



# RMG Copper & RMG Gold



Country: **Georgia**



Website



BHRRC company pages:  
**RMG Copper, RMG Gold**

## Summary

Activists and community members have expressed concern about the following human rights allegations related to RMG Copper & RMG Gold:

### ➔ **The Corporate Veil and Access to Information:**

The corporate veil and the lack of access to information pose significant challenges to holding businesses accountable for human rights violations. For years, human rights activists were unable to trace the ultimate beneficiaries of RMG, and, therefore, they were unable to tell whether the company was tied to Georgian politicians. The company also failed to disclose information of its environmental impacts.

### ➔ **Health, Environment and Access to Water:**

RMG Copper has been linked to a number of environmental and health issues, including heavy metals pollution, water pollution and contamination of agricultural land. Studies found that nearby agricultural land is contaminated with heavy metals pollution. Heavy metals can have severe impacts on health, including organ damage, cancer, neurological issues and physical degeneration. The Mashavera River is so polluted that no living creatures are found in it, largely due to RMG activity. RMG director, Soso Tsabadze, admitted that dealing with environmental issues is not a priority for the company.

### ➔ **Labour Rights:**

RMG has been accused of union busting and of dismissing union-aligned workers. Employees have gone on strike to demand better labour safety, working conditions and health insurance.

## Human Rights Commitments

- ⊕ RMG's website includes information on **occupational safety** and the **environment**. The site is currently only available in Georgian.
- ⊖ The companies **did not respond** to our questionnaire of its human rights policies and commitments

## Human Rights Impacts

- ⚠ Health and safety
- ⚠ Environmental and water rights
- ⚠ Right to livelihood and adequate standard of living
- ⚠ Labour rights and wages
- ⚠ Access to information
- ⚠ Community, cultural and property rights

**Cultural Rights:**

Archaeologists discovered that Sakdrisi was the oldest known gold mine in the world, dating back to 3000 BC. In 2014, RMG Gold completely destroyed the archaeological site with explosives.

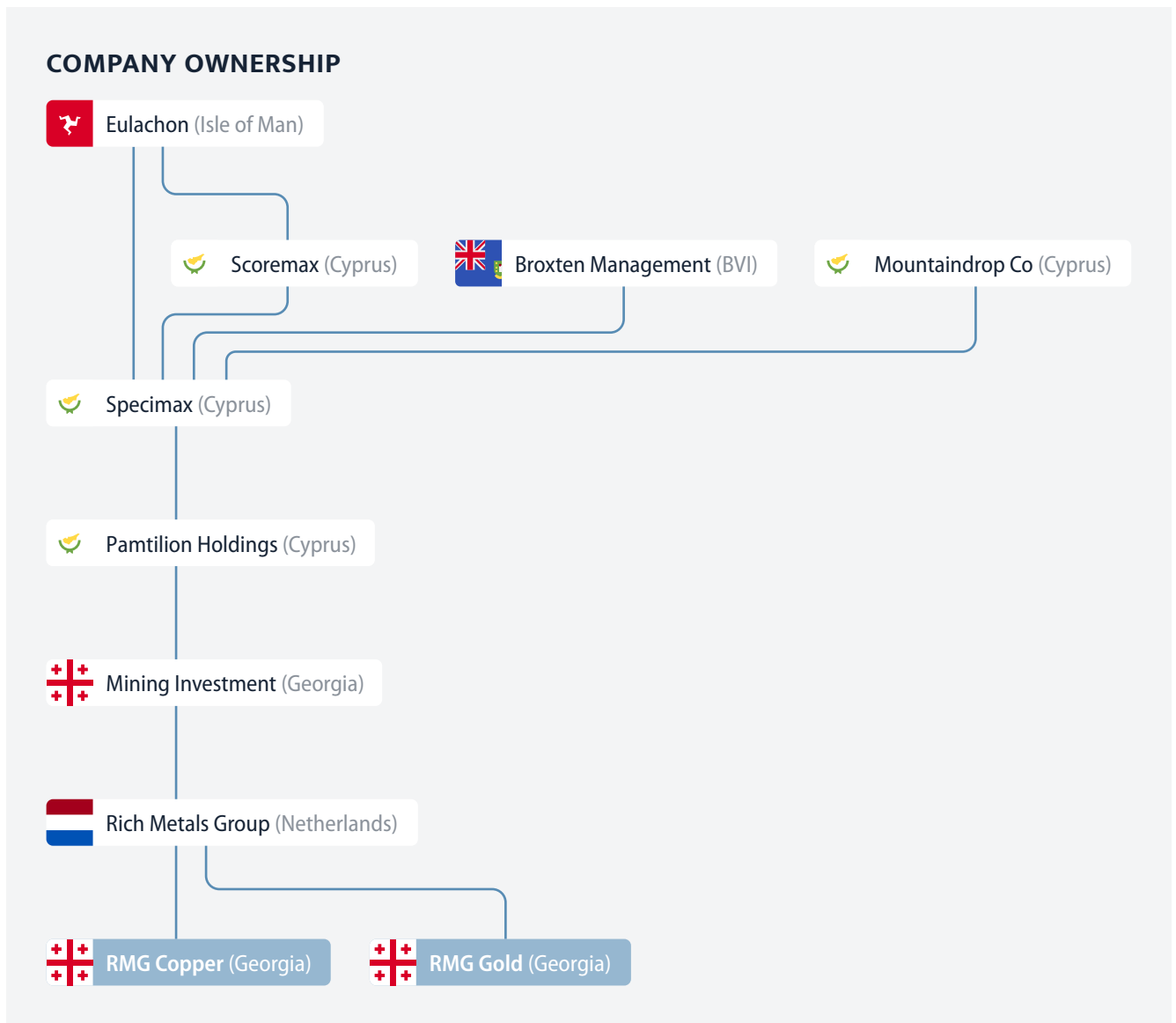
Rich Metals Group did not respond to our questionnaire of its human rights policies and commitments. RMG’s website includes information about occupational safety and the environment. The site is currently only available in Georgian.

## Company Information

RMG Copper and RMG Gold are subsidiaries of Rich Metals Group, a Netherlands-based company with a complex chain of ownership. RMG Copper operates the Madneuli complex and Bolnisi mine. RMG Gold operates the Sakdrisi gold mine.

Rich Metals Group has an extremely complex chain of ownership as illustrated below. (See section below about the corporate veil for more information.)

Journalists have traced RMG’s ownership to an apparent parent company, Eulachon, based in the Isle of Man. Eulachon is owned by two Russian billionaires, Dmitry Korzhev and Dmitry Troitsky.



# Human Rights Allegations

## The Corporate Veil and Access to Information

The corporate veil and the lack of access to information pose significant challenges to holding businesses accountable for human rights violations. Parent companies can deflect liability by hiding behind a chain of subsidiaries. The corporate veil can also hide the true owners and operators of particular businesses, thereby shielding them from accountability. Without proper access to information, human rights defenders face difficulty building campaigns and mounting legal challenges against companies for abuses.<sup>12</sup>

For years, human rights activists, including those at Transparency International, were unable to trace the ultimate beneficiaries of RMG, and, therefore, they were unable to tell whether the company was tied to Georgian politicians and political interests.<sup>13</sup> Reports indicate that RMG officials have donated to political campaigns, including to that of current president Salome Zourabichvili.<sup>14</sup> NGOs such as Green Alternative have raised questions of corruption related to RMG; again, the lack of access to information has made investigating such claims difficult.<sup>15</sup>

Journalists have traced RMG's ownership through several subsidiaries in Cyprus and in the Netherlands, up to, an apparent, parent company, Eulachon, based in the Isle of Man. Eulachon is owned by two Russian billionaires, Dmitry Korzhev and Dmitry Troitsky, who also have a hand in several other businesses, including O'Key grocery markets and Mega Auto Company. Notably, Eulachon also owns Sagamar, one of the largest extractives companies in Armenia.<sup>16 17 18</sup>

Before the company switched its name to RMG, it changed ownership several times; however, the real owners—Korzhev and Troitsky—remained the same, and the changes within the companies were synchronously carried out by the same people.<sup>19</sup>

RMG has also failed to disclose information about its environmental impacts (see below). Madneuli and Quartzite (the predecessors to RMG Copper and RMG Gold) entered into operation before Georgia passed a law about environmental impact assessment. Afterwards, instead of a proper EIA, the companies submitted a ten-year-old document with only the dates changed. Nevertheless, the government approved the permit. According to Green Alternative, 'Thus there is no comprehensive study of the impact of the activities of these enterprises on the natural and social environment. However, there are fragmentary data and studies on the damage caused by these enterprises to the environment.'<sup>20</sup>

These issues largely remained unaddressed. In 2018, the Georgian ombudsman further criticized: 'For years, causal links between the environmental damage caused by the entrepreneurial activities of RMG Gold and RMG Copper and the health problems that have affected populations within the Bolnisi and Dmanisi municipalities have not been revealed. This has hindered the ability of the local population to enjoy the right to health and the right to live in a healthy environment.'<sup>21</sup>

## Health, Environment, and Access to Water

RMG Copper has been linked to a number of environmental and health issues, including heavy metals pollution, water pollution and contamination of agricultural land. A study of the impacts of the Madneuli mining enrichment complex on the Bolnisi District found that more than half of the area is seriously contaminated with heavy metals, including copper, cadmium and zinc. These metals are easily absorbed by food plants such as spinach and turnips, which are then ingested by local populations.<sup>22 23</sup>

Heavy metals pollution has severe impacts for health, including organ damage, cancer, neurological issues and physical degeneration.<sup>24</sup> Women with the Bolnisi municipality say the health of the local population has severely deteriorated because of RMG activities. Many respondents said that health in the region was becoming worse even before RMG arrived. However, they largely attributed the problems to the combine, which was opened by a

predecessor company, Madneuli, and it is now operated by RMG. Only 14% of respondents did not attribute health problems to the work of RMG. Eighty percent said it is not safe for children to grow up in the local area. (The company provided a response to the study, emphasizing its environmental action plan and stating that the local area has a lower rate of disease than other areas of Georgia.)<sup>12</sup>

Additionally, journalists have pointed to damage of local ecosystems, particularly forests. RMG has used explosions, rather than digging tunnels, to carry out mining work. Such explosions pollute the air and water and destroy topsoil, making it impossible for forests to grow. Deciduous forests are now 'stone deserts' as a result of mining activity. Environmental activist, Irakli Macharashvili, said that the ecosystem is damaged beyond repair: 'This is irreversible degradation of the environment. It will never be restored as long as the earth will exist.'<sup>13</sup>

An inspection carried out by the Georgian authorities between 2015 - 2016 found serious violations of environmental law, including that RMG Copper did not have any water purification facility whatsoever. The company caused significant water pollution, including above-permissible concentrations of magnesium, sulphates, bromine and ammonium. Several rivers were contaminated, including Kazretula and Poladauri.<sup>14</sup>

RMG Gold has been criticized for failing to meet its environmental commitments, including monitoring its impacts. A scheduled inspection carried out from 2015 to 2016 found that RMG Gold did not have a self-monitoring plan, a waste management plan nor a properly designed and approved emergency response plan. The company did not follow instructions for the safe storage of chemicals. Cyanide ions, which can lead to chronic poisoning, were not monitored, and inspectors said that the smell is widespread through the production area.<sup>15</sup>

Water cleaning plants and drainage systems were not constructed until 2020; prior to this, RMG Gold had been polluting the Kazretula, Poladauri and Mashavera rivers. In 2018, the Georgian Ministry of Environmental Protection and Agriculture stated that the Mashavera River was so polluted that no living creatures were found in it, largely due to RMG activity. The ministry also found that RMG Gold had polluted the air, soil and rivers in the Bolnisi region.<sup>16</sup> This has strong implications for the rights to water, food and livelihood.

According to BBC, RMG director Soso Tsabadze admitted that dealing with environmental issues is not a priority for the company. He complained about financial losses due to delays from the production of Sakdrisi gold mine.<sup>17</sup>

However, RMG has largely escaped accountability for these damages. In March 2012, the Parliament of Georgia adopted a law that allowed companies to avoid liability for environmental damages by paying compensation to the state.<sup>18</sup> The very first agreement was concluded with Madneuli and Quartzite (the predecessors to RMG Copper and RMG Gold). According to the agreement, all actions carried out by the companies in the sphere of the environment and natural resources between April 1, 1994 and May 14, 2012 were considered lawful, and no liabilities could be imposed.<sup>19</sup> This has raised some questions around potential buy offs which has been made more difficult to investigate by lack of information about corporate ownership (see above).

After a change of name in 2012, RMG has put out a number of statements for its environmental impacts, and its website has a section about the environment.<sup>20</sup> The company's 2013 action plan states, 'The new management of the company realizes the grave problems inherited from the previous enterprise as well as the scales and essence of historic environmental pollution.'<sup>21</sup> The new corporate owners claimed they were not aware of the above agreement and were unable to amend it. However, it is important to keep in mind that the real owners of RMG—Korzhev and Troitsky—remained the same.

RMG states that it set up a new body of health, labour, safety and environmental protection in 2012, and that it monitors the water and air emissions every day.<sup>22</sup> In 2015, the company announced that it had completed an environmental audit. The results were not published, but the audit is available from the Ministry of Environment and Natural Resources Protection upon request. According to Green Alternative, the audit found massive environmental destruction, heavy metals pollution and air pollution, including of sodium cyanide. The audit recommended further analysis and a long-term mitigation plan.<sup>23</sup> After the audit and aforementioned inspection, the company stated that it developed an action plan in cooperation with Golder Associates; however, documents on file with the Georgian government do not show involvement of Golder Associates in any such plan.<sup>24</sup>

## Labour Rights

RMG has been accused of union busting. In 2014, workers went on a forty-day strike supported by the Trade Union of Metallurgy, Mining and Chemistry Workers of Georgia (TUMMCWG). The workers claimed that the company had failed to fulfil its obligations and had dismissed more than 180 employees under the pretext of reorganization. Workers demanded better labour safety, working conditions, health insurance as well as the reinstatement of the fired workers. [↗](#)

The strikes concluded with a collective bargaining agreement. However, shortly after the resumption of operations, RMG coerced 1,000 members of TUMMCWG to renounce their union membership. Several truck drivers initially refused; in response, the company left transportation workers without work or pay. [↗](#) [↗](#)

## Cultural Rights

Archaeologists discovered that Sakdrisi was the oldest known gold mine in the world, dating back to 3000 BC. Some experts believe that the tunnels in the hill date back 5,400 years, making the site uniquely historical. The Georgian Government initially expressed excitement at the findings and declared Sakdrisi a cultural heritage site. RMG Gold also recognized the importance of the site at the time. However, in 2013, the Ministry of Culture unexpectedly abolished Sakdrisi's protected status. The government cited the amount of money that RMG Gold had invested in the mine, then said there was 'no scientific evidence' that the site was ancient. Although the Sakdrisi hill, which is the site of historic importance, occupies only nine hectares out of the 193 hectares designated for RMG use, the company said it was vital for their operation.

In an attempt to protect the historic site, Georgians congregated in protest. Former Deputy Culture Minister, Marina Mizandari, claims she was fired for criticizing the government's decision to remove Sakdrisi's protected status and to allow RMG to continue operations. The company continued to use heavy machinery despite the protests.

In 2014, RMG Gold completely destroyed the archaeological site with explosives. The company then declared that Sakdrisi used to be a historical site, but that it had already been devastated and there was nothing else to protect. [↗](#) [↗](#)

## Human Rights Commitments

RMG's website is currently only available in Georgian, although it appears the company is working to create an English version.

Regarding **occupational health and safety**, the company says it maintains a risk assessment system, occupational safety instructions, staff training, a monitoring system and a 'modern system' for controlling routine work and safe production. The company also has a 'modern format' for investigating incidents and for implementing prevention measures. RMG goes on to state that it has an emergency response plan in line with OHSAS 18001 Standard. According to RMG, employee health care includes 'systematic research and control of occupational diseases'.

Regarding **environmental protection**, the company has statements related to air, water and soil. For air quality management, the company says it waters roads and quarries, operates air management systems indoors along with systematically studying ambient air. For water management, the company says it protects river water from pollution, has a chemical treatment plant to manage drainage and wastewater, maintains reservoir systems, purifies agricultural water 'through a biological station' and systematically studies water. For soil management, the company says it has a nursery to restore green cover, re-cultivates quarries and dumps according to international standards and oversees hazardous waste management.

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