SPO - Georgia Healthcare Group

Social Financing

Scope ESG Analysis has used its public proprietary methodology to assess the alignment of the Social Bond Framework (Framework) of the Georgia Healthcare Group (GHG) with the 2023 Social Bond Principles (SBP) of the International Capital Market Association (ICMA). Scope ESG affirms that GHG's Framework is fully aligned with the SBPs.

This second-party opinion is based on four Social Bond Principles: use of proceeds, process for project evaluation and selection, management of proceeds, and reporting.

Our methodology adds four dimensions in assessing the 'use of proceeds': an assessment of the issuer's sustainability strategy; an assessment of alignment with the applicable taxonomy; an assessment about the 'impact of proceeds'; and a review of environmental and social risks.

We have assigned GHG's Framework a Transformative Human Score, reflecting strong alignment with social goals, transparent risk disclosure, a defined sustainability strategy, and alignment with the Georgian Sustainable Finance Taxonomy. While the issuance allocates approximately 70% of the proceeds to refinancing completed projects – limiting additional impact - this is balanced by the issuer's relevance in the Georgian healthcare system and the quality of information provided on impact, risks, and sustainability goals, which support the overall assessment.

Table 1: Issuance assessment summary

Scope's criteria	GHG Framework description	Scope ESG Assessment
Use of proceeds	→ Access to essential healthcare services	ICMA-aligned
Process for project evaluation and selection	→ Establishment of a social bond committee comprising key members of the company → GHG has established clear exclusion criteria for the use of proceeds	ICMA-aligned
Management of proceeds	→ Proceeds will be managed and overseen by GHG Finance team → Unallocated proceeds will not finance greenhouse gas emissions-intensive activities	ICMA-aligned
Reporting	→ Annual reporting on the allocation of proceeds until full allocation → Impact indicators include both qualitative and quantitative measures	ICMA-aligned
GHG sustainability strategy	→ GHG developed a sustainability strategy including core KPIs and integrates them into operational decision-making process. → Material sector and geographical issues are addressed by GHG's sustainability strategy	Transformative
Social taxonomy for Georgia alignment	→ The projects are strongly oriented towards the category 'Medical and healthcare services' nearly covering all sub-categories listed → Specific projects from GHG also cover 'Technology innovation and promotion of healthcare' by furthering ICT developments	Taxonomy-aligned
Impact assessment	→ The eligible projects drive meaningful social impact by focusing on key target groups—including vulnerable populations, low- and middle-income individuals, and patients in underserved or remote areas	Significant
Environmental and social risks	→ GHG has identified material risks associated with the projects and developed strategies to mitigate them	Transformative

Scope Human Score Scale

- **Transformative**
- Significant
- Limited
- Negative

Figure 1. Alignment with United Nations Sustainable Development Goals

Figure 2. Engagement with the Social Taxonomy for Georgia

Substantial contribution to the 'Medical and healthcare services' category

+

Promotes development via ICT advancements in the 'Technology innovation and promotion of healthcare' category

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1. Methodology and assessment process

We were commissioned by the issuer to provide a second-party opinion on its Framework. We based our opinion on: GHG's internal documents, interviews with GHG's relevant stakeholders, and documents related to external market/regulatory research.

The Human Score summarises our evaluation and verification of the environmental impact of GHG's Framework. The targets described within each of the social project categories lead to individual Human Scores. In the case of multiple project categories, the aggregate of the scores yields the overall score in our second-party opinion.

Our minimum requirement for SBP alignment is that each social project category of the Framework has a positive social impact, as represented by a 'Limited' (or yellow) Human Score.

Table 2: Sector criteria Human Score

Scoring	Description	GHG projects	Projects criteria
	Outstanding alignment with the SBPs and relevant social taxonomies, exceeding compliance by integrating best practices, innovative solutions, and measurable social impact. The projects significantly address material social issues, with transparent reporting, risk management, and a strong commitment to long-term social resilience.	Development of hospitals in underserved regions	Fully aligned with social goals and national health priorities. Strong institutional capacity, risk management, and clear, large-scale quantitative impact (e.g. patient reach, access metrics) demonstrate long-term social value.
		Development of specialised hospitals and/or services	Fully aligned with national priorities and SBPs. Targets a major healthcare gap with the development of a specialised care centre. Strong institutional capacity and clear quantified benefits.
		Investment in medical equipment	The project demonstrates outstanding alignment with social goals, driving improved healthcare accessibility and diagnostic capabilities through the procurement of advanced equipment like MRI and CT scanners. Quantified impacts in patient care and diagnostic capabilities reflect significant contributions to public health. Best-practice governance ensures transparency and long-term social value.
		Enhancement of healthcare infrastructure	Outstanding alignment with social goals and SBPs, demonstrating measurable impact with quantified improvements in healthcare access, safety, and quality. Strong governance, technical capacity, and risk controls ensure long-term social value, transparency, and sustainability in achieving accreditation goals.
		Expansion and maintenance of medical facilities	The project demonstrates outstanding alignment with social goals and SBPs, providing measurable improvements in healthcare access, patient capacity, and service quality through modernised facilities. Best-practice governance and transparent risk controls ensure long-term social value, sustainability, and environmental considerations.
		Development of the laboratory	The project demonstrates outstanding alignment with social goals, with measurable impacts on disease detection, control, and diagnostic capabilities. Quantified improvements in patient service show a significant contribution to public health. Best-practice governance and risk controls ensure long-term social value, transparency, and optimised operations.
		Emergency response and mobility infrastructure	The project aligns strongly with social goals, improving emergency response times and medical care efficiency. Expanding the ambulance fleet by more than 10% will significantly enhance accessibility to emergency services, especially in remote areas. This contributes to saving lives and reducing hospital pressure, with clear governance ensuring transparency and sustainability.
		Healthcare infrastructure development and digitalization	The project strongly aligns with national healthcare goals, driving significant improvements in operational efficiency and patient care through digital solutions. It addresses key social priorities such as healthcare access and resource optimisation. The project is backed by strong governance, clear impact potential, and robust risk management strategies, ensuring long-term, measurable social benefits.
	Significant alignment with the SBPs with structured processes, clear impact objectives, and strong governance. Projects address key social challenges with measurable benefits, though improvements in transparency, innovation, or risk mitigation could further enhance credibility. The issuer provides ongoing monitoring but may have minor gaps in reporting	Development of hospitals in underserved regions	Well-aligned with social objectives and development strategies. Quantitative indicators show meaningful but moderate impact. Implementation is sound with some safeguards, though data may be less comprehensive, or outcome focused.
		Development of specialised hospitals and/or services	Aligned with key healthcare priorities. Expands access to specialised care and shows potential for high social benefit. Institutional capacity is sufficient for implementation, though some areas may require strengthening or support to handle the complexity of specialised healthcare. Quantitative estimates provided, though impact scope or long-term tracking may be less robust.
		Investment in medical equipment	The project strongly aligns with SBPs, enhancing healthcare accessibility and detection through investments in specialised medical equipment. While the installation of MRI, CT scanners, and other diagnostic tools improves patient care, the lack of clear impact targets limits full quantification of social outcomes. Robust governance supports ongoing improvements.
		Enhancement of healthcare infrastructure	Strong alignment with SBPs and national goals, improving healthcare safety and standards through accreditation. Progress in healthcare access and quality but lacks clear social impact targets or past investment results. Governance and strategy are robust, with manageable implementation risks.
		Expansion and maintenance of medical facilities	The project strongly aligns with SBPs and national health goals, improving infrastructure, efficiency, and accessibility in healthcare facilities. While renovations are ongoing, the lack of clear impact targets or past investment results limits quantifiable social outcomes. Governance and strategy are robust, ensuring continued improvements.
		Development of the laboratory	The project strongly aligns with SBPs and national health goals, improving diagnostic capabilities and timeliness in disease detection. While the MegaLab's services are widely used, the lack of clear impact targets or past investment results limits full quantification of social outcomes. Robust governance supports continued improvements.

		Emergency response and mobility infrastructure	The project aligns with SBPs, enhancing emergency services through fleet expansion. While the increase in ambulances is less than 10% and improves response times, the lack of clear social impact targets limits the full quantification of benefits. Governance supports continued improvements in service delivery.
		Healthcare infrastructure development and digitalization	The project aligns well with national healthcare goals, improving healthcare access and efficiency through digital infrastructure. While it supports social objectives, the lack of clear, quantifiable impact indicators limits the ability to track and measure outcomes fully. Governance is strong, though some risks remain around long-term sustainability.
	Partial alignment with the SBPs, addressing some social challenges but lacking comprehensive impact measurement, transparency, or governance. Risk management is present but limited, and reporting may focus more on outputs than long-term social outcomes. Alignment with social taxonomies or best practices is not fully integrated.	Development of hospitals in underserved regions	Partially aligned with social objectives. Quantitative impact is limited, qualitative, or output based. Broader social value and alignment remain unclear, with institutional or data limitations reducing effectiveness.
		Development of specialised hospitals and/or services	Governance structures or technical capacity are underdeveloped, increasing the risk of delays or mismanagement in delivering specialised services. Partially aligned with social priorities. Supports specialised care expansion, but impact measurement is limited or lacks detail. Quantitative projections are unclear or unverified, and governance structures or technical capacity are underdeveloped, increasing the risk of delays or mismanagement in delivering specialised services.
		Investment in medical equipment	The project partially aligns with social objectives, investing in advanced diagnostic equipment to improve healthcare access, but lacks measurable impact indicators or transparency on long-term outcomes. The focus on urban facilities limits the potential benefits for rural areas, and governance remains basic.
		Enhancement of healthcare infrastructure	Partial alignment with social objectives, where infrastructure upgrades improve processes but lack transparency on impact outcomes. No clear social benefits or measurable targets. Governance and risk management are basic or inconsistent, weakening the long-term effectiveness of accreditation improvements.
		Expansion and maintenance of medical facilities	The project shows partial alignment with social objectives, with facility upgrades improving infrastructure but lacking clear impact metrics. While GHG considers environmentally friendly options, there is limited transparency on social benefits or measurable outcomes from past investments. Governance and risk management are inconsistent.
		Development of the laboratory	The project shows partial alignment with social objectives, with infrastructure improvements and diagnostic enhancements benefiting patients, but lacking transparency on specific impact outcomes. Governance and reporting are basic, limiting the ability to track full social benefits or ensure long-term sustainability.
		Emergency response and mobility infrastructure	The project partially aligns with social goals, expanding the ambulance fleet to improve response times but lacks transparency in long-term impact measurement, with basic governance and unclear impact goals.
		Healthcare infrastructure development and digitalization	The project shows partial alignment with national healthcare goals, improving some aspects of healthcare delivery, but lacking measurable targets and clear social impact indicators. The absence of robust risk management or detailed reporting may limit its long-term effectiveness in delivering social value.
	Lacking clear alignment with the SBPs, social taxonomies, or measurable social impact goals. Projects do not adequately address material social issues, and transparency is minimal. Risk management and reporting are weak or absent, with little evidence of long-term commitment to social sustainability.	Development of hospitals in underserved regions	Misaligned with social objectives and lacks quantitative evidence of impact. Governance and transparency are weak, with no clear metrics or safeguards to demonstrate social value or implementation reliability.
		Development of specialised hospitals and/or services	Misaligned with health priorities or lacking clear social rationale. No evidence of measurable benefits or robust implementation. Institutional capacity is inadequate, with high risks of poor implementation, lack of skilled personnel, or project failure. Quantitative impact is absent, and risks of poor targeting or execution are high.
		Investment in medical equipment	The project shows weak alignment with social priorities, with minimal improvements in healthcare accessibility or diagnostic capabilities. Lack of clear impact reporting or transparency in spending hinders the ability to track social value, and the focus on high-cost equipment may exacerbate disparities in rural areas.
		Enhancement of healthcare infrastructure	Weak alignment with social priorities, showing no meaningful improvements in access or quality of care. Lacks transparency, clear reporting, and safeguards. Social value from refinanced infrastructure investments is unclear, unsupported, or fails to meet accreditation standards.
		Expansion and maintenance of medical facilities	The project has weak alignment with social priorities, showing no meaningful improvements in patient access or care quality. Lack of transparency and clear reporting on impact leads to uncertainty about the social value generated. Environmental considerations are limited or unsupported.
		Development of the laboratory	The project has weak alignment with social priorities, showing minimal improvements in diagnostic services and patient access. Lack of transparency and clear impact reporting makes it difficult to determine the social value generated, and operational risks are not effectively managed.
		Emergency response and mobility infrastructure	The project shows weak alignment with social priorities, with minimal improvements in emergency response. Lack of clear impact measurement and transparency limits social value, and reliance on traditional vehicles may exacerbate environmental concerns.
		Healthcare infrastructure development and digitalization	The project has weak alignment with national healthcare priorities, offering minimal improvements in healthcare access or efficiency. Risks are not effectively managed, and there is insufficient transparency in tracking social value, leading to unclear or unsupported impact.

2. Introduction

GHG healthcare network reaches over 75% of Georgian population

Georgia Healthcare Group (GHG) is the largest healthcare provider in Georgia reaching over 75% of the population. It is part of Georgia Capital, a company listed both in the London Stock Exchange (LSE) and the Georgian Stock Exchange (GSE), and with more than 30 years of experience, it offers the most comprehensive range of inpatient and outpatient services in the country.

The GHG healthcare model consists of a vertically integrated network of hospitals, polyclinics, a large capacity diagnostics laboratory ('MegaLab'), as well as insurances services. The four core services from GHG comprise:

1. **Large and specialty hospitals:** Seven large and specialty hospitals provide multidisciplinary inpatient and outpatient care throughout Georgia.
2. **Regional hospitals and community clinics:** With 27 facilities, GHG offers advanced surgical treatment, diagnostic services and intensive care to patients outside Tbilisi.
3. **Evex polyclinics:** With 16 facilities, these polyclinics offer outpatient diagnostics and specialised treatment services (i.e. haematology, radiology, and ophthalmology).
4. **Diagnostics centre:** MegaLab, the largest of its kind in the Caucasus, is a diagnostic and scientific innovation centre providing advanced testing and medical research.

GHG's facilities offered 2,233 hospital beds, or around 14% of the country's hospital bed capacity, at end-2023, employing 3,892 doctors and serving around 766,000 registered patients, with more than six million tests performed by MegaLab.

Proactive with additional initiatives outside its core business services

Beyond its core activities, GHG integrates sustainability and CSR practices into its business operations. GHG, through a series of programs, is proactive in carrying out different health and social-impact initiatives for patients and its own staff. Initiatives include free medical consultations in underserved and remote mountainous areas, nationwide preventive healthcare campaigns (television and other media) and digital activities, such as creating and integrating the EKIMO platform, to facilitate medical access, in addition to employee training.

Through its social bond, GHG plans to support sustainable practices across its core services and locations. With eight different project categories listed in the Framework, it aims to improve and increase the number of services and enhance the access to quality healthcare. In addition, the projects aim to update current infrastructure by making it compliant with the latest standards, and to invest in medical equipment, digitalisation and mobility.

The Framework will use 70% of the bond proceeds to refinancing capital expenditures (CapEx) of existing projects and 30% to financing new projects. More information is provided in the 'use of proceeds' and 'management of proceeds' sections.

3. Social Bond Principles: assessment of issuance

3.1 Use of proceeds

GHG estimated proceed allocation is 70% refinancing and 30% new projects

GHG's Framework allocates approximately 70% of the bond proceeds to refinancing of capital expenditure for existing projects. These include investments in digital innovation, maintenance of existing facilities, development of new services, regulatory compliance, and other related projects.

The refinanced projects, which are eligible under a maximum seven-year look-back period, continue to deliver social benefits and contribute to improved healthcare access and quality. Originally undertaken to strengthen and modernise healthcare infrastructure in Tbilisi and regional areas, these projects have played a significant role in expanding access to essential healthcare across Georgia improving the customer experience and simplifying access to care. Some of the challenges they aim to address include healthcare accessibility, reduction of patient relocation, improvement of out-patient experiences and to obtain the required international accreditations.

The company plans to use the remaining 30% of proceeds to finance new projects, including a new oncology centre in Tbilisi and the expansion of outpatient projects across the country. These projects primarily fall under the category of 'Development of specialised hospitals and/or services', the 'Investment in medical equipment', and the 'Emergency response and mobility infrastructure'.

While some projects do not include measurable impacts, GHG expects approximately 80,000 new patients to benefit from these initiatives annually, in addition to the existing patients covered under the Universal Healthcare Coverage (UHC) program. With its eligible projects, GHG is targeting:

- Low- and middle-income populations
- Patients in underserved and remote areas
- Vulnerable groups and chronic or severe conditions
- Elderly people and vulnerable youth
- Individuals with specific physical and/or mental conditions
- General public and healthcare professionals

Table 3: GHG access to essential services eligible projects

Access to essential services project	Framework description	Human Score
Development of hospitals in underserved regions	→ Financing the initial development and major renovations of hospitals in underserved regions to establish modern medical facilities, ensuring access to essential healthcare and additional services that were previously unavailable.	Transformative
Development of specialised hospitals and/or services	→ Development, expansion, and enhancement of specialised hospitals and medical services, ensuring greater access to advanced and high-quality healthcare. → This includes funding for the construction, renovation, and modernisation of specialised medical centres, such as oncology facilities, which play a critical role in providing comprehensive cancer diagnosis, treatment, and long-term patient care.	Transformative
Investment in medical equipment	→ Procurement of medical equipment, including MRI scanners, CT scanners, ultrasound machines, and other diagnostic tools, ensuring access to advanced medical technologies.	Significant
Enhancement of healthcare infrastructure	→ Investments in capital expenditures related to hospital buildings to comply with newly implemented regulatory and international standards, such as accreditations and quality improvements, ensuring enhanced patient safety and service delivery.	Significant
Expansion and maintenance of medical facilities	→ Planned upgrades, maintenance, and expansion of existing hospitals and clinics within the company to improve service accessibility, efficiency, and patient capacity	Significant
Development of the laboratory	→ Funding for the construction and development of the MegaLab, ensuring state-of-the-art testing services and improved disease diagnostics.	Transformative
Emergency response and mobility infrastructure	→ Acquisition and maintenance of vehicles primarily for emergency-related business operations, enhancing response times and medical accessibility in critical cases.	Transformative
Healthcare infrastructure development and digitalization	→ Investments in digital and infrastructural healthcare solutions to improve operational efficiency and patient experience. → Further investments in the Vabaco and EKIMO systems, expanding telemedicine capabilities and digital patient management and renovation of administrative facilities.	Transformative

The **development of hospitals in underserved regions** project category has been awarded a Transformative Human Score, reflecting GHG's commitment to the target population of patients in underserved and/or remote areas via financing and refinancing upgrades of existing hospitals and the creation of new healthcare services. Although GHG has a strong presence in the three major cities of Georgia (Tbilisi, Batumi and Kutaisi) which represent around 40% of the population[1], it also provides its services in other 26 locations across the country.

Commitment towards patients in underserved and remote areas

A portion of the proceeds in this project category will be allocated to refinancing capex for projects already undertaken since 2019, including major renovations and upgrades of hospitals, aimed primarily at low- and middle-income populations. While high-income individuals, particularly in Tbilisi, may also benefit, most of the investments are directed toward underserved regions such as Zugdidi and Telavi. In addition, GHG intends to refinance the acquisition of the Khashuri and Kareli hospitals from 2018, both located in underserved areas. The purpose of these acquisitions was to provide and improve access to quality healthcare, allowing local people to receive treatment without the need to travel longer distances or to the capital.

The renovation of existing facilities began in 2019 and continues today, reflecting the complexity and capital intensity of such improvements. Newly implemented requirements introduced in 2023 were finalised end-2024. These upgrades continue to provide patients with improved or entirely new high-quality healthcare options, thereby increasing healthcare accessibility in Georgia.

Initial results of these improvements are visible. For example, the increase in hospital-bed occupancy rate in regional and community hospitals increased to 58% at end-2024 from around 44% a year earlier.

The **development of specialised hospitals and/or services** project category has also been awarded a Transformative Human Score, reflecting GHG's commitment on strengthening the healthcare system in Georgia via the development, expansion and enhancement of specialised medical services. With this project category, GHG is aiming to direct most of the 30% share of the proceeds for financing to the development of an oncology centre in Tbilisi.

Seven large, specialised hospitals in Tbilisi, Kutaisi and Batumi

Currently, GHG's hospitals in Tbilisi do not provide oncology services, and comprehensive cancer care is available only in Kutaisi. This investment will significantly improve access to advanced cancer treatment nationwide and prevent one of the top leading causes of death in Georgia. Preliminary estimates conducted by the company expect that with the completion of this project, more people will have access to oncology related services and treatments, reaching between 18,000-26,000 new service offerings per year.

The **enhancement of healthcare infrastructure** project category has obtained a Significant Human Score, based on GHG's commitment to adapt with national (e.g. the Action plan for the development of the unified health system – Sept. 2023[2]) and international standards. With this project category, GHG plans to invest in overall enhancements to its infrastructure, focusing on patient safety, quality controls and accreditations.

A significant portion of the proceeds allocated to this category will be used to refinance capital expenditure related to past infrastructure investments. Between 2019 and 2024, GHG made substantial upgrades across its healthcare facilities to ensure all hospital buildings and medical facilities underwent necessary accreditation and re-accreditation processes. These investments were undertaken to ensure compliance with updated Georgian regulations and to match international best practices. The company has already obtained all necessary accreditations on its facilities.

Major investments between 2019-2024 include accreditation processes

The refinanced projects include improvements in fire safety, infection control measures, and emergency preparedness, as well as enhancements to overall patient experience, such as regular staff training on safety practices, emergency protocols and ethical standards of care. These efforts contributed to stronger internal processes and a higher standard of healthcare delivery.

[1] National Statistics Office of Georgia, Population and Demography, 2025, geostat.ge/in

[2] Government of Georgia, Resolution No. 261, September 2023 , moh.gov.ge/medi.php?uid=20231205213303171009843 5&lang=1

Some examples of the international accreditations achieved include: Joint Commission Accreditation (JCI) and American Accreditation Commission International (AACI) for large and specialty hospital; Kooperation für Transparenz und Qualität im Gesundheitswesen (KTQ) accreditation for regional and community hospitals (denominated as 'Georgian Clinics'); ISO 9001:2015 certification carried out by TÜV Austria for the Evex chain of polyclinics, and both JCI and to a defined scope ISO 15189:2012/2015 for the MegaLab.

The **expansion and maintenance of medical facilities** project category receives a Human Score of Significant. This project goes in line with the previous one, however it targets different aspects within the medical facilities and infrastructure. GHG is committed to provide medical services of high quality for which regular updates and building maintenance are needed. Considering that GHG was founded in 1990 and many of its initial hospitals require updates to be modernised in order to improve patient capacity, efficiency and accessibility, this category has been one of the highest in project investment value since 2019 and is an ongoing investment for the group.

Projects that are covered in this category include construction, renovation and/or modernization works of its building's infrastructure. The proceeds will be to refinance part of these past investments in facility upgrades and maintenance, supporting the continued improvement of GHG's medical infrastructure. Even though structural elements of hospitals and other medical facilities might have a relatively high lifespan (i.e. foundations or exteriors), renovations due to regulatory updates, technological advancements or operational needs (i.e. internal systems, IT or mechanical aspects) are needed to be carried out more often and are an intrinsic part of healthcare facilities costs. While doing such maintenance and renovation works, GHG takes into consideration environmentally friendly options and tries to implement them if possible. For upcoming renovation projects, the use of energy efficient lighting and modern low-energy consumption medical devices are examples that are considered on being implemented.

With these projects, GHG doesn't target a particular group rather overall improvements in public health and better patient experience. Indirectly however, through these renovations the group enhances the accessibility to more modern installations, better equipment, and lessens the need of patient relocation.

The **development of the laboratory** project category achieves a Transformative Human Score, as GHG intends to allocate social proceeds toward the funding and optimisation of their MegaLab.

GHG has the largest diagnostics laboratory in southern Caucasus

The MegaLab, constructed in 2018, and now being refinanced through the social bond, is the first and biggest laboratory in the Southern Caucasus region which offers a wide range of diagnostics covering from basic to complex tests such as genetic and/or molecular; in addition, it also conducts research services for all patients in Georgia. The laboratory served 808,000 patients and carried out 2.7 million tests in 2024, up from 779,000 patients and 2.5 million tests the previous year. The laboratory conducted around 17,000 different studies last year.

Social benefits from this project category are mostly targeted at improved disease detection and control, advanced diagnostic capabilities, and improved timeliness.

The **investment in medical equipment** project category receives a Significant Human Score, reflecting GHG's plans to procure specialised medical equipment and advanced technologies. This goes in line with the social benefits of improved healthcare accessibility, detection and control with advanced diagnostic capabilities.

Investment in new equipment such as an MRI machine in Tbilisi

To align with this target, the social proceeds will support expenditure on heavy medical equipment including MRI and CT scanners, ultrasound machines and other diagnostic tools. Due to the high costs (including qualified personnel and maintenance), the availability of advanced medical imaging technologies varies significantly between urban and rural areas, and is influenced by different factors like infrastructure, population needs, government investment, and private sector involvement. GHG has installed these specialised machines and provides related services in the main cities and where large and/or specialised hospitals are located, such as the West Georgia Medical Centre in Kutaisi. Around one-third of the capital expenditure of medical equipment is allocated to new equipment, while the remaining is for maintenance

The **emergency response and mobility infrastructure** project category achieved a Transformative Human Score, as GHG intends to allocate social proceeds toward the acquisition and maintenance of emergency response related vehicles.

GHG plans to increase its ambulance fleet by around 15% by 2030

Investing in emergency response vehicles such as ambulances, would improve the speed and efficiency of medical care during emergencies, potentially saving more lives, especially in remote areas of Georgia. Faster response times would also alleviate pressure on emergency departments, enabling hospitals to treat a greater number of patients. GHG currently has a fleet of 65 emergency vehicles which, through the use of proceeds, is expected to reach 75 by 2030. Although the group is conscious of the environment, due to a lack of charging infrastructure in the country, hybrid or electric vehicles are not considered at this stage.

The **healthcare infrastructure development and digitalization** project category receive a Transformative Human Score. Investments in digital and infrastructural healthcare solutions are key in modern world, GHG is planning to allocate a part of the proceeds in order to improve operational efficiency and patient experience.

A portion of the proceeds under this category will be used to refinance capital expenditure already invested in digital healthcare platforms and infrastructure upgrades. These projects have already been implemented and continue to actively support the group's healthcare delivery model.

Leading in innovation with their EKIMO application

To streamline healthcare process, improve communications and optimise resource allocation, GHG is targeting investments in digital solutions like VABACO or EKIMO. These two systems, alongside other telemedicine capabilities, facilitate patient access to medical treatment across GHG's digital healthcare platforms. Noteworthy figures from the applications reflecting improved connectivity and promptness of medical care: EKIMO had over 460,000 downloads and over 190,00 active users at end-2024. Vabaco, which GHG uses as its internal software system, enables healthcare personnel to correctly track and manage patient information, involving more than 215,000 patients using the laboratory, 1.5 million in polyclinics, 600,000 in large and specialty hospitals, and around 900,000 in clinics.

Use of proceeds score: **Significant**

Our assessment: GHG's eligible projects have an aggregated Significant Human Score, as the projects are clear, relevant for the target population, provide significant social benefits and comply with the SBPs. However, there is a lack of detailed information about the projects in terms of size, location, expected tangible results and the amount of proceeds directly assigned to them considering that around 70% will be used for refinancing. We note the relevance and importance of these projects in the region with a continued social impact on healthcare services. However, these projects do not necessarily aim to increase coverage beyond the current 75% level, but rather to improve the number of services available, which contributes meaningfully to the health system strengthening. The absence of clear quantifiable targets limits the projects' transformative potential at a national scale.

3.2 Process for project evaluation and selection

Establishment of a social committee

GHG has established a Social Bond Committee (SBC) responsible for defining, evaluating and selecting projects which will be implemented by the social bonds issued under the Framework. The social committee consists of the Head of Corporate Reporting and Analysis, Director of Hospitals Development and Project Management Department, and an Environmental and Social expert which will meet at least once a year.

Additional responsibilities of the SBC include reviewing that the projects comply with applicable national laws and regulations and excluding those projects which no longer comply or those which have anticipated negative risks without proper mitigation measures in place. Beyond project selection, the social committee is also responsible for monitoring and identifying environmental and social risks associated with the projects.

Exclusion criteria set for eligible projects

GHG has established clear exclusion criteria for the use of the social proceeds. Funds will not be allocated to projects related to nuclear or fossil-based energy, environmentally harmful resource extraction, gambling, tobacco and research or development related to weapons and defense.

Our assessment: The process for project evaluation and selection has a Transformative Human Score as GHG has established a systematic project selection process, including social and environmental considerations and a defined exclusion criteria to reduce negative environmental impacts.

Process for evaluation and selection score: **Transformative**

3.3 Management of proceeds

The social bond proceeds will be managed and overseen by GHG's Finance team in a separate register. This register will contain relevant details to identify each eligible project and will serve as the basis for allocation and impact reporting.

GHG aims to allocate the net proceeds of each tranche within 36 months of the issuance date. As defined in the Framework, 70% of the net proceeds will be used for refinancing while 30% for investments in the different project categories listed.

Majority of the proceeds intended for refinancing

Any unallocated proceeds will be invested in cash and/or cash equivalents. GHG has stipulated that these unallocated proceeds will not finance greenhouse gas emissions-intensive activities or any other activity that would be inconsistent with the Framework and its objectives.

Our assessment: GHG's management of proceeds has a Transformative Human Score as the issuer has a system in place to manage and track the investments, including criteria for unallocated proceeds. GHG is transparent on the temporary placement of unallocated proceeds and while they are not dedicated to ESG/green products they do avoid intensive greenhouse gas polluting activities or others that would conflict with the social Framework.

Management of proceeds score: **Transformative**

3.4 Reporting

GHG is committed to providing annual reporting to investors describing the allocation of the proceeds and the social impact of the projects until the full allocation of the bond proceeds. The reports will be available on GHG website.

Annual reporting until bond maturity

GHG will report on the allocation of net proceeds to the eligible social projects within one year of the issuance. In addition, the allocation report will include the metrics detailed in the table below:

Table 4: Allocation report indicators

Allocation report indicators
Total amount of social bonds issued
Amount and share of refinancing and new financing
Size of eligible social portfolio, per eligible category
Amount of proceeds allocated to eligible social projects, including a brief description
Total balance of unallocated proceeds

In accordance with the 2021 Harmonised Framework for Impact Reporting, GHG has committed to provide annual reporting on selected impact indicators to illustrate the social impacts of the projects which the proceeds have been allocated.

Due to the links between the different project categories within the healthcare sector, some indicators might apply for multiple projects. GHG recognises this and the existence of a certain level of aggregation among the indicators. **Table 5** shows the impact reporting classification as disclosed in the Framework.

Indicators for the projects at an aggregate level

Table 5: Impact reporting indicators

Eligible category	Potential output indicators	Potential impact indicators
Access to essential healthcare services	Number of patients benefiting from healthcare or medical treatment	Improved healthcare accessibility
	Bed occupancy	Reduced mortality and increase in life expectancy
	Number of individuals provided with Universal Healthcare Program	Improvement in quality of life
	Number of children benefiting from paediatric care	Improved responsiveness of healthcare system
	Share of female employees	Improved connectivity of healthcare system
	Live births in hospitals	Improved timeliness or promptness of care
	Number of people vaccinated	Improved public health
	Number of tests performed	--
	Number of beneficiaries receiving access to e-health services	--

Our assessment: GHG's reporting process has a Transformative Human Score as the issuer is committed to provide updated information on the use of proceeds with comprehensive details on the eligible projects on annual basis. Impact reporting is highly transparent, utilizing both qualitative and quantitative measures and the issuer is willing to adopt best practices by including an external verifier, although not mandatory.

Reporting process score:
Transformative

4. Assessment beyond SBPs

4.1 GHG sustainability strategy

Integration of sustainable and CSR practices in their core business

GHG as a healthcare provider is committed to the wellbeing of its patients. From a business perspective, it is the largest service provider in the country covering three-quarters of Georgia's population and a 14% market share by number of hospital beds[3]. It has ambitious medium to long-term goals which are aimed at improving key operations, the quality of projects, digitalisation and adding new services. However, GHG business strategy also integrates, wherever possible, sustainability and CSR practices into its core business operations backed by a sustainability strategy and an Environmental and Social Policy adopted by the Board of Directors.

Formalisation of a sustainability strategy with 2030 targets

GHG recently formalised a sustainability strategy focused on long-term impact, targeting measurable improvements in healthcare access, environmental performance, and operational resilience. The strategy includes core key performance indicators (KPIs) across five strategic pillars to be achieved by 2030 as seen on **Table 6**.

Table 6: GHG's core KPIs

Strategic Pillar	KPI
Human Capital & Social Impact	30% annual training rate for medical staff each year through 2030
Environmental Stewardship	15% reduction in scope 1 emissions per patient by 2030
Waste Reduction & Efficiency	10% reduction in medical waste per patient by 2030
Patient Admission	15% increase in patient admissions in regional hospitals by 2030
Occupancy Rates	10% increase in bed occupancy rates in regional hospitals by 2030

These KPIs will be tracked on a monthly basis and integrated into the operational decision-making process.

Presence of an Environmental and Social policy applicable to all entities

Separately from its sustainability strategy, GHG with its Environmental and Social Policy recognises potential negative impacts of its activities and infrastructure. The policy not only lists the Group's sustainability commitments but also describes environmental and social risk management procedures to mitigate such potential impacts. The procedures are divided into transaction categorisation and qualification, evaluation and control, and monitoring and reporting. This is complemented by the KPI-specific action plans outlined in the strategy, which detail implementation pathways for staff training, digital consultations, waste reduction, and hospital resource optimisation.

GHG addresses social aspects through different means. Considering that GHG's primary role is on healthcare, via different educational campaigns and wellbeing initiatives it has promoted public health and increase awareness towards diseases that affect the Georgian society. For 60% of the population not living in the three main cities but in other, sometimes remote, mountainous regions, GHG facilitates free medical check-ups and screenings via regular specialist visits, helping to reduce regional disparities in healthcare access. Lastly, it demonstrates its commitment by investing in medical training for its employees promoting their development and overall medical education through institutional collaboration, now reinforced by the 30% annual training KPI commitment.

On the environmental side, GHG adheres to national legislative requirements which apply to all hospitals, clinics, laboratories, infrastructures and personnel. Additionally, GHG undertakes green oriented projects that are aimed at their hospitals becoming more environmentally friendly; such is the case of their digitalization process to reduce paper waste or additional waste management practices to reduce medical and biological waste which reflect a reduction from 762 tonnes in

[3] Georgia Healthcare Group, Financial results, ghg.com.ge/en/presentations

2023 to 250 tonnes in 2024[4]. These existing actions are now supported by the sustainability strategy's goal of reducing medical waste per patient by 10% by 2030, along with emissions and efficiency targets. Although, most environmental KPIs are linked to the impact reporting from the Framework, they still reflect how the Group tracks their progress and overall sustainable impact.

GHG's sustainability strategy score: **Transformative**

Our assessment: GHG's sustainability strategy scores a Transformative Human Score. We recognise the efforts being made by the company in the regional context, its commitment to sustainable practices, the creation of a sustainability strategy (with targeted KPIs) and the integration of these practices into its core business operations. The issuer has stated it will track its KPIs on a monthly basis, carry out formal reviews to its policy and strategy, and provide regular updates to its shareholders. Lastly, the parent company – Georgia Capital – has an established sustainability strategy and publishes an annual sustainability report where GHG also reports ESG-related data and contributes to GCAP disclosures at group-level.

4.2 Alignment with UN Sustainable Development Goals (SDGs)

GHG's project categories tied to six relevant SDGs

The SDGs adopted by all UN member states in 2015 are a collection of 17 global targets comprising an agenda for achieving sustainable development by 2030. We deem the following six[5] SDGs to be relevant for GHG's project categories:

3. **Good health and well-being:** ensure healthy lives and promote well-being for all at all ages.
4. **Quality education:** ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.
8. **Decent work and economic growth:** promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.
9. **Industry, innovation, and infrastructure:** build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.
10. **Reduced inequalities:** reduce inequalities within and among countries.
12. **Responsible consumption and production:** ensure sustainable consumption and production patterns.

Appendix I lists the relevant indicators for assessing GHG's contribution to each SDG. The contribution to the SDGs can be quantified in post-issuance impact reporting. GHG did not provide specific indicators for measuring its contribution to each SDG, however we acknowledge that certain indicators from the allocation and impact reporting can be used for this purpose.

4.3 Social taxonomy for Georgia alignment

Georgia has its own Sustainable Taxonomy

Georgia's Sustainable Finance Taxonomy, approved by the National Bank of Georgia (NBG) in August 2022[6], is a classification system designed to identify economic activities that contribute to environmental and social objectives. The taxonomy is part of Georgia's broader Sustainable Finance Roadmap, and outlines actions to integrate ESG considerations into financial decision-making and reporting. It includes two key appendices that provide categorical classifications and criteria for green and social investments.

Taxonomy alignment with healthcare, social-related services

Appendix II, which focuses on the Social Taxonomy, is designed to identify activities contributing to social objectives, especially those benefiting target populations. The primary objective of the Social Taxonomy is to encourage investments in sectors that address social challenges and improve well-being, aligning with Georgia's sustainable development goals. It covers five different sectors including: affordable basic infrastructure, healthcare and social related services, financing and financial services, food security, and lastly, education-technology-culture and fitness,

[4] Georgia Healthcare Group, GHG at a glance, ghg.com.ge/en/social-responsibility

[5] GHG's Framework does not allude SDG 10 to be material to this Framework. Scope Second-Party Opinions map the eligible social category with a high relevance for SDGs rather than those with a high degree of alignment or positive achievement.

[6] National Bank of Georgia, Sustainable Finance Taxonomy for Georgia 2022, nbg.gov.ge/en/page/sustainable-finance-taxonomy

establishing guidelines for classifying activities under these sectors and providing references in order to produce positive social outcomes.

GHG's Framework and its eligible projects take into consideration the taxonomy and its social aspects. The target population focuses on strategical groups for which they can provide the largest impact as well as social benefits. The groups which GHG is targeting are patients in underserved and remote areas, vulnerable groups with chronic or severe conditions, elderly people and vulnerable youth, individuals with specific physical and/or mental conditions, low-and middle-income populations and overall general public health and healthcare professionals.

In the Social Taxonomy group related to healthcare, the eligible projects that are defined in GHG Framework fall into two categories ('medical and healthcare services' and 'technology innovation and promotion of healthcare') and six out of the eight sub-categories that are applicable. Our assessment concludes that the projects, target population and social benefits that are intended with the use of proceeds are aligned with the social impacts listed in the taxonomy.

The project categories of GHG's Framework and its alignment to the taxonomy activities are outlined in the **Appendix II**.

Our assessment: GHG demonstrates compliance with the Georgian taxonomy requirements, providing the required information to verify alignment with the criteria set for the relevant category of 'healthcare and related social services'. The issuer provides robust evidence to support this alignment via preexisting projects, documentation, the listed projects and the target populations mentioned in the Framework. For this, we assigned a Transformative Human Score.

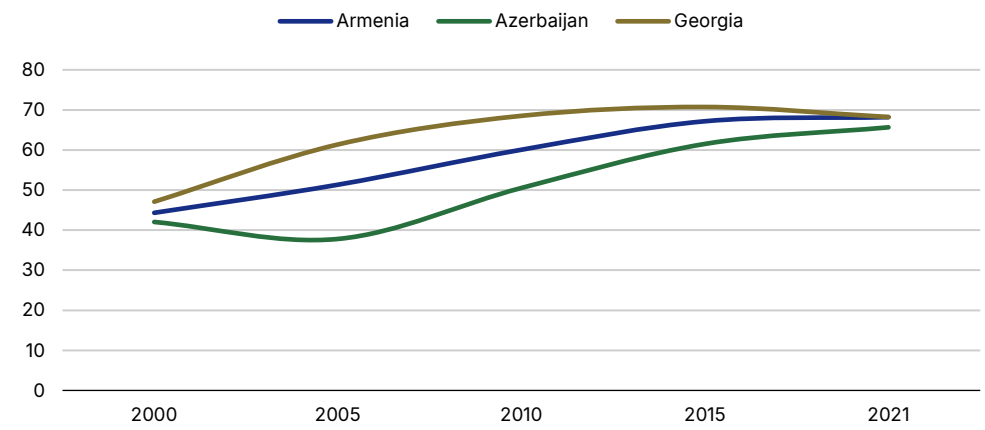
Taxonomy alignment score: **Transformative**

4.4 Impact of proceeds

Georgia's healthcare system has undergone significant reforms since the late 90s, aiming to expand access and reduce financial barriers to quality care. The introduction of the Universal Healthcare Coverage (UHC) programme is central to these efforts, with government spending on healthcare programs amounting to around USD 2.7bn over the past decade[7].

Georgia invests around 8% of GDP in healthcare

Figure 3: Evolution of UHC Index (SDG 3.8.1) in the Caucasus region



Source: World Healthcare Organization, 2025[8]

Although the Index, using World Health Organisation (WHO) data based on the SDG 3.8.1, ranks the highest compared with peers in the Caucasus region, the healthcare system in Georgia is predominantly private, with approximately 80% of hospital beds owned by private-for-profit entities. Despite improvements in accessibility, use of primary healthcare services remains low,

[7] World Health Organization, Country story – Georgia, 2020, who.int/countries/geo/

[8] World Health Organisation, UHC Service Coverage Index (SDG 3.8.1) & Global Health Expenditure, 2025, apps.who.int/nha/database/Select/Indicators/en; who.int/data/gho/data/themes/topics/service-coverage

with outpatient contacts per person standing at 4.0 in 2021, compared with 7.0 in the European Union[9] mostly due to lack of access and costs.

Table 7: Caucasus region healthcare overview

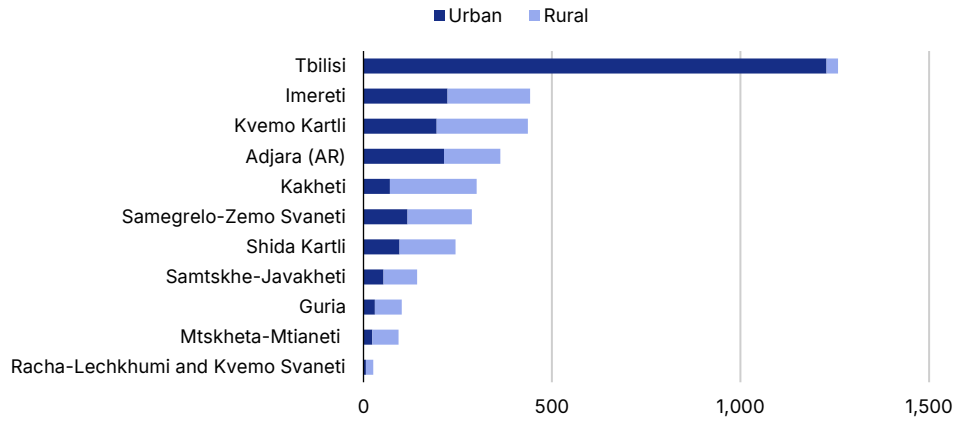
Country	Population	Hospitals	Hospital beds	Doctors	Nurses
Armenia (2023)	2,689,438	125	12,480	13,943	16,130
Azerbaijan (2024)	10,180,800	338	38,200	33,600	55,600
Georgia (2024)	**3,704,500**	**243**	**15,350**	**24,428**	**21,468**

Sources: Statistical Committee of the Republic of Armenia, 2023[10] ; State Statistical Committee of the Republic of Azerbaijan, 2024 [11]; National Statistics Office of Georgia, 2024[12].

Georgia has the highest number of doctors compared to its peers

In socioeconomic and demographic terms, with nearly 3.7 million inhabitants as of year-end 2024, Georgia has a highly concentrated population among its three main cities: Tbilisi (33.5%), Batumi (4.2%) and Kutaisi (4.0%)[13]. It faces challenges through its constant decrease in the population, a relatively high dependency ratio (25.1% in 2024)[14] which implies a higher need for healthcare services for this age group, the lack of access for people living in remote regions, and 11.8% (in 2023) of the population living under the absolute poverty line[15].

Figure 4: Population distribution by region (2024)



Source: National Statistics Office of Georgia, 2025[16]

I. Development of hospitals

75% coverage rate with 51 different medical facilities across Georgia

Georgia's reforms have been aimed at strengthening primary care, making it more accessible to all population regardless of income, but there is still a considerable percentage of the population that is not covered by the UHC, that relies on out-of-pocket payments to cover their medical expenses and/or due to their location, are still highly dependent on the medical services provided in urban areas. Tackling the challenges mentioned above, two of GHG's eligible project categories defined in the Framework are aimed at the development of general hospitals and specialised medical facilities, in urban and rural areas. The projects are not intended to increase the 75% coverage as the proceeds are mostly for refinancing investment, but rather to modernise and

[9] European Observatory on Health Systems, Health systems in action: Georgia, 2024, eurohealthobservatory.who.int/publications/i/georgia
[10] Statistical Committee of the Republic of Armenia, Health systems, Disease and Healthcare, 2025, https://www.armstat.am/
[11] State Statistical Committee of the Republic of Azerbaijan, Healthcare development and medical staff, 2025, https://www.stat.gov.az/
[12] National Statistics Office of Georgia, Regional statistics, 2025, geostat.ge/en
[13] National Statistics Office of Georgia, Population and demography, 2025, geostat.ge/en
[14] National Statistics Office of Georgia, Population and demography, 2025, geostat.ge/en
[15] National Statistics Office of Georgia, Living conditions, 2025, geostat.ge/en
[16] National Statistics Office of Georgia, Population and demography, 2025, geostat.ge/en

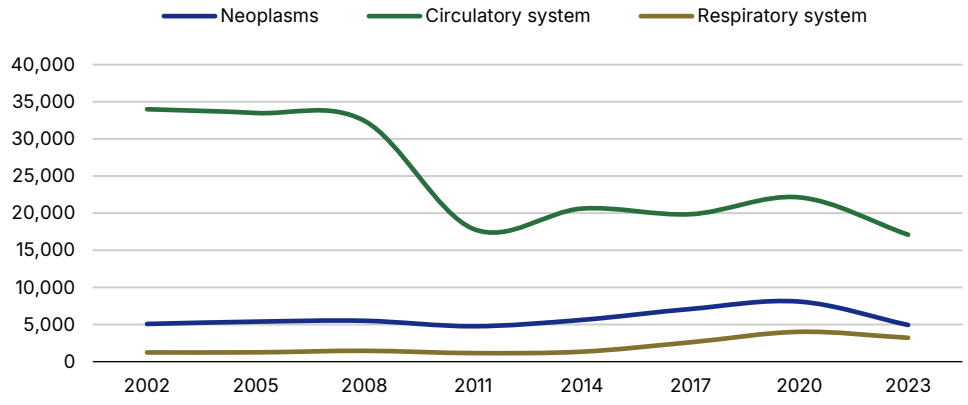
increase the number of overall services, thus enhancing the access to quality care (**Figure 5** shows the geographical coverage of GHG in the country by type of healthcare facility).

Figure 5: Geographical coverage of GHG

Source: Georgia Healthcare Group, 2025[17]

GHG plans for specialised hospital development include the opening of an oncology centre in Tbilisi in 2025 and expansion of the centre in Kutaisi, thus investing in treatment facilities to address cancer, one of the leading causes of death in Georgia, and expanding out-patient care services. In 2019, 10,339 people were diagnosed with cancer, and cancer accounted for around 12% of the total deaths[18]. According to GeoStat, neoplasms (abnormal tissue growths, which when malignant are cancerous) rank among the top causes of death in the country.[19] Given the disease burden, greater involvement in cancer care, including the expansion of screening programmes and oncology centres, is essential to improving survival rates.

Figure 6: Top leading causes of death in Georgia



Note: Excluding unclassifiable deaths / Source: National Statistics Office of Georgia, 2025[20]

Noteworthy, recent changes in the medical healthcare system and both private and public investments, have resulted in a higher number of specialised services for early identification and treatment of cancer. As shown in **Figure 7** and excluding the outlier of 2020 due to certain

Increased awareness and diagnostic opportunities against cancer

[17] Georgia Healthcare Group, Geographic coverage, 2025, ghg.com.ge/en/geographic-coverage

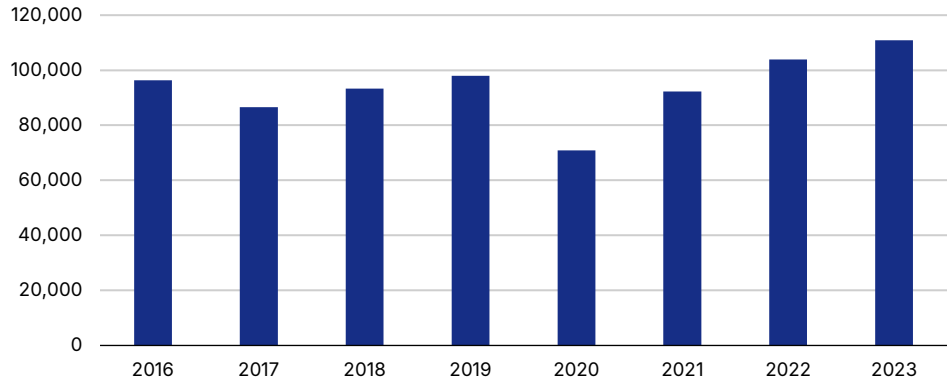
[18] Survival from five common cancers in Georgia, 2015-2019 (CONCORD), 2022.

[19] National Statistics Office of Georgia, Number of deaths by chapters of ICD-10, 2025, geostat.ge/en/modules/categories/320/deaths

[20] National Statistics Office of Georgia, Population and demography, 2025, geostat.ge/en

limitations (Covid-19 period), in the past two years the number of patients that received early screenings increased to over 100,000 for the first time, this is also reflected in the lower mortality rate trend shown on the previous chart.

Figure 7: Number of beneficiaries screened for malignant neoplasms in different localisations



Source: National Statistics Office of Georgia, 2025[21]

Georgia has a limited number of oncology centres that offer a full spectrum of services - including prevention, diagnostics, surgery, radiation, chemotherapy, and palliative care. However, most of these facilities are centralised in Tbilisi and Kutaisi, creating a regional disparity in access to cancer care for patients living outside these urban centres. While GHG's new upcoming oncology centre will also be located in Tbilisi, its development is expected to significantly strengthen the country's overall capacity to treat cancer, while also relieving pressure on existing facilities and improving patient flow and treatment timelines.

II. Investment in healthcare infrastructure and medical equipment

Investments in infrastructure are expected to benefit 80,000 patients per year

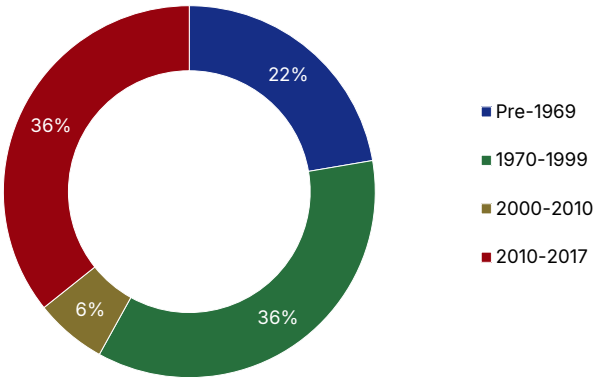
According to GHG, a sizeable percentage of the proceeds will be allocated to upgrading imaging equipment such as CT scanning machines, MRI systems, ultrasound machines, and other related advanced diagnostic imaging technologies. Investing in advanced medical equipment such as these would significantly improve diagnostic accuracy and early detection of diseases, reducing long-term healthcare costs and improving patient outcomes.

In addition, GHG plans to continue carrying out infrastructural upgrades that will not only comply with newly implemented national regulations but will also help align healthcare services with EU standards, a priority for the country's ongoing reforms. Given that many hospitals in Georgia operate in outdated facilities, investments in building maintenance and modernization are essential to meet new safety and hygiene regulations. As shown in **Figure 8**, a report published by the WHO in 2018, demonstrated that out of 112 hospitals evaluated in Georgia, around 60% of the hospitals in use date back to 1999 or older[22].

[21] National Statistics Office of Georgia, Healthcare, 2025, geostat.ge/en

[22] World Health Organisation, Evaluation of hospital safety in Georgia, 2018, who.int/europe/publications/i/item/WHO-EURO-2019-3598-43357-60822

Figure 8: Timeframe for the construction of hospital buildings in Georgia



Source: World Health Organisation, 2018[23]

In terms of social benefits, investing in advanced medical equipment and hospital maintenance in Georgia are reflected positively in different communities since they help to not only improve access to high-quality healthcare for the population, particularly in rural or underserved areas, where usually regional or community hospitals are not fully equipped for special cases, but also to reach vulnerable groups (such as low income populations, elderly people, or those individuals with specific physical or mental conditions).

III. Healthcare digitalization

In recent years, the adoption of telemedicine and digital healthcare systems has brought transformative benefits to not only Georgia or the Caucasus, but the whole world. These innovations have significantly improved access to medical services, particularly for rural and remote populations who previously faced long travel times and limited specialist availability. Digital platforms now enable real-time consultations, remote diagnostics, and electronic prescriptions, reducing pressure on urban hospitals and improving continuity of care.

Improvements in digitalisation facilitate healthcare access and efficiency

The digitalisation of health records has enhanced data management, enabling better tracking of public health trends and more efficient allocation of resources. During the COVID-19 pandemic, these systems proved vital in coordinating vaccination efforts and disseminating health information rapidly. In the healthcare sector, the growing integration of these calls or 'telemedicine' overall enable doctors to consult with their patients regardless of the location and collaborate internationally, improving diagnostic accuracy and treatment outcomes.

GHG with their investments in digital technologies such as VABACO and EKIMO, are modernising their healthcare services with a positive social impact. Overall, these changes help not only bridge social differences, but increasing equality and accessibility for all, and by providing better responsive healthcare systems throughout the country.

IV. Social impact

With the targeted investments that GHG is planning on carrying out, the social benefits extend beyond those listed in the framework and are also significant not only from a business or clinical perspective.

[23] World Health Organisation, Evaluation of hospital safety in Georgia, 2018, who.int/europe/publications/i/item/WHO-EURO-2019-3598-43357-60822

Table 8: Social benefits defined in the Framework

Classification	Potential outcome with project implementations
Social benefit	Improving healthcare accessibility
	Improved disease detection and control
	Improved treatment and advance diagnostics capability
	Improved timeliness or promptness of medical care
	Increase patient safety and quality of care
	Improved responsiveness of care
	Improved connectivity of healthcare system
	Improved public health

The social impacts from investments in the healthcare sector can be both, direct and indirect. For example, infrastructure development will most likely directly lead to improved access to healthcare, treatment and wellbeing, but indirectly it also reduces unemployment, and an increase sense of safety and trust knowing that if needed, a modern medical facility is nearby and not at a significant travel distance.

Other social impact outcomes can be associated with gender equality, increased education and overall public health improvements. For example, improved access to maternal health services or women-oriented clinics, contribute to gender equality. As overall health improves among infants, children are less likely to miss school due to illness or the need to care for sick family members, leading to higher school attendance. Lastly, enhanced healthcare infrastructure and digitalisation support broader public health improvements, including increased vaccination coverage (i.e. routine or in case of pandemics) and more effective management of chronic diseases.

Impact of proceeds score: **Significant**

Our assessment: The projects are aligned with specific social objectives outlined in the Framework and have considerable positive social impacts. The projects effectively address the most relevant challenges within the sector and region, making a meaningful contribution to sectoral sustainability goals. GHG achieves a Significant Human Score in this category, while some projects go beyond business-as-usual through innovation or scale, others remain standard in nature. Environmental considerations in renovations are mentioned, although these are not assured or supported by quantified impact data. We note that the issuer is committed to reporting not only on outputs but also on actual outcomes such as improvements in healthcare accessibility.

4.5 Environmental and social risks

Even though GHG's projects are inherently beneficial as a healthcare provider, they also come along with a range of environmental and social risks, which are relevant given the scope of the company's activities. While some of these risks have been touched upon previously, this section focuses on the issuer's approach to risk identification and mitigation.

GHG has identified several relevant risks associated with its Framework, such as data security and patient confidentiality, medical waste management, human capital, supply chain risks, and procurement integrity and compliance. In addition to these, we have identified other material risks that are relevant in the context of the defined projects. These include material sourcing risks, particularly related to the construction and refurbishment of hospitals, energy consumption in healthcare infrastructure, and potential inequalities in access to healthcare services. These risks are further detailed in **Table 9**.

Through its accreditations, GHG mitigates certain negative impacts

Healthcare facilities, infrastructure and service-related activities are all regulated either by national or international guidelines and standards which GHG adheres to. To ensure their compliance and quality controls, GHG collaborates with internationally recognised providers to obtain accreditation on new buildings or re-accreditation on pre-existing ones. As of 2025, new regulations in the

healthcare system will require facilities to obtain international accreditations. All GHG's facilities are already in compliance with these requirements which help mitigate to some extent these risks.

All eligible projects must comply with national environmental and social regulations, as well as GHG's internal policies. The company seeks to mitigate potential negative environmental and social impacts associated with its business activities by integrating risk considerations into project planning and implementation processes. Projects with significant risks, controversies or anticipated negative impacts that lack mitigation measures will be excluded.

Our assessment: GHG's environmental and social management risk category has a Transformative Human Score. The issuer has several risk management strategies in place that address the risks associated with the project categories of this issuance and their impact on society and the environment. In addition, we assume that due to the stringent requirements and rigorous criteria, by having the relevant national and international accreditations for their facilities, GHG covers to a certain degree potential negative environmental and social impacts. Although not directly mentioned in the Framework, GHG has provided additional documentation which describes key risks and their corresponding mitigation strategies that reflect their commitment to avoid negative impacts to both society and the environment.

Environmental and social management risk score: **Transformative**

Table 9: Risk mitigation projects and measures

Associated project risks	GHG's risk mitigation measures
Material sourcing	Many of GHG's projects are focused on either hospital development and maintenance, or acquisition of advanced medical equipment. These projects rely on materials whose extraction and sourcing can carry significant environmental impacts. Basic construction materials (such as concrete and steel), energy-efficient technologies (e.g., LED lights, smart devices), and advanced machinery (which might use rare earth elements 'REEs'), if not properly extracted our sourced can lead to habitat destruction, pollution, and production of high emissions. For example, CT or MRI scanners which GHG is planning on investing are complex devices that are composed of REEs (related to magnets and neodymium and dysprosium), heavy metals, plastics and cryogenic materials (such as Helium)[24]. GHG mitigates these risks by adhering to national guidelines, and in compliance with different accreditation and/or certification providers. By having the corresponding JCII, AACI, KTQ and/or TÜV accreditation (in which each has their own respective standards) collectively emphasises the importance of sustainable, ethical, and compliant material sourcing and usage in healthcare infrastructure. GHG indirectly ensures that the materials used contribute positively to patient safety, environmental sustainability, and overall healthcare quality. GHG stated internally its commitment to prioritizing suppliers aligned with responsible and sustainable business conduct. It carries out screening and due diligence checks before entering into contractual agreements with suppliers, helping to mitigate environmental and social risks associated with procurement. In addition, GHG plans to enhance its internal policies and procedures to better integrate ESG assessment and monitoring tools across its supply chain.
Energy consumption	Hospitals are considered high energy-intensive facilities due to their continuous operation and complex infrastructure. A significant portion of energy consumption is attributed to lighting (42%), ventilation (16%), air conditioning (HVAC) systems (14%), and refrigeration (3%), all being essential on a daily and constant use.[25] [26] While this risk category is related to operational risks, we also deem this relevant as an environmental risk since under the project category of 'development of specialised hospitals' GHG is planning on building a new oncology centre which is considered as energy-intensive. Additionally, under the project category 'investment in medical equipment' GHG is also planning on acquiring specialised medical equipment such as an MRI machine which demands large amounts of electricity during its operation. Similar to the previous risk category, for the aforementioned centre and equipment, GHG mitigates negative energy consumption impacts by ensuring that all their facilities have the latest accreditations and are aligned to national and international standards and are considering the implementation of energy-efficient systems wherever possible. The same accreditation providers previously mentioned (JCII, AACI, KTQ, and TÜV) have all certain components related to energy use, integration management and compliance. These accreditations, each in their own unique way but as a collective, emphasise the importance of energy efficiency and sustainable practices in healthcare infrastructure. They provide frameworks to help healthcare organizations reduce energy consumption, lower costs, and minimise environmental impact while maintaining high standards of care. However, additional information from GHG was not provided.

[24] Journal of Magnetic Resonance Imaging, Environmental Sustainability and MRI: Challenges, Opportunities, and a Call for Action, Chaban et al. 2023, doi.org/10.1002/jmri.28994

[25] US Department of Energy, Integrating Health and Energy Efficiency in Healthcare Facilities, 2021, osti.gov/servlets/purl/1773167/

[26] US Department of Energy, Advanced Energy Retrofit Guide – Healthcare Facilities, 2013, nrel.gov/docs/fy13osti/57864.pdf

Human capital (including personnel training)	Human capital, including the health, safety, and well-being of healthcare workers, is essential for the proper operation of medical facilities. Poorly managed, it can lead to social risks like occupational injuries, burnout, and other workplace issues, all of which can negatively affect not only patient but other staff members and the overall hospital/group reputation. Environmental risks also arise when overworked or inadequately trained staff mishandle hazardous materials (i.e. hazardous waste), contributing to pollution and inefficient resource use. In addition, with the infrastructure improvements projects in GHG's Framework, the facilities might not be matched with sufficient staffing, especially in remote areas, potentially limiting operational impact. GHG has developed a comprehensive Code of Conduct and Ethics that all employees are required to follow and helps mitigate risks in this category. This is complemented by a range of HR policies covering staff management, recruitment, compensation, training and development, diversity, and other areas. GHG also places strong emphasis on internal communication as a strategic asset, keeping employees informed about day-to-day operations as well as broader company developments. While these measures are positive, limited information is available on technical environmental and healthcare-specific trainings for staff. We also note that GHG has committed to training 30% of its medical workforce annually through 2030, a target that reflects ambition and awareness of workforce needs. However, more detail is needed on how this training will be implemented across regions, how it aligns with the demands of evolving healthcare technologies, and how the quality and impact of training will be monitored over time.
Data security	Data security poses a significant social risk for medical facilities because breaches of patient information can lead to loss of privacy, identity theft, discrimination, and legal conflicts. If sensitive health data (i.e. diagnoses, treatments, psychological or personal information) are exposed, it can harm individuals in a social and work-related environment, in addition to major losses in reputation and positioning of the medical institution. To mitigate these risks, medical facilities usually implement robust cybersecurity measures, including encrypted data storage, secure access controls, regular staff training, and compliance with data protection regulations like HIPAA (in the U.S.) or the GDPR (in the EU). The same principles apply to EKIMO, which is an app developed by GHG and also deals with personal and private information. GHG has implemented electronic infrastructures to significantly reduce the likelihood of data security risk, as well as multi-layered security systems to avoid unauthorized access (e.g. cyberattacks). In addition, medical personnel undergo mandatory training sessions aimed at highlighting the importance of patient confidentiality, potential risks due to data breaches, and their corresponding preventive measures. The app EKIMO also adheres to national laws such as the Law of Georgia on Personal Data Protection. In its privacy policy, it details how (and what) information is collected, processed and shared. The user is responsible for most of its usage with no detailed information available on any safeguards to avoid data leakages.
Unequal access to healthcare services	In countries such as Georgia, unequal access to healthcare services constitutes a significant social risk for healthcare companies, potentially undermining public trust and making health treatment disparities more noticeable. This inequality often stems from systemic issues such as inadequate infrastructure, limited healthcare workforce, and financial barriers, which disproportionately affect rural and low-income populations compared to high-income inhabitants in major cities. Consequently, healthcare providers may face reputational damage, regulatory scrutiny, and diminished patient engagement if perceived as contributing to these disparities[27]. To mitigate this risk, GHG has adopted measures such as expanding coverage services to rural areas, carrying out different initiatives specially targeting those in underserved locations, and with other community engagements promoting overall public health. Additionally, via its EKIMO app, it also enables easier access to all patients regardless of their income or location.
Medical waste management	According to the WHO, approximately 85% of waste generated by healthcare activities is classified as general, non-hazardous waste, while the remaining 15% is considered hazardous. This hazardous portion may be infectious, toxic, carcinogen, flammable, corrosive, reactive, explosive or radioactive. Additionally, an estimated 16 billion injections are administered globally each year, yet a significant number of used needles and syringes are not properly disposed of [28]. GHG's recognises the environmental and health risks posed by improper disposal of medical waste and has implemented a series of mitigation measures to manage this risk. These include partnering with certified hazardous waste contractors to ensure proper collection and disposal, establishing internal waste-sorting protocols and conducting internal trainings, as well as setting quantitative waste-reduction targets, such as reducing 10% in medical waste per patient by 2030. Some initial results of the measures that GHG has implemented can be seen in the medical waste reduction from 2023 of 762 tonnes to 750 tonnes in 2024[29].

[27] OECD, Health for Everyone? Social Inequalities in Health and Health Systems, 2019, https://www.oecd.org/content/dam/oecd/en/publications/reports/2019/09/health-for-everyone_ebff9e21/3c8385d0-en.pdf

[28] World Health Organization, Healthcare waste, 2024, https://www.who.int/news-room/fact-sheets/detail/health-care-waste

[29] Georgia Healthcare Group, Social Responsibility, 2025, https://ghg.com.ge/en/social-responsibility

Appendix I: SDG alignment

GBP category	SDG alignment	Indicators to be evaluated
Development of hospitals in underserved regions		• Number of patients benefiting from healthcare or medical treatment • Bed occupancy • Number of individuals provided with Universal Healthcare Program • Number of children benefiting from paediatric care • Share of female employees • Live births in hospitals • Number of people vaccinated • Number of tests performed • Number of beneficiaries receiving access to e-health services
Development of specialised hospitals and/or services		• Number of patients benefiting from healthcare or medical treatment • Bed occupancy • Number of individuals provided with Universal Healthcare Program • Number of children benefiting from paediatric care • Share of female employees • Live births in hospitals • Number of people vaccinated • Number of tests performed • Number of beneficiaries receiving access to e-health services
Investment in medical equipment		• Number of patients benefiting from healthcare or medical treatment • Bed occupancy • Number of people vaccinated • Number of tests performed • Number of beneficiaries receiving access to e-health services
Enhancement of healthcare infrastructure		• Number of patients benefiting from healthcare or medical treatment • Bed occupancy • Number of children benefiting from paediatric care • Share of female employees • Live births in hospitals • Number of people vaccinated • Number of tests performed • Number of beneficiaries receiving access to e-health services
Expansion and maintenance of medical facilities		• Number of patients benefiting from healthcare or medical treatment • Bed occupancy • Number of individuals provided with Universal Healthcare Program • Number of children benefiting from paediatric care • Share of female employees • Live births in hospitals • Number of people vaccinated • Number of tests performed • Number of beneficiaries receiving access to e-health services
Development of the laboratory		• Number of patients benefiting from healthcare or medical treatment • Number of tests performed • Number of beneficiaries receiving access to e-health services

Emergency response and mobility infrastructure		• Number of patients benefiting from healthcare or medical treatment • Live births in hospitals
Healthcare infrastructure and digitalization		• Number of patients benefiting from healthcare or medical treatment • Bed occupancy • Number of individuals provided with Universal Healthcare Program • Number of children benefiting from paediatric care • Live births in hospitals • Number of people vaccinated • Number of tests performed • Number of beneficiaries receiving access to e-health services

Appendix II: Georgian social taxonomy

Main category	Category	Sub-category	Social impact	Alignment
Healthcare and related social services	Medical and healthcare services	Primary healthcare	Improves access for target groups to basic medical care and health knowledge	
		Public health	Improve access for target group to basic medical care and provide public health services for all	
		Women's and children's health services	Improves access to maternal and child health care, popularises health knowledge, and ensures the safety of women and children and the improvement of their nutrition	
		Occupational health services	Improves safety and health of employees and workers	
		Elderly Care	Improves access to health care institutions, professionals, equipment, drugs, and services for the elderly, to ensure comprehensive rehabilitation, nursing, hospice and elderly care	
	Technology innovation and promotion of healthcare	ICT for healthcare efficiency and provision	Improves the efficiency of health care	
		Medical technology innovation	Accelerates technological breakthroughs in diseases treatment, including infectious diseases, and new drug creation processes	
		Promotion of healthcare	Promotes healthy lifestyles, popularises health care knowledge, improves public health activities, and promotes health care technologies	

Note: Labels and descriptions as described in the Appendix II of the Georgian Sustainable Taxonomy.

 Aligned  Partially aligned  Not aligned  Not applicable or insufficient information to assess alignment

Appendix III: Documents provided by GHG and/or public sources.

Document category	Document description
Market research on sector/regional standards	National health protection strategy of Georgia for 2022-2030 – Government of Georgia
	Ordinance No. 36 - Feb. 2013 on Universal Healthcare Programme – Ministry of Labour, Health, and Social Affairs of Georgia
	Health systems in action insights; Georgia 2024 – World Health Organization & European Observatory
	Georgia: Towards green and resilient growth – World Bank Group
	United Nations Sustainable Development Cooperation Framework 2021–2025 – United Nations
	WHO country cooperation strategy, Georgia 2024-2027 – World Health Organisation
General information provided by GHG	Statistical information and project refinancing plan
	Information on accreditations and international certifications
	Georgia Healthcare Group Sustainability Strategy
	Key ESG-Related Risks and Mitigation Strategy
	Environmental & Social Policy
Social finance-specific documentation provided by GHG	Social Bond Framework
	Information on use of proceeds

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Applied methodologies

Applied Social Bond Principles, ICMA, 2025
Applied Scope Social Bond's SPO Guidelines, March 2025

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