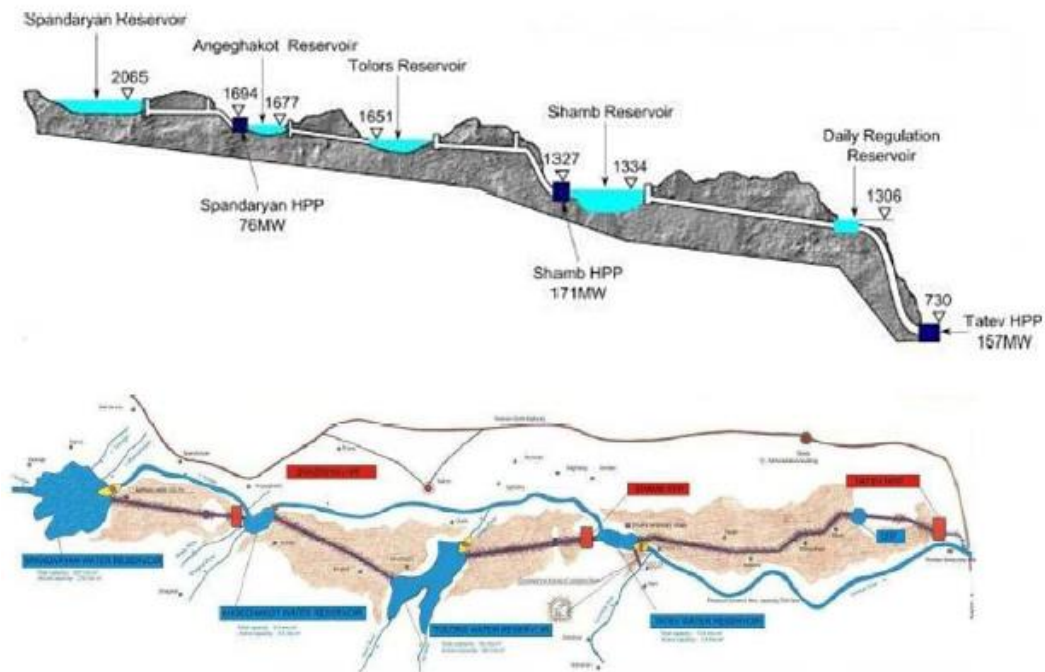


CONTOURGLOBAL®



CONTOURGLOBAL HYDRO CASCADE CJSC VOROTAN, ARMENIA STAKEHOLDER ENGAGEMENT PLAN

JANUARY 2016

REVISION I: MAY 2016

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1 Background

In August 2015, ContourGlobal Hydro Cascade CJSC acquired Vorotan Complex of Hydroelectric Power Stations CJSC.

Vorotan Complex of Hydroelectric Power Stations (CHPS) is a complex of three hydroelectric power stations with an overall capacity of 404.2 MW and an average annual power generation of 1.16 billion kWh. The Vorotan Cascade is among the main power generation complexes in Armenia, providing both peak and base load generation, and performing grid stabilization services. The complex is located in the eastern part of Syunik region of the Republic of Armenia, some 240 km to the South-East of Yerevan (see Map 1).



Map 1: Location of the Vorotan Complex of HPS in the Republic of Armenia.

The Cascade has a total head of 1,223 m. The design of the Vorotan CHPS began in 1954, construction started in 1961. In 1970 the first power station, Tatev HPP, was put into operation, followed by Shamb HPP in 1978 and Spandaryan HPP in 1989.

Vorotan CHPS is located at the Vorotan River. It is comprised of four reservoirs and one Daily Regulation Reservoir (see Figure 1). The Spandaryan Reservoir is the upper reservoir of the cascade. Highest water level is at 2,063 m a.s.l.; minimum water level is 2,030 m. The water

is directed through an 8.1 km long pressure tunnel and a 2.17 km long penstock to Spandaryan HPP. The discharge from Spandaryan HPP and water from Vorotan River is retained by Angeghakot dam forming the Angeghakot Reservoir. Highest water level is at 1,677.4 m a.s.l.; minimum water level is 1,664.5 m. Water flows from this reservoir via a 10.5 km long gravity fed tunnel to the Tolors Reservoir, which is also fed by the Sisian and Ayri Rivers. Highest water level is at 1,651.5 m a.s.l.; minimum water level is 1,625.5 m. From the Tolors Reservoir, the water is supplied to the Shamb HPP via a 6.9 km long pressure tunnel and a penstock of 1.26 km in length. Below the Shamb HPP is the Shamb Reservoir (also named Tatev Reservoir) which is also fed by water from Laradzor River. Highest water level is at 1,335.4 m a.s.l.; minimum water level is 1,333.8 m. From this reservoir water flows through an 18.4 km long gravity fed tunnel to the Daily Regulation Reservoir of the Tatev HPP, from where the water is directed to Tatev HPP via a 1,900 m long pressure penstock.

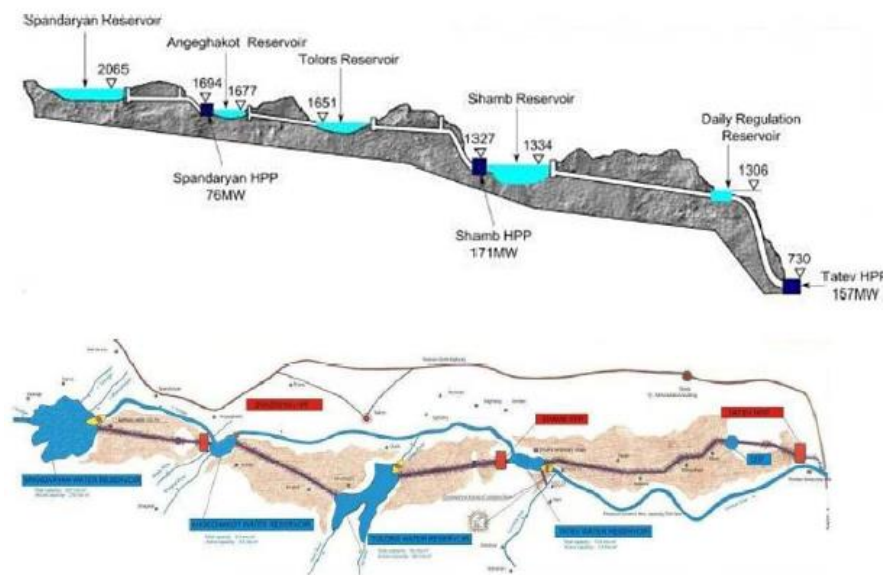


Figure 1: Design of the Vorotan Complex of HPS.

The principal characteristics of the three hydroelectric power plants are given in Table 1:

Table 1: Principal characteristics of the HPPs of Vorotan Cascade.

| Hydroelectric Power Plant (HPP) | Rated Capacity (MW) | Number and Capacity of Units (MW) | Turbine | Water storage (mill. m3) total / live | Design Head (m) |
|--|------------------------------------|--|----------------|--|--------------------------------|
| Spandaryan | 76 | 2 x 38.0 | Francis | 257 / 218 | 300 |
| Shamb | 171 | 2 x 85.5 | Francis | 96 / 80 | 267 |
| Tatev | 157.2 | 3 x 52.4 | Pelton | 13.6 / 1.8 | 552 |

The power plants of the Vorotan CHPS are connected by 220 kV lines to the main substation Shinuhayr near Goris, except for Tatev which is connected at 110 kV voltage level. Beside this, HPP Shamb and HPP Spandaryan are connected by loop circuits to the 220 kV line between the substations Shinuhayr and Eghegnadzor. From Shinuhayr two 220 kV transmission lines leave to Meghri substation interconnecting to the Iranian grid.

ContourGlobal HydroCascade Stakeholder Engagement Plan (SEP) includes planned engagement actions for prioritized stakeholder groups. The SEP is a “living” document that will be revised periodically based on lessons learned during its implementation and consultation process. Any significant changes will be shared with the Lenders.

2 Lender Requirements

Vorotan's Lenders (America Bank and HSBC bank) besides business management and economical focus, also enhance and lead a transparent overall policy which enhances among other principles, responsible strategy towards labor transparency and social impacts, environmental prevention and protection measures to mitigate ecological impacts and health and safety priority in all their projects.

Therefore, it is only natural that a sustainable development conduct and all applicable laws and regulation requirements compliance stands as a pillar requirement for Vorotan's project management and development communicated and expected from CG side.

In this context, Lenders consider stakeholder engagement to be an essential part of good business practices and corporate citizenship and a way of improving the quality of projects. In particular, effective community engagement is central to the successful management of risks and impacts on communities affected by projects, as well as central to achieving enhanced community benefits.

Applicable Standards

Vorotan's health and safety, environmental and social compliance assessment performed, indicated that the Project, considering IFC Performance Standards (2012), the concerning conventions stipulated by the International Labor Organization (ILO), the related World Bank / IFC EHS guidelines (2007) and the current legislation of the Republic of Armenia (RA), will have impacts that must be managed in a manner consistent with lenders requirements and following Performance Standards:

- PS1: Assessment and Management of Environmental and Social Risks and Impacts,
- PS2: Labor and Working Conditions,
- PS3: Resource Efficiency and Pollution Prevention,
- PS4: Community Health, Safety and Security.

In addition to the Performance Standards listed above, the IFC's April 30, 2007 Environmental, Health, and Safety General Guidelines are also applicable to this Project.

The IFC Performance Standards most applicable to stakeholder engagement and incorporated into the SEP are PS1 and PS2.

The objective of PS1 is to identify and assess social and environmental impacts in the project area of influence, minimize or mitigate adverse impacts, ensure affected communities are engaged on issues that impact them and promote improved social and environmental performance through the effective use of management systems. In particular, PS1 requires that particular attention be given to vulnerability, community engagement, disclosure, community risk and impact, informed participation, grievance mechanism, broader stakeholder engagement and external reporting.

The objective of PS2 is to promote the fair treatment, non-discrimination, and equal opportunity of workers; establish, maintain, and improve the worker-management relationship; promote compliance with national employment and labor laws; protect vulnerable categories of workers; promote safe and healthy working conditions; and avoid use of forced labor.

2.1 What permits are in place that we have to adhere to?

- A.** Terms of the Electricity generation license obtained as part of the condition precedent to Closing in June 2015.
- B.** Water use permits for each of the three hydro plants. Obtained as part of the condition precedents to Closing in July 2015.
- C.** Environmental permits for any activities involving hazardous substances and risk conditions to the ecology of the area.
- D.** Construction permits when the refurbishment program kicks-off.

3 Project Stakeholders

The principal and governing stakeholder institutions for the project are the Ministry of Energy and Natural Resources (MENR) and the Public Services Regulatory Commission (PSRC). The MENR is a national designated authority responsible for the policy coordination and implementation of the country's energy sector. The PSRC has comprehensive regulatory authority over the activities of the energy companies, state-run and private, the tariff setting and regulation of capital investments. The roles and function of the major institutional stakeholders that would be involved, or could be potentially involved in the projects is summarized in the table below:

- 1. Local population.** The population of the municipal and rural communities of the Goris and Sisian areas. The Goris area is comprised of the Tatev hydro plant and the Daily Regulation Pond. The affected communities are the town of Goris and the village community of Khot. The Sisian area includes the Shamb and Spandaryan hydro power plants and the Spandaryan, Tolors, Angeghakot and Tatev reservoirs. Number of affected communities are 15. Overall, more than 20,000 people live in the Vorotan cascade impact areas. The population is a stakeholder due to CGHC's socio-economic impact.
- 2. Municipal, regional and state authorities.** CGHC operates in the Goris and Sisian regions and on local level is under the governorship of Syuniq region (marz). The Governor has significant authority in the area. Mayors of Goris and Sisian and the community heads of the other 15 villages are other important stakeholders.

The involved government authorities include:

- Governorship of Syuniq region (marz) is responsible for state policy elaboration and implementation in marzes, Ensuring compliance and enforcement of the environmental legislation at the territory of the marz. Coordinate community development programs and budget allocations.
- Ministry of Nature protection (MNP) has overall legal and regulatory authority for natural resource management and environmental protection in the country.
- Ministry of Territorial Administration and Emergency has the responsibility for elaboration and application of provisions of territorial administration policy, laws, programs and plans, socio-economic development of territorial administration and local self-government bodies, secure and safe use of state-owned water

infrastructures, elaboration and implementation of investment procedures for water infrastructure policy. This ministry provides preventive measures for the protection of the population in case of emergency situations.

- Ministry of Urban Development is responsible for the elaboration of the main provisions of the state policy on urban development and the territorial development programs, monitoring of the implementation thereof and ensuring the harmonious, mutually complementary development of natural and cultural landscapes.
- State Committee of Real Estate Cadastre has the responsibility for ensuring the balance of the land surface of the Republic of Armenia according to the regulations, development and implementation of the targeted geodesic and cartographic programs.

3. Civil society organizations and NGOs active in the region and/or energy sector.

Environmental organizations in Armenia are very active and deeply engaged since in the marz of Syunik are located major copper and molybdenum mines. These organizations usually act on their own initiative or on the initiative of the state or the local self-governance bodies, and may fully implement or participate in socially significant programs.

4. Media. There are several printed outlets and one major cable TV station (Sossi TV). Media is very important factor in image formation and an important partner in communicating socially significant information.

5. Employees. The employees of the company can be affected in many aspects of their professional and personal lives from the actions of the company. CGHC currently employs just over 200 people and is one of the biggest employer in Goris and the neighboring areas.

6. Contractors. Through its engagement of external contractors, CGHC impacts the local and national economy, introduces new practices to the business community and sets standards for conducting business.

3.1 How and when do we plan to engage with stakeholders?

CGHC CJSC will be following the experience of the other CG businesses in designing its Engagement Plan. There will be a continuous set of open outlets and tools through which the company will engage with its stakeholder and give them an opportunity to submit grievances at a time and through a tool

chosen by the stakeholder. CGHC will meet the key stakeholders at least once per quarter to ensure they are engaged in communicating, co-ordinating and collaborating over the Vorotan business operations and its impacts. The details of the process are described in the following section, i.e. *Procedure for grievances*.

The key elements of the Stakeholders engagement plan include:

- Adoption of Social Management Tool Kit and Training of Site Personnel: a set of procedures to ensure our management system is properly implemented. The Toolkit will be comprised of procedures for Social and Environmental Impact Assessments (projects that will require an impact assessment and the methodology, by which such an assessment is conducted), Stakeholder Identification, Stakeholder Information Disclosure, Stakeholder Consultations, and Stakeholder Reporting. Site personnel will be trained in the use of this toolkit to encourage community engagement during everyday business activities.
- Social Investment Program designed on the basis of ContourGlobal's Global Social Investment Strategy and the stakeholder consultations already undertaken.
- Environmental and Social Monitoring and Management Plan including routine monitoring of environmental impacts of the businesses (e.g., air quality, water, waste, etc.).
- Worker Rights Plan, including Workers Rights Information dissemination will be implemented to ensure all workers receive their benefits in accordance with ContourGlobal labor policies and procedures. It will incorporate an assessment of labor conditions through our ongoing health and safety inspections and monthly reporting by our contractor during construction, as well as rigorous application of contractual rights within the EPC contract.
- Local Employment Initiatives, aiming to ensure our processes for hiring are fair and transparent and also by exploring the options to establish a Skills Development and Training Program
- Supplier Compliance Plan informing vendors about the policies, procedures and principles that CG follows and upholds and requires from its business partners to acknowledge and agree to abide by in addition to fair and transparent Third Party Vendors engagement processes.
- "Get to Know ContourGlobal" sessions designed to inform the community as well as to seek consultation from stakeholders. The sessions will be open to the public.
- Community Relations Program aiming to provide information about ContourGlobal to the stakeholders, explain our role as the owner of the Vorotan Complex, and clarify the roles of our contractors and our ability to influence their actions. Further, the program is designed to develop

trusting relationships with stakeholders built on consultation and transparent information disclosure.

3.2 Engagement with Stakeholders

In accordance with the approved Stakeholders Engagement Plan (SEP), as well as requirements arising from lenders and shareholder's agreements (IFC, Ameriabank, HSBC), the ContourGlobal Hydro Cascade (CGHC) should lead a transparent policy which enhances responsible strategy towards labor transparency and social impacts, environmental prevention and protection measures to mitigate ecological impacts and health and safety priority in all projects. Sustainable development conduct and compliance to applicable laws and regulation requirements stand as a pillar requirement for CGHC's management. In this context, our Shareholders and Lenders, as we, consider stakeholder engagement to be an essential part of good business practices and corporate citizenship and a way of improving the quality of projects. In particular, effective community engagement is central to the successful management of risks and impacts on communities affected by projects, as well as central to achieving enhanced community benefits. Main social impacts from CGHC business operations:

- Employment possibilities / economic development impact on affected communities (as our stakeholders),
- Municipal / public infrastructure improvements, as CG will plan and execute social projects,
- Bringing some visibility to region (where CG manages its business),
- Creating good reputation for Country and Region, if CG manages its Business responsibly and specially, with great sense of environmental protection,
- Begin able to help / support local communities / businesses developing their own sustainability (example: helping with irrigation process),
- No displacement / involuntary resettlement activities were taken which means that Communities are an important link in CG vision to run our business,
- Agriculture / natural resources development / sustainable exploration,
- Mobility / Accessibilities improvement, to help support services, transports and public needs,
- Tourism highlight and increase, if CG is able to build a solid reputation protecting the environment and also creating a "name" for the region,

- Help provided to Non-Government Organizations,
- Assistance in creating energy initiatives, namely at educational level, with the University,
- Help creating possible internships for students from University,
- Help creating sense of proud on local communities to be part of a Region with such a Responsible and sustainable path searching company,
- Provide aid in boosting fisheries activities in a responsible and environmentally protected way,
- Provide assistance in keeping cultural heritage assets, if possible and necessary

The table below is aimed at showing what were the specific actions by the CGHC SEP team to engage with major impact groups, as committed under the para 3.2 of the SEP. The report below was structured in accordance with the preliminary plan on Engagement of Stakeholders, that had been reported previously, and covers the period of February to May 2016.

| | Stakeholder | Topics | Planned Timeline to make contacts and meetings | Status of activities | Results achieved |
|---|------------------------------------|---|--|---|---|
| 1 | Mayor and representatives of Goris | Environmental and social priorities, Projects ideas and grievance mechanism | February – May 2016 | Completed. CGHC has held several meetings with the Mayor of Goris and one joint meeting with the Municipal Council. | <p>The Mayor prioritized educational and health projects for Goris. Suggested partnership between CGHC and the Goris State University was presented to the Goris Municipal Council.</p> <p>Mayor and the Local Council had been informed about the SEP, in particular, about the grievance mechanism for external parties.</p> |
| 2 | Representatives of local villages | Environmental and social priorities, projects ideas and grievance mechanism | March – May 2016 | Completed. CGHC has held meetings in 5 of the total 17 impact communities of Sissian and Goris areas: Angeghakot, Shaghat, Tolors, Darbas, Vorotan. | <p>Heads of village communities prioritized educational, health and public infrastructure projects for their communities. As a result, the following projects have been presented and subsequently approved for funding by the CGHC Global Sustainability Committee:</p> <ol style="list-style-type: none"> 1. Construction of village recreational area in Angeghakot |

2. Repair of the kindergarten roof in Shaghat
3. Repair of drinking water system in Tolors

Heads of village communities had been informed about the SEP, in particular, about the grievance mechanism for external parties.

| | | | | | |
|---|--|---|------------------|--|---|
| 3 | Directors and representatives of local schools and higher education institutions | Possible partnerships, Youth employment issues, visits to HPP sites, visits of employees to schools for lectures, and grievance mechanism | April – May 2016 | In progress. CGHC held meetings with the administrative and academic circles of the Goris State University, the only higher educational institution in the CGHC impact area. | <p>The CGHC and the Rector of the GSU agreed to prepare and sign Memorandum of Understanding regulating long-term partnership plans between the two entities. As a start, the CGHC will sponsor:</p> <ul style="list-style-type: none"> - Department of Energy, refurbishing lecture rooms and setting up energy production lab; - Up to 20 student internship placements in the Vorotan HPPs during Summer 2016 <p>Rector of the GSU had been informed about the SEP, in particular, about the grievance mechanism for external parties.</p> |
|---|--|---|------------------|--|---|

| | | | | | |
|---|--|--|------------------|--|--|
| 4 | Civil society organizations and NGOs active in the region and/or energy sector | Environmental and social impacts, Projects ideas and grievance mechanism | April – May 2016 | In progress. First meeting held under patronage of the Goris Press Club, at the initiative of the CGHC. | <p>List of participants of the joint meeting with NGOs presented below. It was agreed that the CGHC and the NGOs active in Syuniq should work together on projects aimed at spreading importance of promoting Universal Human Rights principles and complying with Anti-corruption policies. Syuniq NGOs will present ideas and project proposals under the CGHC CSR activities.</p> <p>The NGOs group was also informed about the SEP, in particular, about the grievance mechanism for external parties.</p> |
| 5 | Employees | Introduction to Essential Information, Anti-Corruption training, Grievance mechanism | March – May 2016 | <p>Completed. All staff was introduced to the EI package (100% staff), passed Anti-corruption training (100% staff) and introduced to the Grievance mechanism ascribed by the SEP (95% staff).</p> <p>In addition, the new Organizational Chart of the CGHC was approved and</p> | CGHC outsourced the key training about anti-corruption policy and compliance principles to a local legal firm, the FMS Legal (CEO: Hakob Martirosyan). The results were that 100% of staff passed training on such key company policies as on anti-corruption in business relations, compliance with key standards of fair and open business, etc. |

introduced to the staff (100%).

Another outsourced entity, on HR, the Cascade Consultants, were tasked to introduce the details of the grievance mechanism for the internal staff and contractors. 95% accomplishment rate, basically except the Yerevan office staff (planned for end of May).

The new organizational chart was approved and presented to the key managerial staff in Goris and Yerevan. The Chart was then openly presented and widely announced among all staff. Cascade Consultants organized individual and group meetings to explain the new structure and job divisions. Further restructuring is currently in process and is aimed to be completed by August 1, 2016.

List of meetings with the stakeholders

The below table enlists the groups of stakeholders that the CGHC team met during the period of Feb – May 2016. By the end of 2016, CGHC plans to engage with all the major stakeholders identified in the SEP, in particular, to have consultation meetings in the 17 communities that constitute the direct social impact zone of the CGHC operations. In addition, separate meetings are planned with major NGOs, local media representatives, educational and health institutions. Internally, CGHC intends to have once a quarter meetings with the selected staff of the power plants to understand their concerns, address any grievances that they would file and, in general, take and answer any questions they might have.

| ITEM | STAKEHOLDER GROUP | CONTACT PERSON | DATE | TOPICS | SUMMARY OF MEETING | COMMENT/ Status |
|--|---|---|---------|--|--|-------------------------------------|
| Local education establishments - Goris State University | | | | | | |
| 1 | Goris State University Number of students (including distance learning students) – 1400 Number of employees – 180 | GSU President Artyusha Ghukasyan Prorector Zare Grigoryan +37493 939 373 | 03/2015 | Social activities, academic projects, internship | During the meeting several project ideas were voiced and discussed: Renovation and furnishing of Power Supply department laboratory, which will also be covered by the university Renovation and design of one or two auditoriums or offices. Partly or fully covering the tuition of students from socially vulnerable families (families with diseased soldier, families living near the border, etc.) Titular scholarship creation. For example giving the best 2-3 students from the 4th grade 25000-30000AMD prize monthly or quarterly. Joint project financing, which will give change to improve the educational process (reviewing the program, the changes in the program will be made after collective discussions). Assistance in the educational process, for example, free production practice at the sight or at the company for the students from economics and engineering departments. | Visit to the university auditoriums |
| Local communities – Vorotan (Sissian region) | | | | | | |
| 2 | Vorotan community | Community leader | 03/2015 | Social projects | During the meeting several project ideas were voiced and discussed: the Community school (19 pupils) has been renovated, is in satisfactory | Visit to the school, |

| | | | | | | |
|---|--|---|---------|-----------------------|--|--|
| | 125 households | Seryoja Amirkhanyan +37494 888 287 | | ideas | <p>condition.</p> <p>There is no kindergarten, though there are app. 25 children in the sufficient age. The building for the kindergarten exists, but it needs renovation and furnishing.</p> <p>The village also needs a 2.5 km waterline for irrigation system (6 inch pipe).</p> <p>It was also suggested to pay the tuition fee for one of the students (the student is one of the SG employee's child)</p> | kindergarten |
| Local communities – Angeghakot village | | | | | | |
| 3 | <p>Angeghakot village hall</p> <p>525 households</p> | <p>Community leader Armen Khacahtryan +37455 090 933 +37494 995 508</p> | 03/2015 | Social projects ideas | <p>During the meeting several project ideas were voiced and discussed: The school, the kindergarten and the medical outpatient clinic are in satisfactory condition, no need for investments.</p> <p>The community has an event hall, the kitchen of which needs renovation, gas point, gas stove, sink, cupboard, fridge, also tables, chairs and utensils for 250 people.</p> <p>The Social Investment Foundation has a project to build drinking water line on 7km (4 inches), the community is going to invest the 10% of the price.</p> <p>The garbage collection problem is being solved, URBAN Foundation is going to invest in the works</p> <p>It was offered to pay the tuition of students from families in need</p> <p>The small garden near the municipality needs renovation (benches, garbage bins)</p> | <p>Visit to the school, kindergarten, clinic, event hall</p> |
| Local communities – Darbas | | | | | | |
| 4 | <p>Darbas community</p> <p>283 households</p> | <p>Community leader Mayis Mirzoyan +37477 215</p> | 03/2015 | Social projects ideas | <p>During the meeting several project ideas were voiced and discussed: The roofs of apartment buildings in Shamb industrial community are in very bad condition, they need to be replaced (3 buildings).</p> <p>There was a proposal to invest in a building renovation which can be used as a small hotel. The hotel can serve both to the contractors working at Shamb PP and other guests, also 2-3 jobs will be available for</p> | |

| | | | | | | |
|--|--|---|---------|-----------------------------|---|--|
| | | 532 Advisor Senik Mikayelyan +37494 343 476 | | | <p>the villagers.</p> <p>The school has been renovated, the kindergarten (22 children), though, is in bad condition, there is no kitchen, no offices, no furniture.</p> <p>For water provision improvement a water collector and a water tank need to be constructed.</p> <p>The Cultural Center of Darbas needs renovation.</p> <p>It was offered to purchase a truck with a container, so that the community (on their own resources) will take care of the garbage collection problems in Darbas, Vorotan (Sisian) villages, Shamb community and Shamb PP. The garbage will be collected and moved to unused silage pits of the village. These pits will be used as the garbage pits.</p> | |
| Local communities - Shaghat village | | | | | | |
| 5 | Shaghat village hall 280 households | Community leader Tigran Khachatryan (093) 05-22- 44 | 03/2015 | Social projects ideas | <p>During the meeting several project ideas were voiced and discussed: The school has been renovated (the roof, windows, doors are new), the sports hall is also renovated. There is also a working museum, which has also been renovated.</p> <p>The kindergarten is in very bad condition, the roof of 480 m2 and the roof of the kitchen around 150 m2 should be changed. The kitchen is also in a bad condition, no appropriate furniture is present. There are 47 children at the kindergarten.</p> <p>There are several active projects in the village (renovation of water tanks, internal network renovation, etc.) which are also financed by the community.</p> <p>The Ministry of Agriculture may provide machines for the flooding (watering) of pastures, for which the community will also be co-financing,</p> <p>There is an event hall in the village, the kitchen of which needs renovation and furnishing (stove, table, sink, fridge, etc.)</p> <p>The pipeline of Spandaryan HPP which leads to irrigations water screw,</p> | |

| | | | | | | |
|----------|--|--|--|--|---|--|
| | | | | | passes through the village, there is danger of landslide. It has been purposed to replace irrigation pipes with plastic ones, around 180-200m. | |
| 6 | Civil society organizations and NGOs active in the region and/or energy sector | | | | <p>Press Club of Goris a number of NGO-s of Goris area met with representatives of international investors, who were interested in environmental and social activities and initiatives in the region. During the meeting a number of issues, challenges and potential risks were discussed, for solution of which ContourGlobal is willing to develop a strategic plan.</p> <p>Participants of the meeting were Justin Pooley (IFC), Patricia Nicolau (FMO), Emanuel Cabrita (CG), Gayane Ghazaryan (CG) and the representatives of NGO-s, whose contact details are presented below.</p> | |
| 7 | Mayor and representatives of Goris | | | | Environmental and social priorities, Projects ideas and grievance mechanism | |

List of Civil Society Organizations (CSOs) engaged under the CGHC SEP framework

The first meeting with the representatives of civil society organizations coincided with the visit of the Lenders group from several IFIs in February this year. The Goris Press club initiated the meeting, at the request of the CGHC. Overall, the civil society and the media are weak in Syunik. They need strong support and sponsorship to expand their activities and become independent. Going forward, CGHC intends to continue to work with the Press club and contribute to the improvement of open and transparent reporting in the area, through local media and civil society groups. In particular, there is a small project in the pipeline for the Syunyac Yerkir newspaper, currently under consideration.

| | NGO/Organization | Representative | Sphere | Phone No. |
|----|-------------------------------------|----------------------|---|-----------|
| 1 | <i>Press Club NGO</i> | Susanna Shahnazaryan | Development and rights of Media, Local self-government bodies, NGOs | 091013575 |
| 2 | <i>Partnership and Training</i> | Artashes Torozyan | Education, LSGB | 094201817 |
| 3 | <i>Information Center of Rights</i> | Marat Dadunts | Human rights | 091542006 |
| 4 | <i>Tyteni</i> | Nune Avetisyan | For children | 099330737 |
| 5 | <i>Women Resource Center</i> | Irina Yolyan | Economic Empowerment of Women | 055851110 |
| 6 | <i>Syunik preschoolers</i> | Saida Adunts | Inclusive Education | 099887744 |
| 7 | <i>Syunik Artists</i> | Zhirayr Martirosyan | Culture | 093287902 |
| 8 | <i>New generation of Goris</i> | Zhasmena Khachatryan | Youth issues | 093118086 |
| 9 | <i>Good march</i> | Elmira Balasanyan | Social | 093975190 |
| 10 | <i>Soseh women NGO</i> | Liana Sahakyan | Women issues | 093860374 |
| 11 | <i>New Horizons</i> | Artur Vardazaryan | Education, community issues | 091585554 |

3.3 Responsibility and Management of the Stakeholder Engagement

The Community Liaison Officer for the Project has primary responsibility for implementing and managing the SEP in conjunction with the Construction Manager, Operations Manager and the Regional Social and Environmental Manager. The CEO of Armenia will monitor the SEP to ensure targets are achieved.

Community Liaison Officer: Manushak Mikayelyan

Contact Information: ContourGlobal Hydro Cascade CJSC

Email: Manushak.mikayelyan@contourglobal.com

Community Liaison Officer's specific responsibilities include:

- Coordinate communication with local communities
- Coordinate responses to comments and concerns from public.
- Manage grievance mechanism locally
- Report to project manager and Communications Officer/headquarters on any community related matters
- Inform employees at the projects sites on SEP

The Company can be contacted for comments and general communication in relation to the projects by using following contact details:

ContourGlobal Hydro Cascade CJSC

2/2 Melik-Adamyan Str., 0010, Yerevan, Armenia

Phone: +37495 017-013

Stakeholder feedback:

SustainabilityFeedback@ContourGlobal.com

Compliance Hotline:

AT&T Direct Dial Access®

From an outside line dial the AT&T Direct Dial Access® for your location:

Armenia: 503-748-0621

- At the prompt dial 503-748-0621.
- The call will be answered in English. To continue your call in another language:
- Please state your language to request an interpreter.
- It may take 1-3 minutes to arrange for an interpreter. During this time please do not hang up

After you complete your report you will be assigned a unique code called a "report key." Write down your report key and password and keep them in a safe place. After 5-6 business days, use your report key and password to check on the status of your report or respond to any questions.

www.contourglobalethicsline.com

All questions and queries in relation to the projects will be recorded in a log, including information on how these have been addressed.

4 Grievance Mechanism

4.1 Purpose

In ContourGlobal business, we believe it is important to provide a mechanism to address affected communities' concerns and complaints about our environmental and social performance. The grievance mechanism at CGHC is designed to create an opportunity for ContourGlobal and our communities to identify problems and discover solutions together. It is intended to complement other forms of stakeholder engagement such as information disclosure and consultation and the principles and process steps outlined in this mechanism create a foundation for successful resolution of concerns and complaints.

The grievance mechanism describes the required procedures for dealing with complaints and concerns as well as suggestions and recommendations. Specifically, the procedures:

- Provide an efficient and effective system where the company can receive, respond to, and seek resolution of community concerns in relation to the project;
- Outline how to process ad-hoc verbal and written grievances; can be implemented easily;
- Are transparent and fair
- Are responsive
- Minimize the need to resort to judicial proceedings; and
- Provide a timely resolution of problems.

This grievance mechanism will be integrated as a procedure within CGHC management system and the responsibilities for its implementation allocated to appropriately qualified persons.

4.2 Definitions

The following terms will be used throughout the Grievance Mechanism:

| | |
|------------------|--|
| Grievance | Concern or complaint raised by an individual or a group within |
|------------------|--|

communities affected by company operations. Both concerns and complaints can result from either real or perceived impacts of a company's operations.

Community Liaison Officer Person appointed by a company to oversee public consultation, including diffusion of project information and handling grievances.

Grievance Officer An employee of CGHC or its parent company that has experience with the type of grievance raised

4.3 Responsibilities & Roles

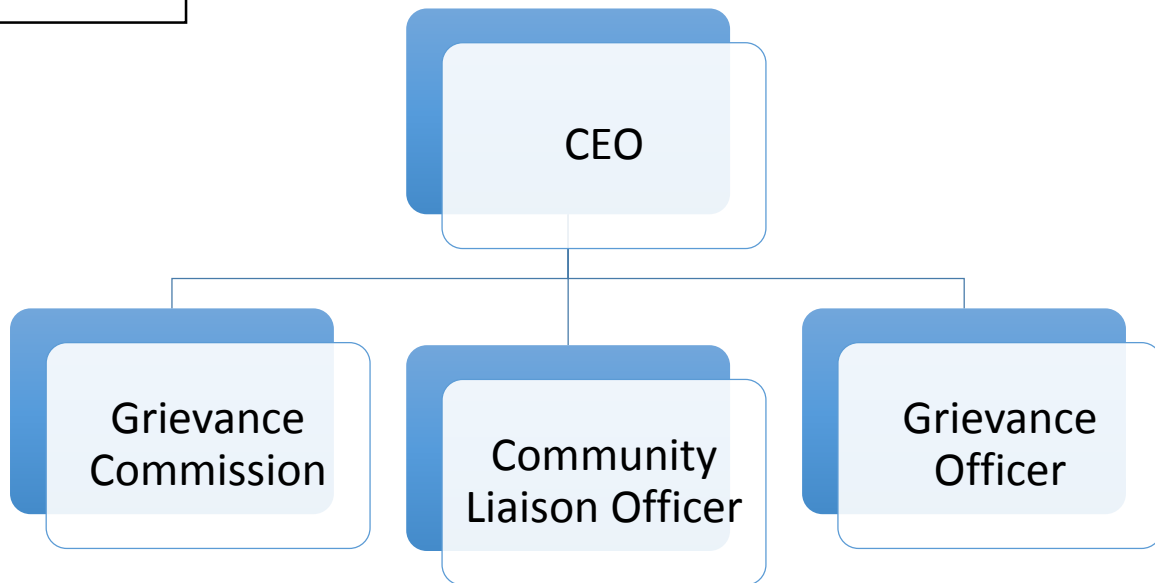
The CGHC CEO is responsible for the overall process of implementing and monitoring the grievance mechanism. Depending on the issue, the CEO either appoints a Grievance Officer or creates a Grievance Commission to ensure the procedure is implemented fully and is given the right amount of attention and resources.

The CGHC Community Liaison Officer is responsible for the day-to-day management of the Grievance Mechanism, including coordinating responses from the project team. CGHC will appoint two Community Liaison Officers, Mary Nurijanyan, as the CLO for the region and grievances raised at the three HPP sites, and Manushak Mikayelyan who has overall responsibility for public consultations, including sharing of project information and managing grievances, as well as contact with media and local or international NGOs.

In the case of Environmental, Health or Safety Related Grievances, our Health, Safety & Environmental Manager, Arayik Tsaturyan will be responsible, for managing the procedure. (see Chart 1)

ContourGlobal's Regional CEO and Regional Environmental and Social Director are responsible for reviewing all grievances on a monthly and annual basis and all grievances are reported monthly to senior management.

Chart 1



4.4 Process Description

4.4.1 Reporting a Grievance

A grievance can be defined as an actual or perceived problem that might give grounds for complaint. As a general policy, the company will work proactively towards the prevention of grievances through the implementation of impact mitigation measures and community liaison activities that enable CGHC to anticipate and address potential issues before they become grievances. Nevertheless, should grievances emerge, the company is committed to addressing these in a timely and effective manner in accordance with Armenian Law, international best practice and the company's Internal Grievance Procedure.

4.4.2 External Communication

Vorotan is currently developing a Public Grievance Brochure that advises those with a grievance on what to expect in the process. The brochure includes a form that can be completed to record a grievance and is available at all the site locations, and both Yerevan and Goris offices. Training on the grievance mechanism will be conducted at the “Getting to

Know ContourGlobal” sessions in the communities.

4.4.3 The Grievance Procedure

1. Receipt of Grievance
2. Acknowledgment
3. Investigation
4. Resolution
5. Follow Up

When a grievance is received, CGHC will acknowledge receipt of the grievance within 10 days and will identify a Grievance Officer to be assigned to the case. The Grievance Officer will be an employee of CGHC or its parent company and will have experience with the type of grievance raised. The Grievance Officer will be listed in the acknowledgement and an anticipated target date for response to or resolution of the grievance will be provided to the complainant. The Grievance Officer will be responsible for the grievance and will ensure that all ContourGlobal processes are followed during the investigation and resolution phase.

During the investigation phase, the person or group raising the grievance will be contacted and an investigation protocol will be followed. A reference number will be assigned to the case and a summary of the grievance, and name and address of the complainant will be recorded. The Grievance Officer will meet with the claimant within 14 days.

If the grievance requires action, a formal grievance mitigation plan will be put in place and activity will be reported upon until the grievance is closed. The formal grievance mitigation plan should identify parties involved, possible solutions, the decision maker from CGHC, budget impacts, and a timetable for all actions and meetings. The Grievance Officer should try to resolve all cases within 30 days of the meeting with the complainant and should follow up on all corrective actions. In cases where the grievance is not connected to ContourGlobal or CGHC activity, the person or group raising the grievance will be informed, and where possible, should receive appropriate instructions of who to contact.

Once a grievance is closed, the Community Liaison Officer of CGHC will ask the person or group raising the grievance to sign a Resolution form. If the grievance remains unresolved, CGHC may refer the dispute to the ContourGlobal Sustainability Committee, ContourGlobal Legal, or other external bodies to ensure the matter is fairly resolved.

The representative from the offices may contact originators of grievances at a later stage to confirm that its activities continue to pose no further problems. Additionally, ContourGlobal will monitor and review all grievances.

4.4.4 Communication of Grievance Procedure

The Grievance Procedure will be advertised in the communities by face-to-face meetings and by distributing a brochure containing information regarding the procedures. The brochure will be in Armenian/English and contain instructions on how to communicate with CGHC regarding a grievance and an explanation of the grievance procedure. It will provide examples of the types of grievances that stakeholders might have such as:

- Negative impacts to a community member, e.g. financial loss, physical harm, nuisance from traffic or dust, impact on crops due to projects traffic or activities;
- Impacts or concerns about Health & Safety or the Environment;
- Failure of CGHC to comply with standards or legal obligations;
- Harassment of any nature by CGHC employees or contractors;
- Improper conduct or unethical behavior;
- Financial malpractice or impropriety or fraud;
- Attempts to conceal any of these.

4.4.5 How to register a Grievance

There are several ways to register a grievance:

1. Send a completed Grievance Form to CGHC at:
ContourGlobal Hydro Cascade CJSC, Yerevan Office

2/2 Melik-Adamyany Str., 0010, Yerevan, Armenia

Phone: +374 95 017 013

2. Send a completed Grievance Form to CGHC at:

ContourGlobal Hydro Cascade CJSC, Goris Office

2 Gr. Tatevatsi Str., 3201, Goris, Armenia

Phone: +374 +374 284 22758 | fax: +374 284 30199

3. Contact ContourGlobal's Sustainability Committee:

sustainabilityfeedback@contourglobal.com

4. Contact ContourGlobal's Compliance Hotline at:

Any issues related to compliance violations can be reported using the ContourGlobal Compliance Hotline:

AT&T Direct Dial Access®

From an outside line dial the AT&T Direct Dial Access® for your location:

Armenia: 503-748-0621

- At the prompt dial 503-748-0621.
- The call will be answered in English. To continue your call in another language:
- Please state your language to request an interpreter.
- It may take 1-3 minutes to arrange for an interpreter. During this time please do not hang up

After you complete your report you will be assigned a unique code called a "report key." Write down your report key and password and keep them in a safe place. After 5-6 business days, use your report key and password to check on the status of your report or respond to any questions.

www.contourglobalethicsline.com

All questions and queries in relation to the projects will be recorded in a log, including information on how these have been addressed.

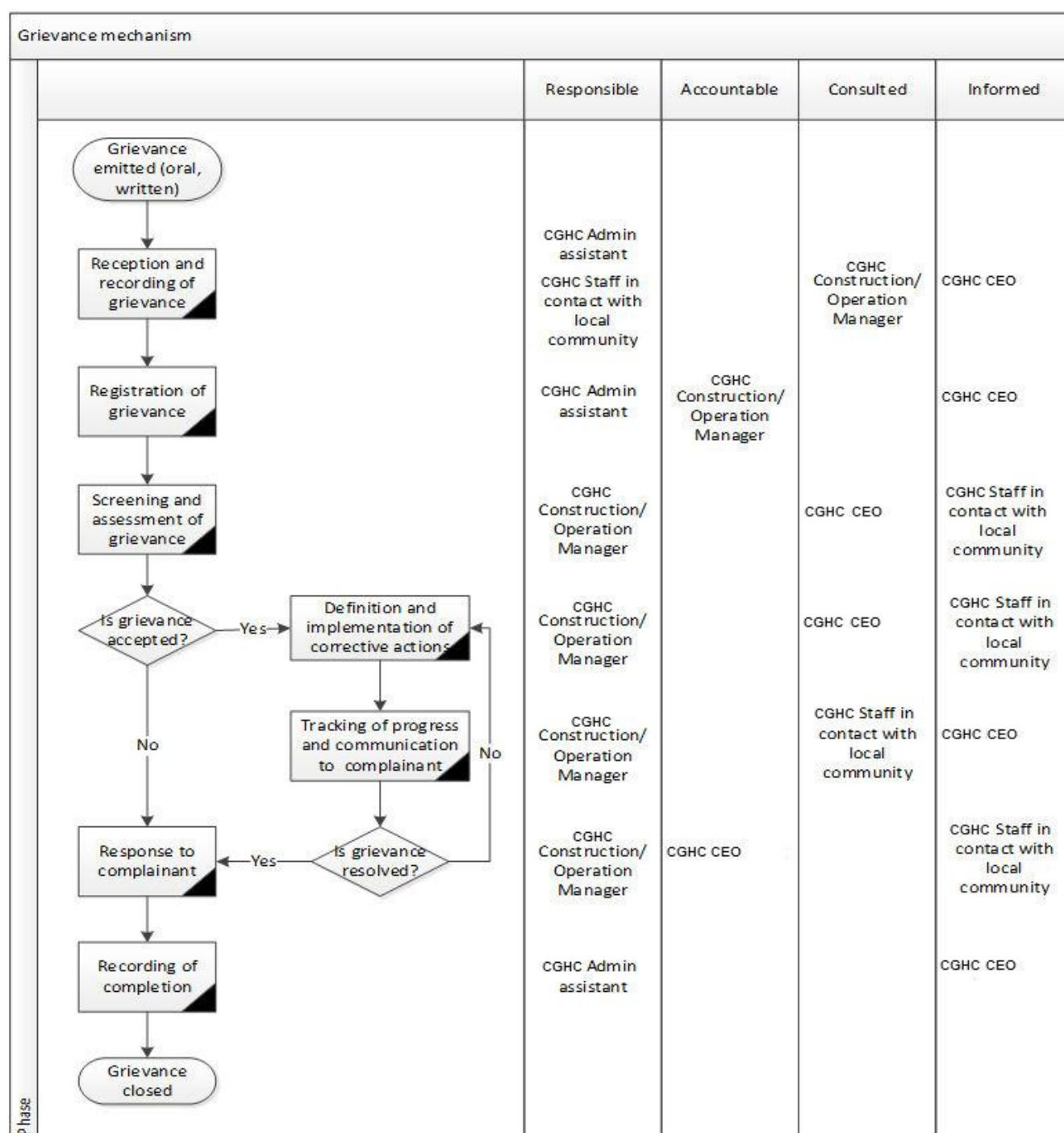
4.4.6 Confidentiality

ContourGlobal strongly supports transparency in its grievance mechanism and encourages stakeholders to raise grievances openly with a view towards collaborative resolution. However, grievances may be raised in confidence under this procedure. Details of grievances will not be disclosed without the consent of the stakeholder. Details of submissions and allegations will remain secure within the CGHC or ContourGlobal team responsible for managing the grievance procedure.

4.4.7 Worker's Grievances

A separate worker grievance procedure is set forth in the Employee Handbook for all of the Company's employees. Grievances related to working conditions of contractors may be raised directly with the contractor or through this grievance procedure.

4.4.8 External Grievance Flowchart



Responsible Roles who perform tasks and makes decisions.

Accountable Roles who have the ultimate decision-making authority. Accountability may not be delegated.

Consulted Roles that may be consulted before a decision or action is taken.

Informed Roles that may be informed after a decision or action is taken.

4.4.9 Grievance Form

| ContourGlobal Hydro Cascade Grievance Report | |
|---|---|
| Name/Association | Name: _____ Association: _____ |
| How do you wish to be contacted? | <input type="checkbox"/> <input type="checkbox"/> By Post: Please provide mailing address: _____ _____ <input type="checkbox"/> <input type="checkbox"/> By Telephone: _____ <input type="checkbox"/> <input type="checkbox"/> By E-mail _____ |
| Preferred Language for communication | <input type="checkbox"/> <input type="checkbox"/> Armenian <input type="checkbox"/> <input type="checkbox"/> English |
| Description of Grievance: What happened? Where did it happen? Who did it happen to? What is the problem? | |
| Date or Dates of occurrence | |
| What would you like to see happen to resolve the problem? | |
| To be completed by the Grievance Officer: Category of Grievance: _____ Date Received: _____ Signed: _____ | |

4.4.10 Acknowledgement Form

| ContourGlobal Hydro Cascade Acknowledgement of Grievance Received | |
|--|--|
| Date and Type of Grievance | Date: _____ Type of Grievance: _____ |
| Claimant Name and Contact Details | Name: _____ Contact Details: _____ _____ |
| Grievance Officer Name and Contact Details | Name: _____ Contact Details: _____ _____ |
| Immediate Action Taken | _____ |
| Proposed Date of Meeting | _____ |
| Grievance Officer Signature | _____ |

4.4.11 Resolution Form

| ContourGlobal Hydro Cascade Grievance Resolution | |
|---|--|
| Date and Type of Grievance | Date: _____ Type of Grievance: _____ |
| Claimant Name and Contact Details | Name: _____ Contact Details: _____ _____ |
| Grievance Officer Name and Contact Details | Name: _____ Contact Details: _____ _____ |
| Corrective Actions and Dates | |
| Meeting Dates | |
| Ongoing Actions and Dates | |
| Claimant Signature | |
| Grievance Officer Signature | |

4.4.12 Grievance Procedure Trainings

The final structure, roles & responsibilities of the procedure will be available by 20th of February 2016, and the training sessions will be conducted during March and April 2016.

5 Legal Framework

The Constitution has the supreme legal force in Armenia. Article 6 sets the keystones of the Armenian Legislation, stipulating that laws shall conform to the Constitution, whereas other legal acts (mainly Decrees of the President and Decisions of the Government) have to conform both to the Constitution and the laws.

The Law of the Republic of Armenia on Environmental Assessment and Expertise (2014) is defining the framework for the project, covering environmental and social aspects of proposed activities.

In Armenia, the Labor Code is the general legal act that regulates labor relationship. The specific features for regulating particular spheres of labor relations may be determined by other laws, as indicated in the table.

Labor and Working Conditions is based on a number of international conventions and instruments, including those of the International Labor Organization (ILO) and the United Nations (UN). All of them are ratified by the Republic of Armenia, except “UN - International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families” which has only been signed and ratification is still pending.

The remaining Performance Standards are covered by a range of Laws, Government Decisions, Decrees and Orders.

In this context, engaging stakeholders is required from the earliest stage of development and on a continuous basis thereafter, as is stipulated within the social and environmental regulations in Armenia. Considering this, Vorotan Businesses intends to develop its industrial activity and cultivate positive and long-lasting relationships with all its stakeholders, fulfilling all social, labor relationships and environmental applicable legal requirements.

The main legal acts of the Republic of Armenia (RA) concerning Labor Relationships including Occupational Health and Safety (OHS) are as follows:

- RA Constitution
- RA Labor Code (2004)
- RA Law on Remuneration (2003)
- RA Government Decree N201-N (2007): schedule features of work and rest for workers of power supply sector
- RA Government Decree N1223-N (2005): workers that can be involved in works with 24 hours working day
- RA Government Decree N1698-N (2010): heavy, harmful, especially heavy and especially harmful productions, works, professions and positions.

Amongst the principles embedded in the Armenian regulatory framework of waste management is protection of human health and environment from adverse effects of waste (RA Law "On Waste", article 6, part 1, point a). This principle is implemented by the mechanisms provided by the legislation. The main legal acts are as follows:

- RA Law "On Waste" (2004)
- RA Law "On Refuse Collection and Sanitary Cleaning"
- RA Government Decision No 874-N "On Approving the List of Hazardous Wastes of the Republic of Armenia" dated 20 May, 2004
- RA Government Decision No 47-N "On Defining Procedure for Waste Passportization" dated 19 January, 2006
- Order No 19-N of RA Minister of Nature Protection "On Defining the Form of Sample Passport of Waste" dated 2 February, 2007
- Order No 342-N of RA Minister of Nature Protection "On Approving the List of Industrial (Including Mining) and Consumption Waste Generated in the Territory of the Republic of Armenia" dated 26 October, 2006
- Order N 430-N of RA Ministry of Nature Protection "On Defining the List of Waste Classified by Risk Level" dated 25 December, 2006
- Order No 112-N of the Ministry of Nature Protection dated 22 August, 2002
- Order N 20-N of the Minister of Healthcare "On Defining Sanitary Rules and Norms N 2.1.7.001-09 "Hygienic Requirements to the Management of Hazardous Waste and Storage and Transportation of Hazardous Chemical Substances" dated 26 October, 2009.

Environmental liability of Hydropower Plants (HPPs) in the Republic of Armenia (RA) may arise from the pollution of the environment that can occur in the two main fields of a HPP's activities i.e. water use and waste management. The main legal acts governing the relationships concerned with water use are as follows:

- The Water Code of RA (2002)
- The RA Law "On National Water Program"
- The RA Law "On the Fundamentals of National Water Policy" (2005)
- RA Government Decision N 1147-N of 28 July 2005 "On the Regulations of Defining Water Standards"
- RA Government Decision N 982-N "of 10 July 2003 "On Approving the Procedure for Use of Absorbent Pits, Exhausted Mines and Open Shafts for Discharge of Wastewater and Drainage Water and Outflow Permission"
- RA Government Decision N 75-N of 27 January 2011 "On Defining the Norms for Securing Water Quality of Each Basin Management Area Depending on the Features of the Specific Area"
- RA Government Decision N 118-N of 14 January 2010 "On Defining The Measures for Application of Advanced Technologies, Improvement of Monitoring, Reduction and Prevention of Pollution of Water Resources"
- RA Government Decision N 927-N of 30 June, 2011 "On Defining Assessments of the Demand of Water Used for Drinking-Household and Agricultural Purposes as well as Environmental Flows for Water Basin Areas of the Republic of Armenia"
- RA Government Decision N 354-N of 13 March, 2003 "On Approving the Procedure for Determination of Quantities and Regimes of Water Intake from Water Resources for Water Users"
- Order of RA Minister of Nature Protection N 464-N of 10 December, 2003 "On Approving the Methodology of Calculation of Allowed Marginal Outflow Quantities Discharged onto Water Resources"

And in addition to what is mentioned above, it is also important to consider Labor and Working Conditions guidelines based on international conventions and instruments, such as the ones pointed out next:

- ILO – Convention on Collective Bargaining

- ILO – Convention on Freedom of Association and Protection of the Right to Organize
- ILO - Convention on Discrimination in Respect of Employment and Occupation
- ILO - Convention on Equal Remuneration for Men and Women Workers
- ILO - Convention on Labor Inspection
- ILO - Convention on Labor Administration
- ILO - Convention on Worst Forms of Child Labor
- ILO – Convention on Minimum Age
- UN – Convention on the Rights of the Child
- ILO - Convention on the Forced Labor
- ILO - Convention on Abolition of Forced Labor
- ICNIRP Guidelines for Limiting Exposure to time-varying Electric, Magnetic, and Electromagnetic Fields
- Stockholm Convention "On Persistent Organic Pollutants" (ratified 2003)
- Basel Convention “On the Control of Transboundary Movements of Hazardous Wastes and their Disposal” (being a party since 1999)
- Convention on the Conservation of European Wildlife and Natural Habitats (Bern)
- Convention on Wetlands of International Importance (Ramsar)
- Conservation of Migratory Species of Wild Animals (Bonn)
- Convention on Biological Diversity (Rio de Janeiro)

6 Social and Environmental Investment Strategy

6.1 Our strategy

ContourGlobal is committed to being a socially responsible company. By this we mean several things: First, the health and safety of our people and the people in the communities where we operate, is our organization's highest priority; Additionally, we believe our workforce is our most valuable asset, and a constructive relationship between employees and senior management is a key component to our success, thus, we embrace fair hiring, employee rights, training, development and retention, and a positive corporate culture; Further, we believe in fostering positive relationships with our stakeholders and local communities where we work, including promoting social responsibility activities that demonstrate our commitment to these communities. Such activities range from education and training to economic empowerment and environmental programs and our engagement in these activities is both formal and informal.

Social Responsibility is part of our everyday life at ContourGlobal and all businesses and functions promote socially responsible behavior. We have adopted global policies to guide us in our actions, namely our Social Responsibility and Environmental Sustainability Policy, our Health and Safety Policy and Human Resources policies. Our Social Investment Strategy (the "Strategy") laid out in this document focuses on our investment and development activities within the communities where we work. The Strategy is intended to communicate the importance of these activities to Business Leaders and employees and provide clarity and guidance to anyone involved in planning and implementing socially responsible initiatives. The Strategy outlines the organization's expectations regarding social investment activities, identifies the key roles and responsibilities required to carry out activities, and describes how to budget, fund, select, manage and document activities that occur in our offices, at our construction sites and in our operating plants around the world.

6.2 Guiding Principles

Our businesses, communities and people are very diverse, and activities and projects should

represent our diversity. Thus, there is no “right answer” in project selection. Each business should consider the needs of the local community or any unique characteristics of the business when identifying the type of activity it wishes to sponsor. Additionally, the business should consider the availability of its workforce to participate in a project as well as annual budget limitations. Some projects might be large, benefiting a large local population. Others might be very small. Some projects might require a substantial time commitment by employees. Others might be purely a donation. What is important is that the projects and activities reflect the business and support the wellbeing of the areas where we operate.

6.3 Expectations

Every office, construction site and operating plant is expected to participate in social investment activities. The type of activity should be defined by the Business Leader and his or her team during the budget process for the upcoming year and should be successfully executed by the end of the following year. Some projects might take several years to complete or we might have an ongoing commitment to a community as a result of our social investment project. In these cases, the total project expenditure should be identified at the start of the project and expenses should be budgeted in each of the years they are expected to occur. The business should combine its own discretion with the needs of the community in identifying the projects it will sponsor but the project should promote one of the following:

- Community investment and sponsorships,
- Employee volunteerism,
- Charitable donations / philanthropy,
- Giving gifts in kind.

Once a project is identified, the local team should complete the 2016 Social Responsibility Project Approval form (Appendix A) and distribute it to the Corporate Sustainability Committee (“the Committee”) for approval. Once approved, the business will report monthly on progress. All activities will be reported in the Social Responsibility Project Tracker on SharePoint and will be reviewed by the Committee.

6.4 Anti-Corruption Policy

It is important to keep in mind that many social investment projects will have some aspect that, whether directly or indirectly, involves working or interacting with governmental officials. Accordingly, we expect that without exception, all social investment projects comply with our Anti-Corruption Policy and Code of Conduct and Business Ethics (“Code of Conduct”). Our Anti-Corruption Policy prohibits making bribes, political contributions, or other third-party payments to government officials to influence officials to take actions favorable to us. Our Policy for Engaging Service Providers, Policy on Non-U.S. Government Official Travel & Entertainment, Gift Giving and Charitable Donations Guidelines and Code of Conduct also provide guidance on gifts and entertainment, interactions with governments, and political contributions and activities.

While it is appropriate to solicit input from local and national governmental authorities as to the needs and priorities of the local communities where we operate, it is not appropriate to allow a governmental authority to select our social investment projects nor it is permissible to provide cash payments to a local governmental authority unless such payment is related to a specific pre-approved project that requires a government agency to execute an official task or function. For example, if a social investment project sponsors the installation of street lights in a country where such installations are done by a government-owned utility, it may be permissible to pay the utility to install and wire the lights provided that the utility issues an invoice containing standard charges, terms and conditions.

When seeking input from governmental authorities on potential social investment projects, sponsors should emphasize to the governmental authority that the final decision about a project is ours and ours alone and that our solicitation for ideas and needs does not mean that we will eventually chose to support such a project.

Given the complexity of the application of local anti-corruption laws and our Anti-Corruption Policy and Code of Conduct to social investment projects, all projects will be subject to compliance review.

6.5 Examples of Activities

Examples of **Community Activities and Sponsorships** include:

- Supporting charity by giving gifts of cash and other forms of assistance in response to appeals by charities and community organizations.
- Partnering with charities and community organizations for sustained involvement in resolving social issues.
- Engaging in activities to support the community by promoting our name in partnership with service / non-profit organizations.
- Supporting communities by donating employee time can be a central part of partnering with charities or local community organizations.

Examples of **Employee Volunteerism** include:

- Releasing employees during paid work time, individually or in teams, for certain amounts of time to undertake specific community projects. This can include visiting schools and making presentations about the environments, mentoring or tutoring.
- Employees may be allowed time to work in service of the community. For example, they may spend allocated and approved time with community organizations such as schools and other service programs to take on roles as trustees and board members of charities.
- The option of giving cash is primarily in support of charity or a commercial activity, but it can also be combined with a partnership with a community organization to promote social investment.

Examples of **Philanthropic Activities** include:

- Giving cash and/or goods to worthy causes and engaging employees by matching employee donations to chosen causes.
- Sponsoring events, arts or clubs. Usually, this is a commercial initiative related to an expectation of a direct business return, such as media coverage or other forms of brand promotion.

- Providing loans below commercial interest rates for community initiatives. For example, for start-up businesses in socially deprived communities.
- Other than giving cash, charitable gifts, such as providing facilities and assets to support the local community are considered giving 'gifts in kind'.

Examples of giving Gifts in Kind include:

- Loaning or providing facilities by allowing a community group to hold a reception or meeting on premises or by providing office accommodations for a community group.
- Giving assets by donating old office equipment such as old computers or goods that are produced by the Company and any other gifts in kind.

6.6 Roles and Responsibilities

There are five key constituents involved in the implementation of our Social Investment Strategy. They include the Corporate Sustainability Committee, Compliance Committee, Sustainability Sponsors (one per site), Business Leaders and ContourGlobal employees. All play a critical role in making sure the goals and objectives are achieved.

| Role | Responsibilities |
|---|--|
| Corporate Sustainability Committee | <ul style="list-style-type: none"> • Multi-disciplined committee formed to ensure all global sustainability objectives are met • Reviews social responsibility goals and objectives for each site, and provides feedback and approval • Approves funding for social investment projects in line with approved annual budgets • Identifies and assesses corporate social investment initiatives and drives implementation of projects in line with approved committee budget • Defines Sustainability KPIs and targets • Reviews monthly sustainability reporting and identifies risks (e.g., project completion, budget variances, reputational risk, etc.) • Defines performance management criteria and incentives for managers with respect to Sustainability objectives • Ensures UNGC principles are communicated and complied with |

| | |
|--|---|
| | <ul style="list-style-type: none"> • Owns relationship with UN Global Compact and reports progress to the UN Global Compact (COP) • Drafts and distributes Annual Sustainability Report and quarterly Social Responsibility Committee status reports • Liaises with Chief Compliance Officer or the Compliance Committee prior to approving social responsibility projects to ensure compliance with our Anti-Corruption Policy and other relevant policies as well as with our Code of Conduct |
| Chief Compliance Officer/Compliance Committee | <ul style="list-style-type: none"> • Reviews all project proposals brought forward by the Corporate Sustainability Committee and assesses risk of violations of our Anti-Corruption Policy; our Non-U.S. Government Official Travel & Entertainment, Gift Giving and Charitable Donations Guidelines; and our Code of Conduct |
| Sustainability Sponsors | <ul style="list-style-type: none"> • Site representative responsible for developing and communicating social investment activities • Works with Business Leaders to develop annual social responsibility goals and forecast required funding • Completes goals sheet and discusses with Corporate Sustainability Committee project status and any issues associated with the project • Liaises with community stakeholders to understand needs and proposed ideas • Coordinates and encourages employee involvement in social investment activities • Documents (through text and pictures) activities and outcomes • Reports social investment activities monthly in the Social Responsibility Project Tracker on SharePoint • Leads and/or actively participates in social investment activities • Participates in periodic Sustainability Sponsor calls to share knowledge and lessons learned and update on local social investment activities |
| Business Leader | <ul style="list-style-type: none"> • Site leader responsible for the successful implementation of social investment projects • Sets annual social responsibility goals for the business or office and identifies appropriate activities • Ensures budget is reserved annually for activities as planned • Reviews monthly activity and informs the Corporate Sustainability Committee on budget overruns and other issues in project implementation • Encourages employee participation • Shares lessons learned and anecdotes with Committee leader for inclusion in semi-annual and annual reports • Participates in social investment activities |

| | |
|-----------------|--|
| Employee | <ul style="list-style-type: none"> • Participates in social investment activities • Recommends social investment activities to the Business Leader and Sustainability Sponsors |
|-----------------|--|

6.7 IFC Subscription Agreement Action Plan

| <u>Task Description</u> | <u>Anticipated Completion Date</u> | <u>Status Point</u> |
|---|---|---|
| <p>1. The Company will establish an E&S management system covering the Company by applying the Sponsor's E&S management system. Specific elements to be established will include:</p> <ul style="list-style-type: none"> (i) Management plans and procedures governing aspects such as waste management, pollution prevention, monitoring water release. (ii) Appropriate E&S team. (iii) Dam safety emergency preparedness and response programs. (iv) Stakeholder engagement plan incorporating a community grievance mechanism. (v) E&S monitoring program. | December 2015 | <p>ContourGlobal has a robust E&S management system implemented globally and we are in the process of implementing this at CGHC under the supervision of our Maritsa plant in Bulgaria plant where we hold ISO 14001 and OHSAS 18001 certification for Environmental and H&S Management.</p> <p>(i) Waste management, pollution prevention and water release monitoring plans are in the review process taking into consideration actions proposed by external study reports (Fichtner Reports). According to Vorotan's EMS implementation action plan, procedures are presently being develop</p> <p>(ii) An EHS Manager has been appointed and started on 2015 November 1st and a Social Responsibility Manager has also been named and started on December 2015</p> <p>(iii) Initial investigation for Dam safety emergency and response has been performed. Emergency rescue equipment is in the process of purchasing</p> <p>(iv) SEP - Stakeholder engagement plan has been adopted with preliminary actions and will be revised with long-term actions by the end of 2016</p> <p>(v) An EMMP is in place and with short-term actions prioritized. The EMMP</p> |

| | | |
|--|--|---|
| | | will also be revised during 2016 to reflect long-term planning and impacts of construction activities on site. A Social Monitoring Plan is in place and includes corporate monthly reporting on social grievances and activity. A more robust and tailored social monitoring plan is under development and will be completed by mid-year. This plan will include our social investment program for Armenia and business specific KPIs (to the extent applicable) based on results in the first six months of the year. The priority items for social management are addressed in the Stakeholder Management plan. |
| 2. The Company will: (i) commission an additional baseline environmental study, including a soil and groundwater investigation for the cascade, and more detailed investigation in the field of safety, and (ii) Finalize the initial E&S improvement programs to implement. | October 2015 | (i) An external Environmental, Health and Safety Audit has been performed by a third party advisor (Fichtner) in the beginning of October 2015. The final report has been issued, including all EHS gaps as per the Armenian regulations, as well as per IFC PS. It contains also a remediation plan, identifying the necessary actions (proposed measures) to bring the sites to compliance - Submitted in December 2015 . The results are also included in our EMMP. (ii) Presently, an E&S implementation plan with improvement measures has been developed and is being implemented. |
| 3. In case the Company decides to conduct a collective dismissal of workers as part of the optimization of workforce for the cascade, it will prepare a retrenchment plan in line with IFC Performance Standard 2 | At least three months prior to the planned retrenchment date | CG has a plan to optimize the organization which includes staff reduction from ~200 to ~150 however we will try to avoid collective dismissal. Our goal is to have as many voluntary separations as possible (including planned retirements). By February 2016 we expect to have a clear view on the number of the 'non-voluntary' separations and prepare a plan as per the Standard 2's requirements |
| 4. The Company will establish a grievance mechanism for | October 2015 | A Workers Union was established and collective agreement is also in |

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| employees of the cascade, either through provisions of the internal grievance mechanism in collective agreements or introducing another transparent and reliable process. | | <p>existence. The Reestablishment of Workers Union is under review by the ContourGlobal Hydro Cascade management.</p> <p>The Grievance Mechanism set forth in the SEP is applicable to employees and all employees will receive training on it.</p> |
| 5. The Company will establish a detailed health and safety conditions improvement plan with due dates and responsible persons for the cascade. | October 2015 | The Health and Safety conditions improvement plan is managed by the H&S team and reported on separately. |
| 6. The Company will review the recommendations on dam safety made by Norplan and Sargent & Lundy / Mead & Hunt and prioritize areas of further study and investment to improve dam safety. | December 2015 | In December 2015 ContourGlobal provided the “Dam and civil structures survey and monitoring plan”. It considers all recommendations on dam safety made by Norplan and Sargent & Lundy / Mead & Hunt, as well as points B, C, D and E from Schedule 6 (Technical Plan) of the Shareholders Agreement. |

APPENDIX A: 2016 Social Responsibility Projects Approved

List of Projects approved for funding under the CSR programs for 2016

CGHC's total allocation under the CSR budget for 2016 is \$100,000. The list below is the first batch of four projects that have been reviewed and approved by the CGHC CSR committee and the CG Global Sustainability committee. Total funding allocated is circa \$68,000, which is about 68% of the total budget. Until July 15, it is planned to review and approve for funding another 3-4 projects to complete the above budget allocation in full. Main areas of the CSR focus will be Education, Health, Environment and Community development / public infrastructure. As for the target groups, CGHC intends to implement CSR projects in each of the 17 communities under its direct impact zone. The below list represents the first 4 communities from the list (Goris, Shaghat, Angeghakot, Tolors).

| Place/Community | Angeghakot community | Goris town | Shaghat community | Tolors community |
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| Project | <i>Refurbishment and renovation of the recreational area and park</i> | <i>Establishing Strategic Partnership with the Goris State University and Assisting the Faculty of Energy and Natural Resources</i> | <i>Upgrading facilities and repairing the roof of the kindergarten</i> | <i>Repair of the drinking water system</i> |
| Overview of the Project | The project aims at: a) Improving living conditions for the people of Angeghakot community; b) Upgrading the standards of Angeghakot community infrastructure. | The project aims at: a) Establishing strategic partnership with the Goris State University (GSU), b) Assisting one of its major teaching departments – Department of Energy and Natural Resources - to upgrade its teaching facilities, c) Providing framework for | The project aims at a) Improving living conditions and community infrastructure of Shaghat community; b) Reducing the H&S and environmental risks for the population of Shaghat community. | The project aims at a) Improving living conditions and community infrastructure of Tolors community; a) Reducing the H&S and environmental risks for the population of Tolors community. |

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| | <p>To achieve these objectives, it is proposed to</p> <p>a) Renovate the central recreational area (630 sqm) of the village in accordance with the pre-approved design. Specifically, the project will renovate the central park lanes, build an open air events space, install benches, children's playground, playing tables, provide green space where trees and flowers will be planted, etc.</p> <p>b) Upgrade the standards of the park, turning it into a healthy, safe and environmentally friendly part of the village.</p> | <p>GSU to have regular internships at CG Hydro Cascade.</p> <p>To achieve those objectives, it is proposed to</p> <p>a) Prepare and sign a memorandum of understanding between the CG Hydro Cascade and the GSU where the major principles of mutual working relations, exchange of information, experience and knowledge sharing on latest technological advancements, summer and winter students internship and other activities will be established;</p> <p>b) Renovate and refurbish the two lecture rooms (total area: 57.5sqm) assigned to the Department of Energy;</p> <p>c) Acquire and install electrical energy producing sample stand for visual display and tests during the lectures. A sample of such stand is attached herewith.</p> | <p>To achieve these objectives, it is proposed to</p> <p>a) Remove the old dilapidated roof (made of asbestos) of the kindergarten and install a new one roof with total area of 325sqm, in accordance with a pre-approved design and modern H&S standards.</p> <p>b) Upgrade the kindergarten facilities to include a dedicated rest and sleeping area for the children (currently combined with common area on the ground floor).</p> | <p>To achieve these objectives, it is proposed to</p> <p>a) Repair the old dilapidated drinking water system, with total length of 135m and 2 deep wells, to ensure adequate quality of the potable water and reliable distribution system, in accordance with a pre-approved design and modern H&S standards.</p> |
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| Stakeholder Assessment | <p>The village of Angeghakot is situated near Angeghakot reservoir that is one of the 5 reservoirs in the Vorotan hydro structures system (map is attached). Geographically, as well as in terms of plant operations, Angeghakot reservoir is part of Spandaryan HPP. The village of Angeghakot is one of the 15 rural communities that fall under direct impact zone of the Vorotan cascade. The population of Angeghakot is 1,830 people, of which 211 children of school and 54 of pre-school age.</p> <p>This project has been identified as one of the major needs of the village community of Angeghakot during a visit by members of the CGHC CSR committee. At the meeting with the Head of the community and his team we discussed what would be the priority areas for Angeghakot. The village does not have an area where the villagers would gather for public</p> | <p>The Goris State University has 1,400 students and 180 staff. One of the biggest department is the faculty of Energy that prepared Mechanical, electrical and other types of engineers. As a major investor in the region we need to establish a good basis of co-operation between the CG and the GSU since most of our future cadre are likely to come from there. The project has been identified during a visit to the GSU by members of the CG Hydro Cascade CSR Committee. At the meeting with the Rector of the GSU to discuss how we should start our co-operation and what would be the priority areas to begin focusing at, the GSU requested assistance for the facilities of the Energy Department. They showed the premises, the poor conditions and the basic teaching tools they now utilize during academic</p> | <p>The village of Shaghat is situated near Spandaryan hydro power plant. It is one of the 15 rural communities that fall under direct impact zone of the Vorotan cascade. The population of Shaghat is 1,040 people, of which 175 children of school and 45 of pre-school age. This project has been identified as one of the major needs of the village community of Shaghat during a visit by members of the CGHC CSR committee. At the meeting with the Head of the community we discussed what would be the priority areas for Shaghat. The village has a kindergarten that is, generally, in a bad shape and where around 50 children are on day-care. Repair of the roof is the most important problem for them since it is an old roof made of asbestos, it leaks water and destroys overall the facility. The asbestos part is</p> | <p>The Tolors community is located at 6km distance from the nearest town of Sisian which is the location of Spandaryan, Tolors and Angeghakot reservoirs. It is one of the 15 rural communities that fall under direct impact zone of the Vorotan cascade. The population of Tolors is 450 people, of which 230 woman. The number of working-age population is 320. The village has a school with 28 children of school age and a kindergarten with 15 children of pre-school age. There is a renovated, furnished first aid post in the village. The population is mainly engaged in agriculture (animal husbandry and crop cultivation). The village has no culture centre. This project has been identified as one of the major needs of the village community of Tolors during a visit by members of the CGHC CSR committee. At the meeting with the Mayor of the community we discussed what would be the priority areas for Tolors. As the Mayor of the</p> |
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| | <p>and community events, activities. The families and youth need a place where to rest and provide recreational activities for the children. The objective of the project is to alleviate the everyday life of the community, provide appropriate environment for the inhabitants to gather and communicate on daily basis. The first visit followed by development of a detailed project proposal, with cost estimates. CGHC General Manager also met with the head of the community and agreed on detailed action plan for implementation of the project, if approved. In addition, a public relations activity dedicated to the project launch has been agreed.</p> | <p>processes. The first visit followed by development of a detailed project proposal, with cost estimates. CGHC General Manager also met with the Rector of the GSU and agreed on detailed action plan for implementation of the project by the start of the new academic year in September. In addition, a public relations activity dedicated to the project and signing of MoU with the GSU has been agreed.</p> | <p>especially dangerous since it is a direct health hazard for children and teachers. The first visit followed by development of a detailed project proposal, with cost estimates. CGHC General Manager also met with the head of the community and agreed on detailed action plan for implementation of the project, if approved. In addition, a public relations activity dedicated to the project launch has been agreed.</p> | <p>community presented, the repair of the drinking water system is one of the most urgent needs of the community.</p> |
| Budget | USD 18,250 | USD 23,690 | USD 15,120 | USD 11,000 |
| Outputs | Families, youth and young-aged children will benefit from the improved conditions for socializing, open-air activities, playgrounds, including not just | The student and the staff of the university will benefit from further strengthening the competitiveness to contribute to the | Families, youth and young-aged children will benefit from the improved conditions of the kindergarten. They will have | Population of the village will benefit from the improved supply and quality of the drinking water. They would have a major health and environmental hazard |

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| | for children but for adult population too (chess and other table games facilities will be created). Overall, this will energize the otherwise deprived population of the village. | development of the hydro energy industry through a mutual academic-industrial collaboration system, future joint projects, better environment for the students studying at the university, provision on-the-job training and facilities for students | a major health and environmental hazard eliminated – asbestos, which has proven to be a dangerous chemical material. Kindergarten staff will benefit from the conditions since this would create opportunities for much improved learning and day-care initiatives. Overall, this will energize the otherwise deprived population of the village. | eliminated – unclean potable meeting. |
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