

HEIDELBERGCEMENT GEORGIA



COMPANY PROFILE

MARCH, 2022

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HeidelbergCement Georgia

HeidelbergCement has been operating in Georgia since 2006 and currently owns cement plants in Kaspi and Rustavi, a cement grinding mill in Poti, and a cement terminal in Supsa, as well as 14 concrete batching plants in Tbilisi and various regions of Georgia. HeidelbergCement Georgia sells clinker, cement, and concrete on the market in Georgia.

Based on the Register of Entrepreneurs and Non-entrepreneur Legal Entities, LLC "HeidelbergCement Georgia" is owned by „CaucasusCement Holding B.V.", registered in the Netherlands on February 13, 2020; as of 2016, members of its supervisory boards were: Gela Bezhuashvili, Robert Bezhuashvili, Klaus Alfred Schwind (Germany), Albert Scheuer (Germany), Christian Knell (Germany). According to the extract of February 12, 2018, the members of the company's council are: Mathijs Coenraad Maria Cremers (Netherlands), Inger Mirjam Westehof-Zweverink (Netherlands), Albert Scheuer (Germany), Christian Mikli (Germany), Verbeke, Eduard Jurgen, Kloosterhuis, Max, Giorgi Bachiashvili and Irakli Rukhadze.

According to HeidelbergCement Georgia's [Financial Statement 2020](#), "as of 2020 and December 31, 2019, 100% owner of the company was the Netherlands-based „CaucasusCement Holding B.V." ("immediate parent company). As of 2019 and December 31, 2018, information concerning the owners of „CaucasusCement Holding B.V." is as follows:

„HeidelbergCement Central Europe East Holding B.V." (Hereinafter „HC CEE", a company registered in the Netherlands	45.00%
„Cement Invest B.V.", a company registered in Luxemburg	45.00%
Ms. Svetlana Lambrianova-Bezhuashvili, a citizen of Georgia	10.00%
	<hr/>
	100.00%

The ultimate controlling party to HC CEE is the German-based and currently operating company HeidelbergCement AG (hereinafter, "HC AG"). Cement Invest B.V. is subject to joint control of Cayman Islands-based GCF L.P and the British Virgin Islands-based - Park Street Capital L.P.

CaucasusCement Holding B.V. owns 100% Terjola-Quarry LLC (ID code 204546811), which was merged with Karier Holding Ltd (416307124) in 2017.

In 2017, HeidelbergCement started the consolidation of Georgian assets. HeidelbergCement Caucasus LLC (204430400) merged with HeidelbergCement Caucasus LLC (202394391) and HeidelberBeton Georgia LLC (204559003). Before this, in 2009, "Alge-Mineral" Ltd (216441660) merged with the Company.

On April 3, 2018, HeidelbergCement Caucasus LLC (204430400) in its turn, merged with HeidelbergCement Georgia LLC (230866435), which was previously joined by Rustavcement JSC (216291992), Meliza LLC (224071359), CaspiCement (230866747), Caucasiatrans Ltd (216439879) and Quarryinvest LLC (216439888).

The eventual owner of the consolidated company is "CaucasusCement Holding B.V.", registered in the Netherlands, 50% shares of which are owned by HeidelbergCement, and the second half, as reported by HeidelbergCement,¹ is owned by Cement Invest B.V., jointly managed by [„Georgian Co-Investment Fund"](#) and [Hunnewell Partners](#).

¹ [HeidelbergCement sells half of its Georgian business, 10 November 2017](#)

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It is interesting that according to HeidelbergCement report of 2017², “on November 10, 2017, HeidelbergCement sold 55% of its shares in Fully consolidated “CaucasusCement Holding B.V.” and its Georgian subsidiaries: HeidelbergCement Georgia LLC, HeidelbergCement Caucasus LLC and Terjola-Quarry LLC. The price of the sale was 20.8 million EUR, which was paid in cash”.

Co-Owners

Co-Investment Fund

„Co-Investment Fund” (GCF) was established in 2013 by Bidzina Ivanishvili – former Prime Minister and current manager of the ruling party Georgian Dream. Based on information [available on the GCF website](#) “HeidelbergCement is one of the leading brands in the world’s cement and concrete market, operating in Georgia since 2006. In 2017, the GCF and Hunnewell Partners jointly acquired 50% of shares in HeidelbergCement Georgia for upgrading the Kaspi plant. With the support of GCF, a \$100 million investment project at HeidelbergCement Kaspi plant was planned which envisaged full modernization of the Kaspi cement plant and construction of dry line for clinker production that would significantly reduce production costs.”

According to the information that was released upon its establishment, the GCF is managed by GCF Partners 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% of a shareholder of the company and the Director-General is Giorgi Bachiasvili. Levan Vasadze left the company in 2014, and Ucha Mamatsashvili - in February 2018.

According to the consolidated [financial statement, 2020](#) GCF Partners own 100% of 2 subsidiary companies: Marneuli Cement Ltd (404490298) and Tbilisi Technopolis Ltd (406129648). According to the statement, provides investment management, general management, and other consulting services.

In 2014, the Company entered into Investment Agent and Investment Management Agreements with GCF Luxembourg SARL (Luxco, a private limited company established and operating under the law of the Grand Duchy of Luxembourg) and GCF GP (limited liability company, registered under Cayman Islands law). In 2017, the Company entered into a General Management Services and Share Management Agreement with Georgian Tourism Development Fund LLC (GTDF, I/C 405033734, owned by JSC [FRANKSTON INTERNATIONAL](#) S.A., 754525 /Panama/³). Share Management Agreements GTDF was terminated in April 2018.

Hunnewell Partners

The company [website](#) says that Hunnewell Partners is the pre-eminent private equity firm in the Caucasus that manages assets in telecommunications, metallurgy (steel), real estate, and media. It also says that Hunnewell

² [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.

³ [CO-InvestmentFund conceals the owner of FRANKSTON INTERNATIONAL, April 12, 2016, Tabula](#)

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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.

The managing 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 concerning the disposition of property of a Billionaire Badri Patarkatsishvili, who died in 2008, and in several media publications about the court litigation.⁴

At the same time, Irakli Rukhadze is the Chairman of the Supervisory Board of Liberty Bank. Based on the Bank's website, "Until 2018, Hunnewell Partners was a multi-jurisdictional asset management firm with offices in London, Miami, Tbilisi, Kyiv, Malaga, and the BVI. Hunnewell Partners managed assets in the US, Western and Eastern Europe, and the former Soviet Union as well as the wealth of Ultra High Net Worth individuals. Since 2018, Hunnewell Partners has restructured its relationship with its investors and is currently managing the private wealth of its shareholders and their families. Hunnewell Partners currently focuses on a private equity portfolio in Georgia and litigation funding in the UK. Hunnewell Partners' portfolio in Georgia includes some of the country's largest and best-known companies such as Magticom, Rustavi Metallurgical Plant, Heidelberg Cement, Liberty Bank, IDS-Borjomi, and Imedi TV."⁵

Irakli Rukhadze is the Chairman of the Supervisory Board of Teleimedi LLC.

Environmental Issues

According to Financial Statement 2020_of HeidelbergCement Georgia, available on the website of the Service for Accounting, Reporting and Auditing Supervision (SARAS), "environmental legislation is evolving in Georgia, while forms of law enforcement are constantly reviewed by the government bodies. Potential liabilities that may arise due to changes to current regulations or laws, as well as civil litigation cannot be assessed, however, they could have a significant impact. An important regulation to be considered by the management is **noise and environmental pollution regulations. Management annually submits reports on fulfilling norms related to noise and environmental pollution by cement plants. Moreover, if the Ministry of Environment Protection receives any complaint regarding the activity of the enterprise, an unscheduled inspection is carried out. As the management says, the plants fully meet the established norms and there is no risk of breaking regulation**".

On the Hunnewell Partners website⁶, we read about HeidelbergCement Georgia: "Today, HeidelbergCement Georgia is committed to investing more than € 400 million in its plants. One such project, the modernization of Georgia's largest integrated cement plant, was completed in February 2019. The implementation of a project worth about \$100 million at the Kaspi plant has increased the efficiency and output of this modern plant. In addition, **the plant adheres to the strictest environmental regulations in the EU.**

⁴ „UK Court exposes Irakli Rukhadze in misappropriation of Salford project worthing billion“, Author: Shota Tkeshelashvili, <http://forbes.ge>

⁵ „London Court: Irakli Rukhadze misappropriated Badri Patarkatsishvili's assets searching business“, www.on.ge

⁶ Irakli Rukhadze, Chairman of the Supervisory Board, Liberty Bank

⁶ <https://www.hunnewellpartners.com/heidelbergcement/>

Kaspi Cement Plant

Kaspi Cement Plant of HeidelbergCement Georgia obtained the Environmental Impact Permit for its ongoing activity in 2009. On September 11, 2009, by the Order #I-483 of the Minister of Environment and Natural Resources Protection of Georgia, the Environmental Impact Permit was issued for the ongoing cement production activity to the owner of the Plant of that period – “Sakcement” LLC

According to the Permit Conditions, the management of the Plant should have submitted the following documents for consideration to the Ministry:

1. Within 2 months – technical report on installing-passporting of air-dust collection devices and ventilation systems, along with actual efficiency data.
2. Within 2 months – Noise monitoring technical report was performed under the noise suppressing activities plan.
3. Within 3 months – Emissions monitoring program and its implementation results.
4. Within 3 months - the results of monitoring of ground-level ambient air at the boundary of the residential zone taking into account the operation of the different loading modes in the enterprise.
5. Within 6 months – Waste Management Plan.
6. Within 6 months – Emergency Response Plan. The enterprise facility should also be equipped with appropriate fire safety equipment

According to the conditions of the same Permit, the management of the enterprise must carry out the following:

7. A permanent control of harmful substances emission in ambient air;
8. Periodic inspection of the effectiveness of the air-dust collection system of the technological line;
9. Provide service personnel with respirators and noise-suppressing devices;
10. Enclose the territory with evergreen plants at two levels in the immediate future after the Permit is issued.

For violations of conditions of positive environmental expertise for cement production at Kaspi Plant issued on September 9, 2009, an administrative offense protocol was drawn up on February 29, 2016 (for violation of conditions ## 1, 2, 3, 4, 5, 6, 7, 8, 9, and 10 of the environmental expertise). To remedy violations of the environmental impact permit conditions identified as a result of the inspection, specific time limits have been determined for HeidelbergCement Georgia LLC.

In July 2017, the Environmental Supervision Department inspected the status of unfulfilled obligations within the time limits. As it turned out, the following obligations were still not fulfilled within the specified timeframe:

1. Within the prescribed time limit (2 months), failed to submit to the Ministry for consideration a technical report on installing-passporting of air-dust collection devices and ventilation systems, along with actual efficiency data;
2. Within the prescribed time limit (2 months), failed to submit to the Ministry for consideration information on the technical report on noise monitoring under the noise suppressing activities plan;
3. Within the prescribed time limit (2 months), failed to submit to the Ministry for consideration a specific program for emission monitoring (self-monitoring);

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4. Within the prescribed time limit (2 months), failed to submit to the Ministry for consideration the results of monitoring of ground-level ambient air at the boundary of the residential zone taking into account the operation of the different loading modes in the enterprise;
5. Within the inspection process the company failed to submit an updated Waste Management Plan;
6. Within the prescribed time limit (6 months), the company failed to collect separated hazardous and non-hazardous waste and place them in a specifically designated area in the enterprise;
7. Within the prescribed time limit (1 month), failed to properly label the household waste bins located in the enterprise area;
8. Within the prescribed time limit (2 months), failed to submit to the Ministry for approval an Emergency Response Plan and fully equip the enterprise facilities with fire safety equipment;
9. Within the inspection process the company failed to provide documentation on permanent control of harmful atmospheric emissions;
10. Within the inspection process the company failed to provide documentation on periodic inspection of the effectiveness of a dust-collection system of the core technological line;
11. Within the prescribed time limit (6 months), failed to enclose the enterprise territory with evergreen plants at two levels;
12. Within the prescribed time limit (2 months), the company failed to update and within the same time limit, submit to the Ministry for approval “draft norms on Maximum Permissible Emission (MPE) of harmful substances in ambient air”
13. Within the prescribed time limit (5 months), the company failed to settle technical issues related to unorganized emissions of the enterprise; consequently, separation and emission sources, as it is provided in the “draft norms on Maximum Permissible Emission (MPE) of harmful substances in ambient air” as well as parameters of air-dust collection device are not ensured and norms on maximum permissible emission do not adhere;
14. Within the inspection process, the company failed to submit documentation on continuous monitoring/self-monitoring of harmful substances emission from stationary sources of air pollution;
15. Within the inspection process, the company failed to submit an inspection plan for mitigation measures for emissions of harmful substances into ambient air in unfavorable weather conditions, developed in compliance with requirements of Resolution #8 of the Government of Georgia dated January 3, 2014; the one month was prescribed to fulfill this obligation;
16. Within the inspection process, the company failed to submit self-monitoring documentation of used and discharged waters;
17. Within the inspection process, the company failed to submit documentation on compliance of wastewater generated in the manufacturing-technological process with “norms of Maximum Permissible Discharge (MPD) of pollutants discharged with wastewaters into the surface water bodies”;
18. Within the inspection process, it was found out that HeidelbergCement Georgia LLC carries out water withdrawal from the surface water body, however, the issue of water withdrawal from the river has not been determined in compliance with the Environmental Impact Permit;

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19. The inspection revealed that HeidelbergCement Georgia LLC did not comply with the recommendations/obligations considered by the Environmental Impact Assessment (EIA) report;⁷.

On July 31, 2017, Administrative Offence Protocol №035963 was drawn up again regarding the identified violations against HeidelbergCement Georgia LLC. Based on the Protocol and by its Decree №4-148-17 dated September 04, 2017, the Court found HeidelbergCement Georgia LLC to be liable for the administrative offense and imposed a fine of GEL 15,000. The Decree came into force and, to prevent the non-fulfillment of the permit conditions, the Ministry has once again defined reasonable time limits for HeidelbergCement Georgia. Only then the company started fulfilling the conditions.

New Technological Line

In 2016, HeidelbergCement LLC planned to construct a new technological line for dry cement production on the territory of Kaspi Cement Plant and received a positive environmental expertise conclusion within the process of obtaining a construction permit for the project implementation. For once, the company did not submit a significant part of the documentation required by law, however, the Ministry still issued a positive ecological expertise conclusion. The enterprise, again, was post factum instructed to provide the information that should have been the basis for the decision.

In compliance with the terms of the ecological expertise approved by Order # I 244 of the Minister dated May 11, 2017, HeidelbergCement Georgia LLC is mandatory to carry out the following tasks:

1. During the construction and operation period, ensure that activities are carried out under the submitted Environmental Impact Assessment Report, mitigation measures, and the Environmental Monitoring Plan;
2. Immediately inform the Ministry of Environment and Natural Resources Protection of Georgia about the start of construction and commissioning;
3. **Before the construction**, provide the Ministry of Environment and Natural Resources Protection of Georgia with a master plan of the enterprise and the construction site, where a water supply scheme of the enterprise during the construction and operation phases and a scheme of the sewage system of the storm and industrial-fecal wastewaters generated in the enterprise must be presented;
4. **Before the construction**, provide submission of an agreement with a relevant organization on the management of industrial-fecal wastewaters to the Ministry of Environment and Natural Resources Protection of Georgia;
5. In the operation phase of the enterprise, ensure fulfillment of MPD standards in compliance with the “Project on norms of Maximum Permissible Discharge (MPD) ” into the surface water body;
6. **Before the construction**, ensure to determine specific plan schedules of monitoring noise levels and inorganic and cement dust in ambient air at the nearest residential houses during the construction and operation phases, indicating the frequency of monitoring, methods, and GIS coordinates of control points; the mentioned plan-schedule must be submitted to the Ministry of Environment and Natural Resources Protection of Georgia;

⁷ A letter from the Environmental Supervision Department #DES11800004242 of January 25, 2018 to the Minister of Environmental Protection and Agriculture

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7. During the construction and operation phases, ensure self-monitoring of harmful substances emission in ambient air, in compliance with established regulations;
8. In the construction and operation phases, in case of exceeding inorganic and cement dust concentrations in ambient air and noise levels at the nearest residential houses, determine additional mitigation measures and submit them to the Ministry of Environment and Natural Resources Protection of Georgia;
9. In the operation phase, dust should be removed from cement mixer trucks on the territory of the enterprise to ensure their movement through the populated zones in clean condition. Moreover, permanent control must be established on the performance of this measure;
10. In the operation phase of the enterprise, to adhere to emission sources, as it is provided in the “draft norms on Maximum Permissible Emission (MPE) of harmful substances in ambient air” as well as parameters of the air-dust collection device and accordingly, established norms of maximum permissible emission;
11. Within a year from starting operation, ensure landscaping of the enterprise area under the EIA report;
12. In case of dismantling the existing technological line, before launching the new one, prepare a project for dismantling the existing technological line and submit it to the Ministry of Environment and Natural Resources Protection of Georgia;
13. In the construction and operation phase, ensure the generated waste management complies with the legislation.

Under the second condition of the Conclusion, the company did not notify the Ministry about starting construction, however, it informed the Ministry about the commissioning on April 2, 2019.

Based on the documentation provided by the Ministry, which reflects the fulfillment of the company’s obligations, it turned out that the company violates other conditions of the environmental expertise as well. As a result of the review/study of the conditions of the environmental expertise and state of performance of regulations established by the current law, HeidelbergCement violated ## 2, 3, 4, 6, 8, and 13 conditions of the Conclusion, in this regard, on June 2019, the administrative offense protocol was drawn up and the materials were sent to the Kaspi Magistrate Court for consideration. According to decision #4/92-19 of the court, HeidelbergCement Georgia LLC was found an administrative offender and was fined Gel 5000.

Later, by the letter of the Ministry dated March 16, 2020, the company set timeframes for correcting the violation. In particular, the company was instructed to:

1. Within 2 months time limit after delivery of administrative prescription, provide the Ministry of Environment and Natural Resources Protection of Georgia with a master plan of the enterprise and the construction site, where a water supply scheme of the enterprise on the **construction** and operation phases and a scheme of the sewage system of the storm and industrial-fecal wastewaters generated in the enterprise shall be presented (it is noteworthy that the term should have been fulfilled before the construction, or 2 years ago);
2. Within 2 months time limit after delivery of administrative prescription, submission of an agreement with a relevant organization on the management of industrial-fecal wastewaters to the Ministry of Environment and Natural Resources Protection of Georgia (to be fulfilled before the construction);
3. Within 3 months time limit after delivery of administrative prescription, ensure to determine specific plan schedules of monitoring of noise levels and inorganic and cement dust in ambient air at the nearest

residential houses during the construction and operation phases, indicating the frequency of monitoring, methods, and GIS coordinates of control points; the mentioned plan-schedule must be submitted to the Ministry of Environment and Natural Resources Protection of Georgia (to be fulfilled before the construction);

4. After agreement on the planned schedule with the Ministry, the company should have immediately started determining noise levels and inorganic and cement dust concentrations in ambient air at the nearest residential houses, and in case of exceeding, it should have developed additional mitigation measures and submitted them to the Ministry
5. Besides, as soon as the delivery of the administrative prescription, the company should have started waste management in compliance with the law.

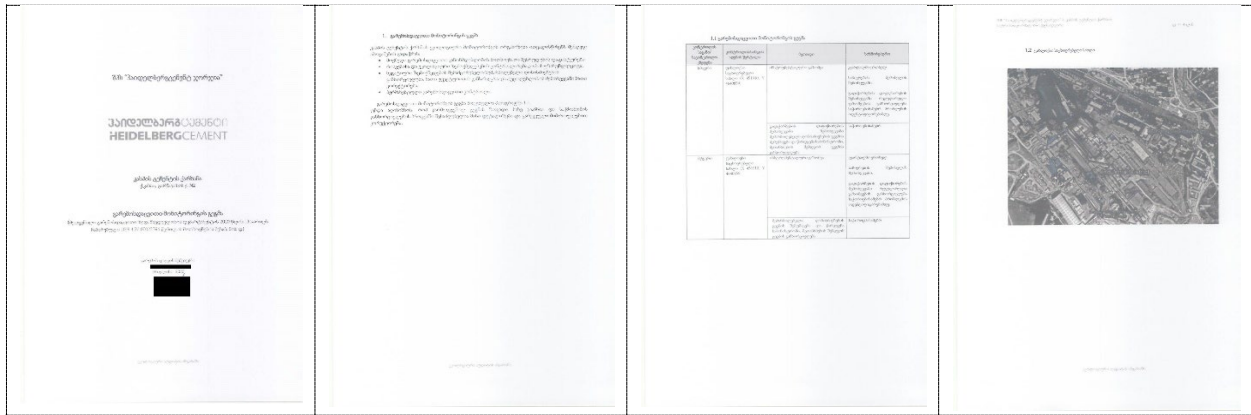
On July 13, 2020, the company addressed the Minister of Environmental Protection and Agriculture of Georgia and requested to defer the commitment to the construction of a non-hazardous waste repository (for the fulfillment of the 13th condition), due to the pandemic situation. By the decision of the Ministry, the time limit of the repository construction was extended until September 30, 2020.

The company violated the deadlines set for the fulfillment of the conditions of the ecological expertise. The re-inspection conducted in October 2020, showed that none of the obligations provided in the administrative prescription had been fulfilled, for which an administrative offense report was again drawn up. Consequently, on October 15, 2020, Administrative Offence Report № 058588 was drawn up against HeidelbergCement Georgia LLC under the 2nd paragraph of Article 79⁸ of the Administrative Offences Code of Georgia; the report was sent to a relevant court for consideration. This time, for non-fulfillment of the terms established by the environmental decision, HeidelbergCement Georgia LLC was fined 15 thousand GEL – the triple amount of charge considered by the Administrative Offences Code of Georgia. Following the entry into force of the court's decision (decision of November 30, 2020), the company was again given reasonable time limits to rectify the irregularities.

On August 9, 2021, the staff of the Department of Environmental Supervision again inspected the state of performance of the conditions. The inspection of the company's territory revealed that the waste management generated within the operation phase was not carried out in compliance with the law, in particular: various mixed waste, including hazardous, construction, inert, and others are scattered here and there to the north-west side, in the territory of the enterprise. In addition, in the northwest part of the enterprise, where a non-hazardous waste repository is to be arranged, a large amount of mixed construction, industrial, hazardous, and other types of waste was dumped. A relevant act was drawn up in this regard, then later, Protocol №065151 was also drawn up due to non-fulfillment of the terms defined by the administrative prescription and it was sent to the court. By the decision of Gori District Court, HeidelbergCement Georgia LLC was fined 45 thousand GEL - the triple amount of the charge.

Environmental Monitoring Plan

Besides, on July 13, 2020, to fulfill the 6th condition of the Conclusion, the company submitted a document to the Ministry – “Kaspi Cement Plant – Environmental Monitoring Plan”. At the request of the Ministry, the document should have contained the following – a specific plan-schedule of noise levels and inorganic and cement dust concentrations in ambient air at the nearest residential houses, indicating the frequency of monitoring, methods, and GIS coordinates of control points. The Plan looks like this:



“Introduction” of the Plan says that “the Plan is a general and it can be detailed and adjusted at some extent, within the implementation process”, but the issue of inspection of dust and noise levels in one point **once in a quarter** appeared problematic for the Ministry. The company was instructed to submit the corrected monitoring plan schedule to the Ministry in 1 month (until September 19, 2020). Finally, after persistently referring to the non-fulfillment of the obligation, the company submitted a "revised" plan schedule on May 20, 2021. According to the new document, the control of dust and noise levels should be done not permanently, but only once a month. The improvement is the fact that the inspection will be conducted not at one but three points. Noise and dust levels will also be checked in case of complaints. Whereas, if excesses are detected, measurements will be made permanent until the problem is identified and a mitigation measure will be developed. This document was approved by the Ministry.

Noise Mitigation Measures’ Plan

HeidelbergCement Georgia should have submitted the noise mitigation measures plan in 2016 along with the documents needed for obtaining the ecological expertise conclusion for the construction project of a new technological line. However, then the Ministry turned a blind eye to the non-fulfillment of this requirement of law, and the company was instructed to submit the documents post factum. As a result, despite fining several times due to non-fulfillment of the obligation, the company still does not have a plan for noise mitigation measures.

HeidelbergCement Georgia has submitted the plan several times, which has not been approved by the Ministry. The company is stubbornly trying to adopt its version of the plan. The only reason for disagreement is the noise threshold permissible level, which the company disagrees with on a completely absurd basis. In particular, the Ministry of Environmental Protection and Agriculture has repeatedly explained to the company that the permissible noise levels are set by the Technical Regulation approved by Decree № 398 of the GoG of August 15, 2017, on “acoustic noise limits for rooms/premises in residential houses and public establishments.” Monitoring results should be compared with established permissible levels.

According to the Regulation, the noise permissible level for an enterprise (from 23:00 to 08:00) is 40 dB at night, HeidelbergCement Georgia is trying to be guided by the Environmental Impact Assessment, according to which (Table 6.3.1.4.), **the recommended** noise level is 45 dB at night.

In the Plan submitted to the Ministry on August 6, 2021, the company states: “noise levels for residential zones are set by Decree №398 of the Government of Georgia dated August 15, 2017 – Technical Regulation on “acoustic noise limits for rooms/premises in residential houses and public establishments”, the same Decree defines the day-night periods:

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Day – from 08:00 to 19:00,

Evening – from 19:00 to 23:00;

Night – from 23:00 to 08:00;

According to the Letter 29/06/2021 N6659/01 of the Ministry of Environmental Protection and Agriculture, the company should be guided by the following norms:

Acoustic noise limits for rooms/premises in residential houses and public establishments and through the territories of their development

№	Application functions of premises and territories	Permissible norms		
		L _{day} (dBA)		L _{night} (dBA)
		day	night	
13	Areas that are directly adjacent to low-rise (number of floors ≤6) residential houses, medical facilities, children and social service facilities	50	45	40
14	Areas that are directly adjacent to high-rise apartment buildings (number of floors >6), cultural, educational, administrative, and scientific institutions	55	50	45

Since the law does not specify the noise levels in industrial zones, the company will use the norm defined by the EIA (70 dB, for all three periods of the day: day, evening, and night).

The plan containing this absurd explanation has not been approved by the Ministry, which is not a proper consolation for the people living in the surrounding areas; Whereas the enterprise continues to operate in the usual mode, which means that the noise is permanent, including at night.

Rustavi Plants

Sakcementi

In 2009, the Ministry of Environment and Natural Resources Protection of Georgia issued the Environmental Expertise Conclusion №109 (29.12.2009) and the Environmental Impact Permit #000060 for cement production by “Sakcementi” Ltd (later merged with HeidelbergCement) in Rustavi. “According to the 4th Paragraph of Article 48 of the Environmental Assessment Code of Georgia, on August 18, 2018, the Minister of Environmental Protection and Agriculture of Georgia issued the order on issuing the environmental decision on cement production by the HeidelbergCement Georgia LLC”, by which, the order on issuing of the Environmental Impact Permit was canceled, but the Environmental Expertise Conclusion №109 of 2009 remained in force.

According to the EIA report, “Sakcementi” Ltd represents the successor to the Rustavi cement plant operated in conditions of the former USSR, on the territory of Georgian SSR, which started operating in 1956 and produced various brands of cement. Its design capacity was 864 thousand tons of cement. In the current conditions, the enterprise plans to produce 700,000 tons of cement per year. The enterprise will produce 500000 tons of clinker for manufacturing this quantity of cement, as well as for the need of sale. The enterprise will use coal for fuel, the

amount of which is 170 thousand tons per year. The number of working days of the enterprise is 365 per year, and the number of working hours per day is 24”.

Based on the environmental expertise conclusion, management of the Rustavi cement plant is mandatory to carry out its activity under the technological scheme provided in the EIA report:

1. The plant management should monitor the state of the environment (including self-monitoring of emission sources quarterly) both inside and outside the plant.
2. To carry out passportization of the air-dust collection devices annually.
3. To carry out remediation (cleaning) of contaminated sites on the territory of the plant.

Fulfillment of Obligations

Based on the information provided by the Ministry of Environmental Protection and Agriculture of Georgia, under the Orders №DES 4 16 00000520 of December 21, 2016, and №DES 3 16 00000529 – December 29, issued by the Head of the Environmental Supervision Department, scheduled inspection of performance state of conditions considered by the environmental impact permit and regulations established by the environmental legislation was conducted. Following violations were revealed by the inspection:

1. The enterprise did not monitor the state of the environment, both inside and outside of the plant’s territory; it did not carry out the quarterly self-monitoring of harmful substances emissions; it did not develop the monitoring (self-monitoring) plan.
2. Technical control of the air-dust collection devices was not carried out in the enterprise; their effective operation was not ensured in the enterprise, in compliance with the parameters of air-dust collection devices provided in the Project on the Norm of Maximum Permissible Emissions (MPE) of Harmful Substances in Ambient Air. According to the measurements, the dust concentration exceeded the established norms in two points, in the area of silos.
3. The enterprise did not clean the contaminated areas. Namely: the territory behind the enterprise, where workshops and warehouses are located, was poorly maintained and a thick layer of dust of raw materials and products was observed along the entire perimeter.
4. The number of emission sources indicated in the “Project on the Norms of Maximum Permissible Emission (MPE) of Harmful Substances in Ambient Air”, approved on March 31, 2015, by the Ministry of Environment and Natural Resources Protection of Georgia, did not coincide the actual situation.
5. The company was obliged to develop special measures for reducing harmful substances emissions in unfavorable meteorological conditions. The inspection showed that this obligation was not fulfilled by the company.
6. In several areas of the enterprise, on some units and equipment, the impermeability of devices participating in the technological process, pipings, bins, and flange joints failed.
7. There were unorganized sources of additional emissions in ambient air in the enterprise. Namely: mass remained on a sieve, came out of the building into the open space through the pipe, and was thrown in the vicinity of the workshop, which created an unorganized source of additional emission in ambient air; To the northeast of the enterprise area, near the railway line, in the open air, a large number of clinker stocks were

placed, which were stored after the main warehouse was filled (warehouse capacity - up to 2000-2500 m). Also, the raw material – gyps and limestone were placed in the open air, adjacent to the grinding site of the clinker workshop. According to the EIA report, such stocks must be kept in special warehouses. Besides, in the enterprise, emergency exhaust pipes designated for technical failures, are unorganized emission sources in unfavorable meteorological conditions.

8. "HeidelbergCement Georgia" LLC did not carry out the self-monitoring of used and discharged waters, under the established rule.
9. During the inspection, traces of oil spills were observed on the site, the enterprise did not have any oil collector system;
10. Requirements for waste management were violated. In particular: no waste classification, no waste inventory, no waste transportation/hand over; no separation of hazardous wastes; special warehouse infrastructure designated for the disposal of hazardous waste, was not arranged under the environmental requirements and safety rules and norms; a representative of the enterprise could not present a contract with a relevant organization on removal-disposal of hazardous wastes; a large amount of scrap was placed on the territory of the enterprise; industrial wastes were observed at the main step-down electric substation, namely: used filters of the air-dust collection devices, construction wastes, oil metal barrels, used sacks, oil-contaminated cloths, etc. Because the accumulation of flammable and combustible waste in the electrical substation is prohibited, the safety norms were violated as a result; management of industrial waste – dust was not carried out under the set regulation; Waste of tires, rubber products, and other elastomers was chaotically placed in different areas of the enterprise and no special place was allocated for their organized collection on the enterprise premises; there was no special place for storing of used oils, used oils collected in metal barrels were observed in the cement grinding workshop, in the vicinities of the workshops, at the petrol pump, etc.; No household waste bins were found at the main workshops, on the territory of the enterprise
11. The inspection also revealed that in some cases, the integrity of the protective casing and boot was violated on the electric transmission lines and their circuit breakers in the enterprise. Joints of the cables were open and in some cases, joints were done without special electrical connection boots.
12. The company failed to present special firefighting instructions.
13. According to the Environmental Impact Assessment report, mobile firefighting equipment (trucks and motor pumps) is considered in the enterprise, for this purpose fire hydrants should be provided throughout the entire territory of the enterprise. Despite this, the fire hydrants are only installed at the closed coal warehouse;
14. In the enterprise, some firefighting stands located in different areas for the fire-fighting purpose, were not fully equipped with the necessary inventory.
15. On the territory of the enterprise, an automatic fire extinguishing system was installed in the building of the coal receiving area, where 48 psc CO-containing cylinders were placed. In case of an increase of CO₂ in the system, CO₂ cylinders are activated and in case of fire, the mentioned system will simultaneously serve the raw coal silo, mill filters, and crushed coal silo. In frames of the inspection, appropriate data and expiration dates were not found on these cylinders.
16. There were no warning and prohibitory signs on the territory of the enterprise; at the same time, the inspection revealed that the coal is not used as a fuel, but is consumed as a raw material for cement production.

The same inspection showed that the main step-down substation was installed on the territory of the enterprise until June 1, 2015, which belongs to the activity subject to the environmental expertise, under Article 4 of the Law of Georgia on “Environmental Impact Permit”, it means that **the fact of illegal construction was revealed**.

In compliance with Paragraph 2, of Article 79 of the Administrative Offences Code of Georgia, on April 7, 2017, the administrative offense protocol was drawn up against HeidelbergCement Georgia LLC for the identified violations in frames of the inspection; the case materials were transferred for consideration to Rustavi City Court. Rustavi City Court found the HeidelbergCement Georgia LLC as the administrative offender and imposed the administrative sanction –**Gel 5000**. Following the entry into force of the decision, the Ministry set a reasonable time limit for the company to meet the permit conditions.

As a result of the re-inspection of the enterprise in May 2018, the majority of discrepancies were adjusted. However, the plant had not determined the efficiency of operation of the installed air-dust collection devices (filters) yet.

On August 5, 2019, by Order №2-733 of the Minister of Environmental Protection and Agriculture of Georgia, the environmental decision was approved, which allowed HeidelbergCement Georgia LLC to continue operating of illegally constructed transformer substation and a relevant plan schedule was established. According to the inspection protocol drawn up on December 20, 2019, none of the conditions of the environmental decision approved by the Minister's order of August 5, 2019, had been fulfilled. In court, the Company confessed the breach, expressed its readiness to rectify the breach, and requested the use of a verbal warning. The court fined the Company 5,000 GEL.

Soon it turned out that the Company was not willing to adjust the breaches promptly. In June 2020, the inspection revealed the violations of approved conditions. The Company was set an additional deadline to eliminate the violations and was instructed to:

1. Submit information on the presence of fire-fighting implements in the transformer substation to the Ministry within a month (the first term of the planned schedule);
2. Submit information on power transformers and circuit breakers in the transformer substation to the Ministry within a month (the second term of the planned schedule), and in the case of oil circuit breakers, to ensure the arrangement of oil collection tanks at power transformers and oil circuit breakers within two months after submitting the information (the third term of the plan-schedule);
3. Ensure the arrangement of a storm water collection system through the area of the substation and submit relevant information to the Ministry within two months.

However, the inspection conducted in December 2020 revealed that the stormwater collection system through the area of the substation had not been arranged yet, and consequently, the third condition had not been fulfilled. Due to this, on March 9, 2021, by the decision of the Service of Rustavi City Hall, HeidelbergCement Georgia LLC was fined 15 thousand GEL. The Company completed the construction of the stormwater collection system only in September 2021.

Kartuli Cementi

The cement Plant of “Kartuli Cementi” LLC (later merged with HeidelbergCement Georgia) has been operating in Rustavi since 1991. On April 2, 2013, the Environmental Expertise Conclusion #13 was issued for the operation with a dry method of the integrated cement plant; on April 5, 2013, the Environmental Impact Permit #000072 was issued by Order#85. “According to the 4th Paragraph of Article 48 of the Environmental Assessment Code of Georgia, on

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July 12, 2018, the Minister of Environmental Protection and Agriculture of Georgia issued the Order #2-554 on issuing the environmental decision on cement production by the HeidelbergCement Georgia LLC”, by which the order on issuing of the Environmental Impact Permit was canceled, but the Environmental Expertise Conclusion №13 of 2013 remained in force.

According to the conditions of the environmental expertise conclusion, the company is obliged:

1. To carry out its activity based on the scheme presented by the Environmental Impact Assessment report and mitigation measures;
2. To ensure the observance of emission sources, as well as the parameters of the air-dust collection devices given in the Project on the Norms of Maximum Permissible Emissions (MPE) of Harmful Substances in Ambient Air” and fulfillment of established MPE norms;
3. To ensure the waste minimization and separated collection, accounting, temporary safe disposal of the generated waste, and handing over to a licensed organization for further management (processing, neutralization, or disposal);
4. Within 2 months after obtaining the Environmental Impact Permit, submit a specific plan for the environmental monitoring to the Ministry of Environment;
5. To carry out the self-monitoring, in compliance with the monitoring plan.

Fulfillment of Obligations

Under the Order №DES 6 16 00000243 of August 03, 2016, issued by the Head of the Environmental Supervision Department, in August 2016, a scheduled inspection of the performance state of conditions considered by the Environmental Impact Permit №000072 (Environmental Expertise Conclusion №13 of April 02, 2013) issued for “Kartuli Cementi” LLC (currently, HeidelbergCement Georgia LLC) and regulations established by the environmental legislation, was conducted. Following violations were revealed by the inspection:

1. According to the 3rd condition of the Environmental Expertise Conclusion, separated waste collection, accounting, temporary safe disposal, and handing over a property licensed organization for further management was failed in the enterprise;
 2. According to the 4th condition of the Environmental Expertise Conclusion, the specific plan of the environmental monitoring was not submitted to the Ministry of Environment and Natural Resources Protection of Georgia (should have been submitted in May 2013);
 3. According to the 5th condition of the Environmental Expertise Conclusion, the self-monitoring was not conducted in the enterprise, accordingly, they don't prepare any primary accounting documents;
 4. Some measures considered by the Environmental Impact Assessment were not fulfilled:
- The firefighting system was not properly arranged, namely: the enterprise did not have:
 - Foam generating liquid tanks;
 - Industrial-firefighting piping;
 - Reservoirs firefighting equipment;
 - No special firefighting instructions were developed in agreement with the relevant authority;

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- No measurements were conducted to determine the effectiveness of the air-dust collection system;
- Rainwater collector and settling

In compliance with Article 79 of the Administrative Offences Code of Georgia, the administrative offense protocol was drawn up for 2 considered offenses, based on which, the Rustavi City Court found the company offender and imposed the administrative sanction –Gel 5000. Following the entry into force of the decision, the Ministry set a reasonable time limit for the company to adjust the offense.

On April 3, 2019, during the re-inspection, the discrepancies with the permit conditions were eliminated.

Poti Plant

On January 5, 2018, a [Statement](#) on the Environmental Impact Assessment Report of the “Activity of Cement Plant” of HeidelbergCement Georgia LLC, in Poti Municipality was published on the website of the Ministry of Environmental Protection and Agriculture. According to the Statement, comments and suggestions on the published documents could be submitted to the company until February 9, 2018.

Although the Environmental Assessment Code came into force on January 1, 2018, which established a completely different procedure, the Ministry reviewed the submitted documents in compliance with the procedure of invalid law on Environmental Impact Permit. The Law on Environmental Impact Permit did not consider the possibility of public participation in a decision-making process conducted by a public agency; instead, the law required the permit seeker to publish the document for consideration and to receive comments from the society. While, the Environmental Assessment Code that was enacted by that time, considers passing a two-stage decision-making procedure with the mandatory participation of the public for this activity. Green Alternative did not participate in this process, but it called on the Ministry to refrain (this and many others) from using the invalid decision-making rule on activities that endanger the environment and human health.⁸

Interestingly, the Ministry finally decided to comply with the rules established by the Environmental Assessment Code, albeit with many gross violations that are described in detail in the environmental decision approved by Order N2-876 of the Minister dated October 30, 2018. In particular, the decision states that after participating in the public hearing of the EIA report published by HeidelbergCement Georgia LLC, within the preparation of comments on the report, the Ministry found out that it issued the ecological expertise conclusion for the cement production by Kavkaz Cement West LLC on the project territory in 2011. The Ministry informed the Company that before submitting the EIA report for the expertise, Kavkaz Cement West LLC should apply for the revocation of the Ministry's permit. Shortly afterward, the director of Kavkaz Cement West LLC requested the cancellation of the ecological expertise conclusion issued in 2011 and the Ministry declared it invalid.

The Ministry also found that in August 2016, while inspecting the operation of the cement plant, the Department of Environmental Supervision found that HeidelbergCement Georgia LLC was functioning instead of Kavkaz Cement West LLC located in Poti, Larnaka Street, Nabada site.

Based on the administrative offense report drawn up by the Department of Environmental Supervision and the decision of the Kutaisi Court of Appeals on fining the enterprise with 7000 GEL dated December 29, 2016, the

⁸ [The first results of reforming of the Ministry of Environmental Protection](#), February 19, 2018

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Ministry found that the Poti cement plant of HeidelbergCement Georgia has been operating without the environmental impact permit since September 24, 2013.

Despite all this, the Ministry was not interested in the illegal activities of the company from 2016 until the company addressed to the Ministry for obtaining the permit in 2018. Moreover, the Ministry has decided that the illegal activities of HeidelbergCement Georgia LLC should be legalized and the company should obtain a decision to continue the current activities considered by Article 45 of the Environmental Assessment Code

According to the environmental decision approved by Order N2-876 of the Minister dated October 30, 2018, HeidelbergCement Georgia LLC submitted the environmental audit report and planned schedule of Poti Cement Plant to continue the ongoing activity based on Article 47 of the Environmental Assessment Code on July 6, 2018. However, the Ministry did not publish these documents and did not hold a public hearing as required by the Environmental Assessment Code. Finally, the Ministry did not publish the decision made regarding these gross violations. As to the decision, "in Poti, Larnaka deadlock (Nabada site), HeidelbergCement Georgia LLC can continue its current activities in case of the fulfillment of measures envisaged by the environmental audit report and performance of the terms set by the expertise in compliance with timeframes provided in the plan-schedule.

Plan-schedule of established terms

#	Terms	Timeframe of the fulfillment from the decision on the continuation of the current activity
1.	HeidelbergCement Georgia LLC should specify the timeframe and location of the storm wastewater treatment facility and submit this information to the Ministry.	Within 2 months
2.	The Company should submit a master plan containing the above-mentioned storm wastewater treatment facility and the 9 th and 10 th positions indicated in a legend of the master plan.	Within 2 months
3.	HeidelbergCement Georgia LLC should submit information on a detailed layout scheme of the storm wastewater treatment facility, its parameters, and efficiency to the Ministry.	Within 2 months
4.	The company should take into account the control of emissions of harmful substances into the ambient air and determination of concentration by instrumental measurements, indicating periodicity and control points in the environmental impact reduction measures' plan schedule and the monitoring plan.	Within 1 month

Fulfillment of Obligations

By Order #DES72100000068 of the Head of the State Sub-Agency Department of Environmental Supervision dated March 26, 2021, an unscheduled inspection of the conditions defined by Decision#6 on the continuation of operating the enterprise of HeidelbergCement Georgia LLC located in Larnaka Deadlock (Nabada site), in Poti City approved by Order #2-876 of the Minister of Environmental Protection and Agriculture of Georgia dated as of October 30, 2018, and the state of performance the norms established by the legislation applicable in the field of environmental protection was planned. Based on Inspection Act #003489, HeidelbergCement Georgia LLC has not fulfilled the

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obligations defined by the plan schedule established by the decision on the continuation of the current activity, the ecological audit report, and the waste management plan agreed with the Ministry. In particular:

1. To fulfill the second condition of the plan schedule, no master plan was submitted to the Ministry, which would include the mentioned storm wastewater treatment facility, as well as the 9th and 10th positions provided in the agenda of the master plan. It should be noted that the condition should have been fulfilled within 2 months, until December 30, 2018. The Ministry requested the document 27 months later.
2. To fulfill the fourth condition of the plan schedule, the Company failed to submit a monitoring plan, where the periodicity of control of harmful substances emission into the ambient air and the control points for determining the concentration of pollutants by instrumental measurements would be considered. The Company should have fulfilled this obligation within 1 month, while the Ministry requested this information 28 months later.
3. The Company did not conduct weekly monitoring of cement dust.
4. The Company did not monitor the effectiveness of noise, vibration, and air-dust collection systems; it did not register waste.
5. Proper functionality of devices and air-tightness were not ensured.
6. No planned water pool was arranged in the territory for fire fighting and production purposes.
7. No drainage channels and settling basins were arranged in the territory. In the northern part of the cement plant near the fence, the area was flooded and covered with sludge. Openings were observed at the bottom of the fence, from where in case of heavy rainfall, drainage water was drained out of the enterprise area and the surrounding area was polluted.
8. No medical kits were provided through the territory of the enterprise.
9. There was no warehouse for the disposal of hazardous waste in the territory of the enterprise, which would have a proper designation and would be protected from the impact of atmospheric precipitation and encroachment of strangers; would be covered with a solid and moistureproof surface; would be equipped with a wash-stand and tap, floor drain, racks, shelves and properly labeled airtight containers for waste disposal. It was found that fluorescent lamps are placed in a hangar, in a plastic container and are not protected from contact with strangers; The container is not marked. In addition, 200-liter barrels containing liquid hazardous waste (oil and lubricant) were not marked.
10. In the territory of the enterprise, there were no temporary disposal areas for non-hazardous wastes, which would have solid cover, fencing, coating, roofing, and appropriate markings. Construction waste used tires and scrap metal was not disposed of in specially designated areas.
11. The Company did not have any contract with a properly licensed organization for the removal-disposal of waste generated in the enterprise.
12. The company did not properly register the waste, collect it in the appropriate containers and place it in a specially designated site with adhering to the necessary safety measures

Due to all the above-mentioned, HeidelbergCement Georgia LLC was fined 10 000 GEL by the decision of Poti City Court on July 8, 2021.

Information on Fulfillment of Conditions

It should be noted that, since January 1, 2018, along with enforcement of the Environmental Assessment Code, the Ministry of Environmental Protection and Agriculture of Georgia is obliged ⁹ to publish further analysis of the activities on the website the Ministry, which includes:

- a) Monitoring of conditions and mitigation measures;
- b) Analysis of the environmental impact entailed by the activity;
- c) Assessment changes in the environmental characteristics considered by the EIA report.

This obligation has not been fulfilled even in the fifth year after the enactment of the Code - neither for HeidelbergCement Georgia nor for any other enterprise. Information on the fulfillment of the conditions can be obtained only based on a request for public information.

Licenses

According to HeidelbergCement Georgia's [Financial Statement 2020](#), "the company has obtained several licenses to extract minerals. In general, Georgian legislation obliges users of minerals to recultivate areas within their licenses. However, Georgian legislation is not sufficiently sophisticated in this field and does not provide detailed guidance to include all possible situations. The company management has done a detailed analysis of all its licenses and decided that it would not bear any substantial recultivation costs after the expiration of these licenses or during their use **since it is impossible to recultivate areas used based on licenses because the license area is defined as a mining area and, according to Georgian legislation, recultivation on such areas is not permitted.** Besides, reserves of minerals in the license area exceed the total amount that the company is entitled to extract during the license period, which allows the Government to transfer mining rights to other enterprises and exclude ore liquidation. It is not excluded that the legislation may change in the future and has an effect on the company's current licenses. The company has not recognized recultivation accruals in this financial statement. These accruals can have a significant impact on the financial reporting if they become necessary."

According to the Financial Statement 2020, the payments made by HeidelbergCement Georgia to the state in connection with the licenses in 2020 are as follows:

1. The fee of minerals paid to the state

Mineral	Fee paid in 2020 (GEL)
Limestone	978 592
Tuff	55 079
Clay	28 795
Sand	108 724
Manganese	6 732
Water	11 012
Total:	1 188 934

2. The regulation fee paid to the state is 3740 GEL

⁹Article 17 of the Environmental Assessment Code.

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Mining licenses of HeidelbergCement Georgia LLC - Extract from the Mining Licence Register provided by the National Agency for Mines¹⁰.

Licence No	Name of the facility	Term of validity	Volume of resource	Area	Transfer
398	Extraction of cement limestone from "Saskhori" deposit, Mtskheta Municipality	29.09.00 30.09.30	1,5 million tons on the western site - 15 million tons on the eastern site - 9 million tons	114 ha	The license issued to "Sakcementi" Ltd was transferred 13/323 21.08.12 Must pay 200 870 GEL Must pay 1 855 000 GEL Change by Order 1239/s 06.11.20.
1000326	Extraction of limestone on the right site of flux limestone deposit (Dedoplistskaro municipality)	29.12.11 15.02.27	Total extraction 12 157 955 (Not less than 300 000 per year) ton	8,45 ha	License 100150 was completely transferred by "Georgian Steel Quarry" Ltd License 100556 leased out to "Sakcementi" Ltd License 100308 was completely transferred by JSC "Georgian Steel" to HeidelbergCement Georgia LLC from February 15, 2012, to March 1, 2013.
1000791	Extraction of "Gardabani" clay (cement) in Gardabani Municipality	21.08.12 23.12.28	Total extraction 1 056 490 t	10,94 ha	License 100352 issued to "Sakcementi" Ltd was transferred
1000792	Extraction of Kavtiskhevi limestone (cement) in Kaspi municipality, village of Kavtiskhevi	21.08.12 27.01.29	Total extraction 10 239 112 t	43,99 ha	License 100394 issued to "Sakcementi" Ltd was transferred
1000793	Extraction of cement limestone at Metskruli pit of Kavtiskhevi cement limestone deposit in Kaspi Municipality, near the village of Kavtiskhevi	21.08.12 10.10.28	Total extraction 2 723 292 t	9,9 ha	License 100214 issued to "Sakcementi" Ltd was transferred
1000794	Extraction of flux (cement) limestone on the left pit of limestone deposit in Dedoplistskaro municipality	21.08.12 15.02.27	Total 29048000 t clinkering process of no less than 500 000 t	26,7 ha	License 00469 issued to RustavCementi was transferred to Licence #100151 issued to Sakcementi.
1002574	Groundwater extraction (for entrepreneurial purposes) in Kaspi Municipality, near the village of Kvemo Chocheti	19.05.15 20.05.40	657 m3/a	0.07 ha	
1004276	Extraction of "Dzegvi" zeolite-containing tuffs (Darbaziskhevi pit) in Mtskheta municipality, near the village of Dzegvi	14.02.17 15.02.37	Total extraction 993 000 tons	4.31 ha	
1005253	Extraction of underground freshwater (for entrepreneurial purposes) in the area of town Kaspi, #2 Parnavaz str.	14.02.18 15.02.43	30 660 m3/a	0.07 ha	
1005258	Extraction of underground freshwater (for entrepreneurial purposes) () in the area of town Rustavi, #70 Mshenebelta str.)	15.02.18 16.02.43	25 000 m3/a	0.07 ha	
1005388	Extraction of underground freshwater (for entrepreneurial purposes) in Rustavi city, on the adjacent area, to cement plant and JSC Perliti	16.04.18 17.04.43	5000 m3/a	0.07 ha	

¹⁰ [Mining Licence Register as of October 25, 2021](#). The document is available upon request at the National Agency of Mineral Resources

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Licence No	Name of the facility	Term of validity	Volume of resource	Area	Transfer
1005432	Extraction of underground freshwater (for entrepreneurial purposes) in the city of Rustavi, on the adjacent area, to cement plant and JSC Perliti	02.05.18 03.05.43	800 m3/a	0.07 ha	
1005542	Extraction of underground freshwater (for entrepreneurial purposes) on the territory of Tbilisi	30.05.18 28.04.41	29 200 m3/a	0.07 ha	Amendment of license #1003564 issued to HeidelbergBeton (change of name) Amendment of license #1004492 issued to HeidelbergCement Caucasus (change of name)
1005543	Extraction of underground freshwater (for entrepreneurial purposes) in Marneuli municipality, near the village of Lezhbadini	30.05.18 23.11.41	35 000 m3/a	0.07 ha	Amendment of license #1004099 issued to HeidelbergBeton Georgia (change of name) Amendment of license #1004491 issued to HeidelbergCement Caucasus (change of name)
1005544	Extraction of manganese of Chkhari-Ajameti ((Broliskedi) Crystal Range) in Terjola Municipality, the village of Nakhshirghele	30.05.18 13.09.27	Total extraction 20 000 t	2,84 ha	Part of license #00844 Amendment of license #01011 issued to Georgian Cement LLC (change of name) Amendment of license #1004470 issued to HeidelbergCement Caucasus (change of name)
1005545	Limestone extraction in Mtskheta municipality, near the village of Nichbisi	30.05.18 07.11.26	Total extraction 103 000 m3	10,7 ha	Amendment of license #00370 issued to Georgian Cement LLC (change of name) Amendment of license #1004469 issued to HeidelbergCement Caucasus (change of name)
1005546	Extraction of underground freshwater for household purposes (Well holes #1 and # 2) on the company-owned area in Rustavi (city)	30.05.18 27.09.32	360 m3/day	15-meter radius per each	Amendment of license #00862 issued to Georgian Cement (change of name) Amendment of license #1004468 issued to HeidelbergCement Caucasus (change of name)
1005547	Extraction of sand and gravel from the river Khrami in Marneuli Municipality, near the village of Imiri	30.05.18 01.09.22	Total extraction 76 800 m3	2.56 ha	Amendment of license #1004826 issued to HeidelbergCement Caucasus (change of name)
1005549	Extraction of underground freshwater (for entrepreneurial purposes) on the territory of Tbilisi, #2 lane, Peikrebi #1	30.05.18 07.04.42	60 000 m3/a	0.07 ha	Amendment of license #1004413 issued to HeidelbergCement Caucasus (change of name)
1005550	Extraction of underground freshwater (for entrepreneurial purposes) on the territory Poti (city), Nabadi district	30.05.18 16.03.42	20 000 m3/a	0.07 ha	Amendment of license #1004346 issued to HeidelbergCement Caucasus (change of name)
10000383	Extraction of Gardabani cement clay in Gardabani Municipality, near the city of Rustavi	29.11.18 21.12.27	Total extraction 4155731.68 t	26.92 ha	License #01015 issued to "Sakcementi" Ltd was transferred Part of Licence #1000795 was transferred to Technometal Ltd
10000745	Extraction of underground freshwater (for entrepreneurial purposes) in Marneuli municipality, near Sakrebulo of Kulari village	17.05.19 18.05.24	4500 m3/a	0.07 ha	
10000963	Extraction of "Lezhbadini" sand and gravel from the river Khrami in	17.05.19 24.10.25	Total extraction 1692402 m3	58.73 ha	Part of license #1003037 was transferred to Rustavi 2015 LLC

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Licence No	Name of the facility	Term of validity	Volume of resource	Area	Transfer
	Marneuli municipality, near village Khanji-Gazlo				Amendment of license #1003858 issued to HeidelbergBeton Georgia (change of name) Amendment of license #1004483 issued to HeidelbergCement Caucasus (change of name) Amendment of license #1005538 (extension of the validity period) Amendment of Licence 10000744
10001104	Extraction of underground freshwater (for entrepreneurial purposes) on the territory of Kaspi town, Parnavazi str. #2	25.11.19 26.11.29	4000 m3/a	0.07 ha	
10001255	Extraction of underground fresh water (for entrepreneurial purposes) on the territory of Kutaisi city, Avtomshenebeli str. #88 (plot #18-2)	09.01.20 10.01.25	20 000 m3/a	0.07 ha	
10001284	Extraction of sand, gravel of Khrami River (in Marneuli municipality, near the village of Baidari)	29.01.20 30.01.23	Total extraction 33 570 m3	11190 m ²	
10001285	Extraction of sand, gravel of Khrami River (in Marneuli municipality, near the village of Baidari)	29.01.20 30.01.24	Total extraction 51 490 83	25745 m ²	
10001301	Extraction of sand-gravels of "Kvemo Alvani" in Alazani River (Akhmeta municipality, near the village of Kistauri)	13.02.20 14.02.25	Total extraction 257 595 m3	171730 m ²	
10002430	Extraction of underground freshwater (for entrepreneurial purposes) on the territory of Kaspi town, Parnavazi str N2	18.10.21 19.10.46	86 400 m3/a	0.07 ha	

On November 16, 2021, Green Alternative addressed the National Agency of Mine and required a copy of all correspondence with HeidelbergCement Georgia LLC and Terjola-Quarry LLC, as well as the copy of documents submitted by the company and/or sent to the company since 01/01/2020. On December 2, 2021, the National Agency of Mines satisfied our request and provided us with the required information, including documentation that was not provided to us based on an identical request last year. The provided documentation does not include information on the inspection by the agency of performance the requirements of the law by the company while using the above-listed licenses and/or adherence to the terms of the license.

The LEPL Technical and Construction Supervision Agency (TCSA) of the Ministry of Economy and Sustainable Development of Georgia has sent us the resolutions of fines to HeidelbergCement Georgia LLC. According to the submitted documents, the Company was fined three times during 2020 for violating the requirements of the Technical Regulation on "Quarry Safety" at the limestone quarry in Dedoplistskaro municipality:

1. By Resolution N33/06 of February 28, 2020 - 150 GEL;
2. By Resolution N44/06 of June 25, 2020 - 150 GEL;
3. By Resolution N200/09 of September 10, 2020 - 300 GEL.

On April 21, 2020, within the periodic technical inspection of the limestone quarry located in Dedoplistskaro Municipality, a new substantial non-compliance with the requirements of the Technical Regulation on "Quarry

Safety” was revealed, for which HeidelbergCement Georgia was fined 300 GEL by Resolution N101/09 of April 28, 2021.

Information about the State of Environment

HeidelbergCement Georgia did not have a Georgian website as reported by Green Alternative in the company profile in 2017 ¹¹. Information about the company was available in a [special section](#) of the main website. The information was only provided 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 a cement grinding mill in Poti, a cement terminal in Supsa, and 13 concrete batching plants. The company has more than 1200 employees in Georgia. The website contains information about the new structure after reorganization.

The website contains a brief description of the plants and products that might be useful for the product buyer; however, it provides no information on the extraction and processing of resources that are important for people who study the impact on the environment and health as a result of such processes.

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

Nor the Ministry of Environment Protection and Agriculture provides information about the environmental condition in the area affected by company activities, although, according to international and national legal requirements, this information should be accessible to the public proactively – without having to request the information.

¹¹ HeidelbergCement Georgia – Company Profile 2017, www.greenalt.org

Since 2015, Green Alternative has issued periodic reports on the availability of information on the state of the environment in Georgia. During the analysis of the availability of information 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 that are 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, Saknakhshiri Ltd, and HeidelbergCement.

This document reflects the availability of information on HeidelbergCement Georgia LLC.

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