

A photograph of a coal mine tunnel. The scene is dimly lit, with several bright spotlights illuminating the area. In the foreground, a conveyor belt system is visible, consisting of a series of metal rollers and a chain. The tunnel walls are dark and rocky, with some structural supports. The overall atmosphere is industrial and somewhat dark.

SAQNAKSHIRI

COMPANY PROFILE

MARCH, 2022

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LLC Saknakshiri

A coal deposit in Tkibuli was discovered in 1825. Its exploitation started in 1847. In the 1950s, coal production in four mines exceeded 3 million tons per year. After the collapse of the Soviet Union, coal mining in Tkibuli was stopped. Today, there are two operating shafts in Tkibuli - Mindeli and Dzidziguri. Since 2006, the right to extract minerals in Tkibuli coal mine and coal enrichment plant has been owned by Saknakshiri LLC (I/C 230868120).

According to the Registry of Entrepreneurs and Non-Entrepreneurial Legal Entities, Saknakshiri LLC was registered in 2006 and, until September 2019, had been owned by Ltd Georgian Industrial Group Holding– GIG, the owner of which was Davit Bezhuashvili, a member of the Parliament of Georgia of four convocations. Natia Turnava, the current Minister of Economy and Sustainable Development, had a close and long-standing relationship with the enterprise. In 2006-2013, she was a member of the Board of Directors of Georgian Industrial Group Holding Ltd and General Director, Chairwoman of the Georgian International Energy Corporation Ltd.

According to the company's 2018 financial report and management statement¹, the company has established three subsidiaries: Polchar Georgia Ltd, Saknakshiri Trading House Ltd (GIG Group), and CBM Georgia Ltd. None of the subsidiaries had operating activities as of December 31, 2018, and 2017. The company is located at #13 Tabukashvili Street in Tkibuli; coal mines are also located nearby, where coal is extracted. The company is the only coal mining company in Georgia. Coal mining occurs from two main quarries, namely Mindeli and Dzidziguri mines. Along with coal mining, the company processes (enriches) coal in a coal enrichment plant and then sells it.

For years, alarming statistics on injuries (often with fatal damages) inflicted upon the coal miners in Tkibuli mines have been reported. However, until recently, in all cases, as the company management stated, the accidents were caused by the negligence of the injured themselves². Only on June 16, 2018, after the deaths of four miners in the same shaft of Tkibuli mine where six people died, and three were injured two months earlier³, the company says that it could not provide a safe work environment for the employees. According to the company statement, "in recent years, the company made every effort to improve security systems. Unfortunately, due to the specifics of Tkibuli shafts, an engineering solution that would make coal mining fully safe could not be found within Saknakshiri. Therefore, Georgian Industrial Group expresses its readiness to transfer Saknakshiri Company to the state, despite the significant expenses spent during the last 12 years⁴". The Government of Georgia did not accept the offer of the company⁵. However, starting from that period, Georgian Industrial Group had started preparations for getting rid of Saknakshiri. In August 2018, GIG decided to change the brand name of Saknakshiri – to "Saknakshiri Ltd (GIG Group)." 'GIG Group' indicates that the company that joined Georgian Industrial Group (GIG) Holding has been removed from the company name. In September 2018, the company's e-mail address was also changed: the existing posta@gig.ge was changed into info@saknakshiri.ge. Again, at the request of GIG, the address of Georgian Industrial Group was removed from the data on Saknakshiri registered in the Entrepreneurial Registry, which was previously mentioned as an address other than its legal address.

¹ [Saknakshiri Ltd., Consolidated and individual financial report and management statement with report of external auditor for reporting year ended 31 December 2018](#)

² [Tkibuli - Announced city of death, Zaza Tsuladze, April 9, 2018, Voice of America](#)

³ [6 people died and 3 were injured in Tkibuli mine, Reginfo, April 5, 2018](#)

⁴ [We express our readiness to transfer Saknakshiri to the State free of charge – Georgian Industrial Group, on.ge, July 16, 2018](#)

⁵ [Government response to Saknakshiri: Mine management is by no mean a public sector duty, on.ge, July 26, 2018](#)

According to the company's 2018 financial report and management statement⁶, "on April 27, 2019, the Georgian Industrial Group signed a memorandum with Shanxi Coking Coal Group Co. LTD is China's largest coal mining organization. Within the framework of this cooperation, it is planned to upgrade the Mindeli mine and increase the production volume with the participation of the Chinese side in the Saknakshiri capital. It is also planned to build a new high-technology mine". However, it appears that plans were later changed.

In September 2019, against the background of the workers' protests and hunger strikes demanding their salaries, Natia Turnava, the Minister of Economy who visited the site to regulate the situation, informed the public that Saknakshiri would have a new owner, which would pay wage arrears to miners as well as ensure operation of mines soon⁷. As the Minister said, the new owner would become a company founded by Georgian and Ukrainian business partners with experience selling coal in the African and the Black Sea basins. On the same day, it became clear that Saknakshiri's new owner became Steel International Trading Company, on behalf of which Alexander Chochia was authorized to speak to the public⁸. As Chochia stated, at first, the company planned to implement a plan for 8 million GEL to develop Saknakshiri, which would be presented to the public and the state in the nearest future. As he said, negotiations were underway with the state over the timing of the construction of a 150-megawatt coal-based thermal power plant⁹.

Later, GIG Group stated that Saknakshiri GIG Group, after 13 years of operation in Tkibuli, decided to transfer its assets at a symbolic price "to Steel International Trades company which **the Ministry of Economy recommended.**"

New Owner

According to the Registry of Entrepreneurs and Non-Entrepreneurial Legal Entities, since September 27, 2019, Saknakshiri Ltd has been owned by Steel International Trading Company Ltd (I/C 405254692), registered on February 20, 2018. 100% shareholder and, at the same time, a director of Steel International Trading Company Ltd is Giorgi Chelidze.

In addition to Saknakshiri, Giorgi Chelidze is a shareholder of Meama Ltd (405139425), a shareholder and director of CFP Ltd (405301613), an owner and director of City Garden Ltd (405261988), an owner and director of King David Offices Ltd (405219918), a shareholder of Mobil Credit Ltd (404390547), a shareholder of Chelidze and Partners Ltd (204537803), a director of Geo Cos Ltd (405334918), an owner and director of Novus Investment Group Ltd (405330556), a director of Caucasus Online Tiz Ltd¹⁰ (415080637), a shareholder of GNR Management Ltd (405356305) and a director of **GTS - Georgia Terminal Services Ltd** (405359222).

A 100% shareholder of GTS - Georgia Terminal Services Ltd (405359222) is **Georgian Manganese LLC** (230085797). Moreover, since April 2019, with Nikoloz Chikovani, the temporary environmental manager at Georgian Manganese,

⁶ [Saknakshiri Ltd., Consolidated and individual financial report and management statement with a report of the external auditor for reporting year ended 31 December 2018](#)

⁷ ["Saknakshiri resumes work from November, salaries to be covered by a new owner", bpi.ge, 26.09.2019](#)

⁸ [Who became the new owner of Saknakshiri - interview with the manager of Steel International Trading Company, bm.ge/, 27 September 2019](#)

⁹ [Investor taking over Saknakshiri in a week, bm.ge, September 28, 2019](#)

¹⁰ Owner 211380833, Caucasus Online Ltd

and with the consent of Giorgi Chelidze, the legal address of Georgian Manganese LLC is in the building owned by King David Offices.

Registration documents of Steel International Trading Company Ltd do not mention Alexander Chochia. He was the only person to speak to the public on behalf of the company from the very first days when the company appeared. Alexandre Chochia is mentioned in the registration documents of many companies, some of which are noteworthy about Saknakhshiri.

Alexander Chochia was a director and 50% shareholder of GNR Management Ltd (405356305), registered on October 4, 2019. 50% shareholder of the same company is Giorgi Chelidze. According to the amendments made to the company's registration documents in January 2021, Grigol Katsia – former Deputy Minister of Regional Development and Infrastructure of Georgia and currently [Deputy General Director of Cartu Bank - became the owner of 100% of the company and director](#). Bakar Devdariani - Head of the Audit Department of the LEPL Revenue Service of the Ministry of Finance of Georgia until 2018, the owner of 100% of the company and director since March 2022. According to [Financial Statement 2020 of](#) GNR Management Ltd, the company's main activity is consulting services¹¹.

In 2015, before the JSC PrivatBank with JSC Bank of Georgia, Alexander Chochia served as Chairman of the Board of Directors of Privat, Bank owned by Privat Group Ukraine 20,07-2014 and was a 1.3% shareholder (as of 2012)¹². Since 2007, as it is known, [Ihor Kolomoyskyy](#) and [Henadiy Boholyubov](#), the founders of Ukrainian Privat Group, have been owners of GEORGIAN AMERICAN ALLOYS INC,¹³ which holds Georgian Manganese (230085797).

On June 9, 2020, Georgian Manganese LLC, represented by Nikoloz Chikovani, Special Manager, and Steel International Trading Company, represented by Giorgi Chelidze, "agreed to establish a company with the following company name: GM Energy Ltd in English. The shareholders of GM Energy Ltd were determined as follows:

- Georgian Manganese LLC (I/C 230085797) - 49% shareholder;
- Steel International Trading Company Ltd (I/C 405254692) - 51% shareholder " ¹⁴.

Giorgi Karchava was appointed as a company director.

On October 29, 2020, the company founded Steel Oil Ltd, owning 100% of the shares.

On November 29, 2019, an entry for registration of the right of pledge over shares appeared in the Excerpt from the Entrepreneurial Register on Steel International Trading Company Ltd. A general credit line agreement over a maximum amount of USD 2,600,000 was signed between Giorgi Chelidze, the owner of the company, and JSC Bank of Georgia. 100% shares of Steel International Trading Company Ltd were pledged to secure the contractual obligations.

¹¹ „In 2015, the Audit Department of the Revenue Service, which was then headed by Bakar Devdariani, imposed hundreds of millions fine on “Manganese” Devdariani works for “Manganese” today and provides tax advice to the company. Shortly, after Nikoloz Chikovani was appointed in “Manganese” Devdariani left the tax office and started working for “Manganese.” Devdariani also confirms his cooperation with “Manganese”. [“Georgian Manganese” undes Siege – Government against the Environment and the People](#) , Giorgi Mgeladze, Radio Tavisupleba, February 13, 2021

¹² [Who owns Bank of Georgia, b2p.ge](#)

¹³ [GEORGIAN AMERICAN ALLOYS INC. Last dossier update: Aug. 1, 2019](#) ©Anti-corruption Action Centre, 2015-2019

¹⁴ Protocol of meeting of GM Energy Ltd Founders (I/C 405390465)

According to [Financial Statement 2019 of “Steel International Trading Company” LLC](#), on January 19, 2021, the Group received a loan for \$ 11,580,538 from AKRO INVESTMENTS LIMITED. The purpose of the loan is to carry out investment activities. At the same time, the Group issued a loan to the Corporation Relington for 4,941,222 GEL, to DG Capital Ltd - 1,798,720 GEL, and Blockpower Ltd - 1,684,900 GEL. According to the same report, on March 10, 202, the Group was fined 500,000 UD Dollar due to violation of the terms of the contract signed with “Chiaturmanganum Georgia” LLC as Steel International Trading Company” LLC violated the requirements of the agreement regarding the purchase of products from “Chiaturmanganum Georgia” LLC.

Giorgi Chelidze actively supports the party 'Georgian Dream - Democratic Georgia.' In 2017-2020, before self-government, parliamentary and presidential elections, he had donated 60,000 GEL three times¹⁵. Alexander Chochia also donated 60,000 GEL to Salome Zourabichvili in 2018 and the same amount to the 'Georgian Dream - Democratic Georgia' in 2019¹⁶. Giorgi Karchava is also a supporter of the 'Georgian Dream - Democratic Georgia' - he donated 60,000 GEL to the party in 2017 and 25,000 GEL in 2018.

General Director

After a change of owner of Saknakshiri, the first change within the enterprise was the replacement of the General Director. On October 3, 2019, Giorgi Chkheidze, a director of CBM Georgia Ltd, a subsidiary of Saknakshiri, assumed the General Director position. According to the amendment registered on November 7, 2019, Giorgi Chkheidze was dismissed, and Coal of Georgia Ltd (400264361) was appointed as a General Manager of the company. Mikheil Turabelidze, a financial director of Saknakshiri, was also dismissed.

Coal of Georgia Ltd (400264361) was founded in March 2019 by Ukrspectechnik - a scientific production company registered in Ukraine in 2017 (21783176, Director Vyacheslav Bogoslawski). Zurab Aghdgomelashvili has been a director of Coal of Georgia since its registration. According to the company registration documents amendment in October 2019, 50% of shares of Coal of Georgia were transferred to Datvi Ltd free of charge. Datvi Ltd (400275368) was registered in the Entrepreneurial Register the day before, and 10% of its shares are owned by Zurab Aghdgomelashvili while 90% - by a Russian citizen Mikhail Sotsky.

By September 1, 2020, Coal of Georgia Ltd (400264361) was replaced by the company Coal Georgia Ltd (400292535), registered two weeks earlier, on August 14, 2020. It is noteworthy that a director of Coal Georgia Ltd is again Zurab Aghdgomelashvili, while its owner is UNITED EUROPEAN ENERGY CORPORATION (5223179820), registered in Poland.

UNITED EUROPEAN ENERGY CORPORATION, though registered in Poland, is owned by Russian citizen Larisa Soppa (90%) and Georgian citizen Eter Aghdgomelashvili (10%). The Chairman of the Board of Directors is Mikhail Sotsky as well.

UNITED EUROPEAN ENERGY CORPORATION also owns 100% shares in Trans Logistics (405314468) and Aqua Georgia's Ltd (405443033).

¹⁵ [Donations to Georgian political parties](#), Transparency Georgia

¹⁶ [Donations to Georgian political parties](#), Transparency Georgia

Information about the state of the environment

Tkibuli is one of the alarming hot spots in terms of environmental pollution¹⁷. Saknakshiri has three main facilities: shafts, a coal enrichment plant, and a power plant - all three facilities face acute environmental problems that have been left unsolved for many years.

Right to use mining resources.

Saknakshiri is the only coal-producing company in Georgia. In addition to coal mining, the company processes (enriches) coal in a coal-enriching plant and sells it. Currently, the company has the following licenses:

Date of granting the license	License No.	Mining area	The volume of minerals to be mined under license	License validity period (years)
September 4, 2001	№10000246	Use of waste from Tkibuli coal enriching plant - 9 ha	Total extraction of 6 882 000 m ³	20
August 14, 2006	№10000237	Tkibuli-Shaori coal mine - 8 ha	Minimum 110 000 t/year in 2010-2011, unlimited in subsequent years	30
December 25, 2007	№01018	Tkibuli and Ambrolauri district - license area 5 479,9 ha	233 298 000 t	45
July 26, 2016	№1003794	Mining of Tkibuli colored sandstone (Imereti temporary quarry site) - license area on Tkibuli territory - 5.02 ha	602400 m ³	20

The company sells two types of coal: run-of-mine and enriched. In 2017, the company exported 224 946 tons and 115 060 tons of coal 2018¹⁸.

According to [Financial Statement 2019 of “Steel International Trading Company” LLC](#), in June 2018, Saknakshiri Ltd ceased coal extraction due to several fatal incidents. However, in September 2019, after “Steel International Trading Company” LLC became the owner of 100% of the company, it resumed the coal production in full adherence to technical safety rules. Today, “Steel” is one of Georgia's fastest-growing trading companies. The Company plans to expand its trading product portfolio and increase revenue. “Steel” intends to increase the coal production in June 2021, namely, to extract up to 30 thousand tons of ROM coal. Georgia’s two enterprises – GM and Heidelberg, and other small enterprises will be the primary selling market. “Steel” hopes that this will cover the costs in Saknakshiri. In 2019 and 2020, Saknakshiri was a subsidiary company. In addition, “Steel” is working intensively to find an investor to construct a coal-fired thermal power plant that is extremely important for the future of Saknakshiri.”.

¹⁷ Public Broadcasting Program “Real Space” – [Tkibuli facing ecological disaster](#)

¹⁸ [Saknakshiri Ltd., Consolidated and individual financial report and management statement with report of external auditor for reporting year ended 31 December 2018](#)

According to the company's waste management plan¹⁹, coal is mined through two shafts: Mindeli and Dzidziguri. Coal reserves on Dzidziguri shaft are almost exhausted. Mindeli mine area is 43 018 m². Dzidziguri mine area is 36,192 m². By 01.01.2020, coal reserves on Mindeli shaft are 45.2 million tons, while on Dzidziguri shaft, coal reserves amount to 0.94 million tons. The Mindeli mine employs 1,091 people, out of whom 894 are miners. The company administration works from 9 a.m. to 6 p.m. The number of working days per year is 250. The shafts operate in four-shift continuous mode. The duration of one shift is 6 hours.

Inspection of license conditions

According to the National Agency of Mines (NAM), the terms and conditions of license #01018, owned by Saknakhshiri, were inspected in 2018. Any stakeholder interested in obtaining information on this fact and the inspection findings can only receive it through a request for public information.

From the documentation provided by NAM, it becomes evident that from June 26 to July 1, 2018, the Technical and Construction Supervision Agency (TACSA) inspected the activities of independent entities having contracts for work in the license area of Saknakhshiri Ltd. "During the inspection, LEPL Technical and Construction Supervision Agency has pre-determined minimum requirements defined by Technical Regulation on Safety of Coal Mines, based on which it was clear that most of them have been violated, furthermore, following violations were revealed that endanger human life and health:

1. Personnel with working contracts on the facilities transferred to the above-mentioned entrepreneurial entities are not equipped with automatic devices for controlling the content of hazardous/explosive gases, special clothes, and personal protection means - self-rescue devices. Rates for methane and carbon dioxide are not measured in tunnels.
2. The entrepreneurial entities do not have a contract with a mine rescue service specialized in the mentioned works to prevent possible accidents at the facilities and carry out liquidation works.
3. The technical supervisor responsible for safe mining, having appropriate education, has not been defined.
4. Telephone communication between personnel in underground excavations and on the surface is not provided.
5. Apart from a few facilities, no drainage system is installed to discharge surface and groundwater in the underground excavations.
6. Underground tunnels are not equipped with more than one independent exit to the surface, nor are they envisaged in their designs. No electronic system for controlling the concentration of hazardous/explosive gases is installed in the underground excavations. Entry (exit) to tunnels is not observed.
7. Unused tunnels are not isolated by barriers to exclude the possibility of admission of harmful/explosive gases to acting tunnels.
8. Most of the local ventilation fans for dead-end tunnels are not factory-produced, and none has technical documentation. There is no board installed near fans, which would reflect the basic parameters of tunnel ventilation. Therefore ventilation of tunnels is carried out by a non-standard method.
9. Electrical wiring in tunnels is connected without an explosion-proof device and, therefore, is faulty.
10. Artificially mounted winches on the ground surface do not have working brakes with protective caps.
11. Electrical appliances are without technical documentation and do not have local grounding.
12. Although the design of exploitation works is incomplete, the construction and fortification of underground tunnels do not comply with the parameters for the construction of the tunnel, namely: tunnel cross-section is

¹⁹ Agreed with the Ministry of Environmental Protection and Agriculture by letter #5540/01,17/06/2020

reduced, distances between tunnel brackets are not ensured, tunnel entrance is not reinforced through fencing brackets, non-standard materials are used to support the tunnel, etc.

Based on the review of documentation by TACSA and taking into account the above discrepancies, the following statement and recommendation were given to Saknakshiri Ltd (GIG Group):

"During the inspection of facilities by TACSA, it was revealed that these entities are mining coal in a non-traditional way. The extraction process is carried out under conditions of minimal mechanization. Most of the requirements of safety rules of coal mines have been violated, which poses a real threat to the life and health of on-site workers.

It should be noted that according to Paragraph 2.3 of the Agreement concluded by Saknakshiri Ltd with entrepreneurs; all entrepreneurial entities were obliged to immediately stop the exploitation works in case of such violation of requirements defined in Technical Regulation on Safety of Coal Mines that endanger the life and health of workers. Also, according to Paragraph 3.3.3 of the same Agreement, in case of the violations mentioned above, Saknakshiri Ltd was authorized to suspend the works and immediately terminate or suspend the Agreement's validity, which had not been implemented.

Given the above, against the background of the observed violations, we consider it reasonable for Saknakshiri Ltd (GIG Group) to terminate the working contract with the entities operating in their licensed area, also, to prevent possible entry/fall of people into the tunnels, endogenous fires, and other risk factors to liquidate and conserve facilities following requirements of Article 14 of Technical Regulation on Safety of Coal Mines"²⁰.

On June 27-30, 2018, independent entities working on contracts in the Saknakshiri license area were also inspected by National Agency for Mines (NAM). Before the inspection, based on information provided by the company, it was determined that the extraction of mines was carried out by 23 persons having working contracts. However, the company failed to submit project documentation for the use of minerals in these areas.

Based on all the above, a protocol on administrative offense was drawn up against Saknakshiri Ltd for violation of conditions specified in the license, in particular: breaches of rules and norms of exploitation defined by Article 9 of Resolution #450 of the Government of Georgia of December 31, 2013, and safety requirements defined by Articles 42 and 47 of the Law of Georgia on Use of Entrails. Tkibuli Magistrate Court reviewed the protocol and materials of the offense, and, by its Ruling #, 4/80-8 of September 28, 2018, Saknakshiri Ltd was recognized as an administrative offender under Article 573, Part 2 of the Administrative Code of Georgia, and **was fined 2,000 GEL**.

NAM has banned Saknakshiri Ltd from conducting extraction works on the outer shafts under mining license #10000236 (01018). Activities were carried out based on the contract for work by independent entities producing exploration and exploitation works until the rules and norms of exploitation and safety requirements were followed²¹.

On December 17-21, 2019, the National Agency of Mines conducted a scheduled inspection of the state of performance conditions defined by Licenses №10000236 and № 10000237 on the extraction of minerals issued to Saknakshiri LLC

²⁰ Letter #07/1247 of 19 July 2018 of Head of Technical and Construction Supervision Agency

²¹ Letter of Head of NAM #22/495 dated 4 February, 2019, sent to General Director of Saknakshiri

and found that Saknakshiri LLC had not paid a fee for the use of natural resources that was the violation of the 2nd Paragraph of Article 57³ of the Administrative Offences Code of Georgia.

In October 2021, “Saknakshiri” LLC requested the National Agency for Mineral Resources to change the development plan of subsoil under the license. The change was explained by the Director-General of the Company as follows: “Because our facilities were ceased for a year and a half and no mining works were carried out, all existing contracts with the buyers were terminated, and they were technologically re-equipped with Russian coal. Returning existing and prospective customers requires a positive decision from a buyer and some technological modifications, which take quite a long time. It should also be noted that the chemical composition of the Russian raw materials (caloricity, sulfur content) significantly exceeds our raw materials, which makes it difficult to find prospective customers. As for the European and Turkish markets, it is practically impossible to export coal to these countries due to the high sulfur content. After the arrival of a new investor in 2019, we gradually started to re-attract the lost clients; at the same time, we plan to construct our thermal power plant, which will be the primary user of our deposit. However, the required period for the implementation of this project is five years.”²².

Table. 1 Corrected Subsoil Development Plan submitted for approval.

Year	million/ton	Type of resource
2011 (October, November, December)	0.02	Coal
2012	0.45	
2013	0.6	
2014	0.7	
2015	0.8	
2016	0.9	
2017	1	
2018	1.2	
2019	1.4	
2020	1.5	
2021	0.07	
2022	0.07	
2023	0.07	
2024	0.07	
2025	0.07	
2026	7.9	
2027	7.9	
2028	7.9	
2029	7.9	
2030	8.1	
2031	8.1	
2032	8.1	
2033	8.1	
2034	8.1	
2035	8.1	
2036	8.2	

²² შპს „საქნახშირის“ გენერალური დირექტორის - შპს „კოალ ჯეორჯიას“ დირექტორის, ზურაბ ალდგომელაშვილის 2021 წლის 26 ოქტომბრის №30/242 წერილი წიაღის ეროვნული სააგენტოს უფროსს, ოთარ დანელიას.

According to the Technical and Construction Supervision Agency, "In 2019-2020, TACSA conducted six technical inspections in Tkibuli mine, 49 non-compliances (including two non-essential, 46 substantials, and one critical) were detected, and the facility was fined 13,000 GEL. As of today, some of these violations have been corrected within the set timeframe. To rectify the remaining violations, TACSA has defined a reasonable timeframe within which Saknakshiri Ltd is obliged to rectify. Otherwise, TACSA will again carry out measures defined by law²³". For 2020-2021 the company used to submit information on eliminating the irregularities. In December 2021, Green Alternative requested a copy of documents on the inspection of Tkibuli shaft carried out by the Agency after December 2020. We have not received the documents – it should be assumed that no inspection was carried out during this period.

Environmental permits

Positive ecological examination reports have been issued to the enterprises owned by Saknakshiri at various times:

Enrichment plant

1. In Tkibuli, on the right bank of the River Tkibula, set up a coal-enrichment plant on the site of the former central enrichment plant for the gravitational enrichment of run-of-mine coal extracted in Dzidziguri and Mindeli shafts.

May 16, 2008, the decision was issued based on ecological expertise of environmental impact assessment report prepared by a scientific research company Gamma. The document is available upon request from the Ministry of Environmental Protection and Agriculture of Georgia.

According to the terms of the ecological expertise report, the enterprise is obliged to:

1. Perform activities following the technical regulations presented in the EIA report;
2. Before starting activities, set up dynamic equipment used in the enterprise with vibration-isolating shock absorbers;
3. Before starting activities, arrange a barrier together with the dam to prevent contamination of the River Tkibula from waste rock dump during frequent rains and mudslides; Plant non-invasive species common to the region on the dump perimeter;
4. Use modern, relatively low-noise vehicles for waste rock transportation during the operation of the enterprise;
5. Install ventilation systems in the enrichment plant and other indoor workplaces before starting activities;
6. Carry out measures envisaged in the environmental protection management plan proposed in the EIA report;
7. Before commissioning the enterprise, improve the site used for construction-reconstruction works. Arrange a protective strip of trees at the border of the residential zone;
8. Within three months after commissioning the enterprise, ensure the development of environmental monitoring plan and waste management plan; Envisage full reporting on acoustics in the process of commissioning of the enterprise in the monitoring plan; Agree on these plans with the Ministry of Environmental Protection and Natural Resources of Georgia;
9. Ensure pre- and periodic medical check-ups for workers employed at the enterprise.

In June 2020, Saknakshiri Ltd agreed on the Waste Management Plan for 2020-2022 with the Ministry of Environmental Protection and Agriculture.

²³ Letter of TCSA #03/1731 dated 10 December

As it appears from the documents provided by the Ministry of Environmental Protection and Agriculture, on March 12, 2020, an employee of the West Regional Division of the Environmental Supervision Department drew up a protocol for an administrative offense based on the fact that the company had not submitted data on emissions of harmful substances into the atmospheric air for 2019. **The enterprise was fined 150 GEL.** For the same basis and reason, the company was fined 150 GEL again on March 2, 2021.

On March 19, 2021, the Department of Environmental Supervision fined Saknakshiri LLC 200 Gel for the non-submission of the report on wastes of 2020 generated by the enterprise within the timeframe established by the law.

On April 8, 2021, the Department of Environmental Supervision drew up an administrative offense report, based on which Saknakshiri LLC did not fulfill the requirement of the 4th Paragraph of Article 48 of the Environmental Assessment Code and did not apply to the Ministry of Environmental Protection and Agriculture of Georgia till January 1, 2021, for obtaining the environmental decision. The enterprise received a warning for this violation from Tkibuli Magistrate Judge.

On May 17, 2021, the Director-General of Saknakshiri LLC applied to the Ministry and requested an environmental decision. On June 8, 2021, the Minister of Environmental Protection and Agriculture issued [Order №2-837](#) on issuing an environmental decision on a coal enrichment plant of Saknakshiri LLC.

Thermal power plant

2. For the construction and operation of the local coal-fired 13.2 MW thermal power plant (TPP) near the Tkibuli coal enrichment plant. The report was also issued with several mandatory conditions.

[The report of January 5, 2011](#), has been issued based on an ecological examination of the environmental impact report prepared by a scientific research company Gamma. The document is available upon request from the Ministry of Environmental Protection and Agriculture of Georgia.

According to the terms of the report, Saknakshiri is obliged to:

1. Construct the designed facility and put it into operation following the plan proposed in the EIA report;
2. Before to commissioning the facility and after launching and running enterprise equipment, submit the documentation on testing high pressure and high-temperature technology equipment to the National Environmental Agency.
3. Conduct environmental monitoring (self-monitoring) and submit to the controlling authorities upon request;
4. Carry out monitoring of noise intensity at the nearest settlement during the construction and operation process and submit to the controlling authorities upon request;
5. Protect sources of emission and discharge of harmful substances present in the draft maximum permissible dispersion norms for harmful substances into the atmospheric air, as well as parameters of air-dust collection devices and, thus, comply with maximum permissible dispersion norms that are established accordingly;
6. Comply with maximum permissible discharge norms for pollutants discharged with wastewater into surface waters;
7. Plant perennials on the enterprise perimeter;
8. Arrange temporary disposal facilities for produced hazardous waste (waste oils, oil pollution spills, expired and outdated accumulators, vehicle filters, etc.) following environmental requirements;

9. Transfer to organizations with respective environmental permits with the purpose of further management of hazardous waste management (recycling, disposal, or storage);
10. Manage waste in accordance with the waste management plan proposed in the EIA report;
11. Fulfil mandatory requirements, recommendations, and environmental impact mitigation measures proposed in the EIA Report.

On March 12, 2020, an employee of the West Regional Division of the Department of Environmental Supervision also recorded an administrative offense in this case, which also consisted of the failure to submit data on emissions of harmful substances into the atmospheric air for 2019. The enterprise was fined 150 GEL.

At the same time, the issue of operation and ownership of the thermal power plant is unclear. According to the 2019 financial and management [statement](#) of Georgian International Energy Corporation Ltd:

"In September 2019, the company purchased fixed assets owned by the thermal power plant from Saknakshiri Ltd for 16,621 thousand GEL, including VAT. Meanwhile, Saknakshiri Ltd purchased fixed assets related to coal processing from the company for 5,311 thousand GEL, including VAT. The fair value of fixed assets, both bought and sold, was received from an external appraiser independent of the company. As a result of these two transactions, the company incurred a liability towards Saknakshiri Ltd of 11,310 thousand GEL, which was deducted from the loans issued by the company to Saknakshiri Ltd. As a result of this deduction, the balance of loans issued by the company amounted to 3,790 thousand GEL. Since Saknakshiri Ltd, a subsidiary of the immediate parent company, suffered financial difficulties due to its operating activities, the company forgave the rest of its loan because Holding Georgian Industrial Group Ltd decided to sell Saknakshiri Ltd.

Currently, the enterprise is not operating.

Availability of information on compliance with terms

Since January 1, 2018, with the enactment of the Environmental Assessment Code, the Ministry of Environmental Protection and Agriculture is obliged²⁴ to publish further analysis of its activities on the Ministry's website, which includes:

- a) monitoring of conditions and mitigation measures;
- b) analysis of the environmental impact of the activities;
- c) assessment of changes in environmental characteristics provided in the EIA report.

This obligation has not been fulfilled even in the fifth year after the entry into force of the Code - neither for Saknakshiri nor for any other enterprise. Information on fulfillment of the conditions can only be obtained upon request for public information.

Safe environment for humans (labor)

To ensure labor safety in high-risk enterprises, on May 11, 2017, two Ministers issued a joint Order on the Creation of a Joint Monitoring Group of the Ministry of Economic and Sustainable Development of Georgia and the Ministry of

²⁴ Environmental Assessment Code, Article 17.

Labor, Health, and Social Affairs of Georgia²⁵. According to the Order, with the purpose of monitoring working conditions and technical inspection in the workplace with heavy, harmful, hazardous conditions as well as increased technical risk to human life and health, a joint monitoring group is established composed of representatives of Technical and Construction Supervision Agency and Labour Inspection Department under the Ministry of Labour, Health and Social Affairs.

Soon after the enactment of the Order, it was reported that Saknakshiri was one of the first enterprises to be inspected by the Group²⁶. The results of monitoring and technical inspection of the Group **have not been published**.

"In June 2018, Saknakshiri Ltd suspended coal mining due to several fatal incidents. However, as of December 31, 2018, and for the date of the current financial statement, Georgian Industrial Group has been conducting active negotiations with foreign mining companies for the restoration and reconstruction of coal mining operations with new technologies to make coal mining in Saknakshiri cost-efficient from a technical and commercial point of view" – it is said in the company's financial statement 2018²⁷. In fact, "several fatal incidents" were two tragic incidents at a four-month interval: (1.) on April 5, 2018, 6 miners died. Three miners were injured in the Mindeli shaft, and (2.) on July 16, 2018, four died, and six miners were injured in the Mindeli shaft. Cases of injuries and deaths at the Mindeli shaft have become an integral part of the enterprise operations - at least 20 people were injured, and 27 died in the workplace between 2010-and 2018²⁸.

In September 2018, the Minister of Health announced²⁹ the decision of the Ministry to hire the German company [DMT Group](#) to study the situation in the Tkibuli mine. According to the Minister's statement, the expenses of the invited specialists would have been covered by the state budget.

A year later, on November 1, 2019, DMT Group presented its report on the labor safety situation in Mindeli shaft at the Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health, and Social Affairs of Georgia. **The report has not been published in this case either.** New owners of Saknakshiri also attended the presentation of the report. Representatives of Steel International Trading Company stated that they would continue to cooperate with a German company that would permanently follow up on implementing labor safety works in Mindeli mine and issue the recommendations. "To some extent, our company has already undertaken strides to eradicate deficiencies. We have invited a German company to develop a new conclusion on the progress. In parallel, we have invited Turkish specialists to develop behavior rules and assist in explosion management. They are expected to complete work before the end of the week. German specialists will prepare a document before the end of the year. The document will describe the issues to be corrected, and the specialists will continue the monitoring. The staff will also be trained on labor safety. The next stage covering two years envisages the introduction of new technology in coal mining", - stated the representative of Steel International Trading Company, Alexander Chochia."

²⁵ [A joint Order on Creation of a joint monitoring group of the Ministry of Economy and Sustainable Development of Georgia and the Ministry of Labour, Health and Social Affairs of Georgia](#)

²⁶ [Inspection of Tkibuli and Chiatura mines have been started, netgazeti.ge - 16.05.2017](#)

²⁷ [Saknakshiri Ltd., Consolidated and individual financial report and management statement with report of external auditor for reporting year ended 31 December 2018](#)

²⁸ [Four miners dead. Mine shafts closed. „Saknakshiri” to the State? Nino Tarkhishvili, Radio Liberty, July16, 2018](#)

²⁹ [German company DMT Group will study the working conditions in Mindeli shaft, First Channel, 07.09.2018](#)

On November 18, 2019, Green Alternative applied to the person responsible for providing public information at the LEPL Technical and Construction Supervision Agency (TACSA) under the Ministry of Economy and Sustainable Development of Georgia and requested a copy of the report prepared by a German company DMT Group after auditing the situation in Tkibuli mine. In response, TACSA informed us that the owner of the information is the Ministry of Internally Displaced Persons from the Occupied Territories, Labor, Health and Social Affairs (MoIDPLHSA) of Georgia, which requested the preparation of the report, and advised us to apply to MoIDPLHSA.

Green Alternative applied to TACSA again. The letter stated: "According to Article 2 of the General Administrative Code of Georgia, public information is an official document, i.e., any information stored at a public institution, as well as any information received, processed, created, or sent by a public institution or public servant in connection with official activities; also any information proactively published by any public institution. As mentioned in your letter, the owners of public information (as mentioned in your letter) are citizens of Georgia and not any agency, and it can be stored at various public agencies. Thus, if the report requested by us is stored at TACSA, we request you to provide us with a copy of it; however, if the report has not been available to TACSA and, therefore, it is not stored, we request to send our application to an administrative body, which is authorized to resolve the issue requested by our application, following the rules established by the General Administrative Code".

A few days after the second application, we received the following explanation from TACSA: "The Department of Labour Inspection under the Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs of Georgia, based on a letter #01/19801 dated November 23, 2019, submitted the official English version and unofficial translation of the report on the Mindeli shaft produced based on the agreement between the MoIDPLHSA, and DMT GmbH & CO.KG concluded on November 2, 2018. Thus, TACSA has only the documents mentioned above and holds no information about the official translation; we could not provide you with comprehensive information. Based on your request, we provide you with the documents mentioned above. To receive comprehensive, accurate information, we will send your letter to the Department of Labour Inspection." The letter was accompanied by the official [English version](#) and unofficial [Georgian](#) translation of the report on the Mindeli mine prepared by DMT GmbH & CO.KG.

On January 10, 2020, Green Alternative received a letter from the MoIDPLHSA stating that **the report may contain commercial and professional classified information; therefore, the Department of Labour Inspection had applied to Steel International Trading Company to obtain permission to transfer the document to the organization.** According to the Department's explanation, we would be additionally informed about the decision; however, we have not received any refusal or requested document from the MoIDPLHSA.

One year after the entry of new management in the enterprise, at the end of 2020, Mikhail Sotsky - the Chairman of the Board of Directors of Saknakhshiri LLC, state: "Great attention is drawn to the labor safety, great efforts are made in this direction. Even if any minor violations are not allowed in the workplace, safety measures must be observed by all employees by 1000%, and the company's management especially controls over it. From the very beginning, we studied the current situation with German specialists, the accidents occurred before our arrival, and identified weak spots that required double attention or drastic changes. As a result of these measures, we have changed the staff of controllers of Occupational Safety. Both controllers and the entire staff of the shaft underwent special training in occupational safety equipment. After passing the instruction, they passed exams. We also tightened supervision over the blasting works. The equipment was modernized, new equipment was introduced, and capital repairs were made.

Our specialists developed a new standard of extraction. We started strengthening the extraction with double efforts and look forward to positive results in the quantity of extraction and labor safety.”³⁰.

After a month of this statement, on January 30, 2022, another industrial accident in Tkibuli shaft ended up with one miner's death and eight miners' injury. The Labour Inspection Service, as a result of the initial investigation, revealed that the blasting works were carried out in violation of safety rules and the methane levels in the air exceeded the permissible concentration; In addition, technical regulation was violated, based on which blasting works must be carried out with the direct supervision of a technical supervisor, and he/she was not present on the site. The Ministry of Internal Affairs has also launched an investigation on the fact under Article 240 of the Criminal Code implying a breach of safety regulations during mining, construction, or other works. The final results of the case investigation are still unknown.³¹

Conclusion

In conclusion, it can be said that, **like other companies, Saknakhshiri does not make publicly available information on the terms of mining license, terms and conditions of permit of enrichment plant and their fulfillment; damage caused to the environment as a result of company activities, planned and implemented measures to repair and reduce environmental damage; as well as on the state of the environment being affected by company's activities.** Saknakhiri Ltd does not have its website longer. Nor the Ministry of Environmental Protection and Agriculture provides information about the environmental conditions in the area affected by company activities, al. However according to international and national legal requirements, this information should be available to the public proactively – without having to request the information.

³⁰ [მიხაილ სოცკი: ჩვენ ყველა გამოწვევას გავუმკლავდით](http://mibailo.soc.gov.ge), gbc.ge, 29 დეკემბერი, 2020

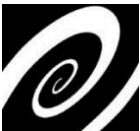
³¹ [რა მოხდა ტყიბულის შახტში?](http://www.1tv.ge) იანვარი 31, 2022, თათა კაჭკაჭიშვილი, რადიო თავისუფლება

Since 2015, Green Alternative has been issuing periodic reports on the availability of information on Georgia's state of the environment. During the analysis of the availability of data on the state of the environment, we study the accessibility of information on so-called "large-scale pollutants" and prepare company profiles of four enterprises singled out in terms of the scope of activities and impacts on the environment and human health. These enterprises are RMG LLC, Georgian Manganese LLC, Saknakshiri Ltd, and HeidelbergCement.

This document reflects the availability of information on Saknakshiri.

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