



Sustainable Development Institute Liberia (SDI)/
Friends of the Earth – Liberia
www.sdiliberia.org

Mr. Marcus Wleh
Corporate Social Responsibility (Liberia)
ArcelorMittal Liberia
Monrovia, Liberia

March 12, 2010

Dear Mr. Wleh,

The Sustainable Development Institute/ Friends of the Earth Liberia hosted members of the Global Action on ArcelorMittal (GAAM) in July 2009 as part of a fact finding mission assessing ArcelorMittal operations in Liberia. The mission held two meetings with staff of ArcelorMittal in Yekepa and Buchanan. The mission also held meetings with local authorities in Nimba, Bong and Grand Bassa, regional and national politicians, local civil society actors and communities. The report based on this mission is in its final draft.

I am writing to request your review and comments on key aspects of the report as we agreed. The benefit to ArcelorMittal is that you are presented with an opportunity to respond to or provide clarification about particular issues we have raised in the report. You also have an opportunity to provide additional information that could help to clarify or emphasize the points in your responses. The benefit to us is that we will produce a report that is balanced and useful to ArcelorMittal in terms of practical recommendations on how the company could address our concerns.

We have allowed for a response period of ten working days or two calendar weeks for your feedback.

If you have questions, please do contact me.

Sincerely Yours,

For the GAAM
Silas Kpanan' Ayoung Siakor
Director, SDI

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Highlights of the Report

1. ArcelorMittal confirmed it has released a total of US\$7million as at July 2009.¹ The company remitted \$1 million in 2006 because of the renegotiation of the contract, and \$6 million to cover 2007 and 2008 contributions. No payment was made for 2005 because the contract was held up for renegotiation.

Do you disagree? Do you want to provide additional information about this? Has the company disbursed the US\$3m for 2009?

2. Of the \$7 million released by July 2009 approximately \$4.7 million had been allotted to various projects as at May 2009.

Do you disagree? Do you want to provide additional information about this? Has any new projects being approved since May 2009? Which county and how much is the cost of each project?

3. ArcelorMittal and the Government of Liberia share equal responsibility for the funds. ArcelorMittal controls 50% of the decision making vote within the DFC.

Do you disagree? Do you want to provide additional information about this?

4. ArcelorMittal allowed its signpost to be placed at the intersection of the road constructed between Gbarnga and Kokoya, one of the affected regions in the county, even though the company was aware that this was not amongst projects approved by the Dedicated Funds Committee (DFC) in May 2009.

Do you disagree? Do you want to provide additional information about this?

5. The DFC is also failing to properly carry out its mandate. The DFC approved projects that did not meet the criteria it established to guide the project approval process. Contrary to these guidelines, the projects that were submitted by the Bong County CDMC and approved by the DFC did not meet these criteria. 100% of the first US\$495,000 allotment for Bong County was spent on projects in the provincial capital, Gbarnga, ostensibly to prepare the city for the July 26 2009 Independence Day festivities. All of these projects were hastily implemented to coincide with the July 26 Independence Day celebrations and festivities in Gbarnga.

Do you disagree? Do you want to provide additional information about this?

6. No project was approved for the communities that under the MDA classify as directly affected by ArcelorMittal operations in Bong County. This includes the communities through which the railway travels and where the rock quarry is located. The guidelines specifically require each CDMC to ensure that no less than 20% of their county's

¹ The company provided this breakdown in a meeting with GAAM fact finding mission in July 2009
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allocation will be spent annually in communities which have been affected by ArcelorMittal's operations.

Do you disagree? Do you want to provide additional information about this?

7. A fact finding mission by ArcelorMittal and the DFC after the Independence Day festivities revealed widespread malpractices and outright misuse of the funds. Various newspapers, citing a leaked report from the DFC, reported on this. This was also confirmed in personal conversations with ArcelorMittal Corporate Social Responsibility officers in Monrovia. Similar concerns also exist in Nimba and Grand Bassa counties. Therefore, not only were the projects badly conceived and some poorly implemented but the management arrangement for the funds needs to be overhauled.

Do you disagree? Do you want to provide additional information about this?

8. The health facility operated by ArcelorMittal in Yekepa is accessible for villagers from Barpa only if they pay for consultations, but these are too expensive for community members to afford. No other health facility is located within the immediate area to serve local people.

Do you disagree? Do you want to provide additional information about this?

9. According to the MDA, ArcelorMittal is obliged to 'construct, maintain and operate health facilities in the Concession Area with modern equipment and with procedures with accepted international standards'. ArcelorMittal claims that the facility currently operated in Yekepa satisfies this condition. Yet, according to county officials from Sanniquellie, the facility does not represent these standards despite being referred to as hospital by ArcelorMittal. The company claims it is a full 40-bed hospital, but also states that it will start renovations in 2010. This is in line with the county assessment that the facility is not staffed or equipped at a hospital level – it is simply a walk-in clinic. The only doctor working at the facility resigned in 2009. The county is encouraging the company to staff the hospital with 2 Medical Doctors. The facility is currently operated by an Assistant Physician and 1-2 nurses. Even though this disagreement is primarily between ArcelorMittal and health authorities in the county, the current state of the facility is directly affecting the local communities and breaches the terms of the MDA.

Do you disagree? Do you want to provide additional information about this?

10. Schools operated by ArcelorMittal in Yekepa charge US\$50 per year for high school, US\$25 for junior high school and US\$20 per year for elementary school attendance. As these schools offer better education levels than public ones they are the preferred choice of parents. However, the people of Barpa are subsistence farmers, and for many, sending their children to these schools is beyond their financial means. The company health and education facilities are free of charge for company workers, but as no-one from Barpa is employed by the company they cannot benefit from these services.

Do you disagree? Do you want to provide additional information about this?

11. When ArcelorMittal fenced off its estate in Buchanan to protect the heavy equipment the company also obstructed access to the town and market for the residents of Barcoline village, extending the traveling time from the village to Buchanan from 20 min to 2 hours each way. A woman delivered her baby on the road because she couldn't get to the health facility in Buchanan in time. The fence was constructed without informing or discussing the issue with the community.

Do you disagree? Do you want to provide additional information about this?

12. The local communities are also dissatisfied with the services provided by the ArcelorMittal-run health facility in Buchanan. According to the MDA, such facility should follow international standards and be furnished with modern equipment. The facility is located in buildings developed by Lamco to host the previous hospital. Currently, there are no overnight beds provided, the x-ray machine has been removed and the health services occupy only half of the former hospital area with the remaining part of the building turned into company offices. At best it is an outpatient clinic providing services to the company workforce but not for the community. The other health care facility run by the company is available to its expatriate work force only.

Do you disagree? Do you want to provide additional information about this?

13. Serious labor issues have been reported to GAAM by former employees, such as obligatory 12 hour workdays with 1 hour of unpaid lunch (US\$0.38/ hr. of overtime was paid for the unskilled workforce while regular workers overtime was calculated at US\$0.58/ hr.). This remuneration level for such effort and length of work under local climatic conditions is inadequate.

Do you disagree? Do you want to provide additional information about this?

14. Only one hour of safety training was provided to workers beforehand, resulting in workers not following health and safety instructions. Workers would quite often remove their safety gear and expose themselves to the chemicals used to spray the sleepers. In some cases only those workers directly applying chemicals were provided with protective gear, while fumes from the chemicals would affect all working in the vicinity. According to the workers reports, at one time supervisors brought Vaseline to 'treat' affected workers. In general, the subcontractor held the employees responsible for their injuries.

Do you disagree? Do you want to provide additional information about this?

15. While developing its Buchanan workforce, ArcelorMittal also hired a number of people from outside of the county, claiming that there were an insufficient number of qualified workers available locally. According to the local officials, the county tried to encourage the company to reopen and operate the vocational training center run by Lamco. ArcelorMittal's response to this inquiry was that training provision was beyond the scope of its obligations in Liberia. If such response was indeed provided then it is in breach of the MDA, as ArcelorMittal is indeed obliged to provide training for Liberian citizens for various types of work.

Do you disagree? Do you want to provide additional information about this?

16. During a meeting with ArcelorMittal, GAAM also raised the issue of the East Nimba Nature Reserve that is partially located within the company concession. According to Liberia's Environmental Protection Agency (EPA), mining in the Reserve is excluded under Liberia's law and the company will not be able to receive a permit to mine the Reserve.

Is ArcelorMittal aware of this prohibition?

17. As well as these EPA assurances, GAAM has asked ArcelorMittal to return this area to the Liberian state, as it will not be able to operate there due to its protection status. In response, ArcelorMittal stated that if the company were to do so it would need additional guarantees from the government that the area will not be given to another mining company. ArcelorMittal argues that the area is best protected if it stays within the company concession.

Do you disagree with this assertion? Do you want to provide additional information about this?

18. On 25th August 2008 ArcelorMittal donated 100 pickup trucks to the government of Liberia to support agriculture activities across the country. According to evidence gathered from civil society groups and during the GAAM mission in Liberia, most of these vehicles are used by members of the Liberian legislature for their convenience and not for agricultural purposes, by relevant agricultural personnel or institutions.

Do you agree? If yes, is ArcelorMittal planning to take any steps to ensure that the vehicles are returned and used for the intended purpose?

19. The donation of 100 pickup trucks by ArcelorMittal, reportedly made upon request by the Liberian President, can be viewed as giving in to demands of public officials and as an improper involvement in political activities in order to retain business.

Do you have any comments to this statement? Do you want to provide additional information about this?