

Our company's history starts along with first steps of our country's gained independence. From the beginning we have sought contribution in development of the country, providing essence foundation to the society, willing to face numerous challenges existing in the developing country and coming up with the best possible solutions.

The company has implemented and effectively operates a Quality Management System under ISO 9001:2015 for the following scope The provision of the engineering services, management of design; construction and commissioning of all classes of building used for industry and civic purposes. Certificate No: QEC24351. The company operates Occupational Health and Safety Management System which complies with the requirements of OHSAS 18001:2007. Certificate No: HSM40793 Also the company operates Environmental Management System which complies with the requirements of ISO 14001:2004 for the following scope The provision of the engineering services, management of design. Certificate No: EMS40835. As the company continues putting great emphasis on staff and their personal development, a considerable part have a 25 and more year working history within company.

Throughout our journey we always stayed faithful to our beliefs and worked to improv life quality not only for our employees, but communities in the regions where projects were fulfilled. We believe that caring for people and leaving positive footprint has always been and will continue to be the main driver of our company's achievements.

Over the years our company has successfully partnered with both local and internationally well-known partners, in renewable energy sector of Georgia. The company's history and expertise facilitated to attract several large-scale foreign investors, increasing trust to Georgian market and opening way to long term relationships vital for countries development. Partners include some of the largest players form from around the world.

We are very concerned with the inaccurate and biased interpretation of the facts stated in the article and consider our responsibility to address them. The distorted statements are not only damaging to our reputation but also misleads the reader regarding the situation.

Bellow you can find our official position regarding the concerns raised in the article:

- Project envisaged to create more than 100 jobs, from which at least 80 was attributed to be applicable for local human resources. As some specific positions require specific qualification, knowledge and skills which is even hard to be found within scale of the whole country and local resources did not offer required expertise. Must be noted that those requirements is not possible to obtain with short time training.
- For operation phase (after completion of construction) it is well known and obvious that HPP needs far more less staff than for construction phase, however employed staff needs extensive training and high investment from company's side to acquire and achieve relevant skills, which company was ready to provided and help locals became high skilled work force as it was done in other company's owned HPPs including the existing one in the valley.
- Statement regarding water shortages is false as the existing HPPs' waterways runs along unsettled area (as mostly in case of planned one) and beside that riverbed is always provided with sanitary flow.
- Statement on fish ladder is also false on the company's owned (existing) HPP fish ladder is provided. And regarding other HPP we are not eligible to comment about their management of environmental issues. However, we can proudly state that in 2001, Sichuan Electric Power Import & Export Corporation invested \$34 million to construct the Khadori Hydro Plant in the

Pankisi Gorge. Khadori became the first major hydro power plant built since Georgia's independence. And our company was and is extremely proud to pull off such important project in such troubled times in Georgia.

- Regarding tourism impact, after completion of construction, it is assessed to be minimal as starting point of the HPP is **existing** HPP (Khadori 2), after that waterways is hidden underground along already **existing** road and last facility of HPP – powerhouse is located at the beginning of the village and visually does not outstand from existing houses owned by villagers. Thus visual impact on existing landscape (which is usually tourism's main driver) is almost negligible. (it's also worth to mention that no any flooding takes place nor any private property is affected.) Only left impact would be decreased water quantity (for rafting) which in summer period still can be enough to sport rafting. On the other hand intensive rafting and kayaking effect on river habitat is subject of extensive research all over world and could be also containing risks for river ecosystem. As a result it is possible that large scale tourism can have far more bigger impact on the Valley's ecosystem than HPP.
- The allegation that serious problems can occur for the local population's water supply and destruction of the whole Alazani River ecosystem is stripped from any scientific or reasonable foundation and reasoning and sounds more like narrow scoped propaganda. Thus we cannot provide serious answer to it.

And last but not least, as a company whose one of the core values always been based on honesty, fairness and in consistence with Universal declaration of human rights, we proudly state that we have worked in the valley since 1999 and have completed two major projects without any unpleasant incident with local communities, and even more, many local people became appreciated and valued members of our company who are still working with us in different regions of Georgia.

Before the latest project in the valley started, our company has conducted extensive informative, engagement and communication work with all the people at the project and its neighbouring area. Our project was discussed as on official meetings as well on unofficial meetings between villagers main gathering events (e.g. in Mosques). After comprehensive presentations and addressing all reasonable and major concerns we always got positive feedback, except some small radical group. The above has been received by our company as a satisfactory mark to start intensive project activities (even officially we could have started much earlier).

We fully acknowledge and appreciate the importance and efforts of non-government, non-profit organizations, their work in the development sector is genuinely commendable. Non-profit organizations are playing an essential role in the construction of healthy and secure communities by providing their assistance and services, which leads to economic stability and mobility. However, as Marian Wright Edelman noted in every seed of good there is always a piece of bad and NGOs can also be exposed to such vulnerability, indeed there are some known concerns regarding the issue, e.g.:

"Fafchamps and Owens (2006) suggest that employees and managers in NGOs are often motivated by a complex and contradictory set of principles, aims and ambitions and that "many local NGOs seem to be created not with an altruistic motive in mind but for the purpose of obtaining grant funding" (2006:3)."

Source: [\(PDF\) Dishonesty in the Charitable Sector \(researchgate.net\)](#)

In our case we have observed some dubious trend in one particular group of NGOs' (based on whose concerns lawsuit was filed) activity: during long period of Georgia's energy sector development under different governments, they have continuously opposed almost every single hydro project, regardless of scale, scheme, location and etc. However, they have never been against the fossil fuels imported

from abroad and were strong supporters of increasing the dependence on imported electricity (main source of which is Russia). These networks of NGOs were strongly against the development of electricity grid and construction of large infrastructure projects in the country. In some cases, they publish incorrect information against their targets and using low level of public awareness to stir the anger against development of local renewable sources. Their publications doesn't produce evidence to support their slander against their targets. These groups have been against almost all renewable energy projects since mid-2000s, regardless of their size and impact, undermining the climate and energy independence of the country. And, Georgia is not the exception, they operate in most of the former Warsaw block countries (Central and Eastern Europe) and focus on projects which may increase the energy independence of these countries. Below is one of the examples:

Source: [Greens furious as EU pours €130m into Polish LNG terminal – EURACTIV.com](#)

Towards us their condemn noticeable increased after one of the our most successful project that received Silver Award for "Environmental and Social Best Practice". Their concerns were regarded as unfounded and groundless by the projects main lender The European Bank for Reconstruction and Development (EBRD). Must be noted that, they have also lost similar (Khadori 3) lawsuit towards JSC Dariali Energy (where after several years from completion, during Covid 19 TEPCO Japan's largest energy company made investment).

It is obvious how significant a role Energy independence plays in every countries sovereignty and the current geopolitical conflicts has brought the importance of energy independence into the limelight even more. Georgia's energy consumption is steadily increasing in recent years, however it is thoroughly inducing more and more reliance on import from neighboring countries which can be seen as major concern for energy security and independence, especially in the context of strained relationships within the region:

"Due to the high degree of energy dependence, it is of great importance for Georgia to reduce political and economic risks by diversifying its external dependence. Optimal balancing of external supply sources, putting them in a competitive environment and working on the development of new sources is the most important direction of foreign and domestic energy policy. Diversification of external supply sources means reduction of energy security risks by means of alternative suppliers, balancing the interests of suppliers, and minimizing and controlling political and technological risks."

Source: [ENERGY POLICY CONCEPT OF GEORGIA \(usaid.gov\)](#)

Source: [Electricity Market Operator \(esco.ge\)](#)

We, as a company will continue to prioritize the needs of local communities and continue to have open communication with all interested parties.

Tbilisi, Georgia, 2022.06.10