



# Impact assessment of GEVORKYAN, s.r.o. on environmental objectives

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As referred to Art. 17 of Regulation (EU) 2020/852

GEVORKYAN, s.r.o.  
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### Introduction

The following assessment was made with regard to current trends, where in general there is an increasing demand from potential investors regarding the impact of companies' activities on the surrounding factors, primarily on the environment. Aware of this, the European Commission has launched a number of ESG initiatives, primarily under the Sustainable Finance Agenda, which aims to channel private capital into activities that can be described as environmentally sustainable. The initiative has also included the idea of creating a classification system (taxonomy) that would define exactly which activities, and subsequently under which conditions (of these activities), could be considered sustainable.

The basic concept of this taxonomy system, is defined in Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 establishing a framework for facilitating sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter referred to as '**Taxonomy regulation**'), although the classification of economic activities itself will be included in the so-called delegated acts, which will be gradually issued and will take effect from 1 January 2022 and 1 January 2023, respectively. With regard to the current non-existence of these delegated acts, the criterion of significant harm was used for the purposes of this assessment, in relation to environmental objectives, while both significant harm and environmental objectives are already defined in Art. 9 and Art. 17 of the Taxonomy regulation and are therefore already part of effective EU regulation.

The aim of this document is to assess whether the company's activities do not significantly harm the relevant environmental objectives, while for individual environmental objectives the regulation on taxonomy sets the appropriate definition of significant harm (see footnotes to individual environmental objectives).

### Description of the activities of GEVORKYAN, s.r.o.

The main activities of GEVORKYAN (hereinafter '**GEVORKYAN**' or '**the company**') are research, development and production in the field of powder metallurgy, which includes 4 sectors: powder metallurgy (PM), metal injection molding (MIM), hot isostatic pressing (HIP) and additive manufacturing - 3D printing of metal powders (AM).

The company uses various technologies, such as PM, MIM and HIP, to manufacture its products, which are mainly metal components. Powder metallurgy has been used since the 1920s to produce a wide range of complex components, self-lubricating bearings and cutting tools. It consists in producing metal components from powders in the form of sintering.

The main difference between powder metallurgy technology and other technologies (such as milling, turning or foundry) is that for using these other technologies, the final products are produced by processing the semi-finished product, which is energy-intensive and generates waste. Powder metallurgy allows the final product to be pressed from the powder without further machining, and if a defective product is made, the components can be reused and pressed again to create a flawless product.

## Risk assessment

GEVORKYAN strives to minimize the environmental impact of its operations and it is certified for the environmental management system as per ČSN EN ISO 14001:2005. The objective of GEVORKYAN's management is to develop the company with continuous improvement of the quality of its products and the environment while meeting customer requirements, as laid down in the internal Quality and Environment Policy<sup>1</sup>. This can also be easily identified by a number of other factors, which are listed below in the description of the individual environmental objectives.

The following may be mentioned as examples:

- ensuring ecological recycling and processing of electrical waste;
- ensuring organized disposal of hazardous waste in accordance with the internal directive SM\_10 REGULATION FOR WASTE HANDLING of 9 June 2016, drawn up by a certified company Detox and
- identification and management of environmental aspects in the company in order to reduce the environmental burden according to the internal directive SM\_22 ENVIRONMENTAL ASPECTS.

### 1. Climate change mitigation<sup>2</sup>

The company's activities do not lead to significant greenhouse gas emissions. The operation of the company is identified as a small source of air pollution according to Decision No. 859/2011 of 26 September 2011 issued by the municipality of Vlkanová which the company proves annually by providing a report to the Municipal Office in Vlkanová. Considering the fact that powder metallurgy is generally considered a green technology, while traditional steel production is very energy intensive by default, it should be emphasized that the operation of the company does not reach the levels of usual emissions of traditional steel production, partly because the production does not take place in blast furnaces. The operation is also not located in the "Air quality zone" which does not meet the objectives set out in the regional or national air quality plan.

The company also aims at preventing Scope 2 emissions, since it uses electricity produced from renewable sources, as evidenced by the certificate issued by the company "Slovenské elektrárne - energie služby, s.r.o."

In order to increase the share of energy used from renewable energy sources, the company also plans to build its own photovoltaic power plant in 2022.

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<sup>1</sup> [https://www.gevorkyan.sk/\\_files/ugd/8b4341\\_083cb435213e47119cbcc2ba4a76ebd1.pdf](https://www.gevorkyan.sk/_files/ugd/8b4341_083cb435213e47119cbcc2ba4a76ebd1.pdf)

<sup>2</sup> Climate change mitigation - the activity is considered to significantly harm the environmental objective if it leads to significant greenhouse gas emissions.

## **2. Climate change adaptation<sup>3</sup>**

The operation is not located in a locality prone to adverse climatic events, whether it is a chronic event such as heat stress, changing wind conditions, changing precipitation conditions, gradual soil erosion, etc. or acute (sudden) event such as forest fires, hurricanes, floods, avalanches, etc. Due to the fact that probability of these event has been assessed as very low, the company has come to the conclusion that no adaptation solutions need to be adopted for the time being. Nevertheless, in the case of adverse development, the company is willing to adopt appropriate solutions, as not to cause significant damage to other environmental objectives.

## **3. Sustainable use and protection of water and marine resources<sup>4</sup>**

The production activity of GEVORKYAN does not have an impact on the quality of surface or ground water, which is evidenced, among other things, by the risk analysis, which led to the development of an internal directive „SM \_35 Plan of preventive measures to prevent the occurrence of uncontrollable release of pollutants into the environment and the procedure in case of their release, prepared in accordance with the Water Act No. 364/2014 Coll., and the Decree of the Ministry of the Environment of the Slovak Republic No. 100/2015 Coll.“ which was approved by the Slovak Environmental Inspectorate, under number 372311865/42/2017 /Pav, on 12 April 2017.

Waste hydraulic oils that the operation produces and that could potentially lead to surface or ground water pollution are passed on to Detox, s.r.o., as evidenced by an environmental assessment certificate certifying the acceptance of these substances in the specified amount.

Furthermore, the operation does not use or is used for the storage, handling or production of other substances or their mixtures that could be harmful to the aquatic environment (including biocidal products and pesticides).

## **4. Circular economy, including waste prevention and recycling<sup>5</sup>**

The company supports the reuse and utilization of secondary raw materials and reused components in manufactured products (up to 90% of waste is recycled or reused in

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<sup>3</sup> Climate change adaptation - the activity is considered to significantly harm the environmental objective if it leads to an increased adverse impact of the current climate and the expected future climate, on the activity itself or on people, nature or assets, which means in practice that significant damage to the environmental objective can occur either (i) by not adapting an activity to the adverse impact of climate change when that activity is at risk of such impact (e.g. construction in a flood plain), or (ii) by improper adapting when adaptation are that protect one area (persons, nature or property) are introduced, but at the same time there are appropriate risks that in another area (e.g. the construction of a protective barrier around the land in a flood plain, which will cause the damage to move to a neighboring land that is not protected damage to neighboring land that is not protected).

<sup>4</sup> Sustainable use and protection of water and marine resources - the activity is considered to significantly harm the environmental objective if it is detrimental to the good status or the good ecological potential of bodies of water, including surface water and groundwater, or to the good environmental status of marine waters.

<sup>5</sup> Circular economy, including waste prevention and recycling - the activity is considered to significantly harm the environmental objective if it leads to significant inefficiencies in the use of materials or in the direct or indirect use of natural resources such as non-renewable energy sources, raw materials, water and land at one or more stages of the life cycle of products, including in terms of durability, reparability, upgradability, reusability or recyclability of products; if it leads to a significant increase in the generation, incineration or disposal of waste, with the exception of the incineration of non-recyclable hazardous waste; or if it leads to the long-term disposal of waste may cause significant and long-term harm to the environment.

production), as evidenced by, among other things, the Certificate of Ecological Waste Recovery<sup>6</sup>, issued by Detox, s.r.o., or the Certificate of compliance with packaging waste legislation<sup>7</sup>, issued by Natur-Pack, a.s., where the company's products (components) have a long service life and, like metal, are fully recyclable. The chosen method of production by pressing into molds also leads to the fact that the input material is used without any residue and there is no by-product, which would be a waste during production. The material is fully recyclable. Heavy metals are not used in the production, so the eventual disposal of the product does not result in increased burden on the environment. In order to reuse waste, the company has installed a wastewater treatment plant and also plans, among other things, to install heat recuperators that will use waste heat from the compressor station for sanitary water heating and office heating.

## **5. Pollution prevention and control<sup>8</sup>**

The company's activities do not include the production or use of hazardous substances in production, where hazardous substances are mainly hazardous substances within the meaning of EU legislation, namely persistent organic pollutants contained in Regulation (EU) 2019/1021, mercury or its compounds, including their mixtures and products under Regulation (EU) 2017/852 of the European Parliament and of the Council, ozone-depleting substances within the meaning of Regulation (EC) No 1005/2009 or chemicals listed in Regulation (EC) No 1907/2006. The absence of the use of the above-mentioned and other hazardous substances contributes to the prevention and reduction of pollution of environmental components, in particular the contamination of ground or surface water or the soil contamination, soil compaction or soil sealing.

## **6. The protection and restoration of biodiversity and ecosystems<sup>9</sup>**

The operation has no potential or actual impact on natural ecosystems and designated areas, whether they are biodiversity-sensitive areas, including the Natura 2000 network of protected areas, UNESCO World Heritage Sites and key biodiversity areas, as well as other protected areas or areas in their proximity. This fact is certified by the BB Natura 2000 Decision of the District Office in Banská Bystrica - Department of Environmental Protection, according to which the proposed activity will not have a significant impact on the Natura 2000 network of protected areas alone or in combination with another plan or project and therefore the proposed activity does not need to be assessed on compliance with the Act No. 24/2006 Coll.

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<sup>6</sup> [https://www.gevorkyan.sk/\\_files/ugd/8b4341\\_5d0c65fa68434e20b19d23e8c3981da3.pdf](https://www.gevorkyan.sk/_files/ugd/8b4341_5d0c65fa68434e20b19d23e8c3981da3.pdf)

<sup>7</sup> [https://www.gevorkyan.sk/\\_files/ugd/8b4341\\_f8fd1c8838664b8d931105d9c869262a.pdf](https://www.gevorkyan.sk/_files/ugd/8b4341_f8fd1c8838664b8d931105d9c869262a.pdf)

<sup>8</sup> Pollution prevention and control - the activity is considered to significantly harm the environmental objective if it leads to a significant increase in the emissions of pollutants into air, water or land, as compared with the situation before the activity started.

<sup>9</sup> The protection and restoration of biodiversity and ecosystems - the activity is considered to significantly harm the environmental objective if it is significantly detrimental to the good condition and resilience of ecosystems; or detrimental to the conservation status of habitats and species, including those of Union interest.

## Expert opinion

This document describes the potential impacts of GEVORKYAN's activities on all six environmental objectives defined by Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 establishing a framework for facilitating sustainable investment and amending Regulation (EU) 2019/2088, given the availability of current EU legislation as of the date below and is therefore in line with current requirements in the Sustainable Finance agenda.

Prague, 31 August 2021



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This document was created by GEVORKYAN in cooperation with Martin Zikmund, an expert of the Ministry of Finance of the Czech Republic in the field of sustainable financing and a member of the Member States Expert Group on Sustainable Finance set up by the European Commission.

The document was updated by GEVORKYAN as of March 31, 2022 with regard to the need to supplement the most up-to-date data and certificates.

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