

Steel at Any Cost

A community voice perspective on the impacts of
ArcelorMittal's operations in Vanderbijlpark,
South Africa

POLICY GAP 8



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The Bench Marks Foundation

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Table of Contents

List of Tables	i
Acronyms	ii
The Bench Marks Foundation	iii
Foreword	iv
Preface	v
Executive Summary	vi
1. Background	1
1.1 The problem.....	2
1.2 Research aims and objectives	2
2. Research methodology	4
2.1 Data collection	4
3. Analytical framework	6
3.1 Philosophy and the Bench Marks Principles	6
4. ArcelorMittal South Africa	9
4.1 Transition from Iscor.....	9
4.2 Terms of transfer of employees.....	9
4.3 Vanderbijlpark Works	10
4.4 Company vision	10
4.5 Safety policy	10
4.6 Environmental policy	11
4.7 Policy on skills and people	12
4.8 Legislation	12
5. Research findings	13
5.1 Literature review.....	13
5.1.1 Environmental impact.....	13
5.1.2 Steel and the economy	14
5.1.3 Working conditions.....	14
5.1.4 Community response	15
5.2 Profiles	15
5.2.1 Respondents' profiles	15
5.2.2 Community profile and socio-economic conditions	16
5.2.3 Profiles of illness and physical damage suffered	18
5.3 Community voices.....	21
5.3.1 Working conditions inside the plant – Health and safety.....	21
5.3.2 ArcelorMittal's attitude towards sick workers	23
5.3.3 Learnership conditions.....	25
5.3.4 Community safety and environment	26
5.3.5 Community support	27
5.3.6 Civil society voice	28

5.3.7 Crying ex-workers' voices	31
5.3.8 Old voices	31
5.3.9 Voices of unpaid ex-employees	33
5.3.10 Mixed voices (ex-workers, current workers and community members).....	33
5.3.11 Missing voice: ArcelorMittal	34
5.3.12 Missing voice: Government	35
6. Conclusion	36
6.1 Recommendations	37
6.1.1 ArcelorMittal	37
6.1.2 Government and state agencies	38
6.1.3 Litigation	38
6.1.4 Youth and community.....	39
6.1.5 Further research	39
References.....	40
Postscript	41
Annexure 1: Letters sent to ArcelorMittal	43

List of Figures

Figure 1: Map of the location of ArcelorMittal and its surroundings	1
Figure 2: Abridged evolution of ArcelorMittal South Africa	9
Figure 3: Environmental policy of ArcelorMittal	11
Figure 4: Respondent profile	16
Figure 5: Access to housing.....	17
Figure 6: Family size and income sources.....	17
Figure 7: General responses	18
Figure 8: Respiratory problems.....	19
Figure 9: Sensory problems	19
Figure 10: Physical damage.....	20
Figure 11: Other ailments	21

List of Tables

Table 1: Bench Mark Principles and Criteria applied in the study	8
Table 2: Critical legislation affecting ArcelorMittal's operations in South Africa.....	12
Table 3: Access to water	17
Table 4: Access to electricity.....	17
Table 5: Access to sanitation.....	18
Table 6: Civil society voice, VEJA.....	30
Table 7: Crying ex-workers' voices.....	31
Table 8: Elderly, ex-workers' voices on the plight of having worked in the steel factory	32
Table 9: Voices of unpaid ex-employees	33

Acronyms

CSR	Corporate social responsibility
EMP	Environmental Master Plan
FDI	Foreign Direct Investment
FGD	Focus group discussion
GDP	Gross Domestic Product
ILO	International Labour Organisation
KII	Key informant interviews
SHE	Safety, Health and Environment
SAHRC	South African Human Rights Commission
VEJA	Vaal Environmental Justice Alliance
WHO	World Health Organisation

The Bench Marks Foundation

The Bench Marks Foundation is an independent non-governmental organisation that aims to ensure that the operations of big corporations do not in any way undermine community life or destroy the environment. The Bench Marks Foundation is mandated by the churches to monitor the practices of multinational corporations to ensure that they respect human rights, operate in a way that protects the environment and do not externalise costs; that profit making is not done at the expense of other interest groups and that those most negatively impacted upon are heard, protected and accommodated. The Bench Marks Foundation's concern is that private corporations, often with the support of government leaders, make very large profits while communities suffer high levels of inequality and poverty. The Bench Marks Foundation is equally concerned about the destruction of air, water and soil resources that results from industrial activities such as mining.

The Bench Marks Foundation conducts research that is used to monitor multinational corporations. It works with local communities and networks to support them in engaging on a more level footing with multinational corporations and governments to bring about change in their practices. The Bench Marks Foundation promotes public awareness through media outlets, websites, blogs and Facebook. The Bench Marks Foundation further works to promote ideas on what constitutes good investment and corporate practice, and encourages church and other religious leaders to become more active in promoting responsible corporate investments.

The Bench Marks Foundation was set up by the South African Council of Churches (SACC), the Ecumenical Service for Socio-Economic Transformation (ESSET), Industrial Mission of South Africa, CDT Foundation and the Justice and Peace Department of the South African Catholic Bishops' Conference. Archbishop Desmond Tutu launched the Foundation in 2001 and an office was established in 2003 in Johannesburg. The Rt. Rev Dr Jo Seoka chairs the organisation and is the founding chairperson of the Foundation. The Bench Marks Foundation works with research organisations, NGOs, and religious and community organisations across the Southern African Development Community. Its international partners are:

- The Interfaith Centre on Corporate Responsibility (ICCR) – USA.
- The Taskforce on Churches & Corporate Responsibility (TCCR) – Canada.
- The Ecumenical Council for Corporate Responsibility – UK.
- The Christian Centre for Socially Responsible Investment – Australia.

Together with our international partners we share a measurement instrument called the *Principles for Global Corporate Responsibility – Bench Marks for Measuring Business Performance*, also known as the *Bench Marks Principles*. This is a comprehensive set of social, economic and environmental criteria and business performance indicators drawn from a body of internationally recognised human rights, labour and environmental standards and principles. These principles form an important basis for the research conducted by the Bench Marks Foundation, and is used to monitor the multinational corporations.

Foreword

I am pleased to release this study that brings out the voices of those who have experienced the impacts of ArcelorMittal's operations in the Vaal. The study shows both the impacts on the surrounding communities and the impacts on former and current workers. Those who fell ill working for Iscor, which is now ArcelorMittal, have sacrificed their health and future life prospects for the profits of the company. The surrounding communities are suffering from the negative health impacts of air, water and sound pollution from the operations of ArcelorMittal. The findings of this study show that the company fails to respect the right of workers and surrounding communities to live decent and healthy lives.

We start from the assumption that large corporations and their investors will not take action to ensure the interests of local communities and the protection of the environment, if left to their own devices. The Bench Marks Foundation therefore works to monitor the impacts of the operations of companies like ArcelorMittal. We believe that the starting point of economic life is the communities, and therefore we look specifically at the possible negative impacts on or benefits for these communities.

The *Principles for Global Corporate Responsibility - Bench Marks for Measuring Business Performance* is used as a basis for our studies. The Bench Marks Principles have been formulated by a number of faith-based organisations and non-governmental organisations from around the globe on what civil society considers constitutes responsible business behaviour. It is a tool which different organisations can use to implement meaningful economic, social and environmental sustainability measures. It is designed to help groups to move from an articulation of values to a set of principles, to concrete points of dialogue and action.

The overarching principles of the Bench Marks Foundation's research instrument call for:

- A sustainable system of production.
- Preservation of the broader social environment for present and future generations.
- A more equitable system for the distribution of economic benefits.
- Stakeholder participation, especially those most affected and exploited by companies' operations.
- The promotion of life and freedom for all humanity.

We hope the greed and culture of individualism that pervades our society and that is responsible for the growing inequalities and mass marginalisation of people's voices will begin to change. We need a redistributive economy based on fairness, equity and justice to prevail. I pray that those in power will see the error of their ways and recognise the principle of Ubuntu which implies "I am because you are". We need a caring society, one of selflessness, one of recognising that we share this world and if one person suffers, then so do we all.

This study shows that in the views of former workers and surrounding communities, ArcelorMittal shows little respect for their health and wellbeing. I hope that ArcelorMittal will take on the responsibility of righting the past injustices against former workers, and to ensure that communities in the Vaal can live healthy and fulfilling lives.

Rt. Rev Dr Jo Seoka

Chairperson – The Bench Marks Foundation

Preface

The Bench Marks Foundation's aim is to change corporate behaviour towards responsible business conduct that benefits communities and enhances the overall wellbeing of those most negatively impacted upon.

The true costs of ArcelorMittal's operations in Vanderbijlpark are not taken into account by the company, bearing in mind the negative environmental and health impacts on workers, ex-workers and local communities. ArcelorMittal must take responsibility for these impacts if it is to become a socially responsible corporation. The results of this study show that ArcelorMittal fails to meet the Bench Marks Principles for global corporate responsibility.

This study on ArcelorMittal was done in collaboration with the Vaal Environmental Justice Alliance (VEJA). VEJA members were vital to this study as they collected data and provided a civil society perspective on ArcelorMittal's operations. Through VEJA's involvement in the study, it became clear that ArcelorMittal performs poorly on transparency and engagement. The company would not meet with the researcher or complete the research questionnaire. In addition, VEJA's repeated attempts to obtain information from ArcelorMittal about its environmental master plan were made to no avail. This further shows the lack of engagement with civil society on the part of the company. We regret that ArcelorMittal did not respond to our request for the company to participate in the study.

We believe that it is crucial to highlight the voices of the affected communities, workers and ex-workers. The data collection was conducted in 2011, but the views expressed through these interviews remain as relevant today. Two open meetings were held with the community in the Vaal, in May and October 2012, to discuss the findings, recommendations and way forward for the report. These meetings strongly confirmed the relevance of the voices that come out of this study.

We hope that this report can provide valuable information to all stakeholders and contribute towards holding ArcelorMittal accountable to workers, ex-workers and the surrounding communities.

John Capel

Executive Director – The Bench Marks Foundation

Executive Summary

Foreign Direct Investment (FDI) is an important component of the South African economy in respect of its potential contributions to the country's economic growth as measured by the Gross Domestic Product (GDP), employment creation and general socio-economic development. However, there is a general tendency by government to only look at the macro-economic indicators of development when discussing investment while often neglecting good corporate governance and ethical and social responsibility. Discussions on these issues are therefore missing when negotiations for FDI are made at higher levels. Only once companies have started operating, is the downside of the investments experienced. In most cases, investment negotiations neglect the inclusion of local people who eventually bear the brunt of the negative environmental and social impacts.

In an attempt to bring this under check, the Bench Marks Foundation developed the *Principles for Global Corporate Responsibility: Bench Marks for Measuring Business Performance* (known as the *Bench Marks Principles*). In its preface to the *Bench Marks Principles*, the Bench Marks Foundation stresses its commitment to “*providing leadership and advocacy on issues regarding benchmarking for good corporate governance, ethical and socially responsible investment as well as linking people and institutions committed to these ideals.*” The view is that investments by multinational companies should not only focus on macro-economic outcomes, but should also empower communities through inclusive and responsible production in areas where they operate.

This study is part of an interest by the Bench Marks Foundation to fulfil its mandate as well as provide a basis for civil society groups and local communities in Vanderbijlpark, South Africa to take on what is believed to be an inconsiderate investment operation by ArcelorMittal. ArcelorMittal is a giant steel manufacturing company with steel plants on virtually every continent in the world. Unfortunately, ArcelorMittal has built an unpopular reputation for itself – that of taking over unviable steel plants, investing in them, and making huge profits at the expense of the employees and communities around them. This is manifest in unfair labour practices and environmentally unfriendly methods of production and waste disposal. Ever since ArcelorMittal South Africa took over from Iscor (a government-owned enterprise) in 2004, the situation in and around Vanderbijlpark has not improved. There has been widespread outcry over the company's labour policy that has made it difficult for both current and former employees to claim compensation for the different health conditions they have suffered. Using the *Bench Marks Principles*, this study assesses ArcelorMittal's level of commitment to good corporate governance and ethical and socially responsible investment that would ensure sustainable communities.

A key part of the study's methodology was the use of participatory methods in what we have come to call *community voices*. The rationale behind this approach was to benchmark the steel company through the lenses of the community i.e. residents, employees, ex-employees and civil society organisations that campaign for environmental justice and good corporate social responsibility. Hence, participants in the data collection exercise came from these groupings and serve as a big plus for the project as the critical areas were reached and the pertinent issues were discussed and interrogated. A total of 140 interviews were successfully conducted and one focus group discussion was carried out, to which members of the media were invited.

While most of the revelations of the study are not new, it is the extent to which different groups are affected by the presence of ArcelorMittal and its operations in the area that is shocking. Interviewees

reported that they were affected in a variety of ways ranging from pollution, hazardous working conditions, unfair labour practices and deteriorating living conditions, the scale of which is unacceptably high.

The analyses of these revelations were then used to benchmark ArcelorMittal against the set principles and criteria laid out in the *Bench Marks Principles*. On the whole, ArcelorMittal scores very badly in all the major indicators selected and used in the analysis. For objective purposes, we have tried to let the different voices speak for themselves. While pollution of the environment is an issue, compensation for labour in terms of remuneration, injury and general benefits come out very strongly as the major shortcomings of ArcelorMittal. Working conditions inside the plant leave a lot to be desired with a high level of fatalities alleged, yet such information is not made public. The refusal by the company to take part in the research so that the voice of the company could be heard, added to the low ranking that we place on ArcelorMittal in terms of lack of transparency.

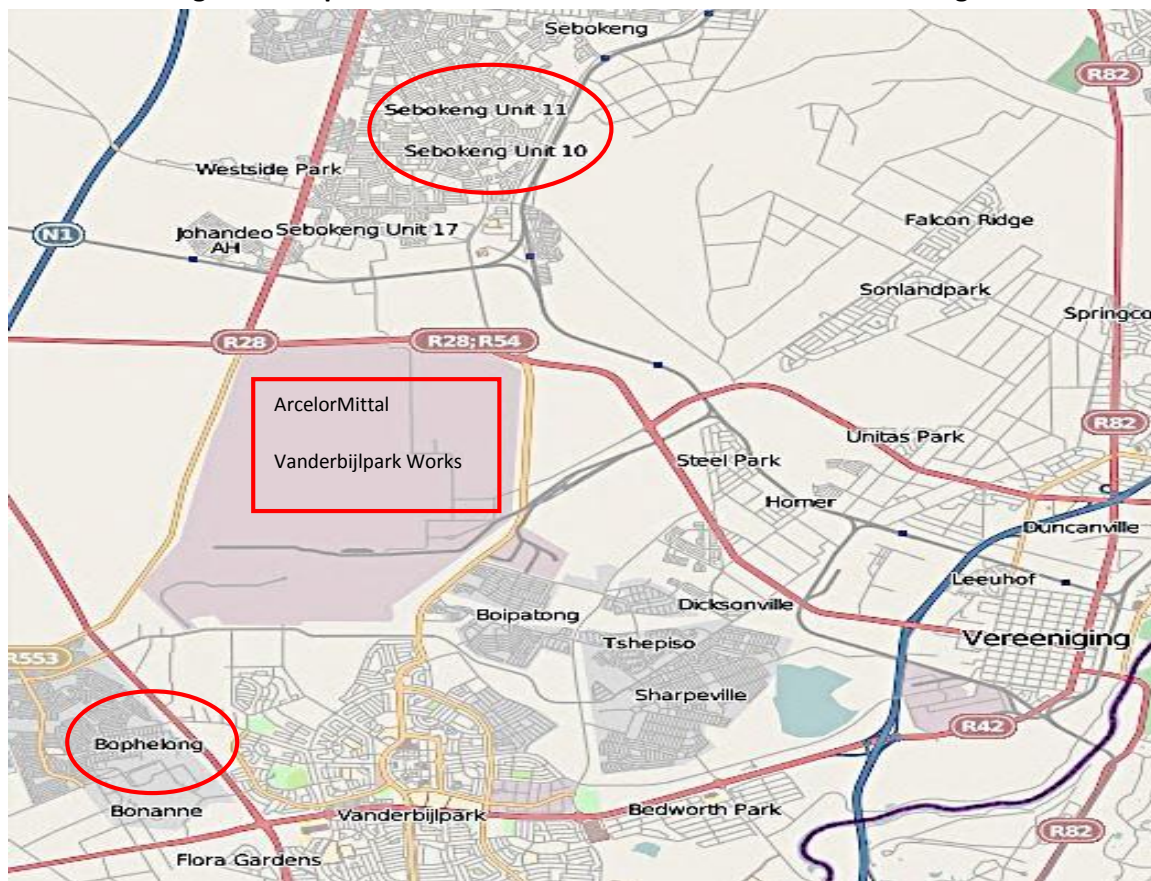
A number of positives were reported where ArcelorMittal scored better e.g. educational support through the construction of a science centre, renovations on some community houses and cooperation with other groups on programmes dealing with HIV/AIDS. However, some of the efforts by ArcelorMittal have been described by members of the community as misdirected and carried out in a non-transparent manner, because they are not addressing the real issues that ArcelorMittal is being accused of i.e. pollution, unpaid monies for current and ex-workers, hazardous working conditions and discriminatory labour practices.

It is our hope that this study will form the basis of any advocacy campaign designed to improve conditions for both workers and the communities in and around Vanderbijlpark. We also hope that these voices reach all those in authority and those who have powers to change the plight of the poor who live at the mercy of large corporations across the world.

1. Background

Vanderbijlpark has its history and legacy as a steel producing area stretching back to the 1920s. It is home to the international steel giant, ArcelorMittal South Africa, whose plant is located in the northern part of the town. Vanderbijlpark is a small industrial town located in the Sedibeng District Municipality of Gauteng Province. It is one of the three towns that constitute what is generally referred to as the Vaal Triangle, together with Sasolburg in the south and Vereeniging in the east. The town, which is managed by the Emfuleni Local Municipality, lies about 70 kilometres from Johannesburg and has an estimated population of over 80 000 people. Most of these people, who are generally poor, live in the high-density areas of Boipatong, Bophelong, Bonnane and Flora Gardens, with some living in informal settlements such as Joko Tea. Figure 1 shows the position of ArcelorMittal, with Sebokeng and Bophelong marked on the map.

Figure 1: Map of the location of ArcelorMittal and its surroundings¹



ArcelorMittal South Africa Limited is the largest steel producer on the African continent with its headquarters in Vanderbijlpark, and a production capacity of 7.8 million tonnes of liquid steel per annum. It has over 9000 employees and recorded revenue of R30 billion in 2010.² The company has a depth of technical and management expertise carefully nurtured since 1928 and has a clearly defined business focus. Such attributes have made the organisation highly competitive in the supply of steel and steel products in both domestic and global markets. There is absolutely no doubt that the steel

¹ Adapted from OpenStreetMap, www.openstreetmap.org. Accessed on 03.04.2013.

² ArcelorMittal South Africa, Company Overview, <http://www.arcelormittalsa.com/Company/Overview.aspx>. Accessed on 03.04.2013.

industry in South Africa is making a positive contribution to the country's Gross Domestic Product (GDP).

ArcelorMittal claims that it aspires to the highest standards of corporate social responsibility (CSR) and takes seriously its duty to ensure that the steel production processes take place in a safe and sustainable manner. However, anecdotal evidence seems to be pointing to the fact that this aspiration is not realised in practice (see sections 5.1 – 5.3). The steel operations have had a negative impact on the physical environment, employees, and communities in and around the area. This raises questions about the extent to which ArcelorMittal is committed to adhering to its CSR principles and the claims upheld.

In an attempt to bring this under check, the Bench Marks Foundation developed the *Principles for Global Corporate Responsibility: Bench Marks for Measuring Business Performance* (known as the *Bench Marks Principles*). These principles are divided into 2 levels: The wider community and the corporate business community. On the level of the wider community, the principles are:

- To minimise environmental degradation and health impacts.
- To have responsibility for the environmental impact of its production processes, products and services throughout the life cycle.
- To respect the inclusive involvement of all stakeholders in developing civil society partnerships and host community agreements.

On the level of the corporate business community, the principles are:

- To ensure that each employee is treated with respect and dignity.
- To maximise long-term contractual relationships with its employees and to safeguard their future employability.
- To provide a working environment that supports health and wellness.

In its preface to the *Bench Marks Principles*, the Bench Marks Foundation stresses its commitment to “providing leadership and advocacy on issues regarding benchmarking for good corporate governance, ethical and socially responsible investment as well as linking people and institutions committed to these ideals.” The view is that investments by multinational companies should not only focus on macro-economic outcomes, but should also empower communities through inclusive and responsible production in areas where they operate.

1.1 The problem

The previous concerns about the environment, labour and the community remained unresolved even under the new leadership with a supposedly “better” CSR policy. Many people were retrenched before and after the takeover in 2004 and the majority had not been able to receive their pensions since then and are no longer receiving services they used to get in the past in the areas they live.

1.2 Research aims and objectives

Given the level of pollution in the area, the impact on the health and safety of workers and the supposedly unfair treatment of ex-workers by the steel company, this study aimed to investigate through a *community voice* approach, the extent to which ArcelorMittal implemented its corporate

social responsibility policy and how well it scores against the *Bench Marks Principles*.³ This study sought to make the following investigations into a number of interrelated issues from a *community voice* perspective:

- To provide a literature review on the location and functioning of ArcelorMittal South Africa, in Vanderbijlpark.
- To assess how the use of the Bench Marks Principles impacts the extent to which ArcelorMittal South Africa affected communities in the Vanderbijlpark area.
- To explore the nature and extent of ArcelorMittal and its operations in the Vanderbijlpark area.
- To investigate the main socio-economic challenges faced by communities in dealing with the environmental impact(s) of steel production in the Vanderbijlpark area.
- To establish profiles of workers and ex-workers on *inter alia*, illness and physical damage suffered.
- To understand community voices on environmental issues, working conditions, interventions and commitment by ArcelorMittal, and commitment by local government.
- To provide logical conclusions and recommendations.

³ Bench Marks Foundation, *Principles for Global Corporate Responsibility: Bench Marks for Measuring Business Performance* (Johannesburg: Steering Group of the Global Principles Network, 2003).

2. Research methodology

This research project was part of a long-time desire by the Bench Marks Foundation to understand the plight of the people in the Vaal Triangle area and their relationship with the steel manufacturer, ArcelorMittal, South Africa. Knowledge and investigation were required on three main issues:

1. The environmental impact of steel manufacturing in the area.
2. The plight of former and current employees' vis-à-vis the company's labour and compensation policies.
3. The company's policy on corporate social responsibility.

The focus of our research was to understand these issues from a community perspective. The study aimed to extract as much information as possible to understand the nature and extent of the problems that the people in the area are facing by:

1. Living in close proximity to the steel manufacturing company.
2. Working for the company.
3. Having worked for the company.

Four communities were chosen in the Vaal Triangle, namely: Bophelong; KwaMasiza; Joko Tea and Sebokeng. The rationale for choosing these sites was threefold. Firstly, in terms of the environmental impacts, these communities were the closest to the operations of ArcelorMittal in Vanderbijlpark, hence the most vulnerable and most affected. Secondly, they were the main source of semi-skilled and unskilled labour for ArcelorMittal and hence had the majority of both current and former workers of ArcelorMittal and thirdly, they formed the immediate environment of the steel manufacturing and should be the immediate beneficiaries of any policy relating to corporate social responsibility by ArcelorMittal. These three aspects placed these communities in both strategic and vulnerable positions and allowed this research to use their *community voices* to test the levels of corporate social responsibility shown by ArcelorMittal.

One of the important dimensions of the research was based on how the corporate identity of the steel manufacturing industry framed the relationship between the organisation and its employees. It is well understood and documented that ArcelorMittal South Africa was once a government-owned company under the name "Iskor" and is now a private company. Major issues relating to the new company's labour policy, corporate social responsibility and more recently, corporate public relations, have been in the forefront. Apart from the most obvious environmental concerns, other issues relating to physical working conditions and compensation for injury and medical conditions caused by working in the steel plant were of great concern both to employees and residents, environmental activists, as well as researchers.

2.1 Data collection

At first, a literature review was carried out during August and November 2011 to obtain information regarding company operations, company policy, production and impact on the environment. Various forms of secondary data such as annual reports and policy documents, research reports and print media reports were consulted to obtain background information on ArcelorMittal. The greater part of the research recorded *community voices* of experiences with the steel plant operations.

Secondly, preparatory workshops were facilitated during August and September 2011 to train 140 fieldworkers on how to collect primary data with the questionnaire in 4 communities (35 fieldworkers in each community).

Subsequently, the actual primary data collection took place from October to November 2011 by means of structured survey interviews to fill out the 140 questionnaires.

The structured survey was intended to collect detailed information from community residents, particularly current and ex-employees of the steel company and/or members of their families. Life stories were also an important feature of these interviews.

The focus group discussions were a very useful method that was employed to collect information in a collective manner. This helped to balance, confirm or refute some of the important issues that emerged from the structured individual interviews.

The key informant interviews were the biggest challenge for this research. These interviews were intended to be held with ArcelorMittal officials in the Human Resources and Public Relations departments. Repeated attempts were made to seek audience with the officials, but to no avail. Letters were also sent to ArcelorMittal's offices in Vanderbijlpark and the head office in London on the 12th and 17th of April 2012 (see Annexure 3), requesting the company to fill out an extensive questionnaire based on the *Bench Marks Principles*. However, the questionnaire was not returned. This is not the first time such attempts have been made without success, in trying to understand the company's poor public relations.

3. Analytical framework

Global corporate responsibility is the basis and focus of this particular research. Much has been said and written about ArcelorMittal and its reputation, not only in South Africa, but also across the world where the company operates. However, very few studies have used benchmarking principles to assess the extent to which ArcelorMittal has affected communities in areas where it operates. The philosophy of global corporate responsibility and relevant principles for benchmarking are presented in this section and provide the framework for the analysis of ArcelorMittal Steel in Vanderbijlpark.

The uniqueness of this study in relation to other earlier studies done on ArcelorMittal is that it uses *community voices* to benchmark the steel company's performance in relation to the basic principles of global corporate responsibility. The *Bench Marks Principles'* aim is to:

*"...measure the global economy not only by what it produces, but also by its impact on the environment, how it touches human life and whether it protects the dignity of the human person."*⁴

3.1 Philosophy and the Bench Marks Principles

The basis for the analysis applied in this report is premised on the *Bench Marks Principles*. These are the principles to which the Bench Marks Foundation and other faith-based organisations subscribe. A complete set of these principles is laid out in the Bench Marks Foundation's publication: *"Principles for Global Corporate Responsibility: Bench Marks for Measuring Business Performance"* which was published in 2003. The purpose of the principles set therein is meant to:

*"...promote positive corporate social responsibility consistent with the responsibility to sustain the human community and all creation."*⁵

Such principles are also propagated within the context of faith in which a belief to promote and protect human rights is upheld. The minimum standards expected of all institutions including corporates are: civil, political, social, religious, cultural and economic rights.⁶ This research interrogated a range of issues relating to the operations of ArcelorMittal in the Vaal area vis-à-vis the *Bench Marks Principles*.

ArcelorMittal is a large company with a long history of existence albeit under a different proprietorship. This means that its corporate culture can be traced from previous years to the present and an assessment made to check if the company has lived up to good standards of corporate citizenry i.e. promotion of a sustainable community. There are a number of issues that this report highlights with regard to violations of the *Bench Marks Principles*, and the key concerns are outlined in the following paragraphs.

The nature of operations at ArcelorMittal is not something that society or the company itself can wish away. In any steel production process the emission of pollutants is unavoidable. Large amounts of pollutants are generated in the process, given the use of chemicals, coal and water in large quantities.

⁴ Bench Marks Foundation, *Principles*, ii.

⁵ Ibid., 1.

⁶ Ibid.

To a large extent the by-products of the process are toxic and are a danger to the immediate environment if they are not properly disposed of.

Steel production is largely a labour-intensive industry and hence employs a large labour force. Given the dangerous environment in which the labourers work it is important that safety standards and conditions are provided for so as to reduce the impact on the workers. Workers are employed for an income that they use to support themselves and their families. This means the livelihoods of a large part of the community are reliant on income from employment in the steel company. Any loss of employment due to injury, illness or death means loss in income to the society at large.

A key issue emanating from the preceding point is that of compensation. A company that does not create a safe environment is liable to face claims for compensation from victims of injury, illness or death. This is inconsistent with a private company that is aimed at maximising profits. However, there is often an underestimation of labour productivity by companies. The physical health of individuals within the company is a main determinant of the labour productivity i.e. the amount of hours worked as well as individual outputs.

The community is a very important element of organisational success and is also a good measure of the company's corporate social responsibility. The surrounding areas of ArcelorMittal not only consist of built-up residential areas, but also consist of farming communities and for many years, people and livestock have suffered the effects of pollution from steel production in the area.

Another key question discussed in this research report is onus. Employees have suffered the effects of working in hot and hazardous steel mills and the community at large has suffered the effects of pollution in different ways. Pollution affects the people physically, their environment (air and water) and their livestock (for those living in surrounding farming areas). While it may seem obvious that people have suffered the effects of pollution from ArcelorMittal, attributing it to the company has not been easy. There is some degree of failure to honour responsibility by ArcelorMittal for the bulk of the impact on the workers and the environment as indicated by many respondents interviewed. Most worrying is the act of placing the onus of proof on the workers and community to prove that they are suffering illness and loss of productive land and livestock as a result of pollution from steel production. This process has made claims for compensations onerous.

According to the *Bench Marks Principles* there are a number of expectations demanded from a company, particularly one that pollutes the environment and one whose working environment is hazardous, such as ArcelorMittal. Some of the clauses particularly relevant to this study are summarised in Table 1 below. It is important to note however that some of these principles cut across the various broad goals of corporate social responsibility and some not appearing in the table are discussed in relation to *community voices* in the findings section.

Table 1: Bench Mark Principles and Criteria applied in the study⁷

Scale and subscale		Principle	Criteria	Bench marks
The Wider Community	Ecosystem	1.1.P.1: To minimise environmental degradation and health impacts, the precautionary principle is the overriding principle guiding action, shifting the burden of proof from one of proving environmental harm to one of proving environmental safety.	1.1.C.1: A company-wide environmental code has been adopted and implemented.	1.1.B.2: Environmental assessments are made periodically and include, but are not limited to - environmental impact - physical infrastructure impact - social infrastructure impact and - cumulative (synergistic) impact.
		1.1.P.4: The company has responsibility for the environmental impact of its production processes and its products and services throughout the life cycle of these products and services.	1.1.C.7: Where environmental damage does occur, every effort is made by the company to reduce its impact immediately, to provide technical data to those working on the containment and repair, to restore the damaged ecosystem and ensure measures are taken to redress injuries to person caused by environmental hazards created by the company.	1.1.B.8: On-going performance evaluation is conducted and the results are periodically audited by an independent auditor. The results are reported to stakeholders.
	Local communities	1.3.P.4: The company respects the inclusive involvement of all stakeholders in developing civil society partnerships and host community agreements.	1.3.C.9: The company recognises various stakeholders groups and establishes an inclusive and exhaustive consultation process with them.	1.3.B.4: The company develops specific indicators (such as local employment, natural resources, health, infrastructure, preservation of cultural values) to measure how it contributes to community sustainability and reports publicly.
The corporate business community	THE EMPLOYED Conditions	2.1.P.4: The company ensures that each employee is treated with respect and dignity.	2.1.C.8: The company recognises the responsibilities of all its workers to their families, and provides paid maternity, paternity and family and compassionate leave.	2.1.B.1: The company adheres to ILO conventions regarding basic employment practices, equal opportunity, and the elimination of all forms of discrimination.
		2.1.P.6: The company seeks to maximise long-term contractual relationships with its employees and to safeguard employees' future employability.	2.1.C.16: The company implements a standard grievance procedure allowing for progressive steps and channels to resolve grievances, where in the case of a grievance not being resolved at company level, provision is made for employee to follow the appropriate route. The company undertakes to inform workers of their rights and assist them in this regard.	2.1.B.4: The company pays at least legally mandated benefits as a minimum standard.
	THE EMPLOYED Health and Safety	2.2.P.1: The company provides a working environment that supports health and wellness.	2.2.C.1: The company adopts specific policies to ensure that the workplace is free from toxic substances and all kinds of risks, is properly ventilated and appropriate, protective equipment and hygienic bathrooms and changing rooms for workers, especially for women and young workers, are provided.	2.2.B.4: The company accepts independent monitoring by civil society groups and qualified inspectors and provides access for the inspection of plant facilities. The company agrees to take action to rectify any problems in a timely fashion.

⁷ Bench Marks Foundation, *Principles*.

4. ArcelorMittal South Africa

This section looks at how ArcelorMittal South Africa operates based on the information available on the company's website. This information was assessed with the view to understand the following aspects relating to ArcelorMittal South Africa division:

- a) The transition from Iscor to ArcelorMittal.
- b) Terms of transfer of employees.
- c) Vanderbijlpark Works.
- d) Company policy on:
 - Safety.
 - Compensation.
 - Environmental protection.
 - Corporate Social Responsibility.
- e) Legislation.

4.1 Transition from Iscor

Steel production has a history that stretches as far back as 1912 in South Africa, with the formation of the United Steel Corporation of South Africa Limited. Iscor was then founded in 1928 and in June 2004, Mittal Steel took over from Iscor. The figure below shows an abridged timeline of the development of steel production in South Africa.

Figure 2: Abridged evolution of ArcelorMittal South Africa ⁸

1928	Iscor founded
1989	Iscor privatised and listed on the JSE
1996	Iscor embarks on major restructuring programme
2001	Unbundling of steel and mining into Iscor and Kumba
2002	Iscor gets into strategic partnership with LNM & BAA start-up
2004/5	LNM lifts stake to 52% and changes name to Ispat Iscor
2005	LNM Holdings and Ispat merge to form Mittal Steel
2006	Mittal Steel merges with Arcelor to form ArcelorMittal
2007	Name changes to ArcelorMittal South Africa

4.2 Terms of transfer of employees

There are no specific details provided by ArcelorMittal (at least from available information on the website) on the conditions under which workers were transferred to the new owners.

⁸ Adapted from ArcelorMittal South Africa, "The History of Arcelormittal in South Africa," <http://www.arcelormittalsa.com/Portals/0/The-History-of-ArcelorMittal-South-Africa.pdf>. Accessed on 03.04.2013.

4.3 Vanderbijlpark Works

According to ArcelorMittal, the Vanderbijlpark Works is one of the largest inland steel works in the world.⁹ It was built in the 1940s as the second steel works in South Africa following a failure to cope with demand of the first steel works in Pretoria, and was officially opened in 1952.¹⁰ This resulted in the formation of the town of Vanderbijlpark, which is surrounded by a number of high and low-density townships.

4.4 Company vision

ArcelorMittal South Africa has its vision as: “to be the preferred supplier of steel solutions for the development of Sub-Saharan Africa”¹¹ which they hope to achieve through inter alia:

- a) Producing safe, sustainable steel.
- b) Pursuing operational excellence in all business processes.
- c) Caring for the environment and communities in which they operate.
- d) Becoming an employer of choice.

The research was aimed at assessing the extent to which the company abides by its policies, strategies and goals from a community perspective. In other words, it was designed to assess whether ArcelorMittal “practices what it preaches”, using its Vanderbijlpark steel works as an example. As the findings will show, there seem to be great variance between the “talk” (as in written company policy) and the “walk” (practice on the ground).

4.5 Safety policy

According to ArcelorMittal South Africa, safety, health and wellness are company priorities, which they implement under the guidance of their Safety, Health and Environment (SHE) policy.

“The wellbeing of our workforce and contractors is our number one priority. A strong health and safety culture is instilled at every level of the company and is supported by a robust set of safety standards. The company is committed to continuous safety improvement to reach its goal of zero fatalities and injuries.”¹²

This is in line with benchmarking principles on safety. The company realises the strong link between health and productivity. Hence, the company has on paper committed itself to the following:¹³

- a) Occupational health and hygiene.
- b) Having a SHE Committee of the Board to oversee all issues relating to occupational health and hygiene.

⁹ ArcelorMittal South Africa, "Operations: Vanderbijlpark Works – Overview," <http://www.arcelormittalsa.com/Operations/VanderbijlparkWorks/Overview.aspx>. Accessed on 04.04.2013.

¹⁰ ———, "The History of Arcelormittal in South Africa."

¹¹ ArcelorMittal South Africa, "Vision, Mission & Objectives," <http://www.arcelormittalsa.com/Company/Visionmissionobjectives.aspx>. Accessed on 03.04.2013.

¹² ArcelorMittal South Africa, "Sustainability: SHE," www.arcelormittalsa.com/Sustainability/SHE.aspx. Accessed on 03.04.2013.

¹³ Ibid.

- c) Legal and moral responsibility to protect the health of its workers.
- d) Identify, manage and eliminate any undesirable impacts that its operations may have on the health of employees, contractors and any other stakeholders on our premises.
- e) Holistic approaches to HIV/Aids.
- f) Managing our environmental impact: *"The company recognises that the steelmaking process and its waste and by-products have many potentially harmful effects, which include the emission of CO₂ gases as a result of the considerable carbon used to manufacture steel, particulate and other air emissions such as SO₂, the disposal of slags and other waste, water consumption, pollution and wastage, and energy consumption."*¹⁴
- g) *"Compliance with current environmental legislation in South Africa is viewed as **non-negotiable** and the company is co-operating with all relevant regulators and government departments."*

The policy focuses more on reducing occupational hazards in the workplace and there is no explicit statement on what happens to those injured or fallen ill as a result (both in the workplace and community) of the hazardous process of steel production.

4.6 Environmental policy

ArcelorMittal has an environmental policy that follows international principles agreed upon in Luxembourg in 2007. These are listed in the figure below from one of ArcelorMittal's environmental policies. These tenets are in line with the *Bench Marks Principles*.

Figure 3: Environmental policy of ArcelorMittal ¹⁵



¹⁴ Ibid.

¹⁵ ArcelorMittal South Africa, "Sustainability: Environment," <http://www.arcelormittalsa.com/Sustainability/Environment.aspx>. Accessed on 03.04.2013.

4.7 Policy on skills and people

The company aims to:¹⁶

- a) Retain high quality personnel.
- b) Develop staff and a performance driven “culture”.
- c) Integrate performance-reward systems.
- d) Provide skills development and training programmes. (Currently, 5% of the company’s payroll is spent on training programmes – R60 million in 2008 and a budgeted R80 million in 2009).

4.8 Legislation

ArcelorMittal reports that its South African operations are affected and guided by a range of legislative acts and regulations. Table 2 provides a list of legislation that ArcelorMittal considers as critical.

Table 2: Critical legislation affecting ArcelorMittal’s operations in South Africa ¹⁷

<ul style="list-style-type: none">• Basic Conditions of Employment Act• B-BBEE Codes of Good Practise• Competition Act• Constitution of The Republic of South Africa Act 108 of 1996• Electronic Communications and Transactions Act• Employment Equity Act• Financial Intelligence Centre Act 38 of 2001• Labour Relations Act• Mines and Works Act	<ul style="list-style-type: none">• National Environmental Management Act• National Water Act 36 of 1998• Occupational Health and Safety Act• Promotion of Access to Information Act 2 of 2000 (PAIA)• Promotion of Access to Information Act• Promotion of Access to Information Act - Annexure 1• Protected Disclosures Act 26 of 2000• Skills Development Act
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¹⁶ ArcelorMittal South Africa, "Sustainability: People," www.arcelormittalsa.com/Sustainability/People.aspx. Accessed on 03.04.2013.

¹⁷ ArcelorMittal South Africa, "Company: Legislative," <http://www.arcelormittalsa.com/Company/Legislative.aspx>. Accessed on 03.04.2013.

5. Research findings

Given the level of pollution in the area, the impact on the health and safety of workers and the supposedly unfair treatment of ex-workers by the steel company, this study aims to investigate through a *community voice* approach, the extent to which ArcelorMittal has implemented its corporate social responsibility policy and how well it scores against the *Bench Marks Principles*.

The aim of this section provides the findings of this research report by the following: Firstly, a literature review on the impact of ArcelorMittal on the environment, communities and fair labour practices is presented. Secondly, quantitative data on the profiles of respondents, community profiles, socio-economic conditions, illnesses and physical damage suffered by respondents is provided. Thirdly, interviews with respondents are presented to provide views from a community voice perspective.

5.1 Literature review

The rise of ArcelorMittal as a global steel giant has been described as one of the great wonders of the business world according to an earlier report by Aitken.¹⁸ Success in business has resulted in great personal wealth for Lakshmi Mittal who has been rated among the top ten richest persons in the world. ArcelorMittal is the biggest steel company in the world and owns steel mills in 14 countries. The success of the company has coincided with the exploitation of weaker national laws and political wrangling. In the last three decades Mittal has bought up old, rundown state-owned steel factories in places like Trinidad, Mexico, Poland, Czech Republic, Romania, Algeria and South Africa. However, it has been unfortunate that the cost of Mittal's success has largely been paid for by the communities living and working near the company's plants. Mittal steel has a reputation for prioritising productivity over the environment, communities and fair labour practices in countries where it operates steel mills, including South Africa.¹⁹

5.1.1 Environmental impact

The same report details a number of issues that pitch ArcelorMittal as a company with a "rusty" track record, not only at its operations in South Africa, but also in the northern and the southern hemispheres at large. The main issues are:

- Persistent exploitation by the company coupled with neglect by governments.
- Flouting of environmental laws.
- Poor record of resolving grievances.²⁰

The report notes that the main driver of these problems is the company's approach to cut costs of its steel plants at the expense of the health and safety of workers and the immediate environment.²¹ Such an approach is contrary to *Bench Marks Principle 1.1.P.1* which requires that companies seek to minimise environmental degradation and health impacts as a precautionary and overriding principle guiding action.²²

¹⁸ Greig Aitken, ed., *In the Wake of Arcelormittal: The Global Steel Giant's Local Impacts* (London: CEE Bankwatch Network, 2008), 6.

¹⁹ Ibid.

²⁰ Ibid., 7.

²¹ Ibid.

²² Bench Marks Foundation, *Principles*, ii.

Steel production is by nature a polluting industry. The production of steel requires use of coal to smelt the iron ore. Coal combustion alone has its own waste by-products that pollute the environment and ore smelting has its fair share of pollution during the production process. The industry also uses plenty of water and the Vanderbijlpark Steel Works alone uses 6.6 mega litres of water per day.²³ There is evidence that ArcelorMittal is disposing of this water through effluent dams that are not lined properly or not lined at all. Hence, waste water seeps through and finds its way into the groundwater. Evidence from surrounding farms and the residents bear testimony to massive underground water pollution which has negatively impacted on agricultural activities in the area.

5.1.2 Steel and the economy

The manufacturing sector occupies a key position in the South African economy in general and in Gauteng in particular, given the concentration of industries in the province. Steel production is central to the South African economy based on the cross-linkages that exist between the steel industry and other primary and secondary industries that use steel and steel production. ArcelorMittal South Africa has a stake of more than 80% in the local steel market.²⁴ There is no doubt that the steel industries and the users of the steel industry employ a significant portion of the labour market. According to Statistics South Africa's employment figures for 2011, the manufacturing sector is the fourth largest employer in Gauteng.²⁵ The steel industry's reliance on iron ore and coal means that steel production also boosts activities in the mining and transport sectors. The transition from Iscor to Mittal is well documented.²⁶ Part of the problem of the current labour woes emanates from this transition. The 1990s decade was not a good decade for the steel industry generally and the South African steel industry was not spared. Losses by what was then called Iscor, led to a series of events and decisions determined to save the industry from collapsing as well as retaining thousands of jobs that were threatened with extinction.

5.1.3 Working conditions

A critical issue, which is one of the main subjects of this research, is the issue of labour. The principle of labour dignity, compensation for injury and illness has been a subject of much discussion and reporting in the media even from the time when the steel plant was being operated by the state as Iscor. An analysis of media reports since then reflects the following main issues at the centre of contestations over the years:

- The physical working conditions in the steel plant and conditions of employment leave a lot to be desired and have left many unemployable or dead.
- Seeking redress in the form of compensation is an arduous, gruelling and onerous exercise often done with little or no success.

²³ Jacklyn Cock and Victor Munnik, *Throwing Stones at a Giant: An Account of the Steel Valley Struggle against Pollution from the Vanderbijlpark Steel Works* (Durban: Centre for Civil Society, University of KwaZulu-Natal, 2006), 11.

²⁴ Ibid., 7.

²⁵ Statistics South Africa, "Midyear Population Estimates 2011," <http://www.statssa.gov.za/publications/populationstats.asp>. Accessed on 03.04.2013.

²⁶ See Nancy L. Clark, *Manufacturing Apartheid: State Corporations in South Africa* (New Haven & London: Yale University Press, 1994).

- There is a realisation by ArcelorMittal that compensation would cost them massive amounts of money and where possible, they try to avoid it.

5.1.4 Community response

The problems caused by ArcelorMittal in the steel valley have not gone unchallenged through both formal and informal means.²⁷ These struggles date back to the apartheid era. The Vaal Environmental Justice Alliance (VEJA) which was formed in January 2004 is a vibrant organisation comprising a number of different groups and organisations which are intensifying the struggle for the attainment of environmental justice in the Vaal Triangle. The voice of VEJA has been recorded in this study and has made a significant contribution to the understanding of the complex relations between ArcelorMittal and its employees, ex-employees and the community.

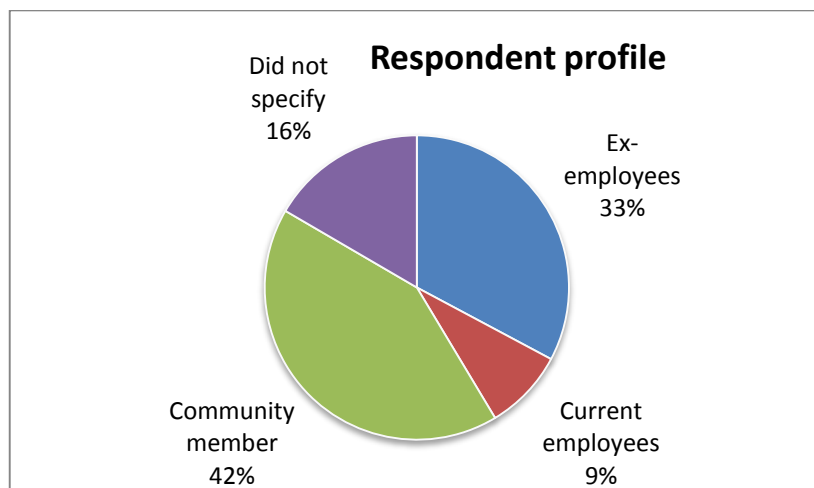
5.2 Profiles

This section gives a detailed account of the findings of the research. As indicated in earlier sections, the research not only intended to understand the living and working conditions of ex- and current workers alone, it was targeted at the general community as well. Members of the community were interviewed and gave their views of ArcelorMittal and its operations in Vanderbijlpark. This made it possible to give a fairly comprehensive benchmarking result from a *community voice* perspective. Some voices that were intended to form part of the report could not be included as they were either unavailable or refused a request to have audience with them. However, this act of refusal has been used in the benchmarking process as well.

5.2.1 Respondents' profiles

The breakdown of the respondents showed that a total of 140 respondents were successfully interviewed.

Figure 4: Respondent profile



The profile of the respondents was such that 33% of the respondents were ex-workers of ArcelorMittal (some worked while it was still Iscor while others served their working term in both phases of the

²⁷ See Cock and Munnik, 2006, *Throwing Stones* for a detailed account of the struggles against steel pollution in the Vaal.

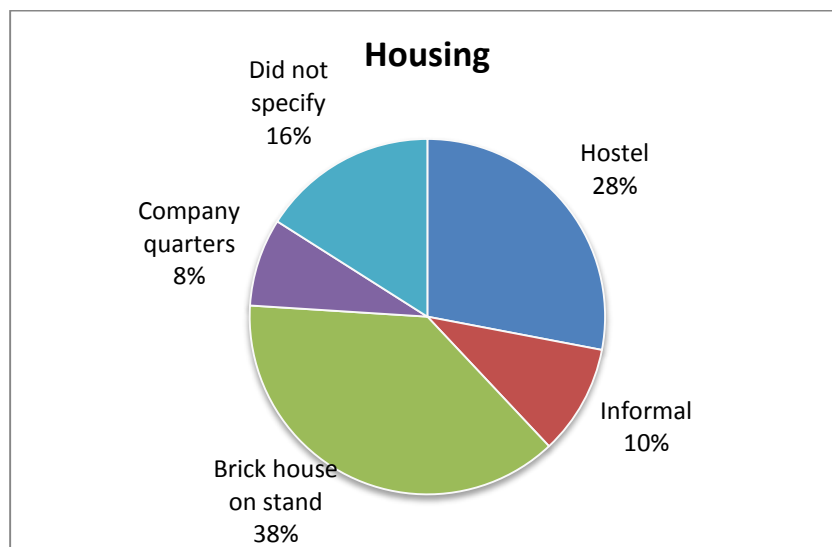
company i.e. Iscor and ArcelorMittal). 9% were current workers, which also included trainees in the company working under a Learnership Programme. 42% of the respondents were members of the community, some of whom had relatives or friends who work and have worked in the steel company. The remaining 16% did not specify their identity, which was respected for anonymity reasons. Overall, 56% of the respondents were male and 44% were female.

5.2.2 Community profile and socio-economic conditions

5.2.2.1 Access to housing and infrastructure

Evidence from the study reveals that life for the ordinary person in and around Vanderbijlpark is not an easy one. Housing conditions are deplorable, particularly in the hostels where up to 28% of the respondents lived. Most of the hostel dwellers are either ex- or current employees of ArcelorMittal (or Iscor). 10% of the respondents were living in informal houses (i.e. a shack in a squatter camp). Only 38% lived in a brick house on a stand although the state of these houses is not in the best of conditions due to the effects of air pollution and blasting from the steel factory. 8% of the respondents lived in company houses. 38% of the respondents fully owned their residences while the rest rented.

Figure 5: Access to housing

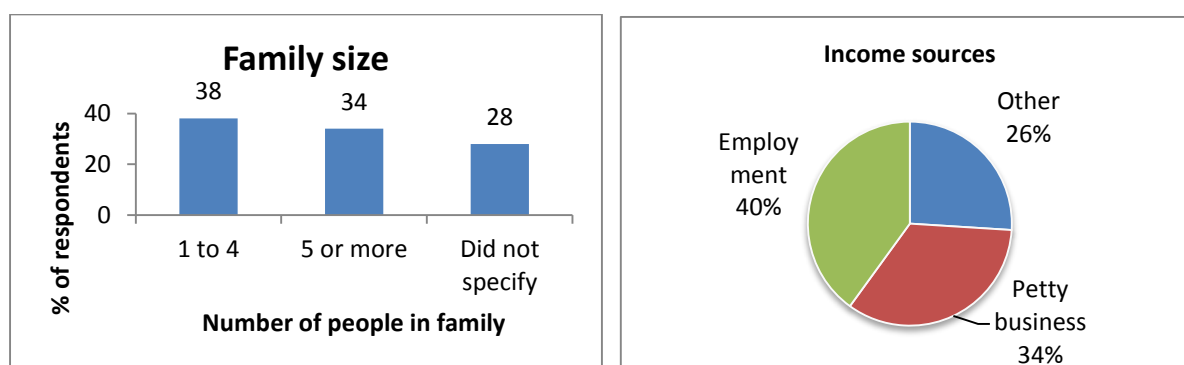


Road infrastructure in the townships is in a bad shape and an effort to reclaim some potholes has turned hazardous as slag waste from the steel plant is being used. This slag contains dangerous chemicals that have affected children playing on the streets without shoes.

5.2.2.2 Family size and income source

The family sizes in the area also vary significantly with 38% having a family size of between 1 and 4 while 34% have a family size of 5 or greater. Most of these families earn an income through employment (40%) or small business (34%). Details on the levels of income earned in both occupations could not be obtained in most cases, but the general sentiments were that income levels were too low to sustain families and to cover medical expenses since illness is common due to pollution. About 20% of the respondents had between 4 and 6 dependants and this imposed a further burden on the family.

Figure 6: Family size and income sources



5.2.2.3 Basic services

Access to basic services, particularly water and electricity, is critical for healthy living and a good quality of life. 96% of the respondents indicated that they had access to tapped water.

Table 3: Access to water

Water	% of respondents
Reticulated	32%
Tap in yard	54%
Communal tap within 200m	10%
Other sources	4%

However, as shown in Table 3 above, only 32% had a reticulated system in their homes, while 54% had a tap in the yard and 10% used a communal tap, which is usually within 200m of the dwelling.

Table 4: Access to electricity

Electricity	% of respondents
Prepaid	64%
Metered	14%
No access	18%
Other energy sources	4%

In terms of electricity, 64% had access to prepaid electricity, 14% had metered electricity and 18% had no access to electricity at all. Many household members felt that the price of electricity was too high and that they could not afford it. Hence, even though they are connected most of the time it is cut off because they do not have money to buy electricity units. Some wish ArcelorMittal would subsidise them, because they feel that the company was making a lot of profit from the production of steel in the area.

Table 5: Access to sanitation

Sanitation	% of respondents
Waterborne	44%
Pit latrine	8%
Other	48%

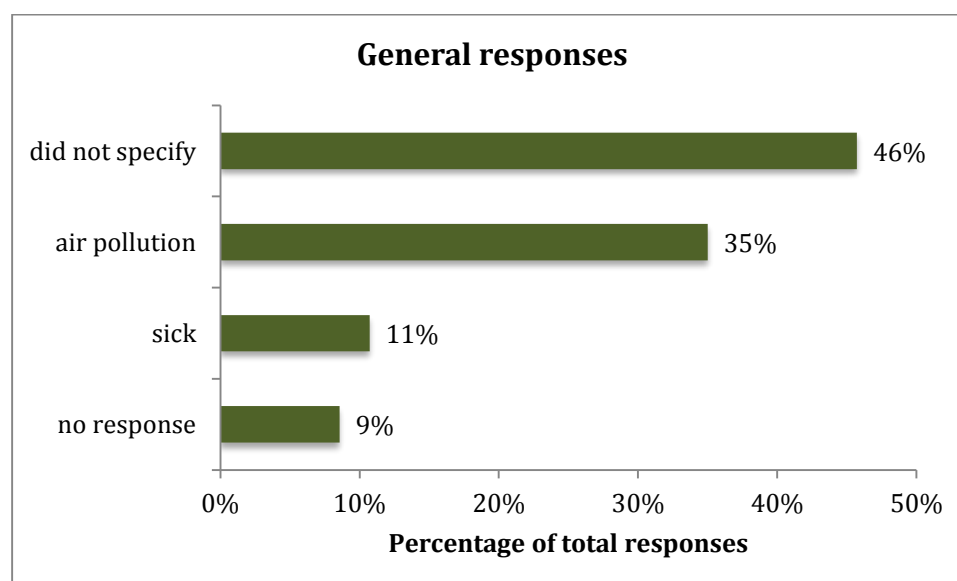
Waterborne sanitation was only accessible to 44% of the respondents while 8% used a pit latrine. Such conditions make hygienic practices difficult, and the environment is already suffering heavy pollution from the steelworks and other environmental polluting industries in the Vaal area.

5.2.3 Profiles of illness and physical damage suffered

5.2.3.1 General responses

It was clear from the respondents that there is a health crisis that emanated directly from the association of the community with industries around them, in particular ArcelorMittal. In general, a large proportion of responses indicated that the degree of air pollution was too high and as a result many people were ill. Others did not specify the nature of their illness, but only reported that they were sick due to environmental conditions in the area. A total of 49 (or 35%) respondents complained of air pollution as indicated in Figure 7 below.

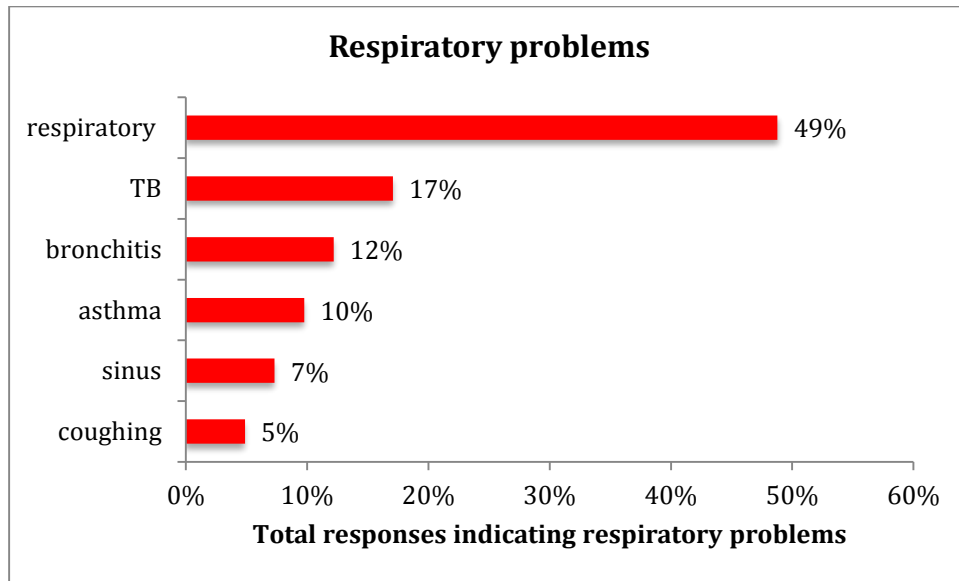
Figure 7: General responses



5.2.3.2 Respiratory problems

Respiratory ailments such as bronchitis, tuberculosis (TB), asthma, sinus and coughs were among the most recorded cases. As shown in Figure 8 below, 49% reported that they had suffered some kind of respiratory problem, while 17% and 12% suffered TB and bronchitis respectively. The prevalence of respiratory illnesses among workers, ex-workers and the community members, in particular children, indicates the extent of air pollution in the area. Mothers in the community have voiced concern at the extent to which their children are affected by air pollution.

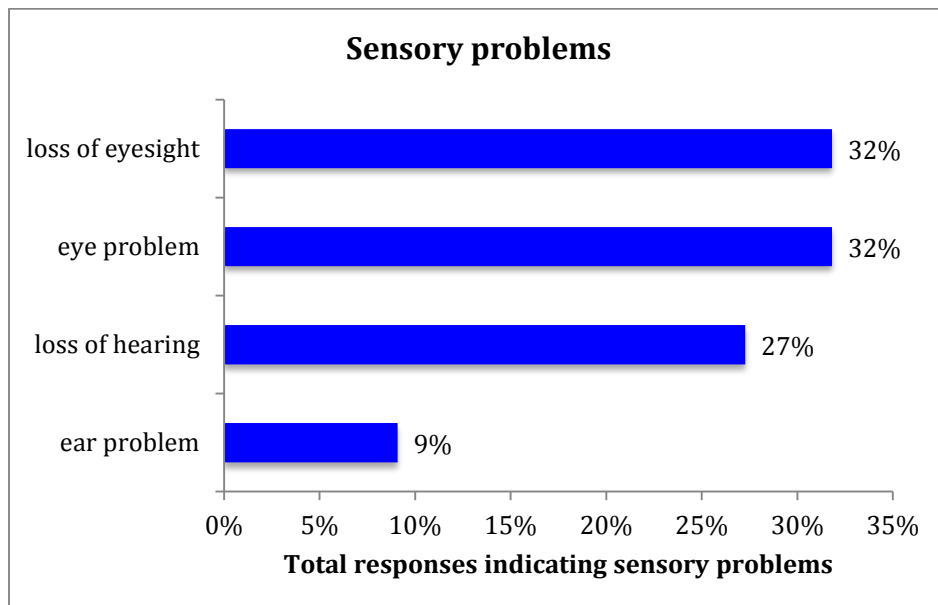
Figure 8: Respiratory problems



5.2.3.3 Sensory problems

Due to the hazardous working conditions in the plant, many workers and ex-workers of Iscor reported that they were negatively impacted upon by the noise and heat generated by the steel plant. Common sensory problems were loss of eyesight and loss of hearing. Some of them reported a general problem with their eyes and ears. Others have claimed they were eventually retrenched because of their problems with their eyes or ears. Figure 9 shows that eye problems are prevalent with up to 64% reporting the problem.

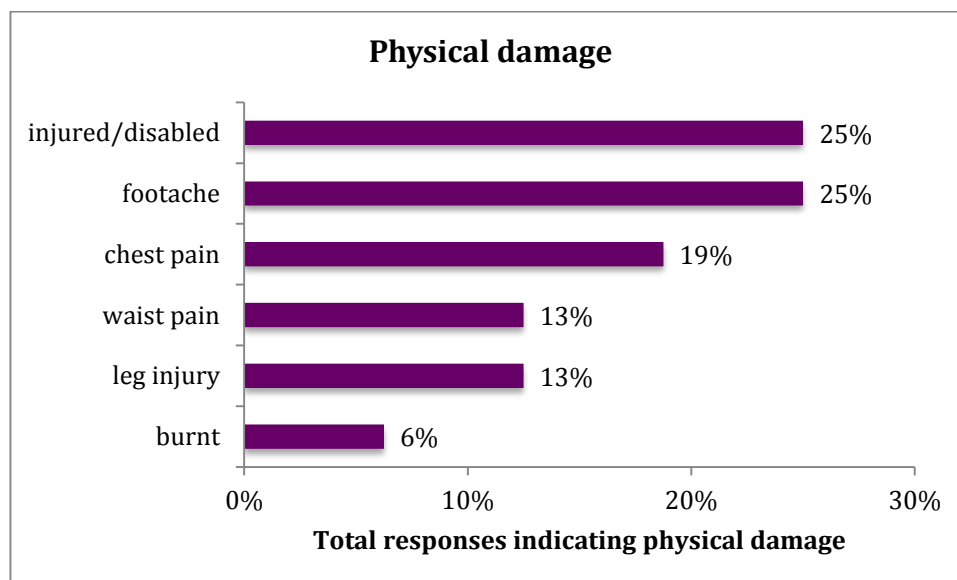
Figure 9: Sensory problems



5.2.3.4 Physical damage

According to respondents working or who once worked in the steelworks, the conditions inside the plant pose major physical risks to workers. Steel production is generally dangerous due to heavy machinery used and high temperatures. However, the extent to which people are physically affected seems to be high. Figure 10 below shows the nature of some of the physical damage suffered by workers from the steel plant. While injury can be unavoidable in steel production, most respondents complained that there were insufficient safety measures in place and the company did not care much about the victims. Many felt that they are only working to earn money to feed their family, but are aware that they have to put their lives at risk. Respondents reported that many workers have suffered one form of damage or another and compensation or assistance with medical bills has not been fully provided. While these claims are real, it was difficult to validate them because the company refused to disclose any information in this regard despite several attempts to obtain information by Bench Marks Foundation.

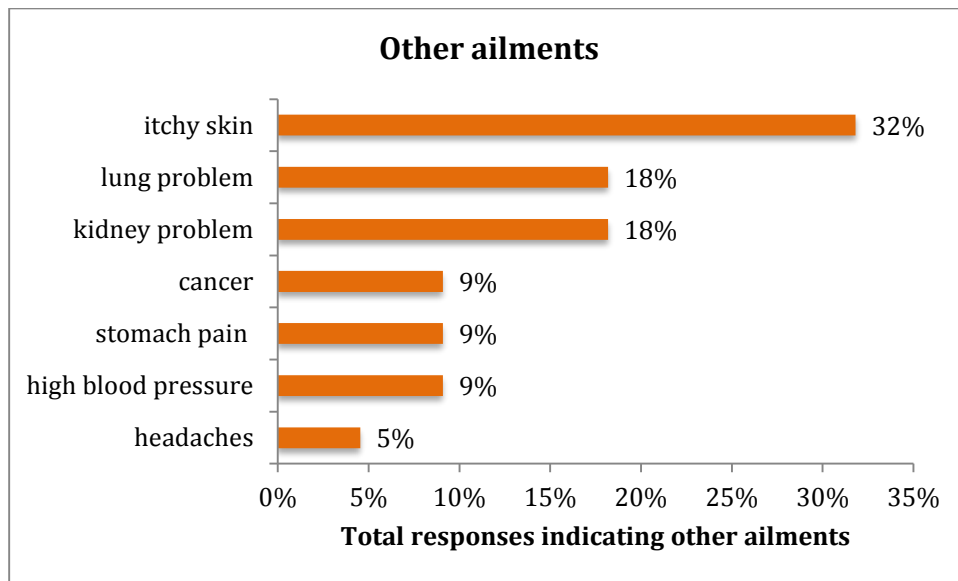
Figure 10: Physical damage



5.2.3.5 Other ailments

Pollution in Vanderbijlpark not only poses a risk to workers inside the plant but to surrounding communities as well. Figure 11 shows some of the problems suffered by people exposed to the steelworks. While problems are serious for workers in the steel plant, there are problems reported with children as well. Respondents reported that many children are suffering from skin and eye irritations. Kidney and lung problems were reported as a reason why most workers were retrenched and their challenge was loss of income as well as medical bills.

Figure 11: Other ailments



5.3 Community voices

This section provides data on the interviews with community members. The main *community voice* emanating from this survey is the one on health, constituting one of the key findings of this research. The operations at the ArcelorMittal steel plant in Vanderbijlpark are affecting the health of virtually all members of the community in and around the location of the plant. While it is acknowledged that pollution is unavoidable in steel production, the extent of the neglect of the affected by the company is what is most worrying. This neglect raises more questions about the company's commitment to corporate social responsibility. The findings are presented according to the different aspects that were reported by the recorded voices. It is important to note that individuals could be affected in different ways that do not necessarily fit under only one sub-item.

5.3.1 Working conditions inside the plant – Health and safety

The study managed to engage both current and ex-workers of the steel mill factory. The first point they raised is quite obvious and that is that the temperatures inside the plant were extremely high, creating unsustainably hot conditions for people to work in comfortably. The hot conditions were also a health risk to the workers. Some of the present workers and ex-workers said:

"It is too hot inside the company and I was hospitalised many times and the company denies responsibility for my sickness. I want my money that I used to take myself to the doctor."

"....there is too much dust at the job, hot machinery, there is also loss of hearing..."

"I was injured at work and my leg is disabled. I was burnt by chemicals and now I have this disease called bronchitis and ArcelorMittal paid me peanuts because they told me that I did not have safety covering on me so they can't tell how much money they can give me. So you will be wasting your time because they always win court cases."

“Many workers are not happy with the working conditions because of the dust. They have given us masks but they do not work.”

These voices revealed a lot of what goes on in the company at mill level, which makes the company score very poorly in terms of the *Bench Marks Principles*. Part 2 of the *Bench Marks Principles* focuses on the corporate business community and Section 2.1 specifically looks at the conditions of the employed. In relation to health aspects of the working, the principle in subsection 2.1.C.7 states that:

“All who work within and on the company premises, whether permanent, temporary or contracted employees, including those engaged in day labour, receive equal protection, especially in the provision of equipment and information concerning their health and safety at work. This information is provided in the languages of the workers.” (2.1.C.7)

Steel production is arguably a very risky enterprise and high temperatures are unavoidable due to the requirements of the smelting process. However, the extent of accidents inside ArcelorMittal, the number of people affected and the extent of their illnesses speak volumes about the company’s commitment to improving working conditions. This is not only being reported now, but there are many previous cases that have been reported in the media over the years. The company scores very low in terms of creating a safe environment for its workers.

Most worrying were the voices that spoke of fatalities occurring inside the company. Two young workers died in the middle of 2011, allegedly after inhaling gas from a blast. Another current worker said that every week there is a worker dying in the company, but the company does not want such information to be leaked to outsiders or the media:

“I am only working for the company because I need money. This company is treating us unfairly. Two learner employees died and Arcelor did not want even the newspaper to know about it. We fear for our lives but there is nothing we can do. There is also unfair treatment of black and whites. Whites still get better treatment.”

This is a sad revelation of the company’s operations. The deaths of workers have serious implications about the welfare of the families that are left behind. John (not his real name) is a young man whose father died while working at the steel plant. He said:

“My father used to work for ArcelorMittal and passed away in 2004 after Arcelor took over from Iscor. He was suffering from bronchitis. He was the only breadwinner working for ArcelorMittal. My brother tried to follow up with the company but there was no response from the company. We had a bond house in Sasolburg but after my father died we moved to a squatter camp in Bophelong called Tennis Court because we did not have money to pay. My mother is not working and I am taking care of the family with my grant money. I do not have money to go to school and I have ended up being a hairdresser. ArcelorMittal must invest in skills development and give people employment and compensate us for the loss of our father and also take me, my brothers and my sisters to school, we are six.”

In terms of providing safety for workers, we could not get the voice of the company itself and their refusal to cooperate and participate in the research could be an indication that the working conditions

inside the company could be worse than is currently imagined. Some current workers said they could not afford to speak badly about the company lest they lose their jobs. The other workers confessed that they regret having worked for this company because they were always in pain and recalled a horrible incident in which one worker was burnt to death inside the company in 2009.

A discussion with the company was important for the research to determine the extent to which the company abides by the standards set by the World Health Organisation (WHO) and the International Labour Organisation (ILO). (Please see section 6.4.11 *Missing voice: ArcelorMittal* on the challenges faced when attempting to engage with the company). These standards are enclosed in the *Bench Marks Principles* sub-section 2.2.B.1, which prescribes that a company is obliged to adhere to the relevant codes of these two institutions.²⁸ The recommendations cover the health of young and women workers, the use of chemicals, preventing occupational diseases and compensation for occupational injury. A young worker at ArcelorMittal said that:

"It seems as if ArcelorMittal does not have the skill to deal with our safety. Many people working here are too scared to expose the company because they fear losing their jobs. We are young people who work for the company because we believe there is too much money and hence we care less about anything else."

Although some may have been working in the company, they had no alternative jobs and hence they faced hardships in silence for fear of victimisation. They have difficulties in engaging with the company on matters that affect the way they work. This is in a direct contradiction to Criterion 2.1.C.10 of the *Bench Marks Principles* according to which employees are expected to be:

"...free to organise and join workers' organisations without discrimination or interference and to engage freely in collective negotiations to regulate the terms and conditions of employment..."

This matter requires a follow-up with ArcelorMittal, as the *community voices* presented in the research speak of clear evidence that the interface of employees with the company at all levels is kept at very minimum levels where the employees have no bargaining power at all.

5.3.2 ArcelorMittal's attitude towards sick workers

An important focus of this study as mentioned earlier was on ex-workers and current workers. Issues arising are very pertinent as they touch on the very essence of the *Bench Marks Principles* with respect to the employed and in terms of: (i) working conditions, and (ii) health and safety conditions.²⁹ There was widespread outcry by both current and ex-employees over the treatment that is given to employees who get sick. Some ex-workers said the following:

"I was removed from where I was working because I was no longer fit enough to be in that plant. Most people are sick because they work in a coke oven."
"I worked for ArcelorMittal for 3 years and suffered from TB. Now my contract has been terminated and I have not been compensated."

²⁸ Bench Marks Foundation, *Principles*, 22.

²⁹ Ibid., sections 2.1 and 2.2.

"I was working under a contractor for Arcelor. When I got sick Mittal said I must speak to my contractor and no one wants to take responsibility."

"The doctor told me that I was sick due to pollution but when I told the company they said it was due to a lack of food. Mittal wrote a letter stating that I am not sick and yet I am very sick. We want our money from the company."

There were also allegations of discrimination on racial grounds by some of the workers, for example, one of the current employees said:

"We fear for our lives but there is nothing we can do. There is also unfair treatment of blacks and whites. Whites still get better treatment."

VEJA is aware of a case in which a white person was injured on duty. His father was a medical doctor. The case was resolved in haste but when a similar case occurred, this time involving a black person, the case was dismissed. To the extent that these allegations are valid, two benchmarking principles are directly violated. First, there was discrimination in terms of race (which is against principle 2.1.P.2.) and secondly, some workers are not treated with respect and dignity as demanded by principle 2.2.P.4.³⁰

Poor treatment of employees, which shows lack of due regard, renders the future employability of workers difficult. Principle 2.1.P.6 under section 2.1 says that:

*"The company seeks to maximise long-term contractual relationships with its employees and to safeguard the employees' future employability."*³¹

From what both current and ex-employees revealed, the conditions under which they work make it difficult for them to seek any other form of employment solely because the working conditions often render them unfit for work. Moreover, either the company does not make sterling efforts to improve the physical conditions (perhaps they lack the skills on safety as one worker said), or they do not have any regard for the health of their workers. What comes out strongly is a denial of responsibility by the company with respect to the conditions of the workers' health, making it nearly impossible to seek compensation. The result is a further deterioration of health and an inability to work or secure other forms of employment. Some have suffered physical disability e.g. loss of sight and hearing and broken limbs. Their inability to work has implications for family welfare, as one ex-worker said:

"I lost my eyesight and I do not have a job anymore and I cannot provide for my family... I have no money for children to go to school."

And another ex-worker cried:

"There is nothing good that ArcelorMittal did for me and my family, because I am not working and I cannot provide for my family. I am sick because of this company and cannot afford to pay for my medication."

³⁰ Ibid., 19.

³¹ Ibid.

Dissatisfaction with the company and its employment practices appear to anger the people whether they are workers or residents. Some wish they could do away with the company altogether, as one local resident said:

“This company should be located far from where people live. If ever people work for Mittal and get sick, they get retrenched and do not get paid. The company must help children of ex-workers. There are blasts and bad smells, we develop skin irritations. Mittal does not create jobs directly. They must stop using contract workers to avoid paying pensions. People from the Vaal are not medically fit to work for Arcelor because they are always sick.”

5.3.3 Learnership conditions

The company has a Learnership programme which has also come under scrutiny in this study. This Learnership programme is a kind of apprenticeship in which young people are employed to work under supervision so as to gain skills in the trade before they are formally employed. While this sounds like standard procedure, there are a number of issues that have been raised which discredit the way in which Arcelor is implementing the programme:

- The Learnership candidates are paid very low wages, yet the extent of the work they do is equivalent to a fully qualified person and sometimes the work is unsupervised.
- There are no benefits that go with the post such as medical aid.
- They are exposed to dangerous conditions at an early age and may not be fit to be fully employed when they complete their Learnership due to illnesses.
- Some have lost their lives.

A current worker on apprenticeship had this to say:

“I started working at Arcelor in 2009 under a Learnership. Most of the time employees are complaining about working hard and yet the salary is low. They are also affected by different diseases.... This year I started getting sick because of chemicals and machines that we use which are heavy. I always have stomach pain so I think that it's maybe the chemicals. They have to pay us and give us medical care; I take myself to the doctor. Arcelor is affecting young people with pollution. We are tired of the national government which does not do anything.”

There are also serious concerns about the Learnership programme, particularly the uncertainty over the future of the Learnership candidates, the risky working conditions and lack of compensation for illness. Another current worker on apprenticeship said:

“I have worked under the Learnership Programme but I do not know if Arcelor will employ me permanently. It is also very risky because we do not have any medical aid. Two young workers passed away and they were also under Learnership. Another problem about this Learnership is that when you get sick they let you go without anything and as a young man there will be no company that will employ me if I am ill.”

The future of the learner employees is threatened even before they are qualified, in violation of Bench Marks Principle 2.1.P.6:³²

“Before you go to work there you have to take a test first to check if you are fit. You may work there, but work after a while and you will get sick and die young.”

5.3.4 Community safety and environment

The environment around Vanderbijlpark is not safe as a result of its proximity to the steel production plant. The surroundings of the steel plant in Vanderbijlpark consist of high- and low-density residential suburbs as well as a farming community and specific natural resources, which are directly linked to other ecosystems within and outside the Vaal area. Principle 1.1.P.1 explicitly sets it out under Section 1.1. Ecosystems, that:

“Careful attention is paid to ensure that the company’s actions do not damage the global and local environment, issues of climate change, bio-diversity and pollution prevention are central to this.”

Principle 1.1.P.2 also states the following:

“To minimise environmental degradation and health impacts, the precautionary principle is the overriding principle guiding action, shifting the burden of proof from one of proving environmental harm to one of proving environmental safety.” (This is in line with Principle 15 of Agenda 21 of the United Nations).

Community voices on this issue point to the contrary as evidenced in this study. There is general discomfort and unhappiness among residents over water and air pollution as a result of ArcelorMittal’s operations. The following were some of the key statements made by community members in the area:

“Air pollution is affecting many people in the community and we are not happy about the chemicals coming out of the company. People are getting sick and children are dying because of water pollution and Arcelor must be forced to pay people.”

“Pollution from Mittal is visible and they cannot deny it. Government must enforce the law. They say that they have done something but we do not see any improvement. They came to our meeting and promised to give us milk and for others Mittal is putting new roofs on their houses. This is not enough, we deserve something better.”

“We tried to call a meeting with the company but nothing happened because the company denies responsibility.”

“I think companies must compensate the disadvantaged environments.”

These are just but a few of the many voices that in one way or another echoed the same sentiments that pollution by the company to the surrounding environment is rife. The people also said that efforts to deal with this by the company range from denial of responsibility to piecemeal solutions that do not adequately address the real issues affecting the ordinary people. Many families there were

³² Ibid.

suffering illnesses, most of the time due to the dust emanating from the company and there is a lack of clean water in some communities. The number of people affected is huge as alluded to by some farmers in the area who said:

“Some farmers were forced to move. We hear disruptive sounds and see repulsive sights; we have burning eyes, noses and throats, headaches, coughing and dizziness. Many employees have asthma. There is contaminated water in the farm gardens and over 10 000 jobs have been lost.”

These impacts on community health and the environment have serious implications for families as they have to individually cover bills for medical care while farmers do not receive compensation for the loss of their livelihoods on their farms. Lindani, a plot holder in the area, had to take all his livestock to Sasolburg after repeated deaths of his flocks and herds. Here is Lindani’s story in his own words:

“I was staying in the area called Steel Valley. This area used to be plots and we had our livestock there. After some time, whites started to move out of the area. We found out that they took Iscor to court because it had polluted underground water. We tried to use the same thing and get settlement with Iscor but the judge refused, saying it was hearsay. We pushed and settled out of court and we received unfair compensation. There was nothing I could do because I needed money to live somewhere else. I sold my livestock and placed some in another place in Sasolburg and hired someone to look after them.”

5.3.5 Community support

One of the voices that came out strongly in relation to the community was on community support. Many residents felt that the company was making a lot of money from steel production and hence it had an obligation to give something back to the community that would improve their lives. This would include such things as service delivery. Evidence on the ground shows that there are certain noticeable activities that ArcelorMittal has done, but they seem to be misdirected and are not contributing much to the improvement of life, particularly on the pollution side. People also have a feeling that the government is protecting the company at the expense of the people. Members of the community mentioned several issues:

“The company is making lots of money but it is not caring for the community.”

“Painting the community hall and putting roofs does not help... Government is supporting the company more than the people...”

“Arcelor put roofing on the houses and I am sure they knew that their dust was blowing in our direction and damaged the roofs. They claimed that they wanted to replace the asbestos which is more dangerous than dust from the company.”

Some communities do not have access to electricity and have no toilets and are using paraffin for cooking and candles for lighting. They did not pay any service delivery fees because there are no municipal services in their area and they lamented over the inability of the company to assist them. Service delivery, however, is the responsibility of the local municipality, Emfuleni. The inability of the local municipality to fully deliver services to all members of the community seems to have created a space for ArcelorMittal, which is doing bits of improvement in some parts of the area. These

improvements have not in any way changed the plight of the people who continue to get ill due to pollution. The people said their children are being raised in a polluted environment; dust is causing a number of health problems, like tuberculosis and sinus problems. One solution is for them to relocate but as one resident said, relocation is a very expensive exercise and besides, it takes them away from their means of livelihood. Some were not only sick, but were unemployed and hence they had no food:

“Water is seeping through the house – it’s upsetting that the councillor is not doing anything.”

Other community members want Arcelor to do more for their communities:

“Arcelor must invest in new roads, when it is raining our roads are terrible.”

5.3.6 Civil society voice

This study managed to capture the voice of the civil society. Environmental justice activism and campaigns for corporate social responsibility have been pushed forward as an agenda by civil society groups in the Vaal area. One such group is VEJA, which is a coalition of all civil society organisations campaigning for environmental justice in the Vaal area. Members of this group took part in the survey as data collectors. This section reports on the observations, opinions and suggestions that this group, together with other young residents recruited for the research, came up with following their experiences in the field. Due to the reputation of VEJA, it was impossible to secure an audience with officials from ArcelorMittal in order to get their voice. Their voice was important for this research by providing a chance for the company to defend themselves and their policies from a multiplicity of accusations that were emerging from ex-workers, current employees, Learnership candidates, the community residents, civil society groups and the media. However, their refusal to provide such an opportunity speaks volumes about the company’s openness and commitment to corporate social responsibility.

As part of VEJA’s core work, the organisation has made several attempts to gain access to ArcelorMittal’s Environmental Master Plan (EMP). The EMP is a key document for understanding how the company addresses issues relating to water use, management of waste, emissions and the extent to which their licenses provide for these. It also contains information on how ArcelorMittal’s operations impact on the environment and how the company aims to deal with those impacts for the safety of the surrounding communities. However, all these attempts have been unsuccessful. The company has refused VEJA access to the document and has not provided a convincing reason for doing so.

A number of meetings were held between VEJA and ArcelorMittal, including one at their overseas office in Luxemburg with the assistance of groundWork. These meetings took place in order for VEJA to obtain the EMP of ArcelorMittal, and were not part of this study. However, the refusal of ArcelorMittal to make their EMP public clearly shows their lack of transparency. At one point the CEO of ArcelorMittal committed herself to allow access to the document, but later backtracked and offered to disclose only portions of the document, of her choosing. This offer was rejected by VEJA and was a clear indication to VEJA that ArcelorMittal was not acting in good faith, both relating to the workers and the affected communities.

In July 2012, in collaboration with the Centre for Environmental Rights, VEJA invoked the Promotion of Access to Information Act (PAIA) in a bid to coerce ArcelorMittal to release a copy of their EMP. ArcelorMittal contested this by questioning whose rights would be protected should the document be made public. As a result, VEJA has not had access to the document up until today.

In terms of the *Bench Marks Principles*, ArcelorMittal scores poorly on transparency and community engagement by refusing public access to its Environmental Master Plan.

Section 1.3 of the *Bench Marks Principles* sets out some of the key principles relating to a company's relationship with its surrounding community:

- a) Recognition of political and economic impact.
- b) Taking account of local culture in making decisions.
- c) Building sustainable communities.
- d) Inclusive involvement of stakeholders.
- e) Accepting of prior engagement with NGOs and civil society.

In denying access to civil society groups to discuss matters that affect the sustainability of the community in Vanderbijlpark, ArcelorMittal appears to have failed in terms of basic benchmarking principles. Table 6 summarises the recorded perspective from the voice of VEJA participants in the data collection exercise. The main areas commented on were:

- a) The plight of ex-workers.
- b) The community.
- c) Company labour practices.
- d) Company environmental practices.
- e) Government neglect.

Main issues highlighted in Table 6 include:

- a) There is a concern about unpaid monies and that no matter how the people fight, particularly ex-workers; they do not seem to win.
- b) Health impacts of pollution on both workers and community members (there is a disturbing revelation that unborn children are being affected, which raises issues over the sustainability of the community). People suffering from other illnesses are made worse e.g. AIDS patients.
- c) Wages are low, especially for trainees, and when they get sick the company devise ways to get rid of them.
- d) Government intervention is urgently needed.
- e) Environmental practices of ArcelorMittal leave a lot to be desired.

Table 6: Civil society voice, VEJA

Aspect	VEJA's VOICE
Ex-workers	<ul style="list-style-type: none"> • Most of them live in Sebokeng, a high-density suburb north of the steel plant. • Their plight is that they were retrenched and their benefits were not paid. • Some of them are very sick due to illnesses and injuries contracted while they were still employed in the steel factory. • One of them had an accident at work, which resulted in him not only losing his eyesight but also his job. • Another developed a tumour, which looks like a cauliflower both on the neck and leg. This is clear evidence of the effect of chemicals from the company. • Workers lack adequate information about hazards, an issue that VEJA discovered is rife within ArcelorMittal.
Community	<ul style="list-style-type: none"> • Communities are affected in a number of ways by the pollution from ArcelorMittal. • Pollution is also affecting expecting mothers and unborn children (one woman interviewed said that her daughter had a miscarriage due to pollution). • People are unhappy because of the dust, unannounced blasting affecting hearing and eye and skin irritations caused by pollutants in the air. • Unemployment is a big problem with very few alternatives; many are employed on a temporary/contract basis. • Arcelor has made a number of empty promises e.g. it promised to supply the community with milk but they did not honour their promise. • Some houses were painted and reroofed as part of the company's CSR but this is not enough; reducing pollution should be the priority. • The community is not well informed about what issues should be a priority to be put before Mittal. • Municipal services are poor and the municipality seems to be taking advantage of ArcelorMittal's activities in the community.
Company practices	<ul style="list-style-type: none"> • Employees who become sick are given packages to leave the company. • The process of awarding bursaries by Arcelor is not clear and not known to many members of the community. • VEJA can confirm that many of the ex-workers die every year, before their cases have been reported to the compensation board. • Over the past years VEJA has recorded that ArcelorMittal has had many injuries and casualties. • The company does not give full information to their employees on many issues relating to their welfare. • Learnerships are not easy to get because they get tested before being recruited. • Learnership candidates are paid very low wages and may not have medical aid cover.
Company Environmental Practices	<ul style="list-style-type: none"> • The dumping ground is visible and Arcelor dumps toxic waste on its premises. • Arcelor must be accountable for its pollution. Urgent action is needed since it is seriously threatening the health of thousands of people. • They dump water next to Potchefstroom Street and at their plant in Vanderbijlpark.
Some positives about ArcelorMittal	<ul style="list-style-type: none"> • Arcelor constructed a Science Park in Sebokeng for teaching mathematics and science. • They also provide transport to learners to be taken there and back. This is in line with Bench Marks Principle 1.2.P.5 which promotes human development to communities. • Painted a community hall and a police station. • Arcelor is working with an NGO on AIDS, but this is not well coordinated.

5.3.7 Crying ex-workers' voices

Table 7 represents some of the crying voices that have suffered difficulties after having worked for ArcelorMittal. Some of them have not been able to get compensation nor assistance to allow them to seek medical attention.

Table 7: Crying ex-workers' voices

Crying ex-workers' voices

- 1. We are sick and have coughing problems. I have a leg injury, hearing loss and chest pain. I hate the company. We only want our money.*
- 2. I can no longer work for my family because I am now sick. I am suffering from feet and backache, eyes, pain on the left breast, nose bleeding. I can't even afford medication. I only want my money so that I can go back home.*
- 3. I am sick because of Iscor. As I was working for Iscor and was injured by a crane in the eyes and teeth. When the doctor checks people who worked for Iscor they say I am not sick and yet I have a problem with my eyes and teeth.*
- 4. I gain more pain than work experience in my life. I can't provide for my family and I cannot pay for medication. I lost my eyesight because of this horrible company. They can't even take responsibility.*
- 5. Our life has never changed since we came here. I was earning less money but happy when I joined this big company hoping to live an even better life but I discovered I was digging my own grave. Now I am sick and cannot find a job anywhere.*

For these workers, their future employability has been destroyed and the possibility of them staying with the company for long is uncertain because of ill health. *Bench Marks Principle 2.1.P.4* calls for all workers to be treated with dignity and respect but evidence such as this shows that ArcelorMittal fails on these principles.

5.3.8 Old voices

The study also managed to reach out to some elderly members of the community who worked for the company many years ago. Some of the voices are recorded in Table 8.

Table 8: Elderly, ex-workers' voices on the plight of having worked in the steel factory

Old ex-workers voices

1. *"I have worked for about 16 years from 1985 to 2001 and was retrenched. In 1992 when I was diagnosed with TB. I received no compensation up until I got retrenched in 2001. I am suffering on a daily basis..."*
2. *"I worked for ArcelorMittal from 1984 and was retrenched in 2006. In the plant called Plate-Mill I got ill while I was on duty suffering legs and eyes but Arcelor did not compensate me for my illnesses. My plan is to stay here and fight for compensation. I need to fight for a better future for my grandchildren."*
3. *"I started to work for Mittal from 1973 until 1999 at the coke oven. After some time I realised that I was having asthma and feet problems. I spoke to the company which promised to pay me but they did not. Instead they hired my son on contract for me to shut up..."*
4. *"I worked in a certain position between 1972 and 1999 and got very sick and they changed me to another position without giving me reasons. I am very ill now but there is no proof that it was due to the environment I worked in. They must focus on the people first before focusing on profits. Most people who worked here did not have protection and there is no proper checking for the health of people who retire. I was checked before I go into the company but when I left there was no checking at all and I can't get access to my record while I was there..."*
5. *"I worked from 1982 – 2000 at the plant called coke oven. I have chest problems caused by the plant. After they realised I was also having kidney problems and they retrenched me...."*
6. *"I worked from 1988 until I was retrenched in 1999 and started coughing afterwards and until now I am still coughing. I get pills from the clinic if they have them. I am suffering because I am not working and have no other source of income..."*
7. *"Iskor really destroyed my life. I am sick because I worked for Iskor for many years..."*
8. *"Iskor never did any good to me. They fetched me from home to come and work for them. I worked 10 years before being registered. When a person is injured they take him back to his home area without doing anything for him. Iskor has given us problems and there is nothing good about them..."*
9. *"As I understand it, Arcelor was not right for our country and it affects the health of people through TB, HIV and bronchitis. They also did not pay their provident funds and they always tell empty promises..."*
10. *"I worked for Iskor from 1972 – 1993. I never worked anywhere else before. When I came here I was well but today I am ill. I have a hearing problem, eyes, ears and lung problems..."*
11. *"We are affected by pollution and some chemicals and 17 workers were injured and were not paid. They always give empty promises to us. Since 1986 we never had anyone on our side and we always lost cases in court and they always win. We do not have an income to take care of our families. VEJA, if you can please help us we would be very happy..."*
12. *"Started working in 1987 and was retrenched in 1999. Worked in the plant called Bogont blast furnace. Eyes were a problem when I was on duty. I never got money to go to the doctor. I want Arcelor to pay me my money. They give people work and its good but when we get sick they have nothing to do with us..."*
13. *"Worked from 1986 – 1996. Came into contact with chemicals but the company did not do anything. I took them to court and the company brought a lawyer to change my story and they won. People are suffering from TB and other lung related illnesses because of Mittal. Most ex-workers are disabled and babies are born deformed. Mittal dump their ash where people can easily access..."*

A closer look at the older voices revealed a number of issues, some of which present complications when dealing with the plight of the ex-workers. These are:

- Illnesses have always been part and parcel of the life of workers at the steel plant, even during the old days of Iscor.
- Compensations seem to have been a problem, even under Iscor's proprietorship.
- Future employability is always threatened by conditions in the plant.
- The wider community has always been under the negative influence of pollution.
- Challenging the company through legal means does not seem to bring positive results for the complainants.
- The transition process disadvantaged workers who worked under Iscor and now under ArcelorMittal as they have to prove when and how they got sick. This seems to be used as a scapegoat to avoid compensating ex-workers, particularly those who served while it was still Iscor.

5.3.9 Voices of unpaid ex-employees

While many ex-workers echoed the money issues, some had this to say about their unpaid monies:

Table 9: Voices of unpaid ex-employees

Ex-workers' voices over unpaid monies

1. *"Arcelor did not pay me my pension fund and then my wife was killed by water pollution by developing lung cancer. All I want is action against Iscor/Mittal..."*
2. *"Arcelor makes me sad when I speak about it. It never paid my surplus and this is painful to me..."*
3. *"The company does not care about ex-employees and only care for their profits. We are sick and we cannot afford medical care because of this company..."*
4. *"I think some of the companies must be arrested because they do not even pay us when we are retrenched and they also cause death through the pollution..."*
5. *"All I want is my money from Iscor which is now called Mittal. I wish government should take action against Iscor/Mittal because they made us their slaves..."*

5.3.10 Mixed voices (ex-workers, current workers and community members)

Despite the outcry by the majority of the community, the research recorded a few voices giving positive statements about the company. These voices spoke of what they perceived to be good things that ArcelorMittal was doing in the community. They said:

"It helps with Learnerships but it is full of contracts. The main problem is that they do not hire directly as Mittal."

"They built houses for their employees, blasts that occur at night are not safe but do not happen regularly. Safety procedures have improved; it takes people to school and gives bursaries."

"The company is doing its best in giving youth jobs."

"The company did not do anything for me, but for the community it built a school in Zone 17."

"The company is trying their best to help youth by giving them jobs, but there is a problem concerning air pollution and other pollutions. That can be difficult for the company to solve. We also have a problem of apartheid inside the company. They treat people in different ways."

"I am happy about Iscor because I was paid right as a general worker and I worked for about 10 years from 1986 to 1996 and when I retired they gave me all my pension and I was happy..."

"I was happy working with them because I did not have any injuries. When I retired they gave me my money so I am sorry for those who were not paid their pension till now. Iscor which is now Mittal must be forced to pay people's money. Action should speak louder than words."

On the whole, some people acknowledged the creation of jobs for youth and support for education by ArcelorMittal. While these voices had something good to say about ArcelorMittal, it turned out that they had many reservations. Many of them still felt that ArcelorMittal needed to resolve pertinent issues that affected the community, current workers and ex-employees. These included: pollution, unpaid monies for illnesses and injuries sustained and some forms of discrimination inside the company. Those acknowledging that the youth get access to jobs may also not be aware of the conditions of the service, which according to the voices of the Learnerships and some community members including VEJA, are not good enough.

5.3.11 Missing voice: ArcelorMittal

The study tried to engage ArcelorMittal to get their response to the concerns raised by the community. A meeting was agreed with ArcelorMittal's CSR manager, Mrs Maggie Mopeli, to be held in October 2012. However, she cancelled the meeting and a new one was not arranged. Attempts were made to meet with Health and Safety manager Mrs. Catherine Maloa, without success.

The executive director of the Bench Marks Foundation, Mr John Capel, wrote to both the CEO of ArcelorMittal at the London headquarters and to ArcelorMittal Steel in Vanderbijlpark in April 2012, to request that the company fill out a questionnaire. However, the questionnaire was never returned.

Finally, VEJA's concerted efforts over a long period of time to obtain the environmental master plan of ArcelorMittal, and the company's refusal to provide this, further support the finding that

ArcelorMittal is performing poorly on engagement. Please see the section on civil society voices (5.3.6) for an in-depth discussion on VEJA's engagement with ArcelorMittal.

5.3.12 Missing voice: Government

In as much as the voice of ArcelorMittal is missing in the research, the voice of municipal government is missing as well. Despite repeated efforts, relevant officials from both the local municipality, Emfuleni Municipality, as well as the relevant officials for ArcelorMittal could not avail themselves so that the research could capture their perspectives. Community concerns ranging from basic service delivery to pollution from steel production were pertinent and it was important to find out from these parties what efforts were being made to deal with them. This, to some extent, confirms some of the sentiments that were raised by members of the community that local authorities do not care much about the communities that they serve as one community member suggested:

"Government will never be able to take action against ArcelorMittal because it pays their bills."

6. Conclusion

The story of ArcelorMittal and its reputation of putting profits before everything else is not a new one. However, there seems to have been a lack of a proper basis for benchmarking the performance of the organisation and hence laying claims about its malpractices. This research has focussed on this dimension to benchmark ArcelorMittal South Africa in Vanderbijlpark against the *Bench Marks Principles*. The *Bench Marks Principles* are designed to “measure the global economy not only by what it produces, but also by its impact on the environment, how it touches human life and whether it protects the dignity of the human person.” There has been a realisation that what companies claim to do on paper through their plans and reports are not exactly what they do on the ground. As part of a way around this problem, the research employed a *community voices* approach to the study. Here, community members in their different categories ranging from ex-workers, current workers, Learnership participants, community residents and civil society were given an opportunity to speak out on their opinion of ArcelorMittal.

A number of issues have been raised, all of which are important and require follow-up and action by ArcelorMittal, relevant authorities and other responsible organisations. In terms of the *Bench Marks Principles*, ArcelorMittal scores dismally through failure to care for the environment, its employees and the community at large. The following key issues have been identified:

- a) Working conditions
 - a. Health and safety conditions for workers inside the plant are risky.
 - b. The extent of illnesses, injuries and deaths inside the plant is too high.
 - c. The company does not seem to treat its workers with dignity and respect and the conditions under which they work can destroy their chances for future employment.
- b) Compensation
 - a. The lack of compensation for ill and injured workers is a major problem and the number of people involved is very high.
- c) Pollution and environmental degradation
 - a. There is excessive air-, water- and sound pollution, which are affecting the health of community members.
 - b. There are no known steps that the company has taken to address the pollution problem.
- d) Community sustainability
 - a. The sustainability of the community is threatened by the poor environmental and labour practices of ArcelorMittal.
 - b. Any intervention by the company is piecemeal and does not focus on the real problem.
 - c. Service delivery is poor in the area.

While it is acknowledged that the steel industry is strategic for South Africa, the manner in which the resource is being exploited is at odds with the basic principles of corporate social responsibility. The failure by government to take appropriate steps and ensure ethical practices of corporate responsibility leaves communities vulnerable to large profit-making organisations such as ArcelorMittal. It is the hope of this research study that it be used as a basis to advocate for better

business practices that respect the dignity of employees, promote sustainable communities and curb environmental degradation.

6.1 Recommendations

A key element discussed in this research report is where the responsibility for the problems exposed lies. Employees have suffered the effects of working in hot and hazardous steel mills and the community at large has suffered the effects of pollution in different ways. Pollution affects the people physically, the air and water surrounding them and the livestock of those living in surrounding farming areas. While it may seem obvious that people in the workplace and the communities have suffered the effects of pollution from ArcelorMittal and other plants, attributing it all to the ArcelorMittal has not been easy. There is some degree of failure to take responsibility by ArcelorMittal for the bulk of the impact on the workers and the environment as indicated by many respondents interviewed. Most worrying is the act of placing the onus of proof on the workers and community to prove that they are suffering illness and loss of productive land and livestock as a result of pollution from steel production. This process has made claims for compensations onerous.

Communities and workers affected are committed to campaign with others in civil society organisations for the onus to be changed to one where corporations have to prove that they have not polluted or abused the environment. Thus the burden of proof must be shifted, from where communities have to show that the environment or communities were negatively impacted by corporate conduct. The recommendations highlight the need for corporations, and in particular ArcelorMittal, to show that they did not violate and abuse the environment, imperil community wellbeing and the companies' own sustainability. As is shown in the recent 2013 court case, despite its commitment in its annual reports to respect the law ArcelorMittal is once again using its considerable resources to challenge a court decision that favours the community. It was simply asked to provide the community with information, contained in its "Master Plan", that should have been at the disposal of the community years ago.

The community demands specifically that the annual community report be held in public, where their license to operate will be deliberated upon by those that are affected by the operations of the corporations.

After a careful analysis of the findings from the study, a list of recommendations was drawn up. Views were heard from the ex-employees, the unemployed youth in the area and other community members in two open meetings held in May and October 2012. These recommendations have been included in the following sections.

6.1.1 ArcelorMittal

- a) ArcelorMittal needs to be persuaded to focus its intervention in the community on real issues that people are currently facing. ArcelorMittal must put in place a clear and implementable health plan for workers and ex-workers, and further establish a health trust for members of the community who are impacted upon by the company's operations.
- b) ArcelorMittal must abide by the working conditions set by the International Labour Organisation (ILO), which ensures the health and safety of all workers and also reduces

fatalities to zero. This is a matter of urgency as the community reports that the level of injuries and fatalities is high.

- c) ArcelorMittal must improve its transparency and its reporting on injuries and fatalities. It must provide figures for incidents of injuries and fatalities for every plant, instead of giving national averages.
- d) ArcelorMittal must take responsibility for the negative impacts of its operations on the environment and nearby communities. The company must ensure that it follows the relevant environmental laws and regulations, and does all in its power to reduce the impact of pollution on affected communities.
- e) Affected stakeholders should have access to fair and responsive dispute resolution procedures.

6.1.2 Government and state agencies

- a) The existing stakeholder engagement forum has not been able to deal with the negative impacts of ArcelorMittal's operations. The government must take on a leading role to bring ArcelorMittal to book over its corporate and labour practices, and to make sure that the stakeholder engagement forum has veritable impacts.
- b) Government at all three spheres (national, provincial and local) must enforce the laws governing environmental protection and take a proactive role to ensure that ArcelorMittal complies with it. Relevant government control agencies such as the Green Scorpions need to be called in to investigate and deal with the pollution caused by ArcelorMittal's operations. Environmental decision makers, both in government and in the private sector, must be held accountable for the decisions that have led to the current situation.
- c) The Department of Health must investigate the claims raised in this report about the negative health impacts of ArcelorMittal's operations on the surrounding communities, workers and ex-workers.
- d) The South African Human Rights Commission (SAHRC) is called on, to further investigate the findings in the report as some of the issues touch on human rights issues, e.g. effects of ArcelorMittal's operations, including working conditions, compensation, racism in the workplace and environmental impacts.

6.1.3 Litigation

South Africa has environmental laws that protect the environment. A systematic and organised litigation process can be initiated through a coalition, which would involve stakeholder mobilisation of all interest groups. ArcelorMittal needs to take responsibility for its actions, given the massive evidence of environmental misconduct.

6.1.4 Youth and community

- a) Youth groups blame ArcelorMittal for the pollution that they say threatens life and biodiversity, and demand that the communities seriously consider all forms of action including litigation to address the communities' concerns.
- b) Youth groups demand that ArcelorMittal and the government provide high level educational facilities in a clean environment which will enable them to a livelihood.
- c) There was a strong feeling that the case of ex-employees is much bigger than initially envisaged. The community claimed that there are many other ex-employees of Iscor now living in rural areas that are either ill or have died as a result of having worked in the steel plant. These people were taken in massive numbers from former homelands many years ago to come and work in the steel plant. When they were laid off they returned home. Therefore, the number of people protesting at the moment is much smaller and community members feel that there is need to expand this research to include these people. *"The problem is not just a Vaal issue"*.

There was an outcry from elderly ex-employees who have suffered serious health conditions. Their concern is that if the matter is not resolved in the shortest time possible, they might die (because they are old) before they are compensated. They demand that community organisations, church leaders and NGOs call on the SAHRC to investigate their deteriorating health problems. In addition, they call on these groups to consider initiating litigation proceedings to obtain justice for the concerned employees (both ex- and current).

6.1.5 Further research

- a) The community makes a call on Chapter 9 Institutions in particular the South African Human Rights Commission and the Public Protector as well as the Department of Health, jointly or singly, to investigate the companies responsible for the air pollution caused through the release of hazardous materials into the sky. ArcelorMittal to some extent uses this as an excuse to avoid compensating victims of pollution in the community. The community believes that all those who pollute must pay.
- b) There is also a need to explore ways in which ArcelorMittal operates in other parts of the world to see if there are common patterns of employee and community concerns as those observed in this research. To this end, we will work and encourage those we work with, to build on international efforts aimed at keeping ArcelorMittal accountable to the needs of the environment and peoples' needs. One such initiative that has done good work has been the Global Action on ArcelorMittal.

Further research is needed to study the gender impacts of these corporate practices. The necessity of the articulation of the expression of the impacts on, and the aspirations of, women and girls and how the civil society organisations and the corporations relate to their concerns.

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Postscript

Joint Media Release: Victory for Vaal community: Court orders ArcelorMittal SA to hand over documents



Members of VEJA celebrate the long-awaited hearing of their case against ArcelorMittal SA outside the Johannesburg High Court on 3 June 2013

Vanderbijlpark, Gauteng, 10 September 2013 – After being at loggerheads for many years with Africa’s largest steel producer, ArcelorMittal South Africa (Amsa), the Vaal community is one step closer to realising their right to a cleaner environment. Today, judgement was handed down by the South Gauteng High Court mandating records of Amsa’s Environmental Master Plan and Vaal Disposal Site to be handed over to the Vaal Environmental Justice Alliance (VEJA) [1].

VEJA’s first request, made in 2011, was for a copy of Amsa’s Environmental Master Plan (‘the Master Plan’), compiled by the company in 2002 for rehabilitation of its Vanderbijlpark site. Last year, VEJA also requested records relating to the closure and rehabilitation of the company’s Vaal Disposal Site, situated in Vereeniging, after the company had illegally dumped hazardous waste here [2].

The organisation made these requests with legal representation from the Centre for Environmental Rights on the premise that it is in the public interest, and more specifically, the interest of the Vaal community, to know what impact Amsa is causing to the environment and people’s health.

In his judgement handed down this morning, Acting Judge Carstensen stated:

The participation in environmental governance, the assessment of compliance, the motivation of the public, the mobilisation of public, the dissemination of information does not usurp the role of the State but constitutes a vital collaboration between the State and private entities in order to ensure achievement of constitutional objectives [3].

With these documents, VEJA and the communities it represents can now better ensure that Amsa carries out its obligations under the relevant legislation, including the National Management Act 107 of 1998 (NEMA), the National Environmental Management: Waste Act 59 of 2008, and the National Water Act 36 of 1998 [4].

Caroline Ntaopane, Project Coordinator of the VEJA, explains the importance of this judgement: *“Now the communities that have been affected by Amsa and struggling with health issues can finally better understand the extent of the company’s impact and how they can begin to hold it more accountable.”*

Given Amsa’s history of acting with impunity towards its environmental obligations, VEJA’s recent concerns are well-founded. Not only have its operations in South Africa been less than exemplary, a report published in 2009 by a group of NGOs, including groundWork, Friends of the Earth Europe and CEE Bankwatch Network, highlights the multinational’s international status as a major polluter of people and their environment [5]:

During the last 15 years, ArcelorMittal’s predecessor companies, mainly Mittal Steel, have bought up several old and highly polluting steelmills and made them profitable, however environmental improvements other than those necessary to increase production efficiency have been painfully slow. As well as pollution, several groups have raised issues such as the repeated fatal mining accidents in Kazakhstan, which have been partly blamed on poor health and safety practices, and plans to build mega-steel mills in India, displacing tribal people from their land in a country where such processes have rarely if ever led to an improvement in the situation of those affected.

Today’s judgement is not only a win for the VEJA, but for environmental justice and governance in South Africa, as it confirms the right of fence-line communities to have access to environmental documents of corporate polluters, so that they can be in a stronger position to protect their constitutional rights to a safe and healthy environment.

Robyn Hugo, Attorney at the Centre for Environmental Rights (CER) [6] comments:

NEMA, other environmental legislation and international law provide that civil society has a critical role to play in environmental governance, including by monitoring pollution and compliance with environmental laws. With this judgement, the court has confirmed that organisations like VEJA are entitled to protect and exercise the right to a healthy environment by seeking information to enable them to assess environmental impacts, and to exercise a watchdog role.

Issued by:

- Vaal Environmental Justice Alliance (contact **Caroline Ntaopane**, Project Coordinator at the VEJA: +27 (0) 16 933 9079 / +27 (0) 73 246 0081/ caroline@bench-marks.org.za)
- groundWork (contact **Bobby Peek**, Director at groundWork: +27 (0) 82 464 1383 / bobby@groundwork.org.za)
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Annexure 1: Letters sent to ArcelorMittal



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CDT Foundation Inc.



ESSET



South African
Council of Churches



Industrial Ministry
Arbeidsbediening



Justice and Peace
Department of the SACBC

Lakshmi Mittal
Chairman & CEO of Arcelor Mittal
Berkeley Square
London W1J6DA
England

17 April 2012

Dear Sir

RE: Survey of corporate social responsibility and sustainability practices of Arcelor Mittal Steel

The Bench Marks Foundation, a non-governmental organisation, set up by the churches to monitor corporate social responsibility programmes, is targeting your steel manufacturing operations in the Vaal Triangle Area and requests that you respond to the attached questionnaire.

The Bench Marks Foundation sets out to examine the gap between policy and practice and further to make concrete recommendations on how steel manufacturing corporations can improve their social and economic and environmental performance within the framework of corporate social responsibility and sustainable development.

We base our studies on the 'Bench Marks' 'Principles for Global Corporate Responsibility' 'Benchmarks for Measuring Business Performance'. This is an internationally agreed document that goes beyond reporting requirements and has been tried and tested and is used by our partners in New York, London, Hong Kong, Sydney, Canada and in Columbia.

We request your participation in our study of which the results will be published sometime this year. We have already interviewed communities and over 180 people. We have tried unsuccessfully to meet with representatives of the company and now ask that you as CEO assist us in getting the company perspective. Once we have received this we will produce a final draft study with our findings and ask Arcelor Mittal Steel to comment.

May we have response by at least by the 30th of April.

We thank you for your kind cooperation in completing the Questionnaire which follows.

Yours truly,

John Capel
Chief Executive
Bench Marks Foundation



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12th April 2012



ESSET



South African
Council of Churches



Industrial Ministry
Arbeidsbediening



Justice and Peace
Department of the SACBC

The CEO
Arcelor Mittal Steel
Ms. Nkululeko Nyembezi Heita
PO Box 10202
Vanderbijlpark
1906

Dear Mr. Heita

RE: Survey of corporate social responsibility and sustainability practices of Arcelor Mittal Steel

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Chief Executive
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