

HEIDELBERGCEMENT GEORGIA - COMPANY PROFILE

From 2015, Green Alternative issues periodic reports on availability of the information on state of environment in Georgia. During the analysis of availability of information of the state of environment, we study accessibility of information on large-scale pollutants and prepare company profiles of four notable enterprises in terms of scope of activities and impacts on the environment and human health. These are: (1) RMG, (2) Georgian Manganese, (3) Saknakshiri; and (4) HeidelbergCement. This document reflects the availability of information on HeidelbergCement.

HEIDELBERGCEMENT GEORGIA

In May 2006, Germany's largest cement producer HeidelbergCement acquired 51% of shares in Georgian Cement (Kartuli Cementi) LLC. Later, the company became a 100% shareholder of the enterprise. Georgian Cement LLC was registered in Georgia on 29 October 2001. According to the Registry of Entrepreneurial and Non-Entrepreneurial (Non-commercial) Legal Entities, the owner of the enterprise (until November 28, 2017) was HeidelbergCement Central Europe East Holding B.V. registered in Holland on April 10, 1969.

In November 2006, HeidelbergCement released an announcement for further expanding the Georgian cement manufacture company "Georgian Cement" and establishing a joint venture with the Chemexim International Ltd (Georgian Industrial Group Holding owner)¹. HeidelbergCement became an owner of 75% of shares in the new enterprise, while Chemexim International – of remaining 25%. LLC "Georgian Cement" (hereinafter – "HeidelbergCement Georgia" Ltd.) is registered in Georgia on 20 April 2004. According to the Registry of Entrepreneurial and Non-entrepreneurial (Non-commercial) Legal Entities, the owner of the enterprise is the CaucasusCement Holding B.V., registered in Holland on February 2, 2002, whose supervisory board members as of 2016 are: Gela Bezhuashvili, Robert Bezhuashvili, Klaus Alfred Schwind (Germany), Albert Scheuer (Germany), Christian Knell (Germany). According to the report of 21 November 2017, the members of the company are: Mathijs Coenraad Maria Cremers (Netherlands), Inger Mirjam Westehof-Zweverink (Netherlands), Albert Scheuer, Germany, Christian Mikli (Germany), Giorgi Bachiashvili and Irakli Rukhadze.

HISTORY OF COMPANY'S REORGANIZATION

In 2017 HeidelbergCement started the consolidation of Georgian assets. The HeidelbergCement Caucasus Ltd (204430400) merged with HeidelbergCement Caucous Ltd (202394391) and Heidelbergberton Georgia Ltd (204559003). Prior to this, in 2009, Algeti-Minerali Ltd (216441660) merged into the company.

On April 3, 2018, the HeidelbergCement Caucasus Ltd (204430400) itself merged with HeidelbergCement Georgia (230866435), which was joined by "Rustavcement" JSC (216291992), "Meliza" LLC (224071359), CaspiCement (Id/N 230866747), "Caucasiatrans" (216439879) and LLC "Quarryinvest" (216439888).

¹ [HeidelbergCement expands in Georgia](#)

In the end, the owner of the consolidated company is the CaucasusCement Holding B.V., registered in Holland, 50% of shares owned by HeidelbergCement and the second half, as HeidelbergCement announced², by Cement Invest B.V. jointly managed by [Georgian Co-Investment Fund](#) and [Hunnewell Partners](#).

It is of interest to note, that according to the HeidelbergCement report of 2017³, “on November 10, 2017, HeidelbergCement sold 55% of its shares to the fully consolidated Caucasus Holding B.V and its Georgian subsidiary companies: HeidelbergCement Georgia Ltd, HeidelbergCement Caucas Ltd and Terjola-Quarry LLC. The price of the sale was 20.8 million EUR, which was paid in cash.”

NEW CO-OWNERS

Co-Investment fund

Co-Investment Fund was established by Bidzina Ivanishvili, former Prime Minister and current manager of the ruling party Georgian Dream, in 2013. Information on the Fund available to the public is very scarce. The Fund’s website is only the English language and, in fact, does not contain any information about the company, except that the value of the managed property exceeds 2 billion. Most of the information about the Fund was spread upon its creation, however, until now it is still unknown exactly where the company is registered and who registered it.

Furthermore, as it was mentioned at the presentation on establishment of the Fund, its investors, apart from Bidzina Ivanishvili, are RAK Investment Authority, State Oil Fund of the Republic of Azerbaijan, representation company of KazTransOil – Batumi Industrial Holding Limited, Calik Holding AS), Milestone International Holdings Group Limited, Alexander Mashkevich, Badri Patarkatsishvili’s family⁴.

Also, according to the information that was released upon its creation, the Fund is managed by JSC Associates LLC (404992718) registered in Georgia. Its shareholders were: Giorgi Bachiasvili - 42%, Levan Vasadze, Russian Federation, - 16%, and Ucha Mamatsashvili (Bidzina Ivanishvili’s close relative and trusted person in business relations) - 42%. As of today, 100% shareholder of the company and the Director General is Giorgi Bachiasvili. Levan Vasadze left the company in 2014, and Ucha Mamatsashvili - in February 2018.

Hunnewell Partners

The company has its [website](#), according to which, Hunnewell Partners is the pre-eminent Private Equity firm in the Caucasus that manage assets as diverse as Financial Institutions, Telecoms, Steel, Real Estate and Media.

² [HeidelbergCement sells half of its Georgian business, 10 November 2017](#)

³ [HeidelbergCement Annual Report, 2017](#)

On 10 November 2017, HeidelbergCement sold 55% of the shares in the fully consolidated CaucasusCement Holding B.V., ‘s-Hertogenbosch, Netherlands, and its Georgian subsidiaries LLC HeidelbergCement Georgia, LLC HeidelbergCement Caucasus, and LLC Terjola-Quarry, Tbilisi (CaucasusCement Group). The sales price amounted to €20.8 million and was paid in cash. The divestment resulted in a gain of €4.5 million, which is shown in the additional ordinary income. The participation of 45% remaining after the divestment is accounted for as a joint venture in the consolidated financial statements.

⁴ [Priorities of Co-Investment Fund, Tatia Khaliani, Liberali](#)

It also says that Hunnewell Partners manages a successful Litigation Funding business on behalf of Park Street Litigation, which has invested in some of the largest cases in the English High Court in the last decade.

Founding partners of the company are: Igor Alexeev, Ben Marson and Irakli Rukhadze. The website does not provide any other valuable information; however, extensive information about the company and its founders can be obtained in the [case files](#) of the UK High Court regarding the disposition of property of billionaire Badri Patarkatsishvili, who died in 2008, and a number of media publications that appeared during the court litigation.

ABOUT US

HeidelbergCement Georgia did not have a Georgian website. It was mentioned by Green Alternative in the company profile of 2017⁵. Information about the Company was available in a [special section](#) of the main website. The information was available only in English. In 2018, information is also available in [Georgian](#). As it says, the Company is running four cement plants and nine concrete plants. According to the website, the company owns cement plants in Kaspi (1) and Rustavi (2), as well as cement grinding mill in Poti, cement terminal in Supsa and 13 concrete batching plants. The company has more than 1200 employees in Georgia. The web site contains information about the new structure as a result reorganization.

The website contains a brief description of the plants and products that might be useful for the product buyer; But there is no information on the resource extraction and processing that is important for people who study the impact on the environment and the health as a result of such processes.

CORPORATE SOCIAL RESPONSIBILITY

On the company website, a separate section refers to corporate social responsibility that includes following topics:

- Occupational Health and Safety - it is noted that HeidelbergCement Georgia is continuously implementing the group's high standard in occupational Health & Safety at local level by means of training and technical measures.
- Tbilisi Marathon – “Tbilisi marathon is an annual charity event, organized by HeidelbergCement Georgia, where more than 2500 people register every year. With its 7-year history, Tbilisi marathon has already become an international annual event and at the same time a very successful social project. It is noteworthy that marathon is traditionally held in Tbilisi, far from the [company's industrial area](#):
- Quarry Life Award – as mentioned on the website, in more than 1000 quarries and pits worldwide HeidelbergCement is committed to managing biodiversity during and after extraction by promoting exceptional local flora and fauna...The Quarry Life Awards aims at raising the awareness of the biological value of mining sites and at promoting environmental education projects with a focus on

⁵ HeidelbergCement Georgia - Company profile 2017, www.greenalt.org

mining and biodiversity. HeidelbergCement invites students, researchers, scientists and non-governmental organizations to submit scientific projects related to the high biodiversity of its quarries. In each country, national juries choose 5 best projects, which are given 6 months for implementation of their pilot projects. After presenting the pilot projects, the national jury selects 3 winners, which are given financial awards for their full implementation. Independently from the national juries, each country's nationally selected 5 projects are reviewed on the global competition by the international jury. It is difficult to draw any conclusions from this information; however, more information is available on the implemented projects that can be found on the English page which is dedicated to the competition.

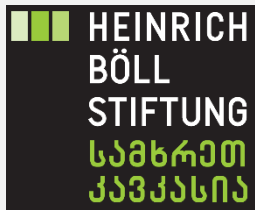
- Climate Protection – as referred to information under this subtitle, “Climate protection, reducing emissions and minimizing environmental impacts on the production sites are objectives of HeidelbergCement Georgia in environmental protection. This requires high technical standards, which are achieved through the exchange of knowledge across the Group and the introduction of environmental management at all HeidelbergCement sites. Focusing on environment protection, more than 12 million Euro has been invested for a filter-changing project for HeidelbergCement plants in Georgia. The Filters Project started in December 2007 and completed by the end of 2008. By using modern technologies, the company is able to reduce the adverse effects on people and the environment. The plants will achieve dust utilization by 99% that means that the problem of environmental pollution will never disturb the local population of Kaspi and Rustavi in Georgia.“. However, it appears very often from reports in the media on dissatisfaction of the population affected by enterprises and protest rallies (especially in Kaspi). The population mainly complains about the pollution of the agricultural land plots with cement and air pollution from the plants.

Information on environmental condition

HeidelbergCement Georgia **does not provide the public with information on the damage caused to the environment and/or environmental conditions resulted from its activities;** on implemented and/or planned measures for environmental impact reduction and/or prevention.

Nor the Ministry of Environment and Agriculture provides information about the environmental condition in the area affected by the company's activity, although, according to the requirements of the international and national legislation, this information should be accessible to the public proactively –without having to request the information. The last national report prepared on the environmental condition⁶ mentions that “sub-industries such as cement, gypsum-concrete and asphalt-concrete are characterized with extremely largest substrates in Georgia. At present, the industrial sector in terms of atmospheric air pollution is represented by several large entities: Kvemo Kartli – JSC Azoti, owned by JSC Energy Invest and JSC Rustavcement owned by HeidelbergCement Georgia, Shida Kartli – Kaspicement owned by HeidelbergCement Georgia LLC and Adjara - Batumi Oil Terminal LLC. What is the kind of pollution and its scale and/or what are the possible threats to the environment and population - The report does not include any information.

⁶ [National 2010-2013 report on environmental condition](#)



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