

Saknakshiri (GIG group) - Company Profile

In 2015 Green Alternative published a report on availability of information on the state of environment in Georgia. In 2017 an updated version of the report was published. We focused on availability of information on so called major pollutants and developed the profiles of 4 notable, in terms of scale of work and impact on human health and environment. These are: (1) RMG, (2) Georgian Manganese, (3) Saknakshiri, and (4) Heidelberg cement. The present document reflects availability of information on GIG Group.

Saknakshiri

Coal mines in Tkibuli were discovered in 1825. The mines were put in operation already in 1847. During 1950-ties the coal production in four mines exceeded 3 million tons. After the collapse of the Soviet Union coal mining was discontinued. Currently only two mines - Mindeli and Dzidziguri mines - are operating in Tkibuli. Since 2006 Saknakshiri Ltd (GIG group) owns the right of coal mining, and coal-dressing factory. According to the register of entrepreneurs and non-entrepreneur (non-commercial) legal bodies Saknakshiri Ltd. is owned by the Holding Georgian Industrial Group Ltd. which, besides "Saknakshiri", owns: Georgian International Energy Corporation, Mtkvari Energy Ltd., Sea Power Ltd., Tiflis City property Management Company, Kutaisi Automotive Plant Ltd., JSC Georgian Beer Company, Kyoto, Global Trans Ltd., Sakinvest Ltd., Industria Kyri Ltd.

The Holding Georgian Industrial Group itself is owned by ChemExim International Ltd. registered in the Marshall Islands offshore zone. According to independent audit report, posted companies' web-page in 2015 (the document is not available any more) is managed and directed by David Bezhuashvili¹, MP of 4 convocations. According to the changes registered 25 January 2017 David Bezhuashvili took the position of General Director of the Holding Georgian Industrial Group.

Non-executive director of the Company is Gela Bezhuashvili (former: Minister of Defense - 2004; Assistant to the President of Georgia for Security Issues, Secretary of National Security Council - 2004-2005; Minister of Foreign Affairs - 2005-2008; Chief of Intelligence - 2008-2014 etc.), David Bezhuashvili's brother, who at the same time is the Chairman of the Supervisory Board of **Heidelberg Cement Georgia**.

Statistics of injuries (often fatal) at Tkibuli mines are alarming. However, according to the enterprise authorities, the cause of accidents is the negligence of the victims themselves.²

¹ Chemexim International Limited is controlled by Mr. David Bejhuashvili, who is the ultimate controlling party of the Group", Saknakshiri - (GIG Group) - coal mining sector, independent audit report document 2014.

² a miner from Tkibuli: " We crawl through the mines like rats", 14 October 2013 "Voice of America"

Tkibuli is one of the country's hot spots in terms of environmental pollution³. According to 2013-2014 report by environmental oversight department of the Ministry of Environment and Natural Resources Protection, the damage caused to the environment through the activities in violation of the terms of environmental impact permit of Saknakshiri Ltd. (GIG group) Tkibuli coal dressing factory amounts to 3 170 760 GEL.

„About us“

The information on Saknakshiri Ltd is posted on the owner's - GIG - web-page www.gig.ge

According to this information "Being a wholly owned subsidiary of GIG, Saknakshiri (translates as Georgian Coal) is the only coal mining company in Georgia. The company comprises operations such as coal mining, coal handling and preparation of run-of-mine coal as well as electricity generation. There are two coal mines in operation, Mindeli and Dzidziguri. Both are part of the Tkibuli-Shaori coal basin which is located in mountainous areas of Imereti close to the border to Racha (western part of Georgia). The company mines hard coal in underground operations. The coal is a sort of medium volatile bituminous coal which contains considerable amounts of methane. Total amount of coal under the mining license amount to 331 m metric tons... "Over the next four years, GIG plans to drastically increase coal output as the mine should churn out close to 1 m metric tons annually. At present yearly coal output is about 350,000 tons. While most coal is currently used in local cement production, in the future most coal will be dispatched to a modern 300 MW coal-fired plant at Gardabani which is built by GIG subsidiary CPower and will be commissioned by the end of 2020."

In our 2015 report we mentioned that Saknakshiri Ltd. was the only exception out of the companies reviewed, and a rare exception out of all industrial enterprises working in Georgia whose web-page contains the early financial audit report documents (2007-2014). An interested person could find the information on:

- The owner of the Company;
- The Company property;
- The licenses for the use of mineral resources and the amount mined within these licenses;
- Investments made and loans taken;
- On amounts paid by the Company to persons employed;
- On amounts issued to contractors;
- About the profits of the owners;
- About the amount of payments etc.

Besides, the section of the web page designed for investors contained updated information on technical and financial situation, and prospects of the Company.

This information is no longer available on the web page.

³ The Public Broadcaster's talk-show "Real Space" - "Tkibuli facing environmental disaster"

It should be mentioned herewith that the information on the reserves held by the company under a license for the use of mineral resources was available on the web-page in 2015, and is still available.

Leave your Green Trace

The Company web-page contains special section called "Leave your green trace". From the very beginning it should be noted that "Saknakshiri" likewise other companies does not provide wide public with information on environmental impact as a result of its activity and/or the state of environment.

The web-page notes that: " Saknakshiri GIG Group continues to participate in various ecological projects and actions within the scopes of the "Green Month" June [2014] initiated by the Ministry of Environment and Natural Resources Protection. The company arranges educational and cognitive, landscaping, restoration, cleaning and greening activities within its green campaign "Leave your Green Trace". Tkibuli miners and their family members, including small children participate in these activities. "Saknakshiri" GIG group traditionally continues eco-activities under its annual environmental action plan".

The above quotation gives reason to think that the company has an "annual environmental action plan" that is not available to the general public.

The Company's web-page has a special section, called "Environment". The latest news there goes as follows: "Leave your Green Trace" Saknakshiri GIG's Green Action is underway in Tkibuli. We planted 50 cypresses on October 24 in the territory of the thermal power plant. 250 young trees are planted in Tkibuli during this year in total. Arrangement of green spaces has become the tradition already for the company". Some other news also concern cypress planting or collection of waste paper.

Social Projects

According to the Company web-page 12 successful students of the telecommunications, energy and mining-engineering faculties of the Georgian Technical University have been the GIG Group scholarship holders for three years.

Besides, according to the web-page GIG finances the sportsmen, in particular: "the Saknakshiri GIG Group the company purchased Spain-manufactured uniforms for the local football team "MESHAKHTE". In 2012 the Saknakshiri GIG Group funded the local training base repairs; and during 2011 the company used to fund each member of the football team with five thousand GELs.

Besides, Saknakshiri GIG Group rendered financial assistance to the minor basketballers' team functioning with Tkibuli Municipality.

A separate column highlighted the company's charity actions, for example: Traditional New Year action, within the framework of which the company presents to its partners and friends felt toys made by children

from Tserovani orphanage; the company has been keeping friendship with the charitable organization “Catharsis”; participates in arranging the ramp at the Social Service of Tkibuli Municipality for the people with disabilities; etc.



This document was prepared within project of Green Alternative “Advocacy for transparent and accountable management of natural resources in Georgia”. The project is financially supported by the Open Society Foundations Network. The observations in this report express the position of Green Alternative and shall not be considered as reflecting the opinion of the Open Society Foundations Network.



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