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“No Year without Deaths”

A Decade of Deregulation Puts Georgian Miners at Risk



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Summary

Mikheil, a miner for 35 years, died along with three other miners on July 16, 2018, in an underground explosion in the Tkibuli coal mine, in Imereti, Georgia. He was 54 years old and left behind his wife and his son, also a miner. Mikheil's nephew, Pavle, only 25 years old, died with five others in another accident only two months before.

The Tkibuli tragedies bring into focus Georgia's much-needed labor reform, following a decade of deregulation that dramatically reduced labor rights and removed government oversight. In 2006, shortly after the Rose Revolution brought a pro-western president to power, Georgia abolished its Labor Inspectorate as part of sweeping economic reforms aimed at attracting investment to the country. Since then, according to one study, deaths at work have soared by 74 percent, mostly in mining and construction. Between 2007 and 2017, the average number of deaths at work per year in Georgia was 41, compared to an average of 24 deaths per year between 2002-2005. Even as the country took steps toward restoring some rules after 2013, the mining accidents in 2018 showed that the long-term impact of deregulation, which legitimized poor business practices on safety and labor rights, proved difficult to uproot.

Based on interviews with over 80 people, including workers in a coal and a manganese mine in Georgia and their families, trade unions, lawyers, nongovernmental organizations (NGOs), representatives of international organizations, representatives of the Labor Inspectorate and the Labor Ministry, and members of Parliament, this report finds that workers' safety in mines continues to be at serious risk due to insufficient regulation by the government and resulting mining practices that prioritize production quotas and put workers' safety in jeopardy.

We documented that coal and manganese mining practices of imposing quotas, and wage deductions for failure to meet quotas, have the effect of incentivizing workers and supervisors to compromise worker safety. A new system of manganese mining, implemented in 2016, further exacerbates safety concerns. The system introduced 12-hour shifts, including at night, over 15 consecutive days, with no days off or formal breaks during shifts. It currently affects 380 manganese workers and imposes an obligation to

reside in employer-provided accommodation where workers are provided with poor quality food of insufficient calorific value and endure restrictions on their freedom of movement. The report highlights other practices that violate workers' rights. These include long hours and no weekly rest, nonpayment of overtime hours, failure to provide copies of written contracts, and management's deduction from wages.

Since 2013, the Georgian government has taken important positive steps to correct course on protection of labor rights, including strengthening the Labor Code and establishing a Labor Conditions Inspection Department in 2015. In February 2019, reforms expanded the powers of the Labor Inspectorate significantly. However, regulations on labor rights and oversight have yet to fully meet International Labour Organisation (ILO) standards and international good practices, including those related to mandatory weekly rest, night work, overtime hours and pay, or breaks during shifts. These gaps in law and oversight facilitate practices that continue to put workers at risk and violate internationally recognized labor rights.

While this report focuses on practices in coal and manganese extractive industries in Georgia that undermine worker safety and violate worker rights, our findings and recommendations have broad implications for all sectors of the economy in Georgia. Necessary reforms to align Georgian labor law with international labor and human rights standards and to ensure appropriate governmental oversight should benefit all workers in Georgia.

The Georgian government has made commitments in agreements with the European Union (EU) and the United States to strengthen its labor laws and oversight and enforcement mechanisms. For example, under the EU-Georgia Association agreement, Georgia pledged to continue working on establishing an effective labor inspection system with adequate competences and capacities for the inspections of all working conditions and labor relations according to ILO standards before 2020. It should also reform Georgian labor law to conform to the principles laid out in EU labor rights directives.

The United Nations (UN) Guiding Principles on Business and Human Rights set out companies' responsibilities to respect human rights including to take remedial action where they have contributed to abuses. The practices documented in this report indicate that coal and manganese companies in Georgia are not meeting these responsibilities.

Key Recommendations

- The Georgian government and parliament should undertake comprehensive labor policy reform to ensure that labor laws are in line with international labor standards and Georgia's international human rights commitments. Urgent reforms should address gaps with respect to working hours, weekly rest, night work, payment of overtime hours and work on public holidays, and providing workers with copies of contracts.
- The Georgian government and parliament should establish a fully-fledged, independent and appropriately staffed, trained, and resourced Labor Inspectorate with a broad mandate to inspect all issues pertaining to workplace safety and working conditions.
- Mining companies in Georgia should respect workers' rights and the safety of their employees. In particular, companies should ensure that production quotas can be met safely, and that working hours follow international standards and allow for adequate rest.
- The EU should continue to actively encourage Georgia to put in place a full Labor Inspectorate and align its labor laws with international labor standards as a priority.

Methodology

This report covers worker health and safety and working conditions in the Georgian coal and manganese mining industry. The report focuses on safety at work with regard to injuries and deaths but does not specifically consider long-term health effects produced by coal and manganese mining. It also does not investigate the impact of mining activities on the environment.

The report draws from research, interviews, and visits in December 2018 and March 2019 to two geographic centers of the industry: Chiatura, in Western Georgia, for manganese extraction; and Tkibuli, also in Western Georgia, for coal extraction, during which we interviewed over 80 individuals, including coal and manganese workers and their families.

We spoke to 30 workers employed by Georgian Manganese (GM), until April 2019 a subsidiary of the privately owned US-based Georgian American Alloys, 24 miners, including 17 old system workers and seven new system workers employed in six of the 11 mines operated by GM, five workers employed at GM-owned cleaning or maintenance plants in Chiatura, and one GM-employed construction worker. Of the 30 workers interviewed, 23 were affiliated with one of the three unions in Chiatura, a majority of them workers in the old system and in cleaning plants. Only one of the seven new system workers we interviewed is a union member. We interviewed 21 workers individually and conducted two group interviews with four and five workers respectively. We interviewed 16 workers in Tkibuli employed or formerly employed by the coal mining company Saknakhshiri, a subsidiary of the privately-owned Georgian company Georgian Industrial Group (GIG). We conducted nine individual interviews and two group interviews with five and two people, respectively. We also spoke with a relative of a worker who lost his life in June 2018 at an open pit mine operated by a contractor of Saknakhshiri.

Recommendations are informed by interviews with both coal and manganese workers, while the bulk of the documentation in the report relates to manganese workers.

We met with labor unions, including representatives from the Georgian Trade Union Confederation, the Trade Union of Metallurgy, Mining and Chemical Industry Workers of

Georgia and all three unions present in the town of Chiatura (Labor Union of Chiatura, the Georgian Professional Mining Industry League, and the Trade Union of Miners). We also met with lawyers, NGOs, representatives of international organizations, members of parliament, representatives from the Labor Inspectorate, the Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs of Georgia, and other professionals with experience in the field.

Human Rights Watch sent letters to Georgian American Alloys/Georgian Manganese and GIG/ Saknakhshiri LCC, all private companies, notifying them of issues identified in the research, and inviting their comment; we also met a GIG representative in Tbilisi, Georgia. The letters and the companies' replies are reproduced in full in Annex I.

We have used pseudonyms for all workers interviewed for this report, and in some cases have withheld other identifying information to protect their privacy and prevent any possible retaliation by their employer. We have used the real names only of miners who died in accidents.

I. Background

In early April 2018, Mikheil, a 54-year-old coal miner in Georgia, heard sirens just as he was about to start his morning shift.¹ He would soon learn that an explosion in the mine had killed six of his co-workers, including Pavle, his 25-year-old nephew. The mine soon reopened, however, and he was called back to work.

According to his son, Mikheil was terrified and could barely sleep the following months. Every night, images of those who had died in the mine haunted him, and he worried that he would be next. One evening in July, he was sharing stories with other co-workers in the small kitchen of one of their apartments. Though Mikheil had been working at the Mindeli mine for 35 years, he told his fellow miners that he didn't want to work there ever again. But the following morning, he went back underground. That day he and three others died in another accident.

These tragedies, which took the lives of 10 coal workers in two separate incidents only months apart, shook Georgia.² Seven low-level mine managers were arrested. As this report went to press, criminal proceedings against the three were ongoing;³ production at the Tkibuli coal mines remained suspended pending results of an external audit into causes of the incidents; and the future of the mine, a major employer in the region, was under debate.⁴

¹ Human Rights Watch interview with Gaga Gamezardashvili, Mikheil's son, Tkibuli, December 12, 2018.

² "Four Killed, Six Injured in Mining Accident in Tkibuli," Civil.ge news, July 16, 2018, <https://civil.ge/archives/246416> (accessed June 28, 2019);

The general director of Saknakshiri LCC wrote in a letter to Human Rights Watch that the company provided the families of each victim compensation ranging between GEL 30,000 - 40,000 (US\$11,000-14,600). Letter to Human Rights Watch from Jambulat Jakeli, General Director, Saknakshiri LCC, May 27, 2019. On file at Human Rights Watch and in Annex I.

³ "Seven arrested in Georgia for knowingly endangering miners." OC Media, August 7, 2018, <https://oc-media.org/seven-arrested-in-georgia-for-knowingly-endangering-miners/> (accessed June 28, 2019).

⁴ Human Rights Watch interview with Zurab Gelenidze, Deputy CEO, Georgian Industrial Group, Tbilisi, May 15, 2019.

The incidents brought into focus Georgia's much-needed labor reform, after a decade of deregulation had dramatically reduced labor rights' protection and government oversight. Even as the country took steps toward increased regulation after 2013, the accidents showed that the long-term impacts of deregulation, which legitimized poor business practices on safety and labor rights, needed further efforts to reverse.

Deregulation

In November 2003, protestors, spurred by the outrage of election fraud, economic mismanagement, and corruption, forced the president from power in what came to be known as the Rose Revolution. Mikhail Saakashvili, a former justice minister campaigning on an anti-corruption platform, won an election that took place six weeks later. Aided by western governments, as well as generous International Monetary Fund (IMF) loan programs, the Saakashvili government implemented a sweeping deregulatory program that excised entire sets of rules protecting workers and the environment in a bid to attract foreign investment.⁵

In 2006, the Georgian government dramatically reduced worker protections in the Labor Code and abolished the Labor Inspectorate.⁶ The new Labor Code removed provisions on weekly rest, limits on overtime hours, rate of overtime pay, and breaks during shifts. The new code introduced the possibility of oral, rather than written, contracts and made it possible to dismiss workers without notice and for any reason.⁷

In a 2017 report to the European Social Rights Committee, an organ of the Council of Europe (CoE), the current government wrote:

⁵ European Stability Initiative report, "Georgia's Libertarian Revolution. Part one: Georgia as a model," April 10, 2010, https://www.esiweb.org/pdf/esi_-_georgias_libertarian_revolution_-_part_one_-_georgia_as_a_model_-_10_april_2010.pdf (accessed June 28, 2019); Thomas the Waal, "Georgia's Choices: Charting a Future In Uncertain Times," Carnegie Endowment for International Peace, 2011, p. 9, https://carnegieendowment.org/files/georgias_choices.pdf (accessed July 8, 2019).

⁶ Zakaria Shvelidze, "Transition from Soviet to Liberal Labour Law: Labour Standards in Georgia," *Ivane Javakhishvili Tbilisi State University, Law Faculty*, July 2012, <http://ilera2012.wharton.upenn.edu/RefereedPapers/ShvelidzeZakaria%20ILERA%20updated.pdf> (accessed June 14, 2019).

⁷ Ibid.

The 2006 Labor Code was based on the assumption that deregulation of the labor market would attract investment and create jobs even at the price of not complying with ILO Fundamental Conventions ratified by Georgia.⁸

Other deregulatory steps included the privatization of public assets, cutting down on the number of taxes, and an 85 percent reduction in business licenses and permits.⁹ In parallel, unemployment benefits were abolished and a targeted assistance program, providing benefits for the extremely poor was put in place.¹⁰ In 2005, Georgia introduced a Law on State Pension offering assistance to persons of retirement age regardless of their financial need.¹¹

Some deregulation steps appear tailor-made to improve Georgia's score in economic rankings such as the World Bank's Ease of Doing Business index.¹² In 2006, the Doing Business indicators included "employing workers," which measured flexibility in employment including ease of dismissing workers, working hours, and weekly rest among others, all of which were targets of the 2006 reforms.¹³ In 2007, following reforms in the Labor Code, Georgia was named a "top reformer" and jumped up 75 positions in the

⁸ Government of Georgia, 11th National Report on the implementation of the European Social Charter, RAP/RChA/GEO/11(2018), European Social Charter, March 11, 2017, <https://rm.coe.int/11th-national-report-from-georgia/168077630a> (accessed June 14, 2019).

⁹ Interview with Dr. Tamara Kovziridze, Deputy Minister of Economy of Georgia during 2004-2008, U4 Practitioner Experience Note, 2017, <https://www.u4.no/publications/the-rapid-economic-liberalisation-and-ruthless-fight-against-corruption-in-georgia> (accessed July 1, 2019);

Human Rights Watch interview with Ana Diakonidze, Associate Professor of Sociology at Georgian Institute of Public Affairs, Tbilisi, March 13, 2019.

¹⁰ Tinatin Ambroladze, "Georgia: Updating and Improving the Social Protection Index," *Technical Assistance Consultant's Report, Asian Development Bank*, 2012, <https://www.adb.org/sites/default/files/project-document/76055/44152-012-reg-tacr-06.pdf> (accessed July 8, 2019).

¹¹ Ibid.

¹² European Stability Initiative, "Georgia's Libertarian Revolution. Part one: Georgia as a model," April 10, 2010, https://www.esiweb.org/pdf/esi_-_georgias_libertarian_revolution_-_part_one_-_georgia_as_a_model_-_10_april_2010.pdf (accessed June 28, 2019).

¹³ International Bank for Reconstruction and Development / The World Bank, Doing Business 2019 – Training for Reform, 2019, http://www.doingbusiness.org/content/dam/doingBusiness/media/Annual-Reports/English/DB2019-report_web-version.pdf (accessed June 18, 2019).

ranking, moving from 112th to 37th in the overall ranking, and becoming the “sixth easiest place to employ workers” among 175 countries studied.¹⁴

In 2007, the government implemented a country branding campaign which saw paid advertisements placed in outlets including *The Economist*, the *Wall Street Journal*, and the *Financial Times*, boasting that “Georgia’s economy is more deregulated than France’s,” and that of other countries which ranked lower in the *Doing Business* index.¹⁵ The Georgian National Investment Agency, a state body under the prime minister’s office facilitating foreign direct investment, continues to highlight on its website Georgia’s “very flexible conditions for employment,” including limits on weekly hours that are “not unconditionally binding” and the lack of a national minimum wage.¹⁶

A 2012 study commissioned by the ILO found that Georgia’s economy was one of the most deregulated among the countries studied, “even in comparison with such liberal countries like the US, Canada or the United Kingdom,” based on methodology developed by the Organisation for Economic Co-operation and Development (OECD) to measure employment protection strictness.¹⁷

¹⁴ After the International Labor Organization and civil society organizations expressed concern that the “Employing workers” indicator does not adequately reflect worker protections, World Bank suspended its use of the indicator in 2009. World Bank and the International Finance Corporation, *Business 2007, 2006*, <https://www.doingbusiness.org/content/dam/doingBusiness/media/Annual-Reports/English/DB07-FullReport.pdf> page 3 (accessed June 28, 2019); Georgia’s labor code amendments were noted among “[t]he 3 boldest reforms [globally], driving the biggest improvements in the *Doing Business* indicators.” World Bank press release, “*Doing Business: Georgia is This Year’s Top Reformer*,” September 6, 2006, <http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:21042336~pagePK:34370~piPK:34424~theSitePK:4607,00.html> (accessed June 18, 2019).

¹⁵ Melissa Aronczyk, “Branding the Nation: The Global Business of National Identity,” *Oxford University Press*, 2013 and European Stability Initiative, “And the Winner is... Georgia?,” April 2010, https://www.esiweb.org/index.php?lang=en&id=322&debate_ID=3&slide_ID=15 (accessed June 28, 2019).

¹⁶ Invest in Georgia, Georgian National Investment Agency, Labor Legislation, <http://investingeorgia.org/en/georgia/labor> (accessed June 14, 2019).

¹⁷ Angelika Muller, “Employment Protection Law in Georgia: A Review of ILO Standards, OECD Indicators and comparative Labor Law,” *International Labour Organisation*, 2012, p. 2., <https://www.ilo.org/public/libdoc/ilo/2012/480331.pdf> (accessed July 1, 2019).

Impact of Deregulation on Poverty and Unemployment

According to the World Bank, foreign direct investment in Georgia increased over the past decade and the country's economy has grown robustly at an average annual rate of 4.5 percent.¹⁸ However, these policies failed to create shared economic prosperity in Georgia.¹⁹ In 2014, the government of Georgia adopted a Social Economic Development Strategy where it recognized that:

results of economic growth did not reach a significant part of the Georgian population and failed to have an impact on reducing unemployment and poverty levels.²⁰

Since 2006, when reforms were introduced, the official unemployment rate actually increased from 13.57 percent to 17.22 percent in 2012.²¹ The government says that failure of reforms to create jobs was due to the fact that most investment brought by deregulation was in capital-intensive sectors, where production requires more equipment and machinery than workers to produce goods and employment is low.²²

While reforms may have had some impact on poverty, disparities among municipalities are high. The percent of Georgians living under the national poverty line dropped from 36.9 in 2006 to 30 percent in 2012. In 2017, the figure dropped to 21.9 percent. A World Bank study from 2019 found that although poverty in the region of Imereti, where coal and manganese are extracted, more than halved from 2010 to 2016, mining municipalities

¹⁸ World Bank, Foreign Direct Investment, net inflows (% of GDP), <https://data.worldbank.org/indicator/BX.KLT.DINV.WD.GD.ZS?end=2017&locations=GE&start=1997> (accessed June 17, 2019); World Bank in Georgia, Overview/ Country context, April 10, 2019, <http://www.worldbank.org/en/country/georgia/overview> (accessed June 14, 2019).

¹⁹ Sarah Godar, Tato Khundadze, Achim Truger, "Striving for Shared Prosperity: a proposal for income tax reform in Georgia with the aim of reducing inequality and mobilizing resources for industrial development," *Friedrich Ebert Stiftung and Center for Policy Studies*, 2018, <http://library.fes.de/pdf-files/bueros/georgien/15110.pdf> (accessed June 14, 2019).

²⁰ Government of Georgia, Social-Economic Development Strategy of Georgia 2020, 2014, p. 11, <https://www.adb.org/sites/default/files/linked-documents/cps-geo-2014-2018-sd-01.pdf> (accessed June 28, 2019).

²¹ World Bank data on unemployment in Georgia: <https://data.worldbank.org/indicator/SL.UEM.TOTL.ZS?locations=GE> (accessed June 28, 2019).

²² Government of Georgia, *Social-Economic Development Strategy of Georgia 2020*, p. 8.

remained poor or very poor in 2018.²³ While in the municipality of Tkibuli, where the coal mine is, the direct poverty rate, which measures poverty in terms of consumption, is 26 percent, in Chiatura, where the manganese mine is a main employer, the direct poverty rate is a striking 50 percent, among the highest in Georgia.²⁴

Inequality also increased after 2006. Although the country matched deregulation efforts with forms of targeted social assistance, Georgia's Gini coefficient, which measures income inequality, rose from 36.9 in 2006 to 39 in 2012.²⁵ In 2017, it dropped to 37.9 although Georgia remains the most unequal among post-Soviet countries today.²⁶ For comparison, Armenia's Gini coefficient was 33.6 in 2017 and Moldova's was 25.9.²⁷ Measured by consumption, inequality is even higher in Georgia, with a Gini index of .40 in 2017, compared to .38 in 2006.²⁸

The Unfinished Path to Reregulation

Since 2013, Georgia has taken important steps towards improving worker protections and government oversight. That year, the Labor Code was amended to make it harder to dismiss workers, to prohibit discrimination in hiring practices, and to introduce written

²³ Friedrich Ebert Foundation, "Chronic Poverty and Income Inequality in Georgia," Tbilisi, 2017, <https://library.fes.de/pdf-files/bueros/georgien/13976.pdf> (accessed July 1, 2019); World Bank, Poverty Mapping in Georgia, For discussion – ECA Poverty and Equity Global Practice, World Bank, 2019, <http://documents.banquemondiale.org/curated/fr/807211559680835261/pdf/Poverty-Mapping-in-Georgia.pdf> (accessed June 28, 2019).

²⁴ World Bank, "Poverty Mapping in Georgia, For discussion – ECA Poverty and Equity Global Practice," 2019, <http://documents.banquemondiale.org/curated/fr/807211559680835261/pdf/Poverty-Mapping-in-Georgia.pdf> (accessed June 28, 2019).

²⁵ The country's Gini coefficient, a statistical measure for income inequality, can be seen here: <https://data.worldbank.org/indicator/SI.POV.GINI?locations=GE> (accessed June 14, 2019); In 2016, Georgia also had the highest inequality of opportunity among countries covered by the European Bank for Reconstruction and Development: <http://2016.tr-ebrd.com/inequality-of-opportunity/> (accessed June 14, 2019); Godar, Khundadze and Truger, *Striving for Shared Prosperity*, p. 21.

²⁶ World Bank, Gini Index – World Bank Estimate, <https://data.worldbank.org/indicator/SI.POV.GINI?end=2017&locations=RU-GE-AM-AZ-MD-UA-BY-EE-LV-KZ-KG-LT-TJ-TM-UZ&start=2017> (accessed July 8, 2019).

²⁷ Ibid.

²⁸ Godar, Khundadze and Truger, *Striving for Shared Prosperity*, p. 21.

contracts after three months of employment, among other reforms.²⁹ In 2015, the government established a Labour Conditions Inspection Department within the Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs of Georgia (hereafter Ministry of Labor). These steps, while positive, have been slow and tentative. This gradual approach seems to reflect greater concern with protecting Georgia's flexible labor market than a sense of urgency to protect labor rights.

The Deputy Ministry of Labor, Tamila Barkalaia, while acknowledging the need for better protections, told Human Rights Watch that she sees a difficult balancing act for Georgia between introducing labor standards and mitigating a perceived threat of losing foreign investments. "We want to not sacrifice the lives and health [of workers], but also not lose jobs for the people," she said.³⁰ Representatives of the Georgian Employers Association, which represents small and medium enterprises, expressed reservations about regulations to Human Rights Watch. Shalva Tskhakaia, head of the association's legal committee, noted that regulations impose a large burden for their members, "so we don't flatly oppose them, but we want to go slower."³¹

Despite the reforms, the Georgian Labor Code still falls short of international labor standards. The Labor Code provides for a 40-hour working week, and 48 hours for specific industries, including mining, textile, construction, and chemical production.³² It is, however, unclear how these limits are implemented, considering the law does not include a cap on overtime, except for a provision demanding that the duration of rest between working days (or shifts) must be at least 12 hours.³³ The Labor Code also does not include minimum provisions on weekly rest. ILO standards mandate that workers should enjoy, at a minimum, a 24-hour rest period every seven days, while the Committee on Economic, Social and Cultural Rights recommends that "two consecutive days of rest for workers is

²⁹ See 2013 amendments of the Labor Code here:

<https://matsne.gov.ge/en/document/download/1155567/5/en/pdf> (accessed June 14, 2019).

³⁰ Human Rights Watch interview with Tamila Bakalaia, deputy Minister of Labor, Tbilisi, May 14, 2019.

³¹ Human Rights Watch interview with Shalva Tskhakaia, head of the Georgia Employers Association Legal Committee, Tbilisi, May 15, 2019.

³² Government Resolution No. 329 of December 11, 2013 lists "mining industry" as one sector where a standard work week comprises 48 hours:

<https://matsne.gov.ge/ka/document/view/2118778?publication=o#DOCUMENT:1>; (accessed June 14, 2019).

³³ Georgian Labor Code, article 15.

preferable as a general rule to ensure [workers'] health and safety.”³⁴ According to Georgian labor rights expert Zakaria Shvelidze:

As legislation does not provide the regulation of statutory daily rest break and minimum rest period for a work week, hypothetically one is allowed to work seven days a week with 12-hour working days, which adds up to 84 hours of maximum statutory weekly working hours...³⁵

Other gaps in Georgian law include the absence of a minimum wage, a specific rate for overtime pay or pay for work during holidays, no limit on night work, and no requirement that employers provide workers with copies of contracts.

Georgian officials say several initiatives addressing remaining gaps in law are underway, including with regard to overtime, days off, holidays, and to enhancing the Labor Inspectorate.³⁶ While a timeline for the changes is not clear, Dmitry Tskitishvili, Member of Parliament and author of these initiatives, expressed his hope that amendments addressing these areas would be voted on by the end of 2019.³⁷

In 2018, the Public Defender of Georgia published a 270-page baseline assessment on Business and Human Rights where it reviewed its labor legislation in view of international standards. The study identified multiple gaps in law, including a lack of weekly rest, no reasonable limits on working hours and the lack of an effective and independent labor

³⁴ Convention concerning the Application of the Weekly Rest in Industrial Undertakings, entered into force on June 19, 1923, not ratified by Georgia and the Committee on Economic, Social and Cultural Rights, E/C.12/GC/23, General comment No. 23 (2016) on the right to just and favourable conditions of work (article 7 of the International Covenant on Economic, Social and Cultural Rights), April 27, 2016.

³⁵ Zakaria Shvelidze, “Transition from Soviet to Liberal Labour Law: Labour Standards in Georgia,” *Ivane Javakhishvili Tbilisi State University*, Law Faculty, July 2012, <http://ileraz2012.wharton.upenn.edu/RefereedPapers/ShvelidzeZakaria%20ILERA%20updated.pdf> (accessed June 14, 2019).

³⁶ Parliament of Georgia press release, “The Coordination Meeting of the Donors discuss improvement of the oversight function of the Parliament and the law on labor rights and labor safety,” May 28, 2019, <http://parliament.ge/en/parlamentarebi/chairman/chairmannews/donorta-sakoordinacio-shexvedraze-shromiti-uflebebisa-da-shromis-usaftrxoebis-mimartulebit-kanonmdeblobisa-da-parlamentis-sazedamxedvelo-funqciis-daxvewaze-msdjeloben.page> (accessed June 14, 2019).

³⁷ Human Rights Watch interview with Dmitry Tskitishvili, Tbilisi, May 13, 2019.

inspection.³⁸ Since 2015, the public defender has recommended in its annual reports that parliament include in the Labor Code a cap on daily working hours, weekly rest, and a cap on overtime.³⁹ In March 2019, the European Committee of Social Rights, which oversees compliance with the European Social Charter, found Georgia's labor standards were not in conformity with the Charter on 13 of the 15 issues discussed.⁴⁰

Georgia introduced a Labor Conditions Inspection Department in 2015, and gradually broadened its mandate, most significantly in February 2019 with amendments to the Law of Georgia on Labor Safety. The new amendments, most of which come into force in September 2019, enable the inspectorate to conduct inspections at any enterprise, without prior warning, at any hour of the day or night, to issue warnings and fines, and to suspend the activity of a business found to violate health and safety rules.⁴¹ The inspectorate will also change from a department under the Labor Ministry into a public entity on its own, a move expected to strengthen its independence.⁴² Since it was established in 2015, the inspectorate grew from 25 individuals to 40, and is expected to grow to 80 in September. There are plans to open branches in regions, especially Western Georgia, before 2020.⁴³ Until these provisions fully come into force, inspectors can only check safety conditions in occupations defined by the government as hard, harmful or hazardous.⁴⁴ The law in its new form imposes an obligation on companies to appoint one

³⁸ Public Defender (Ombudsman) of Georgia, "National Baseline Study on Business and Human Rights," 2018, <https://mkoglobalnapshvllfq4.kinstacdn.com/wp-content/uploads/2018/04/georgia-national-baseline-assessment-english.pdf> (accessed June 14, 2019).

³⁹ Public Defender (Ombudsman) of Georgia, "Annual report of the Public Defender of Georgia - the Situation of Human Rights and Freedoms in Georgia," 2017, <http://www.ombudsman.ge/res/docs/2019062409381039906.pdf> (accessed July 1, 2019) and Public Defender (Ombudsman) of Georgia, "Annual report of the Public Defender of Georgia - the Situation of Human Rights and Freedoms in Georgia," 2018, <http://www.ombudsman.ge/res/docs/2019042620571319466.pdf> (accessed July 8, 2019).

⁴⁰ European Committee of Social Rights, Conclusions 2018 on Georgia, European Social Charter, can be downloaded at <https://www.coe.int/en/web/european-social-charter/-/protection-of-workers-rights-in-europe-shortcomings-found-but-also-positive-developments-in-certain-areas> (accessed June 14, 2019).

⁴¹ Chapters VI and VII of the organic Law of Georgia on Labor Safety and Human Rights Watch Interview with Beka Peradze, Head of Labor Inspectorate, Tbilisi, March 18, 2019.

⁴² Chapter VIII, Article 25 of the organic Law of Georgia on Labor Safety.

⁴³ Human Rights Watch interview with Tamila Barkalaia, Deputy Minister of Labor, Tbilisi, May 14, 2019.

⁴⁴ Chapter VIII, Article 24 of the organic Law of Georgia on Labor Safety.

or more safety specialists, requires companies to report accidents to the inspectorate, and places the burden of proof on the employer following an accident.⁴⁵

However, even with these positive developments, the mandate of the inspectorate remains limited.

Under the Law of Georgia on Labor Safety, inspectors can check physical, chemical or biological hazards, but not labor rights in a comprehensive sense.⁴⁶ The law does not explicitly give the inspectorate a mandate to check issues that could affect safety such as long working hours or production pressures, or issues such as general conditions of work including contractual obligations, wages, payment of overtime hours, or work on public holidays.

While the new law increased fines for violations, these may be too low to encourage compliance. Fines are proportionate to a company's revenue but the highest possible fine, for failure to correct violations posing a considerable threat to life or health over a period of two years, is set at GEL 50000 (approximately US\$17,000), even for businesses generating millions in yearly profits.⁴⁷

The limited mandate of the Labor Inspectorate does not comport with Georgia's obligations under the European Social Charter and ILO conventions, nor does it live up to commitments made under the EU-Georgia Association Agreement, signed in 2014, and the Generalized System of Preferences, a tariff scheme with the US, agreed in 2007.⁴⁸

⁴⁵ Chapter II of the organic Law of Georgia on Labor Safety.

⁴⁶ Chapter I, Article 3 (h) of the organic Law of Georgia on Labor Safety.

⁴⁷ Chapter VII, Article 22 paragraph 4 (e) of the organic Law of Georgia on Labor Safety.

⁴⁸ Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and Georgia, of the other part, L261/4, *Official Journal of the European Union*, July 30, 2014, [https://eur-lex.europa.eu/legal-content/en/TXT/PDF/?uri=CELEX:22014A0830\(02\)](https://eur-lex.europa.eu/legal-content/en/TXT/PDF/?uri=CELEX:22014A0830(02)) (accessed June 14, 2019) and Trade and Investment Framework Agreement Between the United States of America and Georgia, June 20, 2007, [https://ustr.gov/sites/default/files/U.S-Georgia%20TIFA%20\(English\).pdf](https://ustr.gov/sites/default/files/U.S-Georgia%20TIFA%20(English).pdf) (accessed June 14, 2019).

Specifically, the ILO Labor Inspection Convention says the inspection should check conditions “relating to hours, wages, safety, health and welfare, the employment of children and young persons, and other connected matters,” most of which are outside the current mandate of the inspection.⁴⁹ The European Social Charter, which Georgia ratified, requires states to maintain a system of labor inspection of the rights included in the charter.⁵⁰ Under the EU-Georgia Association Agenda 2017-2020, Georgia committed to “continue to work on establishing an effective Labour Inspection system with adequate competences and capacities for the inspections of all working conditions and labor relations according to ILO standards.”⁵¹ The Trade and Investment Framework Agreement between the US and Georgia, on which Georgia’s preferential treatment under the Generalized System of Preferences (GSP) program is based, emphasizes the importance of providing “adequate and effective protection and enforcement of worker rights,” and of “improving the observance of internationally recognized labor rights.”⁵²

Actors from around the globe have criticized Georgia’s inadequate labor inspection system. In a 2018 assessment, the High Representative of the EU for Foreign Affairs and Security Practices concluded that “the absence of a fully-fledged labor inspection system continues to be a major challenge for the realization of core labor standards in Georgia.”

The EU encouraged further efforts in this regard in its May 2019 EU-Georgia annual Human Rights Dialogue.⁵³

⁴⁹ Convention concerning Labour Inspection in Industry and Commerce (No. 81), entered into force on April 7, 1950, not ratified by Georgia.

⁵⁰ European Social Charter (Revised), ratified by Georgia in 2005, accepting 63 of the Revised Charter’s 98 paragraphs.

⁵¹ Association Agenda between the European Union and Georgia 2017-2020, https://eeas.europa.eu/sites/eeas/files/annex_ii_-_eu-georgia_association_agenda_text.pdf (accessed June 14, 2019).

⁵² Trade and Investment Framework Agreement Between the United States of America and Georgia.

⁵³ High Representative of the Union for Foreign Affairs and Security Policy, “The EU Special Incentive Arrangement for Sustainable Development and Good Governance ('GSP+') assessment of Georgia covering the period 2016 – 2017,” Joint Working Document, Brussels, January 10, 2018, http://trade.ec.europa.eu/doclib/docs/2018/january/tradoc_156541.pdf (accessed June 14, 2019); and European Union External Action Service press release, “The EU and Georgia held the 12th round of their annual Human Rights Dialogue in Tbilisi on 23 May 2019,” https://eeas.europa.eu/headquarters/headquarters-homepage/63067/eu-and-georgia-held-12th-round-their-annual-human-rights-dialogue-tbilisi-23-may-2019_en (accessed June 7, 2019).

In 2018, the European Committee of Social Rights noted Georgia's lack of compliance with the obligation under the European Social Charter to ensure that an appropriate authority enforces reasonable daily and weekly working hours.⁵⁴

At a hearing in November 2018 on a petition filed in 2010 asking for the suspension of Georgia from GSP benefits with the US, a representative of the US trade federation AFL-CIO underscored "Georgia's decimated capacity to inspect workplaces and the absence of effective monitoring and enforcement."⁵⁵

In April 2019, the UN Working Group on Business and Human Rights conducted a visit to Georgia and issued a statement where it said that it was "concerned that the regulatory framework will remain inadequate after September 2019, as the new law will not cover the whole spectrum of labor rights."⁵⁶

The Case for Regulation

The weight of deregulation and loose labor protections and oversight has been shouldered by Georgian workers. In a 2018 report, the Labor Inspectorate noted that the lack of a state agency monitoring labor safety issues between 2005 to 2015 "contributed to the collapse of labor safety standards and the emergence of systemic problems," and that ultimately "the lack of regulatory authority led to a decline in the culture of occupational safety."⁵⁷

⁵⁴ European Committee of Social Rights, Conclusions 2018 on Georgia, European Social Charter, can be downloaded at <https://www.coe.int/en/web/european-social-charter/-/protection-of-workers-rights-in-europe-shortcomings-found-but-also-positive-developments-in-certain-areas> (accessed June 14, 2019).

⁵⁵ Office of United States Trade Representative, Public Country Practice Hearing, U.S. Generalized System of Preferences, November 29, 2019, <https://www.regulations.gov/document?D=USTR-2013-0009-0053> (accessed June 14, 2019).

⁵⁶ United Nations Office of the High Commissioner for Human Rights, Statement at the end of visit to Georgia by the United Nations Working Group on Business and Human Rights, Tbilisi, April 12, 2019, <https://www.ohchr.org/EN/NewsEvents/Pages/DisplayNews.aspx?NewsID=24474&LangID=E> (accessed June 14, 2019).

⁵⁷ 2018 Report of the Labour Conditions Inspection Department of the Ministry of Internally Displaced Persons from Occupied Territories, Labour, Health and Social Affairs of Georgia (Labor Inspectorate Annual Report 2018), p. 4, <https://www.moh.gov.ge/uploads/files/2019/Failebi/27.06.2019-13.pdf> (accessed July 8, 2019).

A study by the Friedrich Ebert Foundation, based on data gathered by the Ministry of Internal Affairs, the Ministry of Health, and the Georgian Trade Union Confederation, found that workplace deaths increased by 74 percent in the years following the abolition of the Labor Inspectorate, most of these in mining and construction, and remained high even after recent reforms.⁵⁸ Between 2007 and 2017, the average number of deaths at work per year in Georgia was 41, compared to an average of 24 deaths per year between 2002 and 2005. In 2014, the country averaged 5.5 deaths per 100,000 workers, three times the EU average for the same year.⁵⁹

According to data provided to Human Rights Watch by the Labor Inspectorate, between 2016 and 2018, 13 people were injured, two in 2017 and 11 in 2018, and 23 died, two in 2016, five in 2017, and 16 in 2018, in Georgian mines.⁶⁰ Among the fatalities recorded by the Inspectorate are two manganese workers employed by Georgian Manganese, one in 2016 and one in 2017. No data was provided for Georgian Manganese for 2018.⁶¹ At the coal mine owned by Saknakhshiri, 14 coal workers died between 2016 and 2018.⁶² The Inspectorate said these figures are based on audit reports in the mines it has inspected.⁶³ According to the Georgian Trade Union Confederation, four Georgian Manganese workers and 19 coal miners in Tkibuli died in work accidents since 2016, including one in the first quarter of 2019.⁶⁴

In its 2018 annual report, the Labor Inspectorate recognized that “there are instances of unreported accidents.”⁶⁵ “If the fact of death is not established immediately at the work site, it is not recognized officially as a workplace fatality and is thus not reflected in the

⁵⁸ Giorgi Tchanturidze, “Abolition of Labor Inspection in Georgia: Consequences for Workers and the Economy,” *Friedrich Ebert Stiftung Tbilisi*, September 2018, <http://library.fes.de/pdf-files/bueros/georgien/14675.pdf> (accessed June 14, 2019).

⁵⁹ Tchanturidze, *Abolition of Labor Inspection*, p.3.

⁶⁰ Data on persons injured and killed in the mining industry in Georgia provided by Labor Inspectorate following Human Rights Watch request for information. On file at Human Rights Watch.

⁶¹ Ibid.

⁶² Ibid.

⁶³ Email from Beka Peradze, Head of Labor Inspectorate, to Human Rights Watch, July 3, 2019.

⁶⁴ Data on persons injured and killed in the mining industry in Georgia provided by the Georgian Trade Union Confederation following Human Rights Watch request for information. On file at Human Rights Watch.

⁶⁵ Labor Inspectorate, *Annual Report 2018*, p. 38.

statistical data. In most cases, accidents that might have harmed an employee's health, the so-called "near-miss accidents", are not reported.”⁶⁶

Regulation has proven effective at reducing workplace accidents in other countries. In the US, accidents decreased after the US Congress first passed a law in 1947 requiring minimal mine safety standards, and dramatically dropped after the Federal Coal Mine Health and Safety Act of 1969 put in place mandatory fines for all violations and mandatory inspections at all coal mines.⁶⁷ In the United Kingdom, a comparison of fatal injury numbers between 1974, when the Health and Safety at Work Act was introduced, and 2017/18 suggests that fatal injury numbers to employees have fallen by around 85 percent over this period.⁶⁸

There is evidence that increased regulation does not have a negative effect on industry production. Industry in some countries, including the US and Australia took off and expanded considerably even after they put in place safety and labor regulations. In the US, coal production more than doubled since 1949, soon after regulation was first introduced.⁶⁹

Adequate labor and safety standards are at the heart of successful businesses and economic development. The coal mine disasters at the Tkibuli coal mine in Georgia and a 13-day worker strike in May 2019 at a manganese mine in Chiatura illustrate this point.

The coal mines have been closed for almost a year after the two explosions in April and July 2018. Beyond the tragic human toll of these incidents, they also incurred significant costs for the company involved and the government, which reportedly pay workers their

⁶⁶ Ibid.

⁶⁷ Michael J. Brnich and Kathleen M. Kowalski-Trakofker, “Underground Coal Mine Disasters 1900 - 2010: Events, Responses, and a Look to the Future,” *US National Institute for Occupational Safety and Health, Office of Mine Safety and Health*, <https://www.cdc.gov/niosh/mining/userfiles/works/pdfs/ucmdn.pdf> (accessed June 18, 2019); United States Department of Labor, Coal Fatalities for 1900 through 2018, <https://arlweb.msha.gov/stats/centurystats/coalstats.asp> (accessed June 18, 2019).

⁶⁸ UK Health and Safety Executive, “Historical picture statistics Great Britain, 2018,” *Annual Statistics*, October 2018, <http://www.hse.gov.uk/statistics/history/historical-picture.pdf> (accessed June 18, 2019).

⁶⁹ US Energy Information Administration, table 7.2, Coal Production, 1949-2011 (Million short tonnes), 2012, <https://www.eia.gov/totalenergy/data/annual/showtext.php?t=ptbo702> (accessed June 18, 2019).

full wages during the entire period of the shutdown, in absence of any production.⁷⁰ In a letter to Human Rights Watch, GIG, which owns the coal mine, said it has paid GEL 11 million (US\$4 million) in wages since production was suspended.⁷¹

In May 2019, a strike over poor working conditions at the Chiatura manganese mine shut down production for 13 days, leading reportedly to company losses of GEL 13 million (over US\$4.7 million) and US\$6.5 million in exports for the government, according to the Georgian government news service citing company officials.⁷²

The wellbeing of Georgia's workers, as well as the future of Georgia's economic development may depend on the country's willingness to take action now to fully protect labor rights and safety at work.

⁷⁰ Human Rights Watch interview with Zurab Gelenidze, Deputy CEO, Georgian Industrial Group, Tbilisi, May 15, 2019.

⁷¹ Letter to Human Rights Watch from Jambulat Jakeli, General Director, Saknakhshiri LCC, May 27, 2019. On file at Human Rights Watch and in Annex I.

⁷² Agenda.ge news, "Chiatura end strike as deal reached with employer", May 28, 2019, <http://agenda.ge/en/news/2019/1404> (accessed June 18, 2019).

II. Labor Rights Violations in Coal and Manganese Mines

“When miners go inside, every day they expect injury or death.”

—Tamaz, 30, coal miner⁷³

“If you get distracted, you can have huge accidents.”

—Varlam, manganese miner⁷⁴

Underground mining is difficult and dangerous work. Almost every miner interviewed for this report said they were injured at some point in a workplace accident. Workers had their nails ripped off, suffered deep cuts, broke their hands, legs, or ribs, were buried under rocks as roofs collapsed, lost limbs, suffered concussions, and experienced the trauma of the loss of colleagues or family members in workplace accidents.⁷⁵

Given the inherent hazards of mining work, governments and companies should identify and minimize risks as much as possible.⁷⁶ This research suggests that mining practices, combined with poor regulation and oversight, increased, rather than minimized risks. While concerns about workplace safety provided the impetus for this research, we documented other labor rights violations in Georgian coal and manganese extraction activities.

⁷³ Human Rights Watch interview with Tamaz, Tkibuli, December 13, 2018.

⁷⁴ Human Rights Watch interview with Varlam, Chiatura, March 17, 2019.

⁷⁵ Human Rights Watch interview with Zaza, Malkhaz, Demetre, Merab, and Paata, Chiatura, December 2018 and March 2019; Human Rights Watch interview with Ambrosi, Bidzina, Misho and Iakob, and Giorgi, Tkibuli, December 11 and 16, 2018.

⁷⁶ ILO Convention concerning Occupational Safety and Health and the Working Environment (No. 155), adopted in 1981, not ratified by Georgia, https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0::NO:12100:P12100_INSTRUMENT_ID:312300:NO (accessed June 14, 2019).

While extraction of mineral commodities in Georgia has decreased since the collapse of the Soviet Union, coal and manganese mining remain important industries and sources of employment in Western Georgia.⁷⁷

Georgia has one of the world's richest manganese deposits and largest manganese mining areas in the foothills of the Caucasus Mountains, according to the World Bank.⁷⁸ Most of the manganese produced is used for the manufacture of iron and steel, while it is also used for the production of batteries.⁷⁹

Underground manganese mining is usually done by drilling and blasting an area, which causes manganese to fall. Following each blast, the space is ventilated, and workers load the ore and put in place wooden reinforcement, before repeating these steps. Every day, underground manganese miners handle heavy equipment, including drilling machines, pneumatic guns, electric cutters, and dynamite. Risks commonly cited by workers included being caught under roof collapses, being hit by rocks, slipping due to wet surfaces in the mine, or being injured while operating heavy equipment or while handling explosives.⁸⁰ Causes of fatal injury in mines include rock falls, fires, explosions, falls from height, entrapment and electrocution, or flooding of underground shafts and tunnels.⁸¹

In 2006, Georgia issued a 40-year license for manganese mining in Chiatura to Georgian Manganese LLC, as part of a government effort to revitalize industry after the Rose Revolution in 2003. In 2013, Georgian Manganese was bought by US-based, private-

⁷⁷ Elena Safirova, "2014 Mineral Yearbook – Georgia," *US Department of Interior, US Geological Survey*, published in 2017, <https://s3-us-west-2.amazonaws.com/prd-wret/assets/palladium/production/mineral-pubs/country/2014/myb3-2014-gg.pdf>;

Human Rights Watch interview with Tamaz Dolaberidze, Tbilisi, November 26, 2018.

⁷⁸ World Bank, "Georgia – Country Environmental Analysis. Institutional, Economic, and Poverty Aspects of Georgia's Road to Environmental Sustainability," June 2015, <http://documents.worldbank.org/curated/en/293731468001755898/pdf/ACS13945-WP-P147475-Box391501B-PUBLIC-6-26-15.pdf> (accessed June 14, 2019).

⁷⁹ Encyclopaedia Britannica, Manganese – Chemical Element, April 22, 2019, <https://www.britannica.com/science/manganese> (accessed June 14, 2019).

⁸⁰ Human Rights Watch interview with Varlam, Zaza, Paata, Levan and Giorgi, Chiatura, December 2018 and March 2019.

⁸¹ A.M. Donoghue, "Occupational health hazards in mining: an overview," *Occupational Medicine* 2004;54:283–289, April 20, 2004, <https://pdfs.semanticscholar.org/21df/04e0d1b6bde76232505a6edd6d1e4be643ed.pdf> (accessed July 10, 2019).

owned, Georgian American Alloys.⁸² Georgian American Alloys said in a letter to Human Rights Watch that in April 2019 it had completed major corporate restructuring and that it no longer owned Georgian Manganese, without giving further details.⁸³ In May 2017, a Georgian court found the company in violation of environmental regulations and appointed a special manager to manage Georgian Manganese for a period of three years.⁸⁴ Georgian Manganese said in a letter to Human Rights Watch that it operates 11 underground mines, five open-cast mines, and seven beneficiation plants, where manganese is cleaned and prepared for processing.⁸⁵ According to a local union, over 3,400 people currently work for Georgian Manganese, including in underground manganese mining sites in and around the town of Chiatura, in cleaning plants, and at other sites, making Georgian Manganese the largest single employer in the area.⁸⁶ According to a 2019 report of the US International Trade Commission, Georgian Manganese is the largest manganese producer in Georgia.⁸⁷

Manganese and its derivatives are among the products eligible for duty free entry into the US under the GSP tariff scheme.⁸⁸ In 2017, the US Trade commission noted that Georgia saved over US\$2 million in duties on exports of ferrosilicon manganese to the US.⁸⁹ The GSP system requires that countries ensure that internationally recognized worker rights are

⁸² Nino Gujaraidze, “Georgian Manganese – Country Profile”, *Green Alternative*, December 14, 2018, <http://greenalt.org/publications/georgian-manganese-company-profile/> (accessed June 14, 2019).

⁸³ Letter to Human Rights Watch from Mordechai Korf, CEO, Georgian American Alloys, May 17, 2019 in response to request for information. On file at Human Rights Watch.

⁸⁴ OC Media, “Georgian Manganese protests state-appointed ‘special manager’”, May 19, 2017, <https://oc-media.org/georgian-manganese-protests-state-appointed-special-manager/> (accessed June 14, 2019).

⁸⁵ Letter to Human Rights Watch from Tamar Chipashvili, Deputy CEO, Georgian Manganese, June 10, 2019. On file at Human Rights Watch and in Annex I.

⁸⁶ Human Rights Watch interview with Paata Samkharadze, Chiatura, December 12, 2018.

⁸⁷ US International Trade Commission, *Silicomanganese from India, Kazakhstan and Venezuela*, Investigation Nos. 731-TA-929-931 (Third Review), April 2019, p. I-32, https://www.usitc.gov/publications/701_731/pub4881.pdf (accessed July 25, 2019).

⁸⁸ United States Trade Representative, *GSP-eligible for All Beneficiary Countries*, June 2918, <https://ustr.gov/sites/default/files/gsp/GSP%20eligible%20products%20for%20all%20BDC%20June%202018.pdf> (accessed July 25, 2019).

⁸⁹ Assistant US Trade representative, *US Trade Policy and Opportunities for Georgia through GSP*, 2017 presentation, can be accessed under “Georgia” at <https://ustr.gov/issue-areas/trade-development/preference-programs/generalized-system-preferences-gsp/gsp-use-%E2%80%933-coun> (accessed July 25, 2019).

respected, including with regard to “acceptable conditions of work with respect to minimum wages, hours of work, and occupational safety and health.”⁹⁰

In 2007, the government issued a 45-year license for coal mining in Tkibuli and Ambrolauri regions in Western Georgia, where most of the country’s estimated 400 million tons of coal reserves are concentrated, to Saknakshiri, a company owned by GIG.⁹¹ In 2008, the company began operating two underground coal mines, Mindeli and Dzidziguri, in Tkibuli.⁹² In 2015, GIG reached an agreement with Chinese company Dongfang Electric to construct a coal-fired thermal power plant, due in 2020, with a plan to use most of the coal extracted in Tkibuli to operate the power plant.⁹³

Extraction was suspended in mid-2018, pending an external audit into two incidents in 2018 that cost the lives of 10 miners.⁹⁴ Seven company officials have been arrested in connection with an April 2018 explosion that killed six miners.⁹⁵ Previously, in 2017, four

⁹⁰ Trade Act of 1974, Title V – Generalized System of Preferences, with amendments from 2017, <https://ustr.gov/sites/default/files/files/gsp/GSP%20statute%20updated%20to%202017.pdf> (accessed July 25, 2019).

⁹¹ “Critical Aspects of Current Mineral Resources Governance in Georgia,” *Green Alternative*, 2017, http://www.greenalt.org/wp-content/uploads/2017/02/mining_report_2017_eng.pdf (accessed June 14, 2019) and “Saknakshiri (GIG group) - Company Profile”, *Green Alternative*, 2017, http://greenalt.org/wp-content/uploads/2017/07/GIG_Company_Profile_2017.pdf (accessed June 14, 2019) and Nino Gujaraidze, *Georgian Manganese – Country Profile*, and Global Methane Initiative, “Country profiles - Georgia”, Chapter 13, 2015, https://www.globalmethane.org/documents/toolsres_coal_overview_ch13.pdf (accessed June 14, 2019).

⁹² Global Methane Initiative, *Country profiles – Georgia*.

⁹³ Margarita Antidze, “Georgia signs up Dongfang Electric to build coal-fired power plant,” *Reuters*, October 16, 2015, <https://af.reuters.com/article/commoditiesNews/idAFL8N12G1WP20151016?pageNumber=1&virtualBrandChannel=0> (accessed June 14, 2019); Georgian Industrial Group, “Dongfang Electric to be Engaged in a 150-Megawatt Thermal Power Plant Construction in Georgia,” *News*, <http://www.gig.ge/?newsid=59> (accessed June 14, 2019).

⁹⁴ IndustriAll Global Union, “Deadly Georgian Mine Closed after Multiple Fatalities,” July 18, 2018, <http://www.industriall-union.org/deadly-georgian-mine-closed-after-multiple-fatalities> (accessed June 14, 2019).

⁹⁵ “Seven arrested in Georgia for knowingly endangering miners,” *OC Media*, August 7, 2018, <https://oc-media.org/seven-arrested-in-georgia-for-knowingly-endangering-miners/> (accessed June 14, 2019).

workers died in the same coal mine.⁹⁶ Until mid-2018, the coal mines in Tkibuli employed around 1,500 people, making it the largest single employer in the area.⁹⁷

Mining Practices That Jeopardize Safety

The 2018 tragedies at the Tkibuli coal mine provided greater momentum for some positive developments in Georgian law. However, our research into mining practices at Georgian Manganese, the manganese mine in the town of Chiatura, in Western Georgia, shows that problems persist, and gaps in labor law and oversight continue to allow practices that put workers at risk.

The Chiatura Manganese mine comprises 11 underground mining sites in or around the town of Chiatura, all operated by Georgian Manganese. In 2016, Georgian Manganese introduced a new operating system which runs in five of the 11 mines, affecting a total of 380 workers, according to the company.⁹⁸ The new system increased the length of shifts and constrained personal freedoms. One union representative told Human Rights Watch the company had plans to introduce the new system in the remaining four mines, which currently employ around 1,700 workers.⁹⁹ Georgian Manganese said that it is currently researching technologies “to simplify the process of acquisition, labor conditions, and security” and that a decision on introducing the new system on other sites “will depend on the flow of the process.”¹⁰⁰

Workers in “new system mines” work 12-hour shifts, either during the day or at night, for 15 consecutive days without any weekly rest. They then get 17 days off. When working, miners

⁹⁶ IndustriAll Global Union, “Georgian Union Calls for Effective Labor Inspection After Deadly Accident,” May 15, 2017, <http://www.industriall-union.org/georgian-union-calls-for-effective-labour-inspection-after-deadly-accident> (accessed June 14, 2019).

⁹⁷ Georgian Industrial Group on Saknakshiri, <http://www.gig.ge/?page=gig> (accessed June 14, 2019).

⁹⁸ Letter to Human Rights Watch from Tamar Chipashvili, Deputy CEO, Georgian Manganese, June 10, 2019. On file at Human Rights Watch and in Annex I.

⁹⁹ Human Rights Watch interview with Paata Samkharadze, Chiatura, December 12, 2018; Letter to Human Rights Watch from Tamar Chipashvili, Deputy CEO, Georgian Manganese, June 10, 2019. On file at Human Rights Watch and in Annex I.

¹⁰⁰ Letter to Human Rights Watch from Tamar Chipashvili, Deputy CEO, Georgian Manganese, June 10, 2019. On file at Human Rights Watch and in Annex I.

must stay in a company dormitory. Diesel-powered tractors are used in the new system mines to carry manganese. While not the focus of this report, it is important to note that workers in the new system are exposed to diesel exhaust, a known cancerogenic, continuously over their 12-hour shifts, in addition to manganese dust.¹⁰¹ The new arrangements made it possible to cut the number of workers per mine from 150-200 to 50 or less.¹⁰²

The roughly 1,700 workers in the four “old system mines,” by contrast, work nine-hour shifts with regular weekly breaks, and are not required to live in company housing. Trains are used to transport extracted manganese.

One new system worker explains the kinds of activities expected of them on a typical day at the mine, “We should drill correctly, detonate, ventilate, then the tractor comes and takes out the manganese, then we fortify and construct reinforcement.”¹⁰³ By contrast, in old system mines, workers said they were also filling the wagons with manganese by hand and laying train rails.¹⁰⁴

In a letter to Human Rights Watch, Georgian Manganese said the new system was implemented following “deep analysis and thorough consideration” as well as “intensive negotiations with professional unions and workers.” Miners “had and still have the opportunity to move to a new system or work on an old system,” the company said, without giving details. Old mines do not offer the same financial benefits and moving may not be economically feasible for workers. While most wages are 30 to 40 percent higher in new mines than in the old system, some workers would earn 50 percent less in old mines.¹⁰⁵ In any case, the possibility of moving would no longer be true if all its mines

¹⁰¹ International Agency for Research on Cancer, World Health Organisation, “IARC Monographs on the Evaluation of Carcinogenic Risks to Humans. Volume 105: Diesel and Gasoline Engine Exhausts and some Nitroarenes,” *Media Centre- IARC News*, Lyon, France, June 5-12, 2012, <https://www.iarc.fr/media-centre-iarc-news-58/> (accessed June 18, 2019) and Human Rights Watch interviews with seven new system workers in December 2018 and March 2019; The US National Institute for Occupational Safety and Health, Manganese, <https://www.cdc.gov/niosh/topics/manganese/default.html> (accessed June 18, 2018).

¹⁰² Human Rights Watch interview with Paata Samkharadze, Chiatura, December 12, 2018.

¹⁰³ Human Rights Watch Interview with Giorgi, Chiatura, March 20, 2019.

¹⁰⁴ Human Rights Watch interviews with 17 old system workers, Chiatura, December 2018 and March 2019.

¹⁰⁵ Human Rights Watch calculation based on interviews with 17 old system workers and seven new system workers, December 2018 and March 2019. For example, a loading driver in the old mines would earn a monthly wage of GEL 500-700 (\$172-240), while new system workers earn over GEL 1000 (\$344).

transitioned to the new system. The company argues that work in the new system “is simplified using modern technology [and] the load is reduced,” and that it will decide whether or not to introduce the new system to other mines based on results of ongoing research it is conducting on new mining technologies and equipment.¹⁰⁶

On May 15, 2019, miners working in the new system went on strike to protest poor food quality in the dormitory, with 15 workers declaring a hunger strike the following day. They were soon joined by other company employees with demands for better working conditions and higher wages, with daily demonstrations in Chiatura that attracted national attention and support. The strike ended 13 days later with a binding agreement mediated by the Ministry of Economy in which the company pledged a 25 percent wage increase in July 2019, followed by another 10 percent no later than July 2020.

The company committed to introducing “a model of financing meals individually, for each employee” although it is not clear what this would entail in practice and when it would start. In June, Georgian Manganese said in a letter to Human Rights Watch that it is “is performing the new [food] supplier's tender selection process, in which the workforce is actively involved” and that the process “will be over in the coming days.”¹⁰⁷ The agreement, which the company announced on social media, also commits Georgian Manganese to “improve and develop effective and preventive measures related to labor, safety and health care,” without providing further details. An additional agreement with details about these points would follow, although no date for it is provided.¹⁰⁸

The terms of the agreement do not seem to address a range of problematic practices that compromise worker safety in the manganese mine, including long working hours, production pressures, and workers being required to live in a dormitory, and fail to ensure miners’ rights to just and favorable conditions of work.

¹⁰⁶ Letter to Human Rights Watch from Tamar Chipashvili, Deputy CEO, Georgian Manganese, June 10, 2019. On file at Human Rights Watch and in Annex I.

¹⁰⁷ Ibid.

¹⁰⁸ Joint Statement between “Georgian Manganese” and the participants of the strike, Chiatura, May 27, 2019.

In a statement following a visit to Georgia in April 2019, the UN Working Group on Business and Human Rights expressed concern about the organization of shift work in the new system of mining at the Chiatura mine, and noted the requirement that workers seek permission to leave the mine dormitory. The working group concluded that “such practice is not consistent with international labor standards.”¹⁰⁹

Production Pressures

“Sweat cannot dry on you. If sweat dries on you, you cannot meet the quota.”

—Levan, manganese miner, Chiatura¹¹⁰

Zaza, 51, who worked at an old system manganese mine for 33 years, blames his accident in July 2014 on the pressure to meet mining targets. He had noticed the drilling machine he was using was defective and alerted his supervisor but was told to continue working. Waiting for maintenance services to fix the machine would have required several hours’ break, but the supervisor didn’t want to interrupt the work, Zaza said. When he changed the spiral of the drill, another miner accidentally pressed the button and turned on the machine. Zaza’s hand was on the spiral, which was moving at 310 rounds a minute. He lost his hand:

Everyone knew, the production manager included, that the machine was damaged, but I was told to work. We were in a rush, in a hurry. So that they wouldn’t lose any working hours, they insisted I use the broken machine... They don’t care what you do, you must meet the quota.¹¹¹

The company paid for medical expenses and, at the request of a union, provided an artificial limb. The company also offered another position to the worker after the accident,

¹⁰⁹ United Nations Office of the High Commissioner for Human Rights, *Statement at the end of visit to Georgia*.

¹¹⁰ Human Rights Watch interview with Levan, Chiatura, March 13, 2019.

¹¹¹ Human Rights Watch Interview with Zaza, Chiatura, March 12, 2019.

at lower pay, which he accepted.¹¹² Georgian Manganese wrote in a letter that it would “need more information to verify the details of the issue.”¹¹³

Following inspections in October 2018 in three separate underground mines owned by Georgian Manganese, the Labor Inspectorate noted that miners operating drilling equipment did not have “individual protection means,” and that the administration failed to provide documentation evidencing technical conditions and inspection of safety of drilling equipment, as well as other technical equipment.¹¹⁴

At the Georgian Manganese mine in Chiatura, both old and new system workers have to meet daily and monthly quotas, measured in tonnage of extracted manganese.¹¹⁵ Workers in both the old and new systems said they face significant pressure to meet the quotas, even on days when equipment or electricity break down.¹¹⁶ As a result, workers said they must work in a rush or take shortcuts to get results.¹¹⁷ In new system mines, workers also said they face financial penalties for failure to meet quota.¹¹⁸ Human Rights Watch reviewed a copy of a new system contract, which includes a clause making wages dependent on production.

¹¹² Ibid.

¹¹³ Letter to Human Rights Watch from Tamar Chipashvili, Deputy CEO, Georgian Manganese, June 10, 2019. On file at Human Rights Watch and in Annex I.

¹¹⁴ Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs of Georgia, Instruction № 000044/O of 17.12.2018; Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs of Georgia, Instruction № 000046/O of 17.12.2018; Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs of Georgia, Instruction № 000047/O of 17.12.2018.

¹¹⁵ In the old system mines, workers must collectively meet a quota of 75 tons in a 24-hour period. On average, 150-200 miners will work over three shifts over 24 hours. In the new system, workers must collectively meet a quota of 250-350 tons in a 24-hour period. On average, 30-40 workers will work in two shifts over 24 hours.

¹¹⁶ Human Rights Watch interview with Zurab, Chiatura, December 12, 2018;

Human Rights Watch interview with Paata, Chiatura, March 13, 2019;

Human Rights Watch interview with Aleksandre, Chiatura, March 17, 2019.

¹¹⁷ Human Rights Watch interview with Zurab, Chiatura, December 12, 2018;

Human Rights Watch interview with Malkhaz, Chiatura, March 14, 2019.

¹¹⁸ Human Rights Watch interview with Levan and Paata, Chiatura, March 13, 2019.

Malkhaz, 50, a loading driver in the old system, said he was injured in a roof collapse two years ago because he was working “under big pressure to make the quota” and stopped “paying attention to warning signs,” like the creaking or curving of wooden support structures:

A part of the roof collapsed on me... I was in a rush, in a hurry and couldn't pay attention. My boss said that I needed to meet my quota. He said it just before it happened.¹¹⁹

Three old system workers said they avoid calling in maintenance to fix equipment problems to save time. Luca, 25, said that when train brakes malfunction, he fixes them himself so he doesn't have to wait for maintenance workers to travel eight kilometers inside the mine for the job.¹²⁰ Malkhaz, 50, also said that “[if] something breaks, [I] fix it [myself]; it would take one hour to call in maintenance and it would be harder to fulfil the quota.”¹²¹

On days when workers fall behind the quota, workers said that they were often asked by a shift supervisor to go back inside the mine and continue extracting before the smoke caused by the detonation cleared. According to Paata, a 28-year-old father of two who works in the new system, “Often, local supervisors would violate safety rules to meet quotas. For example, it usually takes 30-40 minutes for the air to clear after an explosion, but [we] are asked to come back in after 10-15 minutes.”¹²²

The US Centers for Disease Control and Prevention (CDC) shows that blasting generates toxic gases that are dangerous for health.¹²³ Georgian Manganese denied in a letter to

¹¹⁹ Human Rights Watch interview with Malkhaz, Chiatura, March 14, 2019.

¹²⁰ Human Rights Watch interview with Luca, Chiatura, December 18, 2018.

¹²¹ Human Rights Watch interview with Malkhaz, Chiatura, March 14, 2019.

¹²² Human Rights Watch interview with Paata, Chiatura, March 13, 2019.

¹²³ Richard J. Mainiero, Marcia L. Harris, and James H. Rowland III, “Dangers of Toxic Fumes from Blasting,” Cleveland, OH: *International Society of Explosives Engineers*, 2007; 1: 1-6, republished by the US National Institute for Occupational Health and Safety, Centers for Disease Control and Prevention, <https://www.cdc.gov/niosh/mining/UserFiles/works/pdfs/dotff.pdf> (accessed June 14, 2019).

Human Rights Watch that workers would be asked to reenter a mine before the air is clear, saying “the work is renewed only after the completion of the ventilation.”¹²⁴

Several manganese miners said they had complained to superiors about the quota, without success. “Every time you open your mouth to complain, they say ‘If you don’t like it, leave,’” said Levan, 60, the main breadwinner in his extended family of six.¹²⁵ Revaz, 30, a loading driver, also said, “I complained to everybody. There was not even a reply.”¹²⁶

“The quotas have to be according to the work... Each mine has different conditions, so the quota should be set realistically based on what workers actually mine,” Paata argued.¹²⁷

Asked how it ensures that the quota can be fulfilled safely, Georgian Manganese said in a letter to Human Rights Watch that extraction plans are prepared by “mining engineers, geologists, financiers, labor and technical security specialists, etc.” and that its safe fulfillment “is ensured based on the geological situation assessment... and by constant control of their performance and protection.”¹²⁸ The company said it trains workers to “discontinue the work and promptly inform the management about the risks” in case of danger.¹²⁹

Numerous studies have found that unrealistic targets and performance-based pay schemes can lead workers to ignore safety standards.¹³⁰ A United Nations Development

¹²⁴ Letter to Human Rights Watch from Tamar Chipashvili, Deputy CEO, Georgian Manganese, June 10, 2019. On file at Human Rights Watch and in Annex I.

¹²⁵ Human Rights Watch interview with Levan, Chiatura, March 13, 2019.

¹²⁶ Human Rights Watch Interview with Revaz, Chiatura, March 15, 2019.

¹²⁷ Human Rights Watch interview with Paata, Chiatura, March 13, 2019.

¹²⁸ Letter to Human Rights Watch from Tamar Chipashvili, Deputy CEO, Georgian Manganese, June 10, 2019. On file at Human Rights Watch and in Annex I.

¹²⁹ Ibid.

¹³⁰ Floriana Borino, “Piece Rate Pay and Working Conditions in the Export Garment Sector,” *International Labor Organisation and International Finance Corporation*, 2018, https://www.ilo.org/wcmsp5/groups/public/---ed_dialogue/---dialogue/documents/publication/wcms_663063.pdf (accessed June 14, 2019). The paper, which compiles results of data collected in ILO Better Work garment factories in Vietnam, Indonesia, Jordan, Haiti and Nicaragua concluded that a piece-rate system, which rewards workers according to production, “leads workers to shirk on health-promoting activities such as machine safety maintenance, work breaks, wearing personal protection equipment (e.g., masks and steel-mesh gloves), and medical visits that would otherwise

Programme (UNDP) assessment of health and safety in Ukrainian coal mines found that 25 percent of the workers said they ignored safety standards “because of the desire to receive incentives for labor results.”¹³¹ The study further identified “incentives to make money, especially when miners are paid by volume of minerals extracted, as opposed to an hourly wage” as a factor in workers’ health and safety.¹³²

Investigations into mining disasters have reached similar conclusions. A public enquiry into the 1992 Westray mining disaster in Canada, which took the lives of 26 workers, found that an “incentive bonus scheme based solely on productivity was not conducive to safety” at the mine and concluded that such incentives “have no place in a hazardous working environment such as an underground coal mine.”¹³³ An investigation into the Upper Big Branch coal mine disaster in West Virginia, which killed 29 miners and injured one in 2011 similarly found that, while workers at this mine were not a quota system, “Miners’ rights to a safe workplace are compromised when the operator’s commitment to production comes at the cost of safety.”¹³⁴

Beka Peradze, head of the Labor Inspectorate, indicated that production pressures such as quotas do not fall under the inspectorate’s remit.¹³⁵

reduce job injury and accident risks.” See also Beck, J.W. Scholer, A.A. & Schmidt, “Workload, Risks, and Goal Framing as Antecedents of Shortcut Behaviors,” *Journal of Business and Psychology*, 32:421, 2017, <https://doi.org/10.1007/s10869-016-9450-0> (accessed June 14, 2019). This study, which looked at factors that may encourage people to take shortcuts found that “Individuals who were told that efficiency was an obligation tended to believe that shortcut behaviors had utility for managing high workloads, even when the risks associated with shortcuts were high.” Even when not linked with pay, pressure to meet workloads can increase risk-taking behavior.

¹³¹ United Nations Developments Programme in Ukraine, “Assessment Report. Improving the Health and Safety of Miners in Eastern Ukraine,” November 2012, https://www.undp.org/content/dam/ukraine/docs/en_70302012_11_Final_Assessment_Report_ENG.pdf (accessed June 14, 2019).

¹³² Ibid.

¹³³ Justice K. Peter Richard, Commissioner “The Westray Story: a Predictable Path to Disaster. Report of the Westray Mine Public Inquiry,” *Province of Nova Scotia*, 1997, https://ece.uwaterloo.ca/~dwharder/epel/Lecture_materials/Westray.Mine.Public.Inquiry.pdf (accessed June 14, 2019).

¹³⁴ J. Davitt McAteer and associates, “Upper Big Branch. The April 5, 2010, explosion: a failure of basic coal mine practices,” *Governor’s Independent Investigation Panel*, 2011, <https://media.npr.org/documents/2011/may/giip-massey-report.pdf> (accessed June 14, 2019).

¹³⁵ Human Rights Watch interview with Beka Peradze, Head of Labor Inspectorate, Tbilisi, March 18, 2019.

Long Working Hours

“Someone was sitting next to me and fell asleep and accidentally turned on the machine. I was cut, and my ribs were showing.”

—Merab, manganese miner, Chiatura¹³⁶

“If they could, they would make us work 24 hours...”

—Levan, manganese miner, Chiatura¹³⁷

In 2016, Georgian Manganese introduced a new system of mining which includes working 12-hour shifts over 15 consecutive days, followed by two weeks off. On alternating months, workers work the same schedule at night, and are paid additionally roughly GEL 100 (US\$37) per month.¹³⁸

All new system workers interviewed said exhaustion due to long hours over two consecutive weeks made them less alert on the job, particularly on the night shifts.

“On the ninth or 10th day, everyone is exhausted, a lot of workers fall asleep, even tractor drivers fall asleep. For this job, you need to always be alert,” Merab, 31, who worked in the new system for a year, told us.¹³⁹ “It’s the law of nature,” Giorgi, 31, a current new system worker, said. “Of course, you want to sleep, just like if you don’t drink water for a long time, you feel thirsty.”¹⁴⁰

Workers must pay attention to warning signs like the creaking or curving of wood signaling an imminent roof collapse and watch for rocks falling unexpectedly in the tunnels. Workers also use heavy equipment and explosives which can lead to accidents when mishandled, including drilling machines reportedly weighing 150 kilos each requiring two men to carry, pneumatic hammers, and dynamite.

¹³⁶ Human Rights Watch Interview with Merab, Chiatura, December 18, 2018.

¹³⁷ Human Rights Watch interview with Levan, Chiatura, March 13, 2019.

¹³⁸ Human Rights Watch interview with seven new system workers, Chiatura, December 2018 and March 2019.

¹³⁹ Human Rights Watch interview with Merab, Chiatura, December 18, 2018.

¹⁴⁰ Human Rights Watch Interview with Giorgi, Chiatura, March 20, 2019.

Merab, 31, told us that two years ago, he was working on his fourteenth consecutive night at the mine, when he was injured and suffered a deep cut around his waist. The incident ensued when an exhausted colleague mishandled a piece of equipment:

I was fixing an electric chainsaw. Someone was sitting next to me and fell asleep and accidentally turned on the machine. I was cut, and my ribs were showing. I did not report it, because I didn't want my colleague to get arrested.¹⁴¹

Paata, 28, who joined the new system after two years as a miner recalls how he narrowly avoided a tragedy when he almost fell asleep operating a drilling machine:

It happened on the 11th night of shift, around Christmas, at 4:30 a.m. I closed my eyes momentarily when I was drilling. Potentially, one could die in that situation. In the best-case scenario, one would be disabled for life. Two seconds later, I caught myself and came back to my senses. Every single person is tired.¹⁴²

All new system workers said they would be safer working shorter hours. “Mining in general is tiring, even after three hours,” one worker said, “but during eight-hour shifts you are safer because you can restore your energy and don't get overly tired.”¹⁴³

Research supports a link between long hours and injuries. The EU Working Time Directive, which the EU-Georgia Association Agreement requires Georgia to implement by 2022, notes that “... long periods of night work can be detrimental to the health of workers and can endanger safety at the workplace.” In a review of 52 studies from around the world that examine the associations between long working hours and illnesses, injuries, health behaviors, and performance, the CDC found:

¹⁴¹ Human Rights Watch Interview with Merab, Chiatura, December 18, 2018.

¹⁴² Human Rights Watch interview with Paata, Chiatura, March 13, 2019.

¹⁴³ Human Rights Watch interview with Aleksandre, Chiatura, March 17, 2019.

a pattern of deteriorating performance on psychophysiological tests as well as injuries while working long hours... across study findings, particularly with very long shifts and when 12-hour shifts combined with more than 40 hours of work a week.

Four studies that focused on effects during extended shifts reported that the ninth to 12th hours of work were associated with feelings of decreased alertness and increased fatigue, lower cognitive function, declines in vigilance on task measures, and increased injuries.¹⁴⁴

Representatives from all three unions with members in the mine expressed concerns about the new system. While acknowledging the positive aspects of the new system, such as free food and higher wages, Murman Mumladze, head of the Georgian Professional Mining Industry League, said the new system is designed to ensure that workers work “maximally hard.”¹⁴⁵ “Working 12 hours below the ground is unacceptable,” said Paata Samkharadze, head of the Labor Union of Chiatura, an affiliate of the Trade Union of Metallurgy, Mining and Chemical Industry Workers of Georgia, because when workers are tired, “they cannot think with their head clearly, they cannot make clear decisions. In that condition, they can make mistakes.”¹⁴⁶

Samkharadze said his union proposed three alternative working schedules, such as working in seven-day shifts, that would allow for more adequate rest without resulting in lowering production with the head of human resources and the special manager of the mine on at least 10 occasions as of March 2019.¹⁴⁷ The company, he said, rejected them

¹⁴⁴ Claire C. Caruso, Edward M. Hitchcock, Robert B. Dick, John M. Russo, Jennifer M. Schmit, “Overtime and Extended Work Shifts: Recent Findings on Illnesses, Injuries and Health Behaviors,” *Center for Disease Control and Prevention, Department of Health and Human Services, National Institute for Occupational Safety and Health*, 2004, <https://www.cdc.gov/niosh/docs/2004-143/pdfs/2004-143.pdf?id=10.26616/NIOSH-PUB2004143> (accessed June 14, 2019).

¹⁴⁵ Human Rights Watch Interview with Murman Mumladze, Chiatura, March 13, 2019.

¹⁴⁶ Human Rights Watch interview with Paata Samkharadze, Chiatura, December 12, 2018.

¹⁴⁷ Human Rights Watch interview with Paata Samkharadze, Chiatura, March 17, 2019. According to Samkharadze, the union proposed the following schedules:

- 1) Seven days with 12-hour shifts, seven days off;
- 2) Two days with 12-hour shifts, two days off;
- 3) One 12-hour day shift, 24-hour break; one 12-hour night shift, followed by two days off.

all.¹⁴⁸ Merab Badzgaradze, executive director of a third union in Chiatura, the Trade Union of Miners, also said the company had not addressed the concerns about long hours in the mines that his union has raised systematically.¹⁴⁹ Georgian Manganese said that “the process of the introduction of the [new] system included intensive negotiations with professional unions and workers,” and said that unions could visit company sites and inspect working and living conditions.¹⁵⁰

Contrary to the widely-held opinion that workers want to work longer hours to earn higher wages, 10 workers employed in “old system” mines, who earn between 30 and 50 percent less than they would under the new system, told Human Rights Watch they prefer nine-hour shifts with regular weekly breaks. In a group interview, five workers agreed amongst themselves on descriptions of the new system as being “like a prison.”¹⁵¹ In February 2019, around 300 workers from two manganese mines staged a protest in mid-February to oppose a company plan to introduce the new system at their mines.¹⁵² At time of writing, the plans had been postponed following the protest.¹⁵³

Asked how it mitigates or plans to mitigate safety and health risks related to long hours, including risks related to fatigue, Georgian Manganese told Human Rights Watch that “the company is working on the selection and implementation of... technologies that will facilitate labor, improve labor conditions, and also increase labor safety,” and that “continuous implementation of control-preventive measures is underway.” It did not provide further details and indicated that the decision on whether to introduce the new system to additional mines will depend on the current consultations around new equipment and technologies.¹⁵⁴

¹⁴⁸ Ibid.

¹⁴⁹ Human Rights Watch interview with Merab Badzgaradze, Chiatura, March 15, 2019.

¹⁵⁰ Letter to Human Rights Watch from Tamar Chipashvili, Deputy CEO, Georgian Manganese, June 10, 2019. On file at Human Rights Watch and in Annex I.

¹⁵¹ Human Rights Watch interview with Luca, Koba, Irakli, Tamaz and Varlam, Chiatura, March 17, 2019.

¹⁵² Human Rights Watch interview with Paata Samkharadze, and Mamuka, Vache, Zviad, Gurgen, Luca, Koba, Irakli, Tamaz and Varlam, Chiatura, March 17, 2019.

¹⁵³ Ibid.

¹⁵⁴ Letter to Human Rights Watch from Tamar Chipashvili, Deputy CEO, Georgian Manganese, June 10, 2019. On file at Human Rights Watch and in Annex I.

Deputy Labor Minister Tamila Barkalaia told Human Rights Watch that the inspectorate has a mandate to look at all risk factors, which would include working hours and production pressures, but that the inspectorate could only issue recommendations rather than fines on these factors.¹⁵⁵ The 2018 annual report of the Labor Inspectorate says that “at this stage, the labor inspectorate's mandate does not extend to protecting labor rights, which remain merely advisory.”¹⁵⁶ It says further that it received four complaints regarding “infringements of regulations stipulated by labor law pertaining to work schedule, overtime pay, paid and unpaid leave.”¹⁵⁷ One audit at a company which operates a supermarket chain resulted in “appropriate recommendations with which they complied, specifically by changing the work schedule to adhere to operating time standards under the law and by increasing salaries.”¹⁵⁸

The Dormitory System

“Your family is nearby, and you have to pass their house and go and sleep alone without them next door...”

—Paata, manganese miner, Chiatura¹⁵⁹

The requirement that new system workers live in a company dormitory, a former recreational space for mine employees during Soviet times, during the 15-day work period appears linked to a production-first approach that could undermine safety, while also affecting workers’ right to family and private life and their freedom of movement.

Five workers we interviewed said their families live in or near Chiatura, and that they don’t need company-provided housing. We interviewed two workers from another town who said the system made sense for them as they require housing. Georgian Manganese said in a letter that, of 380 employees in the new system, 84 percent (320) are from the Chiatura municipality.¹⁶⁰

¹⁵⁵ Human Rights Watch interview with Tamila Barkalaia, Deputy Minister of Labor, Tbilisi, May 14, 2019.

¹⁵⁶ Labor Inspectorate, Annual Report 2018, p. 38.

¹⁵⁷ Labor Inspectorate, Annual Report 2018, p. 42.

¹⁵⁸ Labor Inspectorate, Annual Report 2018, p. 43.

¹⁵⁹ Human Rights Watch interview with Paata, Chiatura, March 13, 2019.

¹⁶⁰ Letter to Human Rights Watch from Tamar Chipashvili, Deputy CEO, Georgian Manganese, June 10, 2019. On file at Human Rights Watch and in Annex I.

“My house is closer to the mine than the dormitory,” said Paata, a 28-year-old father of two.¹⁶¹ “Your family is nearby, and you have to pass their house and go and sleep alone without them next door... I am completely unable to take part in my children’s life.”¹⁶² Levan, 60, expressed his frustration at having to live away from their family in the same city this way, “I don’t want their bed, their food, I don’t need anything from them. I understand this [dormitory] system when you work high up in the mountain and need to live there for work. But I live right here, I don’t understand why I need to stay [at a dormitory].”¹⁶³

Seven workers said that to leave dormitory premises or receive visitors, they require permission from a housing supervisor and must log the time they leave and return. “During off hours, if your family calls and they need something, like an emergency, you have to bother the supervisor of the dormitory, and he has to make some phone calls, and he might let you leave for one hour,” Paata explained.¹⁶⁴ Some workers said there is more flexibility now to leave compared to the past, or that supervisors grant permissions to leave when needed.¹⁶⁵

Others felt the system requiring permission to leave restricted their freedom. Paata, who requested to leave the dormitory when his child was sick, said decisions whether to allow workers to leave were often arbitrary, “If the house supervisor is in a bad mood, that’s also a factor.”¹⁶⁶

“If someone dies or it’s a wedding, that’s the only time you can leave the dormitory. These are the rules,” said Levan, 60, who worked in the new system for two years until January 2019.¹⁶⁷ Three workers told Human Rights Watch they felt pressure not to leave the dormitory, even in cases of emergency, out of fear of seeming “demanding and spoiled.”¹⁶⁸

¹⁶¹ Human Rights Watch interview with Paata, Chiatura, March 13, 2019.

¹⁶² Ibid.

¹⁶³ Human Rights Watch interview with Levan, Chiatura, March 13, 2019.

¹⁶⁴ Human Rights Watch interview with Paata, Chiatura, March 13, 2019.

¹⁶⁵ Human Rights Watch interview with Jaba, Chiatura, December 18, 2018; Human Rights Watch interview with Aleksandre, Chiatura, March 17, 2019.

¹⁶⁶ Human Rights Watch interview with Paata, Chiatura, March 13, 2019.

¹⁶⁷ Human Rights Watch interview with Levan, Chiatura, March 13, 2019.

¹⁶⁸ Human Rights Watch interview with Paata, Chiatura, March 13, 2019.

“They [the company] have power to give you a warning and afterwards fire you... it depends on their good will,” one worker said.¹⁶⁹ A second worker supported that view, saying that “Supervisors could give us a hard time if they check the log and see you were out a lot.”¹⁷⁰ “You try to avoid it because it’s so much bureaucracy to leave for one hour,” Paata said.¹⁷¹

Workers said they did not receive any house rules in writing, and a copy of a new system contract reviewed by Human Rights Watch contained no provisions with respect to dormitory rules. Georgian Manganese provided a list of house rules in a letter to Human Rights Watch without specifying how these are communicated to workers.¹⁷²

Two workers described situations when they were prevented from leaving the dormitory. Paata told us he was not able to help effectively with a family emergency:

My five-year-old was sick and needed to be taken to the hospital. Because my wife had a two-month-old to care for, she could not care for the first. [On that occasion,] I needed to go out five times in 15 days, but was only able to ask to leave once, because it was so much trouble to get out.¹⁷³

Merab said a house supervisor did not give him permission to leave when he needed to buy medicine for chronic headaches that he said he developed due to poor working conditions at the mine:

When I was sick, I was not allowed to go out and buy a pill that works for me and they gave me their own pill instead... a weaker one, and I was sent to the shift. I finally asked the car that takes workers to the mine to stop, and I bought the pill I needed.¹⁷⁴

¹⁶⁹ Human Rights Watch Interview with Jaba, Chiatura, December 18, 2018.

¹⁷⁰ Human Rights Watch interview with Merab, Chiatura, December 18, 2018.

¹⁷¹ Human Rights Watch interview with Paata, Chiatura, March 13, 2019.

¹⁷² Letter to Human Rights Watch from Tamar Chipashvili, Deputy CEO, Georgian Manganese, June 10, 2019. On file at Human Rights Watch and in Annex I.

¹⁷³ Human Rights Watch interview with Paata, Chiatura, March 13, 2019.

¹⁷⁴ Human Rights Watch interview with Merab, Chiatura, December 18, 2018.

On a rare occasion when he was allowed to leave, Merab said he had to give a detailed interview to the supervisor upon return, telling him “where I was and with whom.”¹⁷⁵

Workers expressed frustration with what they perceived as an inappropriate level of control exercised by the company through the dormitory system. Levan, 60, who worked underground over 41 years, shared that he felt “like a teenager” having to ask for permission from the company to see his family, “The head of Human Resources tells us how to sleep, how to eat, what to do...”¹⁷⁶ Another said, “For 24 hours we are under their control. Twelve hours we are underneath the ground in the mine. The other 12 hours we are either in transport or in the dormitory.”¹⁷⁷

The company explained in a letter to Human Rights Watch that it requires workers to stay at the dormitory during shifts in order to “provide relevant conditions for the labor and full rest of the employees. Employees in the dormitory are provided with all living conditions and guaranteed rest, which are very important for the safety depending on the specifics of the mining industry.”¹⁷⁸

Poor Quality Company-Provided Food

Several new system workers raised concerns with what they described as the substandard, low-calorie diet at the dormitory which contributes to fatigue, especially when combined with long hours of work. The company also distributes basic food packages that workers take with them on the shifts.¹⁷⁹

Four workers expressed concern with the food quality and quantity at the dormitory. In the words of one worker, “There is no day without macaroni and rice. The food is very low calorie [and] does not correspond to the amount of labor that we put in.”¹⁸⁰ The cafeteria serves meat, an important source of protein, only once or twice a week and the meat

¹⁷⁵ Human Rights Watch interview with Merab, Chiatura, December 18, 2018.

¹⁷⁶ Human Rights Watch interview with Levan, Chiatura, March 13, 2019.

¹⁷⁷ Human Rights Watch interview with Paata, Chiatura, March 13, 2019.

¹⁷⁸ Ibid.

¹⁷⁹ According to Aleksandre, packages contain approximately 300 grams of bread, 250 gram of sour cream, 100 grams of sausage, one bottle of water and sweets.

¹⁸⁰ Human Rights Watch interview with Merab, Chiatura, December 18, 2018.

served is of poor quality, two workers said. Levan, 60, described the meat as “watery” and Jaba, 40, said it was “only bones and fat.”¹⁸¹

On May 15, 2019, a strike that closed production for over 13 days initially broke out over poor quality and quantity of food at the dormitory.¹⁸² “They brought us what they called a meat stew. It was fat covered in bones, horribly stinky,” one worker was quoted in Georgian media.¹⁸³

While some tasks in new system mines, like the extraction of manganese, are mechanized, workers would still need to perform heavy tasks on a typical day, like lifting heavy equipment and building wooden reinforcements. Levan, 60, said he had to carry “80 kilograms of a drilling machine every day on [my] back, even without [sufficient] food, several times a day.”¹⁸⁴ He added that he would have been “better rested if [I] stayed at home, where [I] can eat meat whenever [I] want, and have more hearty meals. [I] would have more energy.”¹⁸⁵

Over time, the poor diet and the long hours take a toll. “After one week, it starts to affect you. People lose weight, then gain it back in the two weeks at home, and start all over again,” Merab said.¹⁸⁶

An ILO-commissioned study found that “consuming fewer calories than expended will lead to weight loss, fatigue, low productivity, and accidents.”¹⁸⁷

¹⁸¹ Human Rights Watch interview with Levan and Jaba, Chiatura, March 13, 2019 and December 18, 2018.

¹⁸² Dato Parulava, “Speaking up through sewn lips: a wildcat strike in Chiatura”, *OC Media*, May 28, 2019, <https://oc-media.org/speaking-up-through-sewn-lips-a-wildcat-strike-in-chiatura/> (accessed June 14, 2019).

¹⁸³ *Ibid.*

¹⁸⁴ Human Rights Watch interview with Levan, Chiatura, March 13, 2019.

¹⁸⁵ *Ibid.*

¹⁸⁶ Human Rights Watch interview with Merab, Chiatura, December 18, 2018.

¹⁸⁷ Christopher Wanjek, “Food at Work. Workplace Solutions for Malnutrition, Obesity and Chronic Diseases,” *International Labour Office*, Geneva, 2005, https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/---publ/documents/publication/wcms_publ_9221170152_en.pdf (accessed June 14, 2019).

A study by the Food and Agriculture Organization (FAO) found that mining is among the most energy-consuming occupations.¹⁸⁸ Compared to office work, which requires 1.3 kilocalories per minute and an average of 2000 kilocalories a day, activities specific to mining require five to six kilocalories a minute with a daily energy requirement of over 3,500 kilocalories.¹⁸⁹

Georgian Manganese acknowledged in a letter to Human Rights Watch that with respect to food in the dormitory “practice has shown that there may be some shortcomings from time to time.” It said it was expecting to conclude the selection for a new food supplier, “in which the workforce is actively involved” in the coming period.¹⁹⁰

Labor Rights and Safety at the Tkibuli Coal Mines

To understand the main drivers of workplace accidents, Human Rights Watch spoke to 16 coal workers in Tkibuli. We documented practices that workers said put their safety at risk.

Similar to manganese miners, Tkibuli coal miners’ testimonies raised concerns that company efforts to maximize production may have led to shortcuts on safety. Nine extraction workers and shift supervisors interviewed said they used a coal extraction method they said was inherently unsafe but rendered higher productivity. They also said that a compensation scheme based on performance, or quantity of coal extracted, imposed production targets that could not be reached safely, but rather encouraged omitting time-consuming safety measures such as reinforcing tunnel ceilings.

¹⁸⁸ Report of a Joint FAO/WHO/UNU Expert Consultation, “Energy and Protein Requirements,” Annex 5, *World Health Organization Technical Report Series 724, 1985*, <http://www.fao.org/3/aao40e/AAo40E15.htm#an5> (accessed June 14, 2019) and Christopher Wanjek, *Food at Work*, p. 26.

¹⁸⁹ Christopher Wanjek, *Food at Work*, p. 26.

¹⁹⁰ Letter to Human Rights Watch from Tamar Chipashvili, Deputy CEO, Georgian Manganese, June 10, 2019. On file at Human Rights Watch and in Annex I.

These nine workers said they had repeatedly raised safety concerns with their superiors, including their shift managers, the chief of safety, the chief engineer, and the head of their mining district, about the failure to seal unused pits, failure to ensure the use of ropes to protect workers from falls, and defective equipment. Workers said none of these concerns were addressed.

In fact, three workers said they witnessed company employees concealing evidence of inappropriate working practices ahead of an inspection, for example by parking trains with defective brakes in a way that wrongly suggested they were not in use, or covering up unused pits to hide the use of a dangerous mining method. These workers expressed concern that these temporary measures were taken to mislead the inspectorate.

A post-accident investigation report by the Labor Inspectorate into the April incident concluded that the company had failed to conduct risk assessments at the mines or fulfill their obligations under the law for ensuring occupational safety.

Saknakshiri LCC, whose parent company is GIG and which owns the coal mines, said in a letter to Human Rights Watch that despite investments in operation and safety, and a total “upgrade of the company's infrastructure and the improvement of safety systems, the company could not find an engineering solution that would have been able to make the coal production absolutely safe. Accidents were driven by “human errors and negligence.” It said further that in 2017 it established a dedicated safety department, the Department of Labor and Technical Safety, “which carries out a complete inspection of the facility approximately eight times a month,” records violations, and issues a corrective plan. On quotas, the company says that “despite the [work] plan, labor safety has been always a priority in the company.”

Other Workplace Violations

Workers employed in manganese and coal extraction reported other problematic practices related to the failure to provide written copies of contracts, wage deductions for failure to meet extraction targets, and failure to fully compensate for hours worked and to

compensate overtime. Currently, the Labor Inspectorate is not able to address these types of labor rights violations.

No Copies of Contracts

None of the 30 employees of Georgian Manganese we interviewed had a copy of an employment contract. Some said they had never signed a contract, while others said they signed something they believed was a contract but were not provided a copy. Jaba, a 40-year-old miner who used to work in the new system, told us, “I signed something but have not read it because they [the company] immediately took it away.”¹⁹¹

If workers are not aware of provisions in their contracts, they cannot ascertain whether their rights under their contracts are being violated. The failure to provide copies of written contracts may also have implications for health and safety at work. A blank new system contract Human Rights Watch was able to obtain lists the rights and obligations of both parties with regard to health and safety underground and includes a job description with tasks. Workers who are not provided with copies of contracts are deprived of essential information on these subjects.

Since 2013, Georgian law requires employers to conclude written contracts with anyone employed longer than three months but does not require them to provide workers with a copy unless requested by the employee.¹⁹²

Georgian Manganese said in a statement that “labor contracts with employees are executed in accordance with the applicable legislation.”¹⁹³

Unpaid Work

Workers in the old system manganese mines and coal miners employed in the Tkibuli coal mine said they regularly worked between two and three extra hours a day without being compensated.

¹⁹¹ Human Rights Watch Interview with Jaba, Chiatura, December 18, 2018.

¹⁹² Article 6 of Georgian Labor Code, with amendments from 2013.

¹⁹³ Letter to Human Rights Watch from Tamar Chipashvili, Deputy CEO, Georgian Manganese, June 10, 2019. On file at Human Rights Watch and in Annex I.

Workers in both mines said their wages reflect time spent on extraction work, but not the time spent traveling underground, attending meetings, or changing into protective gear, even when these activities are required by their employer, essential to carrying out their work and, as in the case of underground travel, hazardous for workers.¹⁹⁴

Five official pay slips from 2017 and 2018 of manganese workers employed at old system mines state workers did seven-hour shifts.¹⁹⁵ In reality, 17 manganese workers said they spend on average 10 hours on a regular day on company premises, of which they spend one-and-a-half hours traveling to the underground sites by train. Workers said they must occasionally stay underground even longer when there is a technical problem with the train that takes workers out of the mine, or when they need to continue working to meet the quota.¹⁹⁶

“In the 10 years I’m here, it’s always been off the table, the idea of being paid for overtime,” Revaz, 30, a loading driver in the manganese mine, said.¹⁹⁷ Two manganese workers said they had worked on Christmas day, an official holiday in Georgia, at no additional pay.¹⁹⁸

¹⁹⁴ For example, a 2017 story by National Geographic on the Chiatura manganese mine described the air workers breathe while traveling to the mine as “heavy, humid, oppressive” and noted: “The tunnel narrows suddenly at some turns which makes leaning from the car dangerous. At times there is pitch darkness.” See Lucia de Stafani and Daro Sulakauri, “Mountains Offer No Solace in this Dying Soviet Mining Town,” *National Geographic*, June 1, 2017, <https://www.nationalgeographic.com/photography/proof/2017/06/Black-gold-gallery/> (accessed July 1, 2019);

One worker died in 2016 reportedly after leaning out of a locomotive, according to Georgian media. See DFWatch, “Under-staffing indicated as cause of miner’s death in Chiatura,” December 6, 2016, <https://dfwatch.net/under-staffing-indicated-as-cause-of-53-year-old-miners-death-in-chiatura-46830> (accessed July 1, 2019).

¹⁹⁵ Two pay slips state workers worked 140 hours over 20 days; one pay slip states 154 hours worked over 22 days; one pay slip 133 hours over 19 days; and one pay slip is for 161 hours over 23 days. On file at Human Rights Watch.

¹⁹⁶ Human Rights Watch interview with Paata Samkharadze, and Mamuka, Vache, Zviad, Gurgen, Luca, Koba, Irakli, Tamaz and Varlam, Chiatura, March 17, 2019.

¹⁹⁷ Human Rights Watch interview with Revaz, Chiatura, March 15, 2019.

¹⁹⁸ Human Rights Watch interview with Levan, Chiatura, March 13, 2019; Human Rights Watch interview with Revaz, Chiatura, March 15, 2019.

Six coal miners we interviewed said they were compensated only for six hours spent extracting coal but would normally spend an additional three hours every day traveling to and from the extraction sites underground.¹⁹⁹ Two workers said they were also required to attend planning meetings. They said they are only compensated for the time spent extracting coal.²⁰⁰

In a letter to Human Rights Watch, the general director of coal company Saknakshiri LCC said “the working process time in a shift is six hours,” and that it pays overtime hours at a 110 percent rate, and 120-150 percent by special order in cases where workers are called to perform repair and safety work during holidays. It also said it compensates work on public holidays at overtime rate or gives workers an extra day off.²⁰¹

The manganese company said that “standard working hours do not include transportation from the place of residence to and from the work,” but did not comment on whether transportation to and from the underground sites is paid. It also said it records presence and working hours, and that it pays overtime at an increased rate, without specifying the amount of that rate.²⁰²

Georgian labor law defines overtime as working time in excess of 40 hours per week and requires additional pay, although it does not specify the rate of that pay.²⁰³ For industries where working hours are set by law at 48 hours per week, including mining, overtime would be calculated after 48 hours.²⁰⁴ The Labor Code also states that work on public holidays shall be deemed as overtime and paid at a higher rate.

¹⁹⁹ Human Rights Watch interview with Ambrosi, Bidzina, Misho and Iakob, Tkibuli, December 11, 2018; Human Rights Watch interview with Nikoloz, Tkibuli, December 11, 2018; Human Rights Watch interview with Pridon, Tkibuli, December 13, 2018.

²⁰⁰ Human Rights Watch interview with Nikoloz, Tkibuli, December 11, 2018; Human Rights Watch interview with Pridon, Tkibuli, December 13, 2018.

²⁰¹ Letter to Human Rights Watch from Jambulat Jakeli, General Director, Saknakshiri LCC, May 27, 2019. On file at Human Rights Watch and in Annex I.

²⁰² Letter to Human Rights Watch from Tamar Chipashvili, Deputy CEO, Georgian Manganese, June 10, 2019. On file at Human Rights Watch and in Annex I.

²⁰³ Georgian Labor Code, with amendments from 2013. European Social Charter (Revised), ratified by Georgia in 2005, accepting 63 of the Revised Charter’s 98 paragraphs.

ILO Convention Limiting the Hours of Work in Industrial Undertakings to Eight in the Day and Forty-eight in the Week (No. 1), Article 6, adopted in 1919, entered into force in 1921, not ratified by Georgia.

²⁰⁴ Human Rights Watch interview with Zakaria Shvelidze, Georgian labor expert, July 15, 2019.

Wage Deductions

Testimonies from manganese and coal miners indicate that companies routinely deduct from their wages following opaque processes for weighing and assessing the product extracted.²⁰⁵

Workers in the new manganese mining system said Georgian Manganese deducts their wages if they do not meet established quotas. A new system sample contract reviewed by Human Rights Watch states that the base salary of GEL 1.125 (US\$401) “will be adjusted in a directly proportionate way in line with the percentage of accomplishment of the pre-approved plan for the team across 15 work shifts (12-hour shifts).”²⁰⁶

Georgian Manganese does not allow workers or worker representatives to observe the weighing process, although it has far reaching consequences over how pay is calculated for workers whose wages are performance-based.

Levan, a 60-year-old who has been a miner for over 41 years, said he and others would frequently ask the head of human resources and employees in the labor division at the manganese mine for access to the weighing scale, to no avail.²⁰⁷

He and another new system worker, both paying back bank loans, said their wages were recently cut by 10-20 percent when they did not meet the quota.²⁰⁸

See also Government Resolution No. 329 of December 11, 2013 for a list of sectors where a standard work week comprises 48 hours: <https://matsne.gov.ge/ka/document/view/2118778?publication=o#DOCUMENT:1>; (accessed June 14, 2019).

²⁰⁵ Human Rights Watch interview with Ambrosi, Bidzina, Misho and Iakob, Tkibuli, December 11, 2018; Human Rights Watch interview with Levan, Chiatura, March 13, 2019.

²⁰⁶ LLC Georgian Manganese template labor contract. On File with Human Rights Watch.

²⁰⁷ Human Rights Watch Interview with Levan, Chiatura, March 13, 2019.

²⁰⁸ Nearly all interviewed workers said they are paying back bank loans of up to half of the amount of their wages.

One new system worker, old system workers, and workers in the manganese cleaning plants said they received monthly pay slips.²⁰⁹ Six new system workers, however, told us they do not get pay slips, another important source of information over how wages are calculated. “I have never seen a pay slip in the two years I’ve worked in the new system,” Paata, 28, said.²¹⁰ Georgian Manganese said in a statement that pay slips are given “to all employees” and contain information on “all the accruals, additions, and privileges, as well as deducted taxes and other liabilities.” It said workers can also ask human resources for clarification regarding accrued and deducted amounts.²¹¹

The company suspended the practice of deducting wages for failure to meet targets in the old system mines in 2017 following an informal agreement with the Labor Union of Chiatura. According to Paata Samkharadze, head of the Labor Union of Chiatura, the company committed to developing a more transparent system before reinstating deductions.²¹²

Coal miners said they faced deductions of up to 20 percent of their wages if they failed to meet their quotas. In addition, around 10 percent of their wages were routinely deducted because the extracted coal was deemed to be of poor quality, for example when found to be mixed with rocks. In a group interview with Human Rights Watch, four workers concurred that they or their representatives were not allowed to participate in the weighing and assessing of the coal.²¹³ In response to these concerns, Saknakhshiri LLC, which operates the coal mines, stated that remuneration of employees involved in extraction, tunneling and mechanism repairs “is entirely dependent on the results of the employee's labor,” and that “[t]he Quality Control Service is involved in determining the weight and quality of coal.”²¹⁴

²⁰⁹ Human Rights Watch interview with Aleksandre, Chiatura, March 17, 2019; Human Rights Watch interview with 17 old system workers, Chiatura, December 2018 and March 2019; Human Rights Watch interview with three cleaning plant workers, Chiatura, December 2018 and March 2019.

²¹⁰ Human Rights Watch Interview with Paata, Chiatura, March 13, 2019.

²¹¹ Letter to Human Rights Watch from Tamar Chipashvili, Deputy CEO, Georgian Manganese, June 10, 2019. On file at Human Rights Watch.

²¹² Human Rights Watch interview with Paata Samkharadze, Chiatura, March 17, 2019.

²¹³ Human Rights Watch interview with Ambrosi, Bidzina, Misho and Iakob, Tkibuli, December 11, 2018.

²¹⁴ Letter to Human Rights Watch from Jambulat Jakeli, General Director, Saknakhshiri LLC, May 27, 2019. On file at Human Rights Watch.

Workers have a right to know how their wage is calculated. According to the Georgian Labor Code, “an employer may deduct from an employee’s remuneration overpayments or any other sum payable by the employee to the employer in the framework of labor relations,” and cannot exceed 50 percent of the wage.²¹⁵

²¹⁵ Georgian Labor Code, with amendments from 2013, Article 34.

III. Georgia's International Obligations

International Human Rights and Labor Standards

Basic human rights standards guaranteeing everyone the right to just and safe conditions of work, reasonable limitations on work hours, fair pay, right to freedom of movement, and the right to family and private life are articulated in the Universal Declaration of Human Rights (UDHR).²¹⁶ These standards are enshrined as international law in treaties that Georgia has ratified, notably the International Covenant on Economic, Social and Cultural Rights (ICESCR) and the International Covenant on Civil and Political Rights (ICCPR), as well as regional instruments including the European Convention on Human Rights (ECHR) and the European Social Charter (ESC).²¹⁷

Georgia is also party to all core ILO conventions, which further amplify protection for workers' rights, but has not yet ratified conventions that impose obligations with respect to specific conditions of work, including in mining. Georgia has also not ratified ILO Labour Inspection Convention 81.

The ICESCR provides for a right to just and favorable conditions of work, which includes safe and healthy working conditions and reasonable hours of work. The ESC provides for a right to safe work, weekly rest, holidays with pay, and fair remuneration, and requires countries to monitor these rights through a system of labor inspection.²¹⁸

²¹⁶ Universal Declaration of Human Rights (UDHR), adopted December 10, 1948, G.A. Res. 217A(III), U.N. Doc. A/810 at 71.

²¹⁷ International Covenant on Economic, Social and Cultural Rights, G.A. res. 2200A (XXI), 21 U.N. GAOR Supp. (No. 16) at 49, U.N. Doc. A/6316 (1966), 993 U.N.T.S. 3, entered into force Jan. 3, 1976, ratified by Georgia in 1994; International Covenant on Civil and Political Rights, adopted December 16, 1966, G.A. Res. 2200A (XXI), 21 U.N. GAOR Supp. (No. 16) at 52, U.N. Doc. A/6316 (1966), 999 U.N.T.S. 171, entered into force March 23, 1976, ratified by Georgia in 1994; European Convention on Human Rights and Fundamental Freedoms adopted November 4, 1950, ratified by Georgia in 1999; European Social Charter (Revised), ratified by Georgia in 2005, accepting 63 of the Revised Charter's 98 paragraphs.

²¹⁸ European Social Charter (Revised), ratified by Georgia in 2005, accepting 63 of the Revised Charter's 98 paragraphs.

The UN Committee on Economic, Social and Cultural Rights stated in its General Comment 23 on the right to just and favorable conditions of work that:

Rest and leisure, limitation of working hours, as well as paid periodic holidays help workers to maintain an appropriate balance between professional, family and personal responsibilities and to avoid work-related stress, accidents and disease.²¹⁹

Everyone has a right to private and family life under Article 8 of the ECHR. ILO Workers with Family Responsibilities Convention 156, which Georgia has not yet ratified, provides for measures to enable persons with family responsibilities who are engaged in employment to exercise their right “to the extent possible, without conflict between their employment and family responsibilities.”²²⁰

Article 2 of Protocol 4 of the Convention provides for freedom of movement, including a freedom to choose one’s residence.²²¹

Georgia has not yet ratified ILO Occupational Safety and Health Convention 155 or ILO Safety and Health in Mines Convention 176.²²² Convention 155 requires states to adopt policies meant “to prevent accidents and injury to health arising out of, or linked with or occurring in the case of work, by minimizing, so far as is reasonably practicable, the causes of hazards inherent in the working environment.”²²³ Convention 176 stipulates,

²¹⁹ Committee on Economic, Social, and Cultural Rights, General comment No. 23 (2016) on the right to just and favourable conditions of work (article 7 of the International Covenant on Economic, Social and Cultural Rights), E/C.12/GC/2 of April 17, 2016.

²²⁰ ILO Convention concerning Equal Opportunities and Equal Treatment for Men and Women Workers: Workers with Family Responsibilities (No. 156), adopted in 1981, entered into force in 1983, not ratified by Georgia.

²²¹ European Convention on Human Rights, Rome, 1950, ratified by Georgia in 1999.

²²² International Labor Organization, Up-to-date Conventions and Protocols not ratified by Georgia, https://www.ilo.org/dyn/normlex/en/f?p=1000:11210:0::NO:11210:P11210_COUNTRY_ID:102639 (accessed June 14, 2019).

²²³ ILO Convention concerning Occupational Safety and Health and the Working Environment (No. 155), adopted in 1981, entered into force in 1983, not ratified by Georgia.

among other things, the need for “appropriate inspection services” to supervise safety and health in mines with “the resources necessary for the accomplishment of their tasks.”²²⁴

ILO Convention 1 on Hours of Work in Industry says that working hours shall not exceed eight in a day and 48 in a week. One exception is for work that is carried out continuously by a succession of shifts, on the condition that working hours shall not exceed 56 in the week on the average, and that weekly rest days as defined in national laws shall be respected.²²⁵ However, the ILO has said that such continuous work cannot be due to considerations as economic advantage for an enterprise, and apply only to processes which are “required by reason of the nature of the process to be carried on continuously”.²²⁶ In all other cases, a rule of 48 hours average per week applies.²²⁷

The 1962 resolution of the International Conference of Labour Statisticians (ICLS) concerning statistics of hours of work defines “hours actually worked” to include, in addition to productive time, time spent on ancillary activities, unproductive time spent in the course of the production process, and short resting time.²²⁸

ILO Protection of Wages Convention 95, which Georgia has not ratified, stipulates that deductions from wages shall be permitted only under conditions and to the extent prescribed by national laws and that workers shall be informed of the conditions under which and the extent to which such deductions may be made.²²⁹ ILO Recommendation 85 on the Protection of Wages requires that deductions from wages for loss or damage of products should be authorized only when the worker can be clearly shown to be

²²⁴ ILO Convention concerning Safety and Health in Mines (No. 176), adopted in 1995, entered into force in 1998, not ratified by Georgia.

²²⁵ ILO Convention Limiting the Hours of Work in Industrial Undertakings to Eight in the Day and Forty-eight in the Week (No. 1), adopted in 1919, entered into force in 1921, not ratified by Georgia.

²²⁶ Ibid and International Labor Conference, General Survey of the reports concerning the Hours of Work (Industry) Convention, 1919 (No. 1), and the Hours of Work (Commerce and Offices) Convention, 1930 (No. 30), Report III (Part B), 93rd Session 2005.

²²⁷ ILO Convention Limiting the Hours of Work in Industrial Undertakings to Eight in the Day and Forty-eight in the Week (No. 1), adopted in 1919, entered into force in 1921, not ratified by Georgia.

²²⁸ Resolution concerning statistics of hours of work, adopted by the Tenth International Conference of Labour Statisticians, October 1962.

²²⁹ ILO Convention concerning the Protection of Wages (No. 95), adopted in 1949, entered into force in 1952, not ratified by Georgia.

responsible, they are in a fair amount, and only after giving the worker a reasonable opportunity to show cause for why the deduction should not be made.²³⁰ While these recommendations are not directly applicable to deductions for failure to meet a production target, the general principles, like providing workers with clear information about how deductions are calculated, could be understood to apply.

ILO Recommendation 85 on the Protection of Wages stipulates that the details of the wages conditions which should be brought to the knowledge of the workers should include, wherever appropriate, information on the method of calculation and the conditions under which deductions may be made. Workers should be informed, with each payment of wages, of the gross amount of wages earned, any deduction which may have been made, including the reasons and amount, and the net amount of wages due.²³¹

The European Committee of Social Rights has commented, with regard to wage deductions, that these should not deprive employees with the lowest pay and their dependents of their means of subsistence.²³²

The EU has a number of directives regulating worker rights that Georgia has committed to implementing in national law as part of the EU-Georgia Association Agreement. By 2022, Georgia is to put in place the EU 2003/88/EC Working Time directive, which includes provisions for weekly rest, night work, breaks during shifts and annual leave which would address several significant gaps in Georgian law. By 2020, it is expected to implement Council Directive 91/533/EEC which obliges employers to issue written information on conditions of employment.²³³

²³⁰ILO Recommendation concerning the Protection of Wages (No. 85), adopted in 1949.

²³¹Ibid.

²³² European Committee of Social Rights, Conclusions 2018 on Armenia, European Social Charter, can be downloaded at <https://www.coe.int/en/web/european-social-charter/-/protection-of-workers-rights-in-europe-shortcomings-found-but-also-positive-developments-in-certain-areas> (accessed June 14, 2019).

²³³ Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and Georgia, of the other part,) Annex XXX – Employment, Social Policy and Equal Opportunities, L261/4, *Official Journal of the European Union*, July 30, 2014, [https://eur-lex.europa.eu/legal-content/en/TXT/PDF/?uri=CELEX:22014A0830\(02\)](https://eur-lex.europa.eu/legal-content/en/TXT/PDF/?uri=CELEX:22014A0830(02)) (accessed June 14, 2019).

Good Practices

Some countries explicitly recognize fatigue as an occupational health and safety hazard. States in Australia require mine operators to adopt health and safety strategies that “must include work arrangements that eliminate employee fatigue so far as is reasonably practicable.”²³⁴ The Health and Safety Executive, a United Kingdom government agency responsible for regulation and enforcement of health and safety at work, explicitly names fatigue as a hazard that requires risk assessment under the United Kingdom’s health and safety regulations.²³⁵

Guidance developed by the European Bank for Reconstruction and Development (EBRD) and the International Finance Corporation, a member of the World Bank Group, for worker accommodation in projects they fund clarify that rules and regulations “should not prevent workers from exercising their basic rights. In particular, workers’ freedom of movement needs to be preserved if they are not to become effectively ‘trapped.’”²³⁶

Some countries also explicitly recognized that travel to underground mines and changing into working gear constitutes work. In *Tennessee Coal Co. v. Muscoda Local No 123* the US Supreme Court ruled in 1944 that underground travel by iron ore miners constitutes work and must be compensated because it is a “process necessary to production.”²³⁷ In *Anderson v. Mt. Clemens Pottery Co.*, the US Supreme Court declared that activities such as changing into work gear “are clearly work.”²³⁸

²³⁴ Victoria State Government, “Fatigue in Mines. A Handbook for Earth Resources,” Edition 2, June 2017, <https://prod.wsvdigital.com.au/sites/default/files/2018-06/ISBN-Fatigue-in-mines-handbook-2017-06.pdf> (accessed June 14, 2019).

²³⁵ UK Health and Safety Executive, “Specific Topic 2: Managing fatigue risks,” extract from inspectors’ human factors toolkit, available at <http://www.hse.gov.uk/humanfactors/topics/specific2.pdf> (accessed June 14, 2019) and UK Health and Safety Executive, “Human Factors: Fatigue”, available at <http://www.hse.gov.uk/humanfactors/topics/fatigue.htm> (accessed June 14, 2019).

²³⁶ The Fair Labor Association, Workplace Code of Conduct and Compliance Benchmarks, 2011,, http://www.fairlabor.org/sites/default/files/fla_complete_code_and_benchmarks.pdf (accessed June 14, 2019): the document defines labor standards for its member companies based on ILO standards and internationally accepted good labor practices, also states that “The freedom of movement of workers who live in employer-owned or -controlled residences shall not be unreasonably restricted.”

²³⁷ US Supreme Court, *Tennessee Coal Co. v. Muscoda Local No. 123*, 321 U.S. 590, 1944.

²³⁸ US Supreme Court, *Anderson et al. v. Mt. Clemens Pottery Co.*, 328 U.S. 680, No. 342, 1946.

In the 1890s and early 1900s, countries with mining industries, including the United Kingdom and New Zealand and several states in the US adopted checkweighman laws.²³⁹ Under these regulations, many still in place today, workers can appoint a checkweighman, with access to weighing scales, whose role was to observe and check that weighing of extracted product takes place correctly.²⁴⁰

Corporate Human Rights Responsibilities

The UN Guiding Principles on Business and Human Rights set out companies' responsibility to respect human rights, including the requirement to "avoid causing or contributing to adverse human rights impacts through their activities," as well as to "seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts."²⁴¹

The EU-Georgia Association Agreement requires that Georgia promote corporate social responsibility and accountability and encourage responsible business practices, such as those promoted by a number of international corporate social responsibility guidelines and especially the OECD Guidelines for Multinational Enterprises.²⁴²

²³⁹ For example, the UK Checkweighman Act, adopted by the UK Parliament on March 21, 1984. For Checkweighmen laws in the US, see Federal and State Laws Relating to Weights and Measures, available here: <https://www.govinfo.gov/content/pkg/GOVPUB-C13-7be8373e920ea3doao37e257c1ab9dd9/pdf/GOVPUB-C13-7be8373e920ea3doao37e257c1ab9dd9.pdf> (accessed June 14, 2019)

For Checkweighmen laws in New Zealand, see Len Richardson, "Coal, Class & Community: The United Mineworkers of New Zealand, 1880–1960," *Auckland: Auckland University Press*, 1995.

²⁴⁰ 2018 Code of Alabama, Title 25 – Industrial Relations and Labour, Chapter 9 – Coal mine safety, Article 16 - Scales and Weighing, provides that "miners may furnish check weighman to examine scales": In all coal mines the miners employed and working therein may furnish a check weighman or check measurer who shall at all times have full access to and the right to examine the scales, and to see all measures and weights and accounts kept of same, and shall keep an accurate account of the coal, but not more than the above authorized persons shall have such right of access, examination, and inspection of scales, measures, and accounts at the same time.

²⁴¹ United Nations Office of the Human Rights Commissioner, Guiding Principles on Business and Human Rights, Implementing the United Nations "Protect, Respect and Remedy" Framework, 2011.

²⁴² Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and Georgia, of the other part, Article 352, L261/4, *Official Journal of the*

The OECD Guidelines include recommendations for companies to carry out due diligence in their operations, which includes to identify, assess, and mitigate actual and potential adverse impacts associated with the enterprise's operations, products, or services.²⁴³

European Union, July 30, 2014, [https://eur-lex.europa.eu/legal-content/en/TXT/PDF/?uri=CELEX:22014A0830\(02\)](https://eur-lex.europa.eu/legal-content/en/TXT/PDF/?uri=CELEX:22014A0830(02)) (accessed June 14, 2019).

²⁴³ OECD, *OECD Due Diligence Guidance for Responsible Business Conduct*, 2018.

Recommendations

To the Georgian Government

- Pursue comprehensive labor policy reform to ensure that labor laws are in line with international labor standards and Georgia's international human rights commitments. Particular gaps identified in this report include better regulation of working hours, weekly rest, night work, payment of overtime hours and work on public holidays, and providing workers with copies of contracts.
- Ensure the establishment of a fully-fledged, independent and appropriately staffed, trained, and resourced Labor Inspectorate with a broad mandate to check all issues pertaining to workplace safety and working conditions.
- Ratify ILO Convention 81 on Labor Inspectorate, ILO Convention 155 on Occupational Health and Safety and ILO Convention 176 on Safety and Health in mines.
- Ratify ILO Convention 14 on Weekly Rest and ILO Convention 1 on Hours of Work in Industry.

To the Parliament of Georgia

- As an immediate step, amend the Law of Georgia on Labor Safety to explicitly enable the Labor Inspectorate to systematically verify any workplace hazard, including, but not limited to, hazards related to working hours, fatigue and adequate rest and production pressures.
- Amend the Labor Code and/or other relevant laws and regulations with a view to putting in place an independent, appropriately staffed and trained Labor Inspectorate with a broad mandate to check all issues pertaining to workplace safety and working conditions.
- Ensure that fines for violations of labor and safety standards are sufficient to provide an incentive for compliance, change behavior, and deter future violations.
- Amend the Labor Code with a view to including the following provisions, in line with ILO standards, the European Social Charter, and the EU EC Directive 2003/88 on Working Time:
 - Introduce a weekly rest period of at least 24 hours for every seven-day period provision on weekly rest;

- Specify a rate for hours worked overtime, on holidays, on weekly rest days, and at night which should be no less than one-and-a-quarter times that of standard hours, in line with ILO standards;
- Consider restricting overtime hours in a way consistent with workers' need for adequate rest;
- Provide for mandatory breaks for any shift longer than six hours;
- Limit hours worked at night to a maximum of eight;
- Set clear rules limiting the scope for deductions from wages and reduce the legal limit of deductions to a level which would allow workers to provide for themselves and their dependents.
- Implement and bring its legislation in line with Council Directive 91/533/EEC on an employer's obligation to inform employees of the conditions applicable to the contract or employment relationship.

To the Ministry of Internally Displaced Persons from the Occupied Territories, Labour, Health and Social Affairs of Georgia

- Introduce regulations requiring companies to have in place a fatigue management policy and require the Labor Inspectorate to systematically verify whether hours of work interfere with adequate rest and safety at work.
- Introduce regulations requiring companies to independently prove that production targets can be met safely and empower the Labor Inspectorate to verify how this is upheld in practice.
- Collect and make public data on mining accidents and ensure disaggregation of data on the basis of employer, region, and injury.

To Georgian Manganese

With regard to the new mining system:

- At a minimum, and without resulting in loss of pay for workers:
 - Introduce a weekly break of at least 24-hour hours for every seven-day period;
 - Limit night work to no more than eight hours;
 - Include official breaks of at least 30 minutes for every six-hour period;
 - Allow workers to freely choose their place of residence during shift work, with no retaliation for workers who choose to not live in company housing;

- Ensure that any restrictions on times for entry and leaving the dormitory are reasonable, proportionate and designed to protect the interests of all those residing in the dormitory.
- In consultation with workers and trade unions, adopt a fatigue management plan and ensure that workers get adequate rest.
- In consultation with workers, their representatives, and trade unions, revise production targets with a view to setting them at a level that can demonstrably be achieved safely.
- Allocate a budget sufficient to meet dietary requirements for strenuous activities, including sufficient protein intake, for workers who choose to stay in company residence.
- Provide all workers with copies of written contracts, including safety requirements for specific positions, and ensure that all workers receive their pay slips on a monthly basis.

With regard to the old mining system:

- Pay workers for all time when they are expected to be on company territory, including time spent in planning meetings, changing into working gear, and in transport from surface to the underground sites.
- Pay any hours worked in addition to a 48-hour week, or any time worked on public holidays or at night at an increased rate; pending law reform making it mandatory, the company should consider adopting a rate not lower than one-and-a-quarter times the rate paid for standard hours, in line with ILO standards.
- Provide all workers with copies of written contracts, including safety requirements for specific positions, and pay slips on a monthly basis; reflect all hours worked on pay slips.
- In consultation with workers, their representatives, and trade unions, revise production targets with a view to setting them at a level that can demonstrably be achieved safely. Provide a remedy to workers who were not paid for hours spent at the workplace during the proceeding years, and in consultation with unions reach an agreement on how to compensate workers retroactively for their work.

To Georgian Industrial Group

- Replace production-based wages with fixed wages, based on a yearly average, for all workers, regardless of production.

- In consultation with workers, their representatives, and trade unions, revise production targets with a view to setting them at a level that can demonstrably be achieved safely.
- Cease the practice of deducting wages for poor quality of coal when miners work full hours.
- Pay workers for all time when they are expected to be on company territory, including time spent in planning meetings, changing into working gear and in transport from surface to the underground sites; reflect all hours worked on pay slips.
- Pay any hours worked in addition to a 48-hour week, or any time worked on public holidays or at night at an increased rate; pending law reform making it mandatory, the company should consider adopting a rate not lower than one-and-a-quarter times the rate paid for standard hours, in line with ILO standards.
- Provide a remedy to workers who were not paid for hours spent at the workplace during the proceeding years, and in consultation with unions reach an agreement on how to compensate workers retroactively for their work.

To the EU and the US Government

- Continue to actively encourage Georgia to put in place a full Labor Inspectorate, ratify key ILO conventions, align its labor laws with international labor standards as a matter of priority, and implement the above-mentioned recommendations.
- The EU should ensure that the update of the Association Agenda for the period starting in 2021 sets new priorities that would be in line with ILO standards, the provisions of the European Social Charter, and the EU EC Directive 2003/88 on Working Time and Council Directive 91/533/EEC, which obliges employers to issue written information on conditions of employment.

Acknowledgments

Corina Ajder, Finberg Fellow of the Europe and Central Asia Division (ECA) of Human Rights Watch was the primary researcher and author of this report. Marlene Auer, Human Rights Watch intern, provided secondary research support. Judith Sunderland, associate director in ECA; Rachel Denber, deputy director in ECA and Giorgi Gogia, associate director in ECA, and Tom Porteous, deputy program director, edited the report. Sarah Saadoun, researcher in the Business and Human Rights Division provided specialist review, and Aisling Reidy, senior legal advisor, provided legal review. Catherine Pilishvili, senior associate for the ECA division, prepared this report for publication.

Human Rights Watch would like to thank Georgian organizations Human Rights Education and Monitoring Center and Solidarity Network for their assistance with the report.

Human Rights Watch wishes to thank the Georgian workers who agreed to be interviewed for this report. Without them, this report would not have been possible.

Annex I

Correspondence with Georgian Manganese LLC and Georgian American Alloys

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Volodymyr Lozynskyy

General Director, Georgian Manganese
5 Marjanishvili Street, Tbilisi, Georgia 0102

April 30, 2019

Dear Mr. Lozynskyy,

I am writing to you to request information in connection with research that Human Rights Watch is carrying out on safety and labor rights in Georgian mines, which we plan to publish in the coming months. Our research to date in part relates to the safety of mining workers at the Chiatura manganese mine, which we understand includes nine sites in and around Chiatura. We understand from your website that Georgian Manganese LLC (GM), a subsidiary of Georgian American Alloys (GAA), owns these mining sites. Our research also relates in part to producers in GAA/GM supply chain.

Human Rights Watch is an independent, international nongovernmental organization that monitors human rights in more than 90 countries worldwide. We produce reports on our findings to raise awareness about human rights issues and to develop and promote policy recommendations for change.

In December 2018 and March 2019, Human Rights Watch spoke 24 workers employed in six of the nine sites of the Chiatura manganese mine. We interviewed 15 workers individually, and conducted two group interviews with four and five workers respectively. We met representatives of all three worker unions at the mine site. We also spoke with the head of a four-person cooperative, a small company licensed by GAA/GM, extracting manganese near the Chiatura mine that supplies manganese to GAA/GM through an intermediary.

Our research indicates that working conditions at the Chiatura mine heighten risks related to safety and labor rights. We are also seeking to understand how GAA/GM meet their responsibilities in relation to suppliers. Our key findings are summarized below. We request your responses on

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these findings, and to the specific questions that follow. We seek to produce well-balanced research and will incorporate your responses in our report.

Key findings

As stated above, we understand from workers and unions that GAA/GM currently operates nine mining sites around Chiatara, known together as the Chiatara manganese mine. A new mining system was reportedly introduced in 2016 and is being currently used in five of these sites, involving the use of a diesel-powered tractor instead of a train, longer working hours, and workers staying in a company dormitory during shifts. We were told that four other sites use an old system of mining with shorter shifts and where trains collect and transport manganese. Throughout this document, we refer to the new method described above as “new system,” and to the old method of mining as “old system.” We interviewed workers in three new system mines, and three old system mines.

Long working hours and inadequate rest. Workers who are employed in the new system described working 12-hour shifts for 15 consecutive days every month, followed by two weeks off. Every other month workers do night shifts under this schedule. Workers employed under this system said the long working hours are exhausting and they are unable to stay alert to possible hazards.

Employer-provided housing and food. Workers employed in the new system – a majority living in the same town as the mines – are required to live in an employer-provided dormitory for the 15 days of their shifts. Union representatives and seven workers employed in the dormitory system said that movement of workers in and out of the dormitory is restricted. All seven workers said they must submit written requests to a dormitory supervisor to obtain permission to leave the dormitory. We learned about a worker who was granted permission to leave being asked by dormitory supervisors upon return about the time spent away from campus, and to report with whom he spent time and what he did.

Workers said the food provided by the company at the dormitory and in packages handed out before shifts was insufficient for the physical effort required for their work. Three workers said their dormitory diet consisted mainly of macaroni and rice, and two said they would eat meat only once or twice a week. We learned from two workers and a union representative that dormitory workers staged a protest against poor quality food in 2017, which according to them did not help improve food quality.

Intoxication with diesel fumes. Workers in the new system reported their working spaces are filled with toxic smoke emitted by diesel-powered tractors. Workers described experiencing dizziness, nausea, and asthma-like symptoms they attributed to inhaling the fumes on a daily basis, for extended hours at a time. These testimonies are consistent with findings of the World Health Organization (WHO) on the effects of inhalation to diesel fumes.¹

Production pressures that compromise safety. Six new system workers said they have to meet production quotas, and two said their wages were deducted when they did not. To meet quotas faster, one worker said they are asked by superiors to go back inside the mine before the smoke clears after a blast. The Center for Disease Control and Prevention has found that blasting generates toxic gases that are dangerous for health.²

Seventeen old system miners also said they have to meet quotas. One old-system worker said superiors sometimes skip maintenance work to save time and meet the quota. The worker lost a limb allegedly after being asked by a superior to use a defective piece of equipment. Another said he was injured in two years ago in circumstances that he said came about because he was in a rush to meet the quota and could not pay attention to warning signs signaling the collapse.

Unpaid overtime, work on public holidays and penalties for not meeting quotas. Normal working hours including transportation to and from the underground mining sites in the old system add up to an average of 20 overtime hours per month. In addition, five old system workers said they would stay an extra 30 minutes to 1.5 hours several times a month in order to meet quotas. None of this overtime was compensated. Three workers said they worked during public holidays over the previous year, at no additional pay.

Two new system workers also said the company deducted up to ten percent from their wages on months when they did not meet quotas.

Lack of breaks. There are no regular breaks during working hours, according to 17 old system workers and four new system workers.

Failure to provide written employment contracts. All 17 old-system workers interviewed by Human Rights Watch reported never receiving copies of the contracts they signed, and in some cases never signing a contract. Six new system workers say they never got a pay slip.

¹ <https://www.who.int/ipcs/emergencies/diesel.pdf>

² <https://www.cdc.gov/niosh/mining/UserFiles/works/pdfs/dotff.pdf>

*Working conditions at licensee companies.*³ Human Rights Watch observed multiple smaller companies extracting manganese in and around Chiatura. We spoke to the head of one cooperative who said he sells manganese to GAA/GM through an intermediary. We observed excavators operating in unprotected trenches with layers of sand and other materials about 60 meters deep in this and other cooperatives. International Labor Organization (ILO) standards require that adequate precautions be taken in any excavation or shaft by suitable shoring or otherwise to guard against danger to workers from a fall or dislodgement of earth, rock or other material.⁴

Under the United Nations Guiding Principles on Business and Human Rights, companies have the responsibility to respect human rights and are required to “avoid causing or contributing to adverse human rights impacts through their activities,” as well as “seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts.”⁵

According to ILO Convention No. 1, the rate of pay for overtime shall be not less than one-and-one-quarter times the regular rate.⁶ The European Social Charter provides for work on public holidays with pay.⁷ ILO standards and the European Social Charter provide for a mandatory weekly break.⁸ EU standards which Georgia committed to implement under the EU-Georgia Association Agreement recognize that “long periods of night work can be detrimental to the health of workers and can endanger safety at the workplace” and require that night shifts not be longer than 8 hours in every 24-hour period.⁹ The Directive also requires a break every six hours of work.¹⁰

³ Human Rights Watch uses the term licensee company in this letter to refer to smaller companies or business entities, including those organized as cooperatives, who have contracts or other arrangements to supply manganese to Georgian Manganese LLC.

⁴ Article 19 of ILO Convention No. 167 – Safety and Health in Construction: https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0:NO:P12100_ILO_CODE:C167
⁵ https://www.ohchr.org/documents/publications/GuidingprinciplesBusinesshr_eN.pdf

⁶ Article 6 of ILO Convention No. 1 on Hours of Work (Industry): https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0:NO:P12100_ILO_CODE:C001

⁷ Article 2 para 2, European Social Charter: <https://rm.coe.int/168006b642>

⁸ Article 2, ILO Convention 014 on Weekly Rest (Industry): https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0:NO:P12100_ILO_CODE:C014 and Article 2 para 1 and 5 of European Social Charter: <https://rm.coe.int/168006b642>

⁹ Annex XXX of Georgia-EU Association Agreement: [https://eur-lex.europa.eu/legal-content/en/TXT/PDF/?uri=CELEX:22014A0830\(02\)](https://eur-lex.europa.eu/legal-content/en/TXT/PDF/?uri=CELEX:22014A0830(02)) and EU 2003/88/EC Working Time directive: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32003L0088&from=EN>

¹⁰ EU 2003/88/EC Working Time directive: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32003L0088&from=EN>

Based on these considerations, we would appreciate receiving your answer to the following questions. If it is not possible to answer all the questions, please send information that is available:

1. Please describe the relationship between GAA, GM, and the Chiatura manganese mine. What mining sites are owned by the Chiatura manganese mine? Does GAA/GM operate all of these sites? If not, who operates and controls decision-making about the operation of the sites of the Chiatura mine?
2. How many Chiatura mine sites owned by GAA/GM are mined by licensee companies? Can you please provide more information about your relationship with and oversight of licensees?
3. Does GAA/GM have human rights and labor rights policies? If so, could you provide us copies of these policies?
4. Could you briefly describe the new system of mining? Why did GAA/GM introduce this system? Was worker and union input collected in relation to introducing the new system? If so, how?
5. We would welcome more information on GAA/GM's rationale for requiring workers to stay in the company dormitory during shifts. Are exceptions ever granted to this requirement? If so, under what circumstances?
6. How many new system employees have their usual residence in Chiatura or nearby towns? How many commute from another town?
7. Does GAA/GM have a written list of house rules for those living in the company dormitory? If so, please provide us with relevant details. Can you please provide any information on the consequences for workers who break house rules?
8. What dietary considerations does GAA/GM take into account for the company-provided food in the dormitory? How many meals a day are provided, and for how many workers?
9. Does GAA/GM plan to expand the new system to any additional mines and if so, by when?
10. How does GAA/GM mitigate or plan to mitigate safety and health risks related to long hours of work, including risks related to fatigue and to prolonged exposure to toxic fumes such as diesel exhaust?
11. Are any breaks scheduled during shifts in new and old system mining? If so, how many and at what intervals?
12. How does GAA/GM work with licensee companies to purchase manganese? What are the terms of this relationship, and does it enter formal contracts? If so, do GAA/GM contracts include provisions on labor rights, and health and safety at work?

13. Who is consulted when determining production quotas? How does GAA/GM make sure quotas are reached safely?
14. How does GAA/GM record, calculate and pay workers for work during public holidays and for overtime?
15. Does GAA/GM have a system to receive and address worker grievances? If so, how does that system work? Can you provide data on the number and type of complaints received, and how they were handled?
16. Have complaints on issues similar to those that Human Rights Watch has identified and set out above come to your attention previously? If so, what actions did you take in response?

We would welcome a reply on these questions and on any other findings in this letter. In order to reflect your position in our upcoming report, which we may reprint in full, we would ask for a written response by June 7, 2019. In addition to written responses, if you would like to discuss our findings, we would be happy to speak by phone.

For a written response, please contact Hugh Williamson at william@hrw.org and Elida Vikic at vikice@hrw.org. For any questions, please contact Elida Vikic by phone at +4930700146591.

Thank you in advance for your attention to this matter.

Sincerely,

Hugh Williamson
Director
Europe and Central Asia Division
Human Rights Watch

CC: Mordechai Korf, CEO, Georgian American Alloys; Nikoloz Chikovani, Special Manager, Georgian Manganese



შპს “ჯორჯიან მანგანეზი”

“Georgian manganese” LLC

To:
Hugh Williamson
Director
Europe and Central Asia Division
Human Rights Watch

June 10, 2019

Dear Mr. Williamson

I want to start with expressing our company's, as well as my personal, respect and appreciation for the work that Human Rights Watch does globally and in Georgia. I want to assure you that your questions and comments on our operations and working practices at our facilities are taken very seriously, as are all the matters touched upon. Human and social rights of our employees, their health and safety have always been of utmost importance for our company. Please see below some comments and responses and please note that we have recently underwent major overhaul of key social policies which were a result of our intensive negotiations with our employees. Shall there be any shortcomings in our practices, that do not correspond to best practices of industry, we are ready to tackle them accordingly.

First, I would like to present you some clarifications in respect of particular information that may be essential for the research that Human Rights Watch is carrying out. Therefore, our letter will be divided into two parts – 1. Clarifications; 2. Answers.

Part I. Clarifications:

- I. **Employer-provided housing and food.** We would like to clarify that upon prior verbal request made to the supervisor the employees can leave the dormitory. The only written process is company registering facts of the employees leaving and returning in the respective book. This process of registration is essential since the responsibility for the employees security lies upon the employer while the worker is within the employer's territory. As for the employee's statement that he had been asked to explain where and with whom he was staying after leaving the dormitory, we need more information to check the details of the issue, in case it is delivered, we will be able to clear the details. As for the food issue, the feeding of the employees is carried out by the contractor company and not directly by Georgian Manganese LLC. At the same time, practice has shown that there may be some shortcomings from time to time. However, we are working on maximizing the issue and currently Georgian Manganese LLC is performing the new supplier's tender selection process, in which the workforce is actively involved. The process will be over in the coming days.
- II. **Intoxication with diesel fumes.** Loaders used in new system are specially designed for the underground work and are equipped with anti-harmful emission system. Also, in the underground quarries ventilation system is provided and air content is monitored regularly. In order to control the permissible concentrations of harmful gases in the environment, the Georgian Manganese LLC contractor specialized organization ("Mining Rescue") takes air samples both according to the schedule and in case of suspicion of occurrence of violation of the permissible concentration. If the deviation from the permissible concentration is observed, evacuation of the workers is performed and the process of work will be suspended until the situation is fully corrected, which should also be confirmed by repeated, control samples.
- III. **Production pressures that compromise safety.** In case of underground mining through explosion, the production cycle includes complete ventilation for 30 minutes after the explosion. The work is

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Address: 9 Sakarkhno str. 2000 Zestafoni, Georgia

renewed only after the completion of the ventilation. This is controlled by the engineers and technical personnel of the sites.

As for the formation of toxic gases as a result of the explosion, I would like to inform you that since 2018 the company has completely replaced a fiery method that generated the products of the firing by non-electric detonation (so-called Nonel) method.

At each safety trainings/instructions whether planned or extraordinary, the employees are always provided with the explanations that if there is the situation threatening the life or health of the employees or others nearby, they should discontinue the work and promptly inform the management about the risks. Besides, each occupational accident is recorded, detailed case investigation and analysis of the case is performed. The results of the inquiry are published publicly throughout the company and for the purpose of preventing similar cases, extra special instructions on safety regulations are conducted. As for the worker's statement about the loss of the limb which was caused as a result of the work on the faulty equipment, we need more information to verify the details of the issue.

IV. Unpaid overtime, work on public holidays and penalties for not meeting quotas. We would like to clarify that transportation of the employees from residential places to the work is organized by the contractor company to prevent the employees from spending unreasonably long period of time on the way to and from work, since public transport has some problems. Standard working hours do not include transportation from the place of residence to and from the work. As for overtime compensation, see the answer to the 14th question. As for the statement of the surveyed workers when they said that in the last period they did not receive appropriate compensation for working on holidays and that a certain amount was deducted from the labor remuneration of the company's two employees due to the failure to meet the quotas, we need more information, in case it is delivered, we will be able to clear the details of the issue.

V. Failure to provide written employment contracts. Labor contracts with employees are executed in accordance with the applicable legislation. As for the pay-slips, they will be printed a few days before the remuneration of each month and will be handed over to all employees. All the accruals, additions and privileges, as well as deducted taxes and other liabilities are detailed in the pay-slip. In addition, if needed every employee may receive clarification from HR department regarding accrued and deducted amounts.

Part II. Answers:

1. Please describe the relationship between GAA, GM, and the Chiatura manganese mine. What mining sites are owned by the Chiatura manganese mine? Does GAA/GM operate all of these sites? If not, who operates and controls decision-making about the operation of the sites of the Chiatura mine?

Currently, according to the Order of Tbilisi City Court, dated May 11, 2017 (case No. №3/3381-17, Georgian Manganese LLC is managed by a special manager. Georgian Manganese subordinate is its structural subdivision - Chiatura mining enrichment complex, that in turn includes following subdivisions:

Mines (underground mining):

1. underground site "Vake-Tke №1"
2. underground site "Vake-Tke №2"
3. underground site "Darkveti"
4. underground site "Devidzebi N1"
5. underground site " Korokhnali N1"
6. underground site "Korokhnali N2"
7. underground site "Perevisa"
8. underground site "Tsereteli"
9. Mine "Mgvimevi"

10. Mine "Shukruti"
11. Pataridze mine

Open cast mines

1. quarry site "N27"
2. quarry site "Katsitadzebi-2"
3. quarry site "კატსიტაძეები"
4. quarry site „Siamake-2“
5. quarry site „Siamake“

Beneficiation plants:

1. lower beneficiation plant
2. beneficiation plant №29
3. beneficiation plant Perof
4. Central gradation factory
5. Central beneficiation plant №1
6. Central beneficiation plant №2
7. Central beneficiation plant

And other structural auxiliary subdivisions of the industry.

Hereby, we additionally inform you that the management and decision-making e-system and procedures implemented in the company were maintained and remained unchanged in order to ensure transparency in management according to special manager's decisions.

2. **How many Chiatura mine sites owned by GAA/GM are mined by licensee companies? Can you please provide more information about your relationship with and oversight of licensees?**

All mines owned by GAA/GM are operated by the Georgian Manganese LLC.

3. **Does GAA/GM have human rights and labor rights policies? If so, could you provide us copies of these policies?**

Human rights and labor rights policies are provided in the company and are governed in accordance with the provisions of the applicable legislation of Georgia.

4. **Could you briefly describe the new system of mining? Why did GAA/GM introduce this system? Was worker and union input collected in relation to introducing the new system? If so, how?**

The new system mine operation in the first place implies the change of the technology of extraction. In contrast to the old system where the ore is loaded in the wagons and the is carried out on the surface through the electric locomotives, the new system is operated through the underground loader.

The work is simplified using modern technology, the load is reduced, distributed to the professions. Implementation of the system was carried out on the basis of the deep analysis and thorough consideration.

The process of the introduction of the system included intensive negotiations with professional unions and workers. Meetings, visits of trade unions to the site and inspecting working and living conditions were performed, and the workers had and still have the opportunity to move to a new system or work on an old system.

5. **We would welcome more information on GAA/GM's rationale for requiring workers to stay in the company dormitory during shifts. Are exceptions ever granted to this requirement? If so, under what circumstances?**

The goal of the company was to provide relevant conditions for the labor and full rest of the employees. Employees in the dormitory are provided with all living conditions and guaranteed rest, which are very important for the safety depending on the specifics of the mining industry.

6. How many new system employees have their usual residence in Chiatura or nearby towns? How many commute from another town?

At present 380 employees are employed on the new system, out of which 320 are from different settlements of Chiatura municipality and 60 of them are residents of other municipalities.

7. Does GAA/GM have a written list of house rules for those living in the company dormitory? If so, please provide us with relevant details. Can you please provide any information on the consequences for workers who break house rules?

- During 15 days of work, the employee is staying in the dormitory where all the living conditions are provided for him;
- Employees leave the employer's territory for the work site and in case of other necessary needs, about which they should verbally inform the direct supervisor and the times of leaving the site and return to the site should be recorded in the registry;
- Alcohol drinks are prohibited during the 15-day period of work on the territory of the dormitory;
- Entry of outsiders to the territory of the dormitory is prohibited;
- The employee is obliged to follow the order in the areas of dormitory and leisure areas, not to make noise and not to interfere with the relax of others;
- The employee is obliged to follow sanitary and hygiene norms in the area of the dormitory;
- In violation of these rules, disciplinary liability measures may be applied to the employee.

8. What dietary considerations does GAA/GM take into account for the company-provided food in the dormitory? How many meals a day are provided, and for how many workers?

The company contractor is ordered to provide the food ration and the energy cost of the food compatible to the workload.

The company provides the nutrition of the staff:

- With the new system: four times a day – for 220 workers (once a day- dry portion)
- With the old system: once in a day - for 1700 workers (dry portion)

9. Does GAA/GM plan to expand the new system to any additional mines and if so, by when?

The company is currently concentrated on research of modern technologies to simplify the process of acquisition, labor conditions and security. To this end in the beginning of April, 2019, the company's representatives attended one of the biggest international exhibitions of mining technology manufacturers "BAUMA" which was held in Germany this year.

The process of consultation with selected providers is currently underway to select the most relevant technology and equipment that will facilitate labor, improve labor conditions and increase labor safety. Decisions on the introduction of new systems on other sites will depend on the flow of the process.

10. How does GAA/GM mitigate or plan to mitigate safety and health risks related to long hours of work, including risks related to fatigue and to prolonged exposure to toxic fumes such as diesel exhaust?

As mentioned in the answer to the ninth question, the company is working on the selection and implementation of such technologies that will facilitate labor, improve labor conditions and also increase labor safety. As for the reduction of risks, in this respect, continuous implementation of control-preventive measures is underway. In the working environment, the existence of harmful gases in the air is constantly controlled and if their contents are close to the permissible limit, immediate solutions are being done and employees are evacuated, before the problem is eliminated. For more details see the information given in the second clarification, part 1.

11. Are any breaks scheduled during shifts in new and old system mining? If so, how many and at what intervals?

Depending on the specifics of the mining industry, the timing of the scheduled break sometimes cannot be precisely reserved due to it is associated with the interval of the production cycle, which in some cases is creeping. However, the old and new system production cycles provide breaks for restoration of the workforce and for getting food.

12. How does GAA/GM work with licensee companies to purchase manganese? What are the terms of this relationship, and does it enter formal contracts? If so, do GAA/GM contracts include provisions on labor rights, and health and safety at work?

The company purchases only the ore extraction and beneficiation service, not the manganese ore. This is regulated by the corresponding General Agreement between the relevant parties, which provides for the terms and conditions of the provision of this service. As for the protection of the conditions of labor, health and safety by other legal entity, this is the direct obligation of the person concerned.

13. Who is consulted when determining production quotas? How does GAA/GM make sure quotas are reached safely?

The extraction plan is prepared by the participation of such specialists as mining engineers, geologists, financiers, labor and technical security specialists, etc. Review of the prepared plan and acceptance (approval) is made by the company management.

The safe fulfillment of the plan is ensured based on the geological situation assessment on a particular object, through the development of relevant projects and passports of mining works and by constant control of their performance and protection.

14. How does GAA/GM record, calculate and pay workers for work during public holidays and for overtime?

Presence and working hours of employees are recorded daily, including holidays, through the recording system. Periods of overtime and working on holidays are calculated and settlement is carried out along with the basic salary of the reporting period with the increased amount of hourly rate of the wage agreed with the employees.

15. Does GAA/GM have a system to receive and address worker grievances? If so, how does that system work? Can you provide data on the number and type of complaints received, and how they were handled?

The procedure for receiving and reviewing written applications is implemented and submission of the application is ensured and guaranteed to each employee, as well as collective applications or requests. Also, there is a weekly meeting procedure with employees and other stakeholders, on which the individual complains of the problem or complaints are filed by each applicant. In addition, there are regular meetings with professional unions, where problems and solutions are also discussed.

16. Have complaints on issues similar to those that Human Rights Watch has identified and set out above come to your attention previously? If so, what actions did you take in response?

As you are aware, mining activities are characterized by certain peculiarities, which often affect both employee and environmental conditions. Therefore, we fully share responsibility for our commitment and realize that we may have some shortcomings in our work and the fair claims expressed by the employee in this regard. In the case of systems and procedures described in response to the 15th question, the management of the company is mostly informed about the complaints expressed by the employees. As already mentioned, discussing problematic issues and solving them is a part of the daily activities of the company and goes on in the continuous regime, including the involvement of the employees with the involvement of trade unions, in the direction of solving individual cases and

collective issues. Here again, we emphasize that the labor and social rights of the employed people, their health and safety were always for us and would be of high priority.

We tried to provide you with the complete answers to your questions as well as to provide additional information that could be used for your research purposes. In addition, if we can add any contribution to your work, we are ready for cooperation at any time.

Sincerely,

Tamar Chipashvili
Deputy CEO
HR and Social Issues
LLC Georgian Manganese
t.chipashvili@gm.ge



GEORGIANAMERICANALLOYS

May 17, 2019

Mr. Hugh Williamson, Director
Europe and Central Asia Division
Human Rights Watch
Neue Promenade 5
10178 Berlin, Germany

Dear Mr. Williamson:

I am in receipt of your letter dated April 30, 2018 [s/c] regarding your research on the safety of mining workers at the Chiatura manganese mine and your findings. In your letter, you have requested that Georgian American Alloys, Inc. (GAA) and Georgian Manganese LLC (GM) answer several questions relating to your findings.

First of all, I would like to clarify that the information you found on the website of GAA is outdated. In April 2019, GAA has completed a major corporate restructuring and as a result GM (which includes the Chiatura manganese mine) is no longer owned by GAA. Please note that we are in the process of updating the website of GAA to reflect the changes in our corporate structure.

Second, please note that since May 11, 2017, all operations of GM and the Chiatura manganese mine have been managed solely by Mr. Nikoloz Chikovan, as Special Manager, pursuant to the Order of the Administrative Cases Panel of the Tbilisi City Court. As you can verify in the Register of Entrepreneurs and Non-Entrepreneurial (non-commercial) Legal Persons (an extract of which is enclosed herewith), during such special management regime, which is ongoing, all persons other than Mr. Chikovan who are authorized to manage and represent GM as registered in the Registry of Entrepreneurs and Non-entrepreneurial (non-commercial) Legal Persons are prohibited from participating in the management of GM, in particular in the administration and representation of the company. Therefore, although in such registry Mr. Volodymyr Lozynskyy is still named the Director of GM and Messrs. Mordechai Korfi, Barry Nuss and Uriel Lacer are still named members of the Supervisory Board of GM, none of such individuals have participated in the management of GM's operations, including the Chiatura

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manganese mine, since the date of appointment of Mr. Chikovani by the Tbilisi Court as the Special Manager of GM.

In view of the foregoing, Mr. Chikovani is the person to whom your questions should be addressed.

Sincerely yours,



Mordechai Korf
President and CEO
Georgian American Alloys, Inc.

HUMAN RIGHTS WATCH

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May 23, 2019

Dear Mr Korf,

Thank you very much for your response. We understand that Georgian American Alloys does not directly operate the Chiatatura manganese mine, since a Special Manager was appointed on May 11, 2017. We have sent a separate letter to Mr. Chikovani.

Nevertheless, we would welcome your response to our questions with regard to the period under your management. We would especially appreciate your perspective on the new system of mining, which is at the center of our research and entails 12-hour shifts over periods of 15 consecutive days. Our understanding is that it was first introduced in 2016, prior to the appointment of Mr Chikovani, but please let us know if this is not the case.

A revised list of questions, relevant to the period from when the new system was introduced in 2016 and May 2017 when the special manager was appointed, is below:

1. Could you briefly describe the new system of mining? Why did GAA/GM introduce this system? Was worker and union input collected in relation to introducing the new system? If so, how?
2. We would welcome more information on GAA/GM's rationale for requiring workers to stay in the company dormitory during shifts.
3. Did GAA/GM have a written list of house rules for those living in the company dormitory? If so, please provide us with relevant details. Can you please provide any information on the consequences for workers who break house rules?
4. What dietary considerations did GAA/GM take into account for the company-provided food in the dormitory? How many meals a day are provided, and for how many workers?

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5. How did GAA/GM mitigate or plan to mitigate safety and health risks related to long hours of work, including risks related to fatigue and to prolonged exposure to toxic fumes such as diesel exhaust?
6. Were any breaks scheduled during shifts in new and old system mining? If so, how many and at what intervals?
7. Who was consulted when determining production quotas? How does GAA/GM make sure quotas are reached safely?
8. How did GAA/GM record, calculate and pay workers for work during public holidays and for overtime?
9. Did GAA/GM have a system to receive and address worker grievances? If so, how did that system work? Can you provide data on the number and type of complaints received, and how they were handled?
10. Have complaints on issues similar to those that Human Rights Watch has identified and set out above come to your attention previously? If so, what actions did you take in response?

We would welcome your response to these questions before June 13, 2019.

Sincerely,
Hugh Williamson



GEORGIANAMERICANALLOYS

June 12, 2019

Mr. Hugh Williamson, Director
Europe and Central Asia Division
Human Rights Watch
Neue Promenade 5
10178 Berlin, Germany

Dear Mr. Williamson:

I am in receipt of your follow up letter dated May 13, 2019 regarding the working conditions of mining workers at the Chiatura manganese mine. I appreciate the opportunity to respond to your questions relating to the changes introduced in 2016 but I am afraid that I am unable to do so. Although Georgian American Alloys, Inc. ("GAA") was an indirect owner of Georgian Manganese LLC ("GM"), the day-to-day business affairs of GM (including the affairs of the Chiatura mine) were dealt with by GM's local management. In order to provide you with accurate answers, I would need to contact GM's employees and/or retrieve documents that are kept locally by GM's management. However, since GAA no longer owns GM, I do not have access to such information and records. I, again, direct you to Mr. Nikoloz Chikovani, the Special Manager of GM, as the person who is in the best position to answer your questions.

Notwithstanding the above, to the best of my recollection, all changes implemented by GM relating to working conditions of GM's employees were always negotiated with and approved by the local Union.

Sincerely yours,


Mordechai Korf
President and CEO
Georgian American Alloys, Inc.

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Correspondence with Georgian Industrial Group/ Saknakshshiri LLC

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Jamjoul Jakeli
General Manager, Saknakshshiri Ltd
18 Gazaphkhuli Street, Tbilisi, Georgia 0177

April 30, 2019

Dear Mr. Jakeli,

I am writing to you to request information in connection with research that Human Rights Watch is carrying out on safety and labor rights in Georgian mines, which we plan to publish in the coming months. Our research to date in part relates to the safety of mining workers at Mindeli and Dzidziguri mines, both of which we understand are owned by Saknakshshiri Ltd, a subsidiary of GIG.

Human Rights Watch is an independent, international nongovernmental organization that monitors human rights in more than 90 countries worldwide. We produce reports on our findings to raise awareness about human rights issues and to develop and promote policy recommendations for change.

In December 2018 and March 2019, Human Rights Watch spoke to 16 workers who said they were employed or formerly employed by Saknakshshiri, subsidiary of Georgian Industrial Group. Miners we spoke with had worked at both Mindeli and Dzidziguri mines. We conducted nine individual interviews, one group interview with five current and former workers, and another with two former miners. We also spoke with a relative of a worker who lost his life in June 2018 at an open-pit mine with commercial ties with GIG.

Our research indicates working conditions at the Mindeli and Dzidziguri mines heighten risks related to safety and labor rights. Our key findings are summarized below. We request your responses on these findings, and to the specific questions that follow. We seek to produce well-balanced research and will incorporate your responses in our report.

Key findings

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Production-first approach that compromises safety. Worker testimonies raise concerns that company efforts to maximize production may have led to short-cuts on safety. All nine extraction workers and shift supervisors interviewed said they used a coal extraction method they say was inherently unsafe but rendered higher productivity, which included conducting additional blasting after an area had already been blasted without new reinforcement. Six workers spoke of a previously closed shaft due to gas accumulation being reopened because it contained unextracted coal. Workers also mentioned unused pits left uncovered, despite a prohibition of this practice under Georgian law because of increased risk of gas accumulation.

Economic incentives that may compromise safety. Compensation of extraction workers was based on performance, or quantity of coal extracted, according to all nine extraction workers we interviewed. Workers said production targets could not be reached safely, but rather encouraged omitting time-consuming safety measures such as reinforcing tunnel ceilings.

Pay deductions. All nine extraction workers we interviewed said the company deducted ten percent of their wages if the coal was determined to be of low quality, for example if mixed with rocks. Workers said this happened almost every month.

No worker control mechanism over the calculation of wages. It is our understanding that no worker or worker representative could formally observe the process of weighing and assessing the quality of extracted coal, although it had far reaching consequences over how wages were calculated. Three workers expressed concerns that they were being cheated of their wages, and that deductions for poor quality of coal were applied arbitrarily.

Lack of breaks during shifts. All nine extraction workers said they rarely took breaks during shifts, and it appears that there was no established policy for regular breaks during shifts. Workers said they skipped meals to make the quota, and some also avoided eating because of the unsanitary conditions inside the mine.

Non payment of overtime. Depending on the number of shifts worked and the days in a month, working hours of extraction workers, including transportation to and from underground mines, varied between 36-54 hours per week, or an average of 20 hours of overtime per month. Workers said that all overtime was unpaid.

¹ Resolution 441 of the Government of Georgia:

<https://matsne.gov.ge/ka/document/view/2186308?publication=0>

Article 19 point 10 required that "Temporarily suspended exploratory areas and unused tunnels should be isolated"

Concealing facts prior to labor inspections. Three workers said they witnessed company employees concealing evidence of inappropriate working practices ahead of an inspection, for example by parking trains with defective brakes in a way that wrongly suggested they were not in use, or covering up the unused pits to hide the use of a dangerous mining method. These workers expressed concern that these temporary measures were taken to mislead the inspectorate.

Long standing worker concerns about safety not addressed. Nine of the 16 workers interviewed said they had repeatedly raised safety concerns with their superiors, including their shift managers; the chief of safety; the chief engineer; and the head of their district. Concerns were raised about the failure to seal unused pits; failure to ensure use of ropes to protect workers from falls; and defective equipment. Workers said none of these concerns were addressed.

Deaths at Mindell mine. Ten workers lost their lives in two separate incidents in Mindell mine, one in April 2018 and a second in July 2018. Following the incidents, it is our understanding the mining activity was suspended, pending results of a technical assessment of safety at the mine.²

Deaths at the open pit licensee in Tskibuli. Human Rights Watch learned of the death of two workers on June 2, 2018 in a workplace incident at a coal company in Tskibuli, which we understand was producing coal on land licensed from GIG.³ According to a relative of one of the victims, the coal extracted from that particular enterprise was being sent to a coal refinery owned by GIG.

Under the United Nations Guiding Principles on Business and Human Rights, companies have the responsibility to respect human rights and are required to “avoid causing or contributing to adverse human rights impacts through their activities,” as well as “seek to prevent or mitigate adverse human rights impacts that are directly linked to their operations, products or services by their business relationships, even if they have not contributed to those impacts.”⁴ The United Nations’ International Covenant on Economic, Social and Cultural Rights specifies “the right of everyone to the enjoyment of just and favourable conditions of work which ensure, in particular, . . . safe and healthy working conditions.”⁵ The European Social Charter provides that “all workers have the right to just conditions of

² <https://oc-media.org/work-halts-in-georgian-coal-shaft-after-four-miners-killed-in-explosion/>

³ http://netgazeti.ge/news/282597/?fbclid=IwAR0S2prij4fTenhA9fvoU2ek0c5r-GYthu8yoDBRH_JMTzWfMEhirqF1LA

⁴ https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

⁵ <https://www.ohchr.org/en/professionalinterest/pages/cescr.aspx>

work” and to “safe and healthy working conditions.”⁶ According to ILO Convention No. 1, the rate of pay for overtime shall be not less than one-and-one-quarter times the regular rate.⁷

Based on these considerations, we would appreciate receiving your detailed answers to the following questions. If it is not possible to answer all the questions, please send information that is available:

1. Does GIG/Saknakhsiri have human rights and labor rights policies? If so, could you provide us with copies of these policies?
2. Please describe the relationship you have with licensees, including agreements related to use and purchase of product. How many licensees does GIG/Saknakhsiri have, and in what locations? Who has oversight over licensee operations? What steps, if any, do GIG/Saknakhsiri coal refineries take to ensure that the coal extracted is done in compliance with labor protections?
3. Does GIG/Saknakhsiri verify compliance with labor rights and protection of worker safety in its mines and sites operated by licensees, and if so, how?
4. How does GIG/Saknakhsiri obtain, transmit, and react to information regarding worker or supervisor concerns on labor rights and safety in the organization? Does GIG have a grievance mechanism for worker or supervisor complaints?
5. Does GIG/Saknakhsiri collect data on accidents, including near misses and near hits (incidents which could have, but did not result in injuries or fatalities)? Does GIG/Saknakhsiri have any protocols with regard to responding to these incidents?
6. Could you briefly describe the method of coal extraction used at GIG/Saknakhsiri-owned mines?
7. How are production targets set? Who was consulted when determining targets?
8. How does GIG make sure production targets were reached safely?
9. GIG ~~pledged~~ to drastically increase coal output before 2020. What is your plan to increase output? We would welcome information on measures GIG is taking to ensure this goal is reached safely.
10. How are wages of extraction workers calculated? Who is involved in the weighing and assessment of the quality of coal extracted? Do deductions apply and if so, in what cases?
11. How does GIG/Saknakhsiri record, calculate, and pay overtime hours for workers?

⁶ <https://rm.coe.int/168006b642>

⁷ Article 6 of ILO Convention No. 1 on Hours of Work (Industry):

https://www.ilo.org/dyn/normlex/en/f?p=NORMLEXPUB:12100:0:NO::P12100_ILO_CODE:C001

12. Do GIG/Saknachshiri internal regulations provide for breaks during shifts in the mines?
13. Have any of the above allegations come to your attention previously? If so, what actions did you take in response?
14. What official roles do union or worker representatives play in ensuring that workers are paid fairly and for all their work?

We would welcome a reply on these important matters. In order to reflect your position in our upcoming report, which we may reprint in full, we would ask for a written response by May 19, 2019. In addition to written responses, if you would like to discuss our findings, we would be happy to meet the next time we are in Tbilisi on May 14 or 15 or speak by phone.

For a written response, please contact Hugh Williamson at william@hrw.org and Elida Vici at vici@hrw.org. For any questions, please contact Elida Vici by phone at 4930700146591.

Thank you in advance for your attention to this matter.

Sincerely,

Hugh Williamson
Director
Europe and Central Asia Division
Human Rights Watch

CC: David Bezhuashvili, CEO, GIG group



May 27, 2019

Dear Mr. Williamson,

As an answer to your letter, we would like to tell you the following:

Before GIG Group started to operate in Saknakhshiri (before 2006), the coal producing works in Tkibuli mines had been stopped. About 80 people had been employed in the company (only for the operation of the water pumps in the mines). During this period, both the company and the region had faced severe financial and social problems. In 2007-2010 we gradually rehabilitated the mines and renewed coal producing process. Between 2006 and 2018, the number of people employed increased from 80 to 1564. Accordingly, the monthly payroll fund increased from 200

1. ბადურაშვილი 4700, ქადაგული, თბილისი, საქართველო, 1985 წ. 4700, თბილისი, საქართველო, 1985 წ. 4700, თბილისი, საქართველო, 1985 წ.

000 GEL to 1,3 million GEL. In 2011-2013 the volume of produced coal reached its peak, with an annual coal extraction up to 430,000 tons. In the following years, the extraction significantly reduced due to competition from imported coal.

Although since 2013 the market price of coal has decreased by 37%, and the production has reduced by 23%, the salaries of the Company employees have increased by 21%.

Since the purchase of the enterprise, GIG Group has invested more than 70 million GEL in the production and operation of the enterprise, and this process continues to date. However, despite the implementation of the abovementioned investments, total upgrade of the Company's infrastructure and the improvement of safety systems, the Company could not find an engineering solution that would have been able to make the coal production absolutely safe. This factor and several tragic accidents in the Company resulted in suspension of the enterprise activity from July 16, 2018. It should be noted that the tragic accidents that took place in the Company were largely driven by human errors and negligence (including the actions of affected people and victims), which in turn was the result of the lack of labor culture and responsibility. Clear examples of this are number of cases, where the Company's employees were detected at work place under the influence of alcohol and smoking in the mines as well. In addition, in the course of investigation of the incidents the Company's middle and top managers (including labor safety managers) were charged with a criminal offence.

Despite the suspension of activity, GIG Group still continues to invest as well as to pay salaries for employees. From this period (suspension of extraction) until now the Company has paid to the staff the amount of 11 million GEL for salaries.

It should be also noted that for all this period the Company has been working with the loss. In no calendar year, the Company issued any dividends, as it is confirmed by the financial reports prepared by international auditing companies.

It should also be noted that GIG Group, as the largest employer, is an economic entity with huge social responsibility and commitments to the Tkibuli municipality. The Company carries out significant social projects and is actively involved in the development of Tkibuli municipality. GIG Group has spent more than one million GEL for these activities. The Company is the largest contributor to the local (municipal) budget. The amount paid by us to the budget has exceeded 74 million GEL.

In accordance with the Memorandum of Cooperation signed between us and Georgian Technical University, the vocational training college is functioning in Tkibuli, which prepares qualified

specialists for work in the mines. Within the framework of the Memorandum, the Company has allocated its own space for the functioning of the college. The Company, together with the Technical University, planned to train workers in additional fields (subject to the activity of the Company) in the future (*due to suspension of the activity of Saknakhshiri, the project is postponed*).

GIG Group, as the highly responsible employer organization emphasizes that the rights of each employee is very important to it, including the right to labor safety. Noteworthy is that the Company provides the life and health insurance of employees, in which the Company pays annually about 360 000 GEL. Employees of the Company are served directly on the area by the insurance family doctor and the Company's medical office. The Company provides co-financing of the employees' meals at the workplace. As a result of accidents in 2017-2018, the families of each victim received the allowance of 30,000 – 40,000 GEL from the Company. From 2016, 9 injured persons have received the monthly financial assistance from the Company. The amount of assistance provided to them until the current period approximately amounts to 200,000 GEL. The Company continually ensures the employment of the deceased/insured's family members on different positions based on their working capacity.

In 2016-2018, the company implemented various activities for labor protection and technical safety with the total cost of 2,509,200 GEL.

The measures taken in the field of labor protection and technical safety in 2016-2018 are as follows:

- *The falling objects from the height at the industrial areas are bordered by special railings;*
- *Electrical equipment and electrical networks are protected from power leakage, and brought to the hermetically explosion-proof conditions;*
- *Transformer areas are protected by special fencing against access of strangers;*
- *The information and warning signs are being placed in facilities stop by stop;*
- *Special boxes are placed in production facilities to store oxygen flasks and warning signs are applied on them;*
- *Underground and surface production areas are perfectly equipped with primary care medicines that are periodically filled with supplies;*
- *Production areas are provided with sanitary units and drinking water;*
- *The underground production areas have been illuminated in the places specified by the regulations: the loading and unloading areas, the waiting chambers, decking and undecking places;*
- *Purchase of fire protection equipment for facilities is performed;*

- Facilities are equipped with fire systems, and evacuation plans are placed in the administrative buildings;
- Strict control is imposed over the use of open fire during the underground work;
- Strict monitoring is underway and open fire is allowed only at clean air jet under the special permit;
- 12 electric locomotives are purchased according to the requirements of regulation and periodic maintenance of mancars is underway;
- The devices for control and automatic detection of harmful/explosive gas concentrations in the mine air and the system ensuring staff detection, monitoring and electronic communication are purchased.

Based on all of the above, we will try to answer each of the questions put in your letter in detail:

1 - From the end of 2018, the existing labor safety documentation of the Company has been reviewed and brought in compliance with the applicable legislative requirements in the country. The Company's policies and regulations required to ensure the labor safety have been developed. These documents provide the rights and obligations of workers in the labor safety. *(Should you have interest, we are ready to present the English-language copies of those documents separately, since the volume of the documents disables us to send them in one pack).*

2 - As of today, the Company owns 4 (four) mining licenses. Those are:

Licenses No. 10000236 and No. 10000237 for Tkibuli-Shaori coal mining.

License No. 10000238 for mining of Tkibuli sandstone of color suite. The resources obtained within the license are used for the supporting (reinforcing/refilling) work in the coal mine.

License No. 10000246 for extraction of the waste of Tkibuli coal enrichment factory. As of today, this license is not used.

According to the terms of the mining licenses, the Company has strongly defined the volume of the resources to be extracted and the coal lease limits. Besides, it is obligatory to carry out the recovery works in accordance with the project documentation developed for the mining of each deposit.

The project documentation developed by the Company includes technical, technological, economic and environmental means, volumes and conditions of mining works, as well as the

measures to be carried out to ensure the safety of human life and health, minerals and environmental protection.

Since the licensing terms are complex, the supervision over their performance is divided among the Company's respective structural units, and the state control over the fulfillment of licensing terms is carried out by LEPL National Agency for Mineral Resources.

As for the labor safety conditions, the mining licenses do not provide such conditions and the issue is regulated by the Law of Georgia on Labor Safety and the relevant normative acts and regulations.

The Company produces coal by deep mining. Before last July in some places specified by the licenses, the open-pit coal reconnaissance and mining operation works were also underway. In order to carry out these works, the Company signed the contract with 23 non-related entities, according to which they should be responsible for the proper performance of the works, the labor safety conditions and compliance with the requirements of the Georgian legislation.

In order to ensure that the activity of contractors was in full compliance with the technical and labor safety conditions provided by law, on June 19, 2018, the Company applied to the state control bodies, in particular the Department for Inspection of Labor Conditions of the Ministry of Labor, Health and Social Affairs of Georgia, LEPL Technical and Construction Technical Supervision Agency of the Ministry of Economy and Sustainable Development of Georgia and LEPL National Agency for Mineral Resources of the same Ministry.

As a result of the complex examination, the violations containing risk for human life and health were revealed. For this reason, since July 2018 the Company terminated legal relationships with the above-mentioned entities and today the open-pit coal reconnaissance and mining operations are no longer underway.

3, 4, 5 - Protection of labor and technical safety in the coal mining process is regulated by the Technical Regulations on the Safety of Coal Mines of 2014 and by GST 81: 2016 "Standard of Georgia. Coal Mines. Safety Requirements" of 2018. The safety of explosive operations in mines is regulated by GST 81: 2012 "National Standard of Georgia. Safety Rules for Explosive Operations". The compliance with each of these standards is checked once in every six months by the Construction and Technical Security Agency and the Department of Labor and Health of the Ministry of Health. These authorities also have the right to check the

labor safety at any time, after which the reports are written and the plan schedule is drawn up for elimination of the existing inconsistencies and violations specified in time.

In 2017, the Company established the Department of Labor and Technical Safety, comprising 36 employees. Upon establishment of the Department, the Company provided training of the employees of the Department in the direction of labor safety and primary medical care.

The main task of the Department is internal control of labor safety issues. The labor safety inspector is present in every shift during the working process, in every area and provides the control of labor safety rules in a constant manner.

The inspection group carries out the complete inspection of the facility approximately 8 times a month. The revealed discrepancies are recorded in the inspection reports in presence of the representatives of the enterprise/area/shop.

Discrepancies are discussed with the management of the enterprise/area/shop and the schedule-plan for the elimination of the inconsistencies in the relevant timeframes is drawn up. Copies of schedule-plan are handed to the chief of the particular area where the violations were fixed and the chief of the area shall confirm the acceptance of the copy by his signature on the original document. The reports and plan-schedule are recorded in a special log and archived. Once the critical discrepancies are detected (if any) the operation of the facility is immediately stopped.

The technical safety controller-mine overseer is also present during a shift on every area of the underground works.

- 6 - Due to the unique mining-geological conditions of the Ikibuli-Shaori deposit (thick, superimposed, tectonically breached seams prone to sudden outburst (rock burst) and spontaneous firing, explosive and gas extrahazardous seams with the angle of inclination up to 100-450 laying in about 800-1500 meters from the surface) it is almost impossible to extract the existing coal using the mechanized methods and systems. These difficulties have conditioned the use of coal recovery technological schemes "F" and "g" (breast-and-pillar) given in Annex N3 of the above mentioned standards. Saknakhshiri Ltd. and invited specialists are already designing a new modern pit, which envisages the complete mechanization of coal extraction process and preparation works and which will be implemented in the nearest future and will significantly improve the labor and safety conditions of the miners.

In order to improve the safety of miners, since June 2018, the Automatic Gas Protection System has been introduced on E. Mindel mine which will control in the automated mode the quantity of methane-CH₄, poison gas-CO₂ in the mine atmosphere, the operation of the ventilation system and identification of miners so that they do not accidentally appear in the hazardous zone of explosive works. In case of detection of violations, the above mentioned system will ensure the shutdown of electrical equipment and facilities on the area and activate the voice alarm system.

- 7, 8, 9 -** As for the development of production plans, the plans are developed in accordance with the possibility of sale of the products produced by the Company. The annual contract is signed with the local coal buying company, and subsequently the plan is reviewed quarterly in accordance with the new purchased volumes determined by the buyer. As we have mentioned above, since 2012, the volume of production has decreased significantly due to the deteriorated market conditions. It should be taken into consideration that the number of people employed has not changed on the background of this deterioration, resulting in decrease in labor efficiency, which is one of the lowest in the industry (just only 650 kilograms of coal per day per employee)

Despite the plan, the labor safety has been always a priority in the Company.

- 10 -** The remuneration form of the employee is determined by a labor agreement. The company operates two calculations for remuneration: fixed and variable/by output. The variable/output type of remuneration mostly is applied to the employees engaged in coal extraction, tunneling and mechanisms repairs.

During the fixed calculation, the employer shall pay the employee a fixed amount for the fulfillment of the obligations under the labor agreement in accordance with the predetermined staff schedule and labor agreement once a month through non-cash settlement. Calculation of variable/output remuneration is based on a predetermined coefficient and an employee receives the salary once a month through cashless payment in accordance with the labor agreement.

Such remuneration of labor is entirely dependent on the results of the employee's labor, i.e. the quantity and quality of products produced by him. The remuneration is increasing simultaneously with the growth of production output and vice versa.

The payroll fund according to the product generated by the area is distributed to each employee according to the Labor Participation Coefficient. The amount of the employee's labor participation coefficient is determined preliminarily (on the daily basis) before the calculation of wages. The amount is determined by the council of the area where a person is employed. Prior to the meeting of the council, the employee's labor participation coefficient is determined daily by the chief mine overseer and recorded in the Mine Overseer Log, which excludes the bias. The area council consists of 10-12 members. Along with the direct superior of the employee, it includes mine overseers, representatives of mechanical workers. The minutes of the meeting of the council is drawn up. In determining the labor participation coefficient, the worker's qualification and approach to the work, discipline etc. are taken into consideration. In general, the maximum level of labor participation coefficient is 1.20 and the minimum level is 0.80.

The Quality Control Service is involved in determining the weight and quality of coal. Two heavy weighing devices are allocated to determine the coal weight. One is a railway weighing device, and another is a vehicle weighing device. In order to determine the quality of coal, samples are regularly taken on the coal-producing area and processed by the laboratory within the Quality Control Service. Also, from the coal sent to the central coal-enriching factory, the laboratory takes daily samples and processes them in accordance with the appropriate rules. If the ash content exceeds the planned index, the coal is removed and distributed according to the areas, proportionally, based on samples taken.

- 11 - According to the Company's internal rules and regulations, the overtime work is performance of work by an employee under the direct written order of the administration or immediate superior on the conditions as envisaged by the legislation during the period the duration of which exceeds the working time provided by the law, or in the case when under a written document of the administration or immediate superior the employee works on holidays as envisaged by the labor legislation. If the employee performs overtime work according to the labor agreement signed with him and the Company's internal rules and regulations, he will be paid the 1,1 average hourly rate (i.e. 10% is added to the regular average hourly rate). In some cases (mainly for the workers called for performance of repair and safety works on holidays), a specific order may be issued under which the overtime rate may increase by 20%, 50% or more. In holidays, an employee called for the work over the schedule, will be given an extra rest day or will be paid an extra day wage, together with the overtime rate, that is finalized under the appropriate order.

12 - Working hours and holidays are determined by job descriptions and the internal rules and regulations, which constitute an integral part of the labor agreement and which is in conformity with the legislation in Georgia.

The duration of working and rest time for employees who work on a shift basis is determined according to the schedule of work in a shift (shift schedule). The working process time in a shift is 6 hours. The shift schedule is approved by the employer taking into consideration the specificity of the job. The duration of rest between the shifts is at least 12 hours, since the Company is the entity with a specific work regime and the process of production involves the continuous regime of working week no more than 48 hours.

13 - As regards the response to the facts of misconduct in the Company, please be informed that the adequate response has been made by the management and various forms of liability under the labor legislation have been applied.

14 - As for the cooperation between the Company and trade unions, please be informed that the management of the Company closely cooperates with the trade union representatives and by our joint efforts, many problems and disputable issues of the employees have been eradicated.

We believe we've provided the comprehensive answers to your questions. Should you have additional questions, we are ready for cooperation.

Sincerely,

Saknakhshiri LLC


General Director
Jambulat Jakeli





“No Year without Deaths”

A Decade of Deregulation Puts Georgian Miners at Risk

Years of deregulation of the labor market have left Georgian miners lacking protection and at risk. Since 2006, when Georgia abolished its labor inspectorate and dramatically changed its Labor Code, deaths at work, including in the mining and construction sectors, soared according to one report by 74 percent. Despite recent reforms, miners lack effective protection from being required to work long hours without proper breaks and placed under pressure to meet production quotas, that increase safety risks.

“No Year without Deaths,” based on over 80 interviews, looks at the drivers of accidents in two Georgian mines, one extracting manganese and one coal, and finds that insufficient government regulation and resulting mining practices that prioritize production quotas, put workers’ safety at serious risk. Manganese miners said they were exhausted working 12-hour shifts underground, also at night, for 15 straight days and faced penalties for failure to make quotas, at risk to their safety. During shifts, workers living in the same town as the mine are required to live in a company dormitory in part to maximize production, but as a result face interference with their family lives and freedom of movement.

A newly reinstituted labor inspectorate has a limited mandate that does not include central safety issues such as hours of work, production pressures and labor conditions in a broad sense. Labor rights are at the heart of workplace safety, and the mining companies who operate the mines in this report said that worker safety and labor rights are very important to them. Yet in practice Georgian law still does not sufficiently regulate working hours and rest time, weekly breaks, night work, and overtime payment, among other issues.

The Georgian government should reform its labor law to ensure workers’ rights and oversight by a labor inspectorate with a mandate to inspect all rights in line with international standards. Georgia’s trading partners, including the European Union and the United States, should insist on full respect for labor rights.

(above) A miner holds a piece of manganese covered in soil. Chiatura City, Georgia.

(front cover) A worker stands inside one of the manganese tunnels. Chiatura City, Georgia.

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