



The status of HIV/Aids reporting

In total 37% of companies indicated that their infected employees have access to anti-retroviral treatment. This treatment prolongs the life of an infected employee and directly addresses the risks associated with high turnover and excessive training costs.



The HIV/Aids epidemic is increasingly being recognised as a serious threat to productivity and profitability by South African companies. Increased labour cost, changes in consumer spending and changes in the economic environment in which South African companies operate will have to be addressed by business if they are to survive the impact of the disease.

Recent developments

Disclosure of HIV/Aids information by South African companies in their annual reports still remains voluntary. Recent developments in this regard are however increasing company awareness of the issue, and although none of the reporting recommendations included in these developments are mandatory, companies are increasingly under pressure to disclose their HIV/Aids policies and practices. Some of the developments include the *Second King Report on Corporate Governance (King II)*, the *Global Reporting Initiative (GRI)* and SAICA's draft document for public comment titled *Corporate Governance and HIV/Aids*.

The Second King Report on Corporate Governance

The report addresses the fundamental principles of good financial, social, ethical and environmental practices. King II addresses HIV/Aids as part of section 4 dealing with sustainable reporting. The report recommends that directors should:

- Ensure that they understand the social and economic impact that HIV/Aids will have on business activities;
- Adopt an appropriate strategy, plan and policies to address and manage the potential impact of HIV/Aids on business activities;
- Regularly monitor and measure performance using established indicators; and
- Report on all the above to stakeholders on a regular basis.

The report highlights the importance of reporting on these actions to stakeholders. It also recommends that directors consider guidelines offered by the GRI's Sustainable Reporting Guidelines.

The Global Reporting Initiative

The GRI is a multi-stakeholder process and independent institution whose mission is to develop and disseminate globally applicable Sustainability Reporting Guidelines. The GRI issued a document titled *Reporting Guidance on HIV/Aids: a Resource Document in 2003*. The document on HIV/Aids states specifically that although it was developed

with reference to the South African situation, other countries that face similar circumstances with regard to HIV/Aids (notably India, China and Brazil which are at the early stages of their epidemics) will also be encouraged to get involved in HIV/Aids reporting.

The document on HIV/Aids describes four main areas that should be addressed as part of HIV/Aids reporting. These are:

- Good governance (includes an HIV/Aids policy, strategies for managing the risks posed by HIV/Aids, contingency planning and monitoring and reporting on these issues);
- Measurement, monitoring and evaluation (includes prevalence rates, HIV/Aids associated costs and losses and future costs and losses due to HIV/Aids);
- Workplace conditions and HIV/Aids management (includes stakeholder involvement in policy formulation, workplace related programmes and interventions and allocated budgets); and
- Depth/quality/sustainability of programmes (includes detail about programmes that aim to prevent further infections and support employees already infected, as well as additional benefits and support for infected employees).

South African Institute of Chartered Accountants

In December 2004 a major development in the process of formalising an approach to deal with the issue of HIV/Aids in the South African business environment occurred with the issuing of a draft document called *Corporate Governance and HIV/Aids* by SAICA. The document was issued as part of its technical information guides offered to members.

The document discusses risk management, with specific reference to the King II Report, and relates these risks to HIV/Aids. Legal compliance related to HIV/Aids is also addressed. Of the 37 paragraphs in the document 15 paragraphs deal with disclosure and three with reporting.

The document sets out what SAICA calls 'general principles of disclosure' dealing with the following: ▶

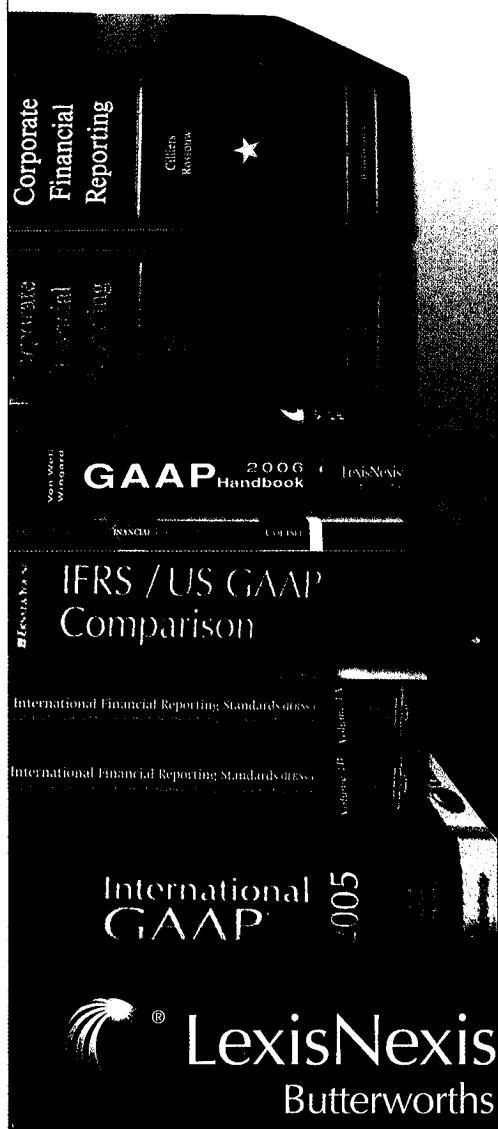
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- The *process* of managing the HIV/Aids risk;
- Efforts to *prevent* HIV infections;
- *Material risk* and the associated *measures* to address them; and
- That disclosure should not necessarily include an estimation of the prevalence rate for an organisation or monetary values related to risk evaluation.

An investigation into HIV/Aids reporting after King II

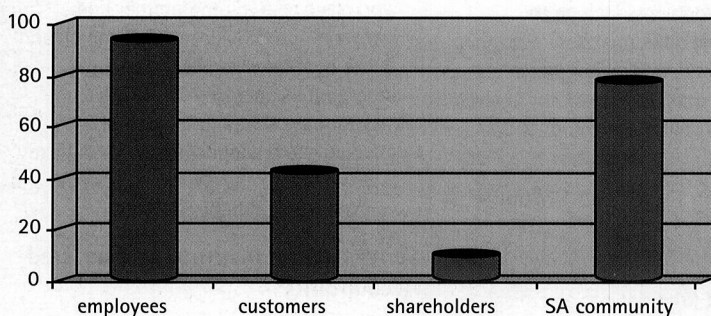
Annual reports for the 2003 financial year were used to create a base line study for future comparisons. In the 2003 financial year the new voluntary disclosure requirements (as stated in King II) came into effect. 2003 thus represented the first year that allowed for an investigation into HIV/Aids reporting after this issue was highlighted by its inclusion in King II.

The top 100 companies, based on market capitalisation, were investigated to determine what companies reported on related to HIV/Aids. Of the top 100 companies listed on the JSE Securities Exchange that were investigated 82 had some form of reporting related to HIV/Aids. For the rest of this article, these 82 companies will represent the population.

Reporting on the impact of HIV/Aids

A company will only start to implement procedures to limit the impact of HIV/Aids if it recognises that the disease has an impact on its business activities. 98,7% of companies acknowledge in their annual reports that HIV/Aids has an impact on their operations. The impact on different stakeholder groups, as reported in these companies' annual reports, is indicated in figure 1.

Figure 1: Reported impact of HIV/Aids



The majority of companies that reported on the impact of HIV/Aids indicated that HIV/Aids impacts on their employees. It can thus be expected that responses to the disease would focus on this risk area. The impact of the epidemic on the South African community at large was also acknowledged in the majority of annual reports indicating the prominence of the disease in South African society.

According to the annual reports, 41% indicated that the disease would have an impact on their customers and could therefore influence future revenue. It is interesting to note that only 10% acknowledged an impact on shareholders of the company. The negative impact of the disease on employees, the South African community and customers, will however inevitably also influence shareholder wealth and capital markets.

Responses to the risk of HIV/Aids

50% of companies reporting on HIV/Aids reported that strategies were developed to manage the risks associated with HIV/Aids. The first step in effectively responding to the risks posed by the disease would be to address the impact of the disease on employees. There are two types of responses that management can take to limit the impact of the disease on employees:

Programmes that aim to prevent or reduce new HIV infections

The first step in this process is the implementation of an awareness programme to inform and educate employees about the disease. Despite the lack of accurate information about the prevalence of HIV/Aids amongst employees, most companies have realised the potential impact it could have on their workforce and introduced measures to combat the spread of the disease in the labour force. 79% of companies reported in their annual reports that they have introduced some form of a workplace awareness programme. 53% of these companies also indicated that their HIV/Aids awareness programme specifically focuses on the prevention of further infections.

The next step in the fight against HIV/Aids is to get

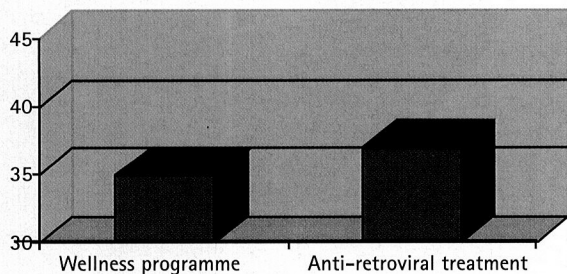
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people to determine their HIV/Aids status. In order to help employees to determine their status 51% of companies reported that they provide access to Voluntary Counselling and Testing centres that allow employees to determine their HIV status at work.

Programmes that aim to support employees and their families that have been affected by HIV/Aids

Companies also have a moral and social responsibility towards employees who are infected with HIV/Aids. Figure 1 indicates how companies are supporting their employees.

Figure 1: Support to employees affected by HIV/Aids



As seen from the graph companies make use of two types of support programmes. The wellness of employees infected with HIV/Aids has a direct influence on the company and its operations. Wellness programmes can include assisting employees to join outside support groups, allowing for flexible work schedules for infected employees, assisting in setting up home based care, free clinic services to pro-actively address other opportunistic infections such as tuberculosis and obtaining the services of professionals to educate HIV positive employees on matters as diverse as nutrition and financial planning for the HIV positive individual.

In total 37% of companies indicated that their infected employees have access to anti-retroviral treatment. This treatment prolongs the life of an infected employee and directly addresses the risks associated with high turnover and excessive training costs. Different structures are reported to finance this treatment. In most cases it is either done via the medical aid fund or the company is directly paying for the treatment.

CONCLUSION

As the HIV/Aids epidemic continues to be one of South Africa's major challenges, the business environment is also increasingly being affected by the disease. Business needs to address the risks posed by the disease and develop appropriate response strategies to survive the impact of HIV/Aids. Stakeholder groups have a vested interest in being informed about these risks and responses.

Based on the information provided in the above mentioned annual reports, it is clear that companies recognise that HIV/Aids could have a major impact on their operation, especially in terms of labour. Accordingly it was found that the majority of disclosed responses to disease relate directly to employees. This was expected but the negative impact of the disease in other areas of operation for a business should not be negated. ^{ASA}

Authors' note:

The authors are in the process of compiling a complete database on HIV/Aids disclosure by all listed companies and are currently finalising the information for the 2004 financial year. Individuals and organisations interested in the results of this project may contact Rudrik du Bruyn (University of Pretoria) at rudrik.dubruyn@up.ac.za.

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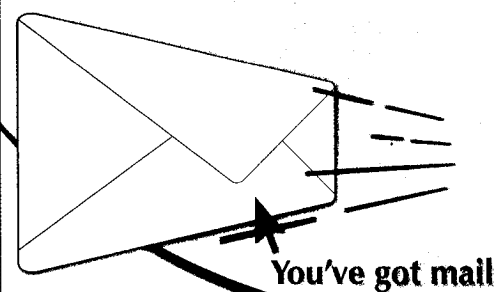
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