten years from initial investment. Considering this strategic focus, the holding periods of our investments fall in much shorter time horizons (short to medium term) than the timeframe in which the impacts of climate change, especially of physical risks, may manifest themselves in Georgia. The exposure of GCAP's portfolio on certain industries (presented as a percentage of the investment in the total portfolio value) as well as the investment holding period are essential when defining the different time horizons for the analysis and when assessing the materiality of climate-related risks for different investments.

Management takes climate change risk into consideration when determining its investment strategy. This is described further in the Risk management section on page 46. Climate change is also reflected in the valuation assessments of the portfolio companies, as described in the Risk management section on page 46. In 2024, we developed and formalised our ESG risk assessment and management process across the investment cycle, introducing sector-specific initial investment appraisal procedures, alongside periodic information checklists. Going forward we will be exploring how to further incorporate climate change risk into our portfolio valuations. This may include an assessment of the influence of the projected carbon price under different scenarios on the valuation of the portfolio. In addition, the use of shadow carbon pricing might be reviewed.

Other identified potential risks and opportunities are evaluated by the investment and finance teams in discussion with the portfolio companies to determine their financial materiality (impact on financial performance including revenues and expenditures, and impact on the financial position, assets and liabilities, capital and financing).

Risk Management

Climate change risk has been recognised by GCAP as an emerging risk. The risk management approaches for the initial investment stage and the existing portfolio companies are provided below.

Investment stage
The investment risk management process includes consideration of climate-related risks, in line with the implementation of the Responsible Investment Policy. Procedures for identifying, describing and managing environmental and social risks and impacts (including those associated with climate change) have been incorporated into the investment process from the initial investment, through to the holding period.

GCAP has a staged approach to investment appraisal which becomes progressively more detailed. At the early stages of appraisal, the potential investment is screened against the GCAP Exclusion List. This list excludes businesses that generate more than 10% of their revenues from fossil fuels. Subsequent appraisal stages include evaluation of the carbon and energy emissions, as well as business strategy and plan elements in relation to carbon and energy management. These plan elements will consider alignment with the Georgian Government Climate Goals and incorporate the shadow carbon price.

Current portfolio
Climate change, and the risks relating to climate change, is reflected in the valuation assessments of the portfolio companies. Equity investments in Georgia Capital's portfolio companies are measured at fair values at each reporting date in accordance with IFRS 13, Fair Value Measurement.

Private large and investment stage portfolio companies are valued by applying a combination of an income approach ("DCF") and a market approach (listed peer multiples and, in some cases, precedent transactions) in line with International Private Equity Valuation guidelines and methodology. Under the discounted cash flow valuation method, fair value is estimated by deriving the present value of the business using reasonable assumptions of expected future cash flows and the terminal value, and the appropriate risk-adjusted discount rate that quantifies the risk inherent to the business. The discount rate is estimated with reference to the market risk-free rate, a risk-adjusted premium and information specific to the business or market sector, which consequently reflects the climate change-related considerations of the business.

Market approach valuation methodology involves the application of a listed peer group earnings multiple to the earnings of the business and is appropriate for investments in established businesses and for which the Company can determine a group of listed companies with similar characteristics. GCAP identifies the peer group for each equity investment taking into consideration points of similarity with the investment such as industry, business model, size of the company, economic and regulatory factors, growth prospects (higher growth rate) and risk profiles (including the climate change risk). Valuation assessments of the large and investment stage portfolio companies are performed by an independent valuation firm on a semi-annual basis. Climate change risk is factored in the valuation assessments. Climate change risk is also embedded in the valuation of the other portfolio companies as set out in the Valuation Methodology on page 98 of the Annual Report 2024.

Understanding the relationship and potential impact of climate change and its associated risks across different risk categories was a priority for GCAP risk management during 2024 as climate risk continued to be integrated into the risk management framework.

Evaluating macro-level risks
For each of the portfolio companies, a macro-level review has been completed within the scenarios and time horizons (short, medium and long). The process included among other activities:
- review of the scenarios selection and identified risks and opportunities with the portfolio companies;
- application of the carbon prices to investee emission profiles to establish the impact; and
- further discussion with the portfolio companies on how carbon price may be used to influence their strategy and impact on their business plans going forward – including the cost of supplied materials, ability to pass through costs and potential capex among other aspects.

The NGFS modelling scenarios will be re-run annually to assess changes if any, that may occur in response to global or Republic of Georgia commitments and policies towards climate change.

Monitoring and reporting
Environmental (including climate) and social risks and opportunities are managed through regular semi-annual engagements with the portfolio companies. Topics cover a range of aspects under the headings of Governance, Policies, Social, Environment, Carbon and Energy Management, and Suppliers.

Capacity building
Where appropriate, GCAP will support portfolio companies in training and upskilling Investment Managers with respect to climate change terminology, risks and opportunities during 2025 and beyond.

Metrics and Targets

Georgia Capital has committed to the Net-Zero Initiative and expressed its willingness to reach Net-Zero across Scope 1 and 2 emissions at both GCAP HoldCo and portfolio company levels by 2050.

In May 2022, GCAP commenced the ESG target-setting initiative with the goal of setting GHG emission reduction targets. Over a four-month period, GCAP conducted comprehensive research on relevant ESG standards, frameworks and guidelines, and engaged in discussions with global experts on different environmental platforms.

In September 2022, GCAP, with its portfolio companies, engaged in comprehensive individual and group workshops where the ESG frameworks were discussed and participants shared their progress towards setting individual environmental targets. Some of the portfolio companies also engaged local third-party experts in the target-setting initiative to ensure the effectiveness of the process.

In 2023, in parallel with the SLB issuance, the targets were revisited.

The primary driver for GCAP's commitment to achieving Net-Zero emissions by 2050 is the recognition that the majority of its GHG emissions originate from portfolio companies and through this target, the Group can actively promote climate change mitigation, natural resource conservation, and pollution prevention. This commitment reflects GCAP's dedication to fostering a transition toward a more sustainable and lower-carbon economy in Georgia. The progress toward this target is rigorously monitored on an annual basis. Furthermore, following the successful issuance of the US$ 150 million SLB, the verification of GHG emissions will be conducted regularly at least while the bond remains outstanding.

GHG inventory

Measuring GHGs is the initial step in preventing global warming. GCAP has collated Scope 1, 2 and limited Scope 3 GHG emissions over the past few years.

In 2020 we focused on emissions derived from GCAP operations (Scope 1, 2 and limited 3). We reported on the emission sources listed under the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (Scopes 1 and 2).

All sources reported in 2020 fell within our consolidated financial statements.

Since 2021, in accordance with the Greenhouse Gas Protocol and aligning with TCFD recommendations, we have taken the opportunity to present elements of the emissions derived from our portfolio companies (outside our consolidated financial statements). We aggregate and present portfolio companies' Scope 1, 2 and 3 emissions under our Scope 3 emissions.

GCAP considers that all material categories of Scope 3 have been included in our emissions calculation. For further details, please refer to the emission disclosure and calculation methodology on page 5.

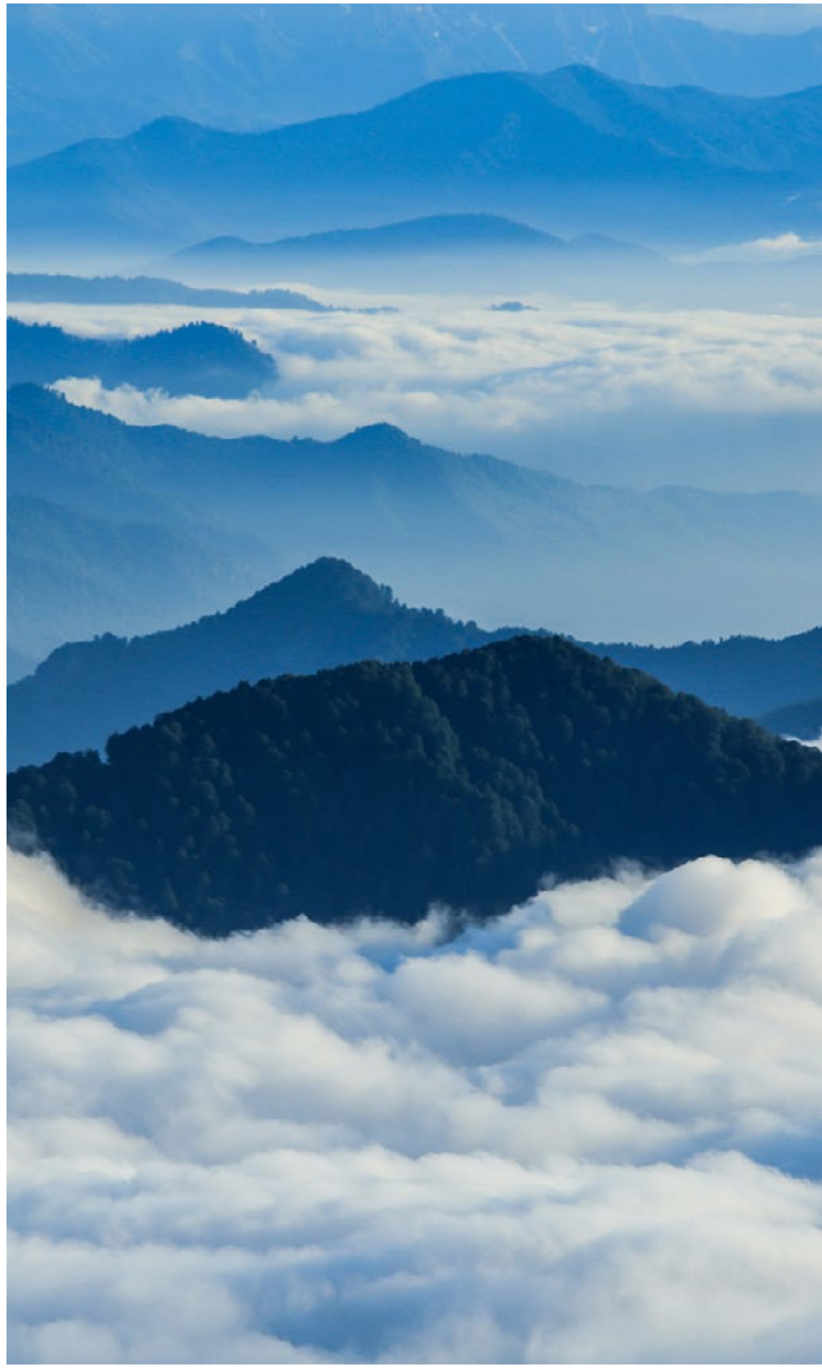
GHG reduction targets

Georgia Capital commits to reducing total Scope 1 and Scope 2 emissions by 30% by 2030 compared to the base year, 2022, and by 95% by 2050, ultimately becoming Net-Zero.

In 2023, JSC GCAP issued a US$ 150 million SLB and established an SLB Framework, under which GCAP committed to decrease its GHG emissions[1] by 20% by 2027 compared to a 2022 baseline. The SLB target is in line with GCAP's overarching commitment to reaching Net-Zero across the Group by 2050.

2022 has been chosen as a base year for two major reasons:

- In 2022, the disposal of the majority equity stake in the water utility business was completed, which significantly changed the GHG emission composition.
- The 2022 year reflects the normalisation of economic activities compared to the abnormal environment in 2020-2021 years due to COVID-19-related implications.



1 Represents GCAP's absolute Scope 1, 2 and 3 emissions (the latter reflecting the aggregated Scope 1 and 2 emissions of the portfolio companies).

Metrics and Targets continued

In 2022, the full GHG inventory analysis revealed that the portfolio companies' GHG emissions accounted for 99.5% of the Group and portfolio companies' aggregated emissions, which were derived from the following sources:

- **Combustion of natural gas (Scope 1)** – 33% of the total GHG emissions.
- **Combustion of petrol and diesel (Scope 1)** – 25% of the total GHG emissions.
- **Consumption of electricity (Scope 2)** – 23% of the total GHG emissions.
- **Other emissions (Scope 3)** – 19% of the total GHG emissions.

GHG emissions reduction roadmaps were developed at both the GCAP HoldCo and portfolio businesses' levels to support GCAP in transferring to a low-carbon economy, and consequently lowering its environmental footprint.

The roadmap captures the fundamental activities to minimise any adverse impact on the environment, whilst simultaneously highlighting benefits for the Group and its portfolio companies:

- c.80% of Georgian electricity is sourced from renewable energy power, having a relatively modest adverse impact on the environment.
- GCAP's updated strategy of having considerable exposure to capital-light portfolio companies provides a chance to progressively transition to a low-carbon economy.

Target[1]	KPIs	Base year 2022	Target by 2030	Target by 2050
Reach Net-Zero across Scope 1 and 2 emissions at both GCAP HoldCo and portfolio companies' level by 2050	**GHG emissions reduction targets**			
	Reduce GCAP HoldCo Scope 1 and 2 emissions[2]	70 tCO_2e	30%	95%
	Reduce GCAP's Scope 3 emissions:			
	* Reduce portfolio companies' Scope 1 and 2 emissions[2]	23,706 tCO_2e	30%	95%
	* Offset GCAP HoldCo's direct Scope 3 emissions[3] that cannot be avoided or reduced further, starting from 2030	78 tCO_2e	Yes	Yes
	Georgia Capital plans to reduce its direct GHG emissions by: • implementing Net-Zero awareness campaigns across the Group and portfolio companies; • organising annual ESG workshops with the portfolio companies; • replacing the natural gas heating systems with efficient electric heating solutions; • promoting electric vehicle deployment in order to reduce the consumption of petrol and diesel; and • gradually transferring electricity consumption to 100% renewable energy, either by installing renewable energy solutions at our facilities or purchasing electricity from renewable energy providers.			

1 Since GCAP's portfolio is subject to regular asset rotation, the targets may be recalibrated in the future.
2 The 2022 GHG emissions have been retrospectively adjusted, incorporating the calculation methodology agreed upon with our external verification provider. Specifically, GHG emissions under the SLB Framework, following the retrospective application of the relevant methodology, amount to 23,776 tCO_2e, as opposed to the previously disclosed 22,829 tCO_2e, representing an updated baseline for GHG emission reduction targets/SPTs.
3 Emissions related to air travel and ground transportation provided by third parties and electricity, heat/steam, cooling provided within leased and service agreements.

Assurance Statement

Independent Practitioner's Assurance Report on Georgia Capital JSC's Greenhouse Gas ("GHG") Statement

To the Board of Directors
of Georgia Capital JSC

Scope

We have been engaged by Georgia Capital JSC ("Company") to perform a 'limited assurance engagement,' as defined by International Standards on Assurance Engagements, here after referred to as the Engagement, to report on the accompanying GHG statement of Georgia Capital JSC as of 18 March 2025 for the period from 1 January 2024 to 31 December 2024 ("Reporting Period"), comprising limited assurance of Scope 1 and Scope 2 GHG emissions of Georgia Capital JSC and its portfolio companies (the "Subject Matter") disclosed as part of the Company's Sustainability Report.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by Georgia Capital JSC

In preparing the Subject Matter, Georgia Capital JSC applied the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition 2016) ("Criteria"). The Criteria can be accessed publicly at GHG Protocol webpage **www.ghgprotocol.org/standards.**

Georgia Capital JSC responsibilities

Georgia Capital JSC management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the GHG statement, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

Our engagement was conducted in accordance with the International Standard for Assurance Engagements on Greenhouse Gas Statements ("ISAE 3410"), and the terms of reference for this engagement as agreed with Georgia Capital JSC on "13" January 2025. Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, and have the required competencies and experience to conduct this assurance review.

EY also applies International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services engagements, which requires that we design, implement, and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

The Green House Gas quantification process is subject to scientific uncertainty, which arises because of incomplete scientific knowledge about the measurement of GHGs. Additionally, GHG procedures are subject to estimation (or measurement) uncertainty resulting from the measurement and calculation processes used to quantify emissions within the bounds of existing scientific knowledge.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject matter and related information, and applying analytical and other relevant procedures.

Our procedures included:

- Interviews with managers and specialists of the Company responsible for the GHG emissions related policies, activities and performance, accounting of material flows and consumption of energy resources, as well as for preparation of relevant internal reports.
- Reconciliation of data on consumption of fuel and energy resources for the Reporting Periods.
- Checking that the GHG emissions factors and calculation criteria have been correctly applied in accordance with the methodologies outlined in the Criteria.
- Analytical procedures of the data on completeness and accuracy, and inquiries of management to obtain explanations for any significant differences identified.
- Testing, on a sample basis, underlying source information to check the accuracy of the data.
- Analysis of the correctness of GHG emissions from the Company's GHG emissions registry for the Reporting Period.

Independent Practitioner's Assurance Report on Georgia Capital JSC's Greenhouse Gas ("GHG") Statement continued

We also performed such other procedures as we considered necessary in the circumstances.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Subject Matter for the period from 1 January 2024 to 31 December 2024, disclosed as part of the Company's sustainability report, in order for it to be in accordance with the Criteria.

EY LLC
18 March 2025
Tbilisi, Georgia

GEORGIA CAPITAL