An analysis of the impact of King II on HIV/AIDS disclosure in annual reports

R. du Bruyn & J.M.P. Venter

ABSTRACT

The content of the 2002 and 2003 annual reports of companies listed on the JSE Securities Exchange was analysed to determine how many disclose HIV/AIDS information. This was done to determine whether there were notable changes in both the number of disclosing entities and the content of disclosure between the two years as a result of the recommendations of the Second King Report on Corporate Governance on HIV/AIDS disclosure. A greater number of companies disclosed HIV/AIDS information in their annual reports in 2003, but the overall number of disclosing entities remained low. An analysis of the content in HIV/AIDS disclosure also indicates inconsistencies in disclosure practices that might negate the usefulness of the information to users of annual reports.

Keywords: HIV/AIDS, disclosure, Global Reporting Initiative, Second King Report on Corporate Governance

INTRODUCTION

The King Committee on Corporate Governance was formed in 1992, under the auspices of the Institute of Directors (IOD), to consider corporate governance in the South African context (IOD 2002: 7). The committee issued its first report in 1994, and a subsequent, revised report, generally known as King II, was issued in 2002. The report goes beyond the financial and regulatory aspects of corporate governance and also addresses the fundamental principles of good financial, social, ethical and environmental practices. The report contains a Code of Corporate Practices and Conduct that, inter alia, applies to all companies with securities listed on the JSE Securities Exchange in South Africa.

The Code is a set of principles and does not purport to determine the detailed course of conduct by directors (IOD 2002: 21). Adherence to the code and reporting on the degree of compliance is, however, desirable. As part of its second report, the
committee specifically addressed the issue of HIV/AIDS, recommending that companies address and report on HIV/AIDS to stakeholders on a regular basis (IOD 2002: 109).

RESEARCH OBJECTIVE AND METHOD

The primary objective of this article is to determine whether King II had any effect on the disclosure of information relating to the response and impact of HIV/AIDS by listed companies in their annual reports. In order to achieve this objective, a literature review was conducted. The review was performed to determine what the recommendations of the King II Report were and what information should be included in the annual reports of companies related to HIV/AIDS. This was followed by an empirical review of annual reports of listed South African companies for 2002 and 2003 to determine whether the King II report had resulted in the improvement of the information provided and to determine the extent to which companies comply with the new recommendations.

THE SECOND KING REPORT ON CORPORATE GOVERNANCE

The King II report addresses HIV/AIDS in no uncertain terms. It is specifically mentioned as part of section 4 dealing with sustainable reporting. A full page is devoted to HIV/AIDS in this section as part of guidelines related to health. The report specifically mentions the lack of business action in South Africa with regard to the disease and states that:

The South African corporate community has, with some notable exceptions, thus far offered little by the way of public accounting and reporting on its strategies and actions for combating the potential social and economic impact of HIV/AIDS on business activities. In other words, there is little evidence of measures taken to promote business sustainability in the face of the HIV/Aids pandemic (IOD 2002: 109).

The report (IOD 2002: 109) 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
- Report on all the above to stakeholders on a regular basis.

These recommendations clearly indicate that the King Committee acknowledges that too little is currently being done by business in the face of the epidemic, and
places responsibility on directors to take action. More notably, the report highlights the importance of reporting on these actions to stakeholders. It can reasonably be expected that adherence to these recommendations will lead to increased HIV/AIDS reporting in companies’ annual reports. The King report also recommends that directors consider guidelines offered by the Global Reporting Initiative’s Sustainable Reporting Guidelines on economic, environmental and social performance as part of disclosure related to non-financial information (IOD 2002: 36).

THE GLOBAL REPORTING INITIATIVE

The Global Reporting Initiative (GRI) is a multi-stakeholder process and independent institution, the mission of which is to develop and disseminate globally applicable Sustainability Reporting Guidelines. Initiated in 1997 by the Coalition for Environmentally Responsible Economies, the GRI became independent in 2002, and is an official collaborating centre of the United Nations Environmental Programme (UNEP) (GRI 2003: 4).

Guidelines issued by the GRI are intended for voluntary use by organisations and focus on the concept of ‘triple bottom line’ reporting, encompassing economic, social and environmental issues. Guidelines offered by the initiative address various issues related to triple bottom line reporting, and organisations are encouraged to use these guidelines in circumstances that might affect them. The GRI issued a document entitled Reporting Guidance on HIV/AIDS: a Resource Document in 2003. The document on HIV/AIDS states specifically that although the document 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, where the HIV/AIDS epidemics are at an early stage) will also be encouraged to become involved in HIV/AIDS reporting (GRI 2003: 7).

The document describes 16 indicators on HIV/AIDS reporting that have been developed in a multi-stakeholder process. Indicators are arranged under four headings, which are known as ‘general performance indicators’. There are 16 ‘key indicators’, arranged under the four performance indicators. These performance indicators and their subsets of key indicators are presented in Table 1.

These guidelines represent the most comprehensive and detailed framework available for HIV/AIDS reporting at this stage. The HIV/AIDS reporting document also includes recommendations for inclusion under each of the 16 indicators mentioned. The work done by the GRI is commendable and offers a much-needed basis from which to work in the process of developing a comprehensive and comparable reporting framework for HIV/AIDS reporting.
Table 1: GRI Reporting Guidance Indicators for HIV/AIDS

<table>
<thead>
<tr>
<th>GOOD GOVERNANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Describe the organisation’s HIV/AIDS policy.</td>
</tr>
<tr>
<td>2. Describe the overall strategy for managing the HIV/AIDS risk.</td>
</tr>
<tr>
<td>3. Describe the extent of preparedness and contingency planning in anticipation of expected HIV/AIDS impacts.</td>
</tr>
<tr>
<td>4. Describe how your organisation monitors its progress and reports in terms of indicators 1–3.</td>
</tr>
<tr>
<td>5. Describe how the organisation involves stakeholders in the formulation of policy, strategy and implementation.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MEASUREMENT, MONITORING AND EVALUATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>8. Indicate total assumed future HIV/AIDS-associated costs and losses.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>WORKPLACE CONDITIONS AND HIV/AIDS MANAGEMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>10. Indicate total allocated budget dedicated to HIV/AIDS programmes per annum.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DEPTH/QUALITY/SUSTAINABILITY OF PROGRAMMES</th>
</tr>
</thead>
<tbody>
<tr>
<td>11. Detail the organisation’s Voluntary Counselling and Testing (VCT) programme.</td>
</tr>
<tr>
<td>12. Describe other support and counselling programmes.</td>
</tr>
<tr>
<td>14. Describe the organisation’s condom and femidom distribution programmes.</td>
</tr>
<tr>
<td>15. Describe the organisation’s general health care and wellness provision for employees and their families, making specific mention of STD-treatment for those who are AIDS sick.</td>
</tr>
<tr>
<td>16. Describe additional benefits and support for employees sick, dying or deceased from AIDS-related conditions.</td>
</tr>
</tbody>
</table>

Source: GRI (2003: 11–16)

EMPIRICAL STUDY OF DISCLOSURE ON HIV/AIDS IN ANNUAL REPORTS

The indicators set out in the GRI’s guidance document on HIV/AIDS reporting were used as the basis for the evaluation of the companies’ reporting practices.
As the annual reports of companies are the main communication method with stakeholders, the reports were used as the basis for the investigation (Tilt 1994: 63). The annual reports for the 2002 and 2003 financial year were used in the study. The 2003 top 100 companies, as identified by the Financial Mail, were used for the research (Financial Mail 2003), as these companies represent the best practices that are currently being followed in South Africa. It should be noted that one of the companies that is included among the 2003 top companies was not listed in 2002; for the 2002 comparison, the company was replaced by the next company on the top company list.

The 2002 and 2003 years were selected for the study, as the new guidelines from the King II report became applicable during the 2003 year. Comparing the disclosure practices of the two years will therefore provide an indication of whether the King II report did in fact improve the quality of reporting on HIV/AIDS by South African companies. The annual reports of the companies were obtained from the McGregor/BFA Corporate Database.

NUMBER OF COMPANIES REPORTING ON HIV/AIDS

The HIV/AIDS epidemic is systematically beginning to impact on business (Ford, Lewis & Bates 2002: 10). Actions taken by organisations with regard to workplace responses to HIV/AIDS can broadly be divided into two categories: programmes that aim to prevent or reduce new HIV infections (awareness programmes and voluntary testing and counselling) and programmes that aim to support employees and their families that have been affected by HIV (support groups and treatment) (Barnett & Whiteside 2002: 249–251).

There is currently no explicit requirement by either Generally Accepted Accounting Practice (GAAP), the Companies Act or the JSE Security Exchange listing requirements that obliges companies to disclose information regarding HIV/AIDS. Any disclosure about the disease therefore takes place on a voluntary basis. The Financial Accounting Standards Board (FASB) states that voluntary disclosure normally takes place primarily outside the financial statements (2001: 5).

According to De Villiers & Vorster (1995: 45), the reasons for voluntary disclosure can be divided into two main categories – moral reasons and pragmatic reasons. The pragmatic reason for disclosure is described as a perception by management and the board of directors that some advantage can be gained from disclosing certain information, while moral disclosure might be considered the right thing to do, without any tangible benefits being derived from such disclosure. Both these reasons can be used as motivation for disclosing HIV/AIDS risks and responses by organisations. The epidemic is affecting society and company workforces, and communicating associated information to stakeholders can be considered morally correct. However, if a company’s responses to the disease are comprehensive and
socially acceptable, pragmatic reasons may be the main motivation for disclosure, thereby gaining the favour of stakeholders such as employees, labour unions and even Government.

**Empirical results**

In their 2002 annual reports, only 69 companies disclosed any information regarding the effects of HIV/AIDS on the company. This figure improved to 82 companies during the 2003 reporting period. Based on this improvement of 19% among companies that report on HIV/AIDS issues, it is clear that the fact that the King II report identified HIV/AIDS as an aspect that needs to be addressed did have an impact on the number of companies that voluntarily reported on this.

Having identified that there has been an improvement in the number of companies that report on the impact of HIV/AIDS, the next step will be to evaluate whether the information provided is based on the guidelines offered by the Global Reporting Initiative. In order to compare the information reported by the disclosing companies for the two years under review, only disclosing companies will henceforth represent the population; therefore for the 2003 year the 82 companies (2002: 69 companies) will represent 100%. In the following section, each of the general performance indicators of the Global Reporting Initiative will be discussed.

**GOOD GOVERNANCE**

The first general performance indicators in the Global Reporting Initiative deal with good governance practices that must be disclosed; these include HIV/AIDS policies and strategies.

Family Health International (FHI) (2002: 35) describes an HIV/AIDS policy of an organisation as a document that defines an organisation’s position and practices for preventing HIV transmission and for handling HIV infection among employees. The policy provides guidance to supervisors who deal with the day-to-day issues and problems that arise in the workplace. Such a policy also informs employees about their responsibilities, rights and expected behaviour regarding the disease.

According to the FHI’s action guide for managers, an HIV/AIDS policy should address the following:

- Set a foundation for HIV/AIDS prevention and care programmes
- Offer a framework for consistency of practices related to the disease within the company
- Express the standards of behaviour expected of all employees regarding the disease
- Inform all employees of assistance available and where to obtain it in the organisation
• Give guidance to supervisors and managers on how to manage HIV/AIDS in their work groups
• Assure consistency with relevant laws and regulations related to HIV/AIDS (Family Health International 2002: 35).

UNAIDS (2004: 6) points out that South African business, operating in the country with the highest number of people infected with HIV in the world, still has a long way to go with regard to HIV/AIDS policies. The need for business to formulate HIV/AIDS policies in organisations should be emphasised. The existence of a formal policy regarding the disease will not only indicate that the organisation is aware of the possible impact of the disease, but will also assist organisations in meeting the challenges of the disease in a formalised manner.

Another important aspect from a governance perspective is whether the company adopted a strategy to manage the possible impact of HIV/AIDS on the activities of the business (Barnett & Whiteside 2002: 249–251).

Empirical results

Figure 1 shows the number of companies that indicated that they have an HIV/AIDS policy and/or strategy to combat the effects of HIV/AIDS.

In 2002, 35% of the companies reporting on HIV/AIDS in their annual reports indicated that they have a formal HIV/AIDS policy. This increased to 54% of companies in 2003. Based on this information, it is clear that increasing numbers of companies are recognising the importance of managing HIV/AIDS in their business.
and are adapting formal policies. It is interesting to note that the majority of companies did not indicate whether they followed a consultative process in drafting their policies or which parties were involved in the process.

Although the increase in the number of companies that indicated they have a strategy to manage the possible impact of HIV/AIDS on the company is an encouraging sign, very few companies that indicated that there is a formal monitoring procedure in the company to ensure compliance.

MEASUREMENT, MONITORING AND EVALUATION

In this group of indicators, companies are expected to indicate what the cost of the disease will be. One of the steps in determining the cost implications of the disease is to determine the infection rate among employees.

The disease has various challenges for South African companies. As the disease mainly impacts employees of the company, it can be expected that the biggest costs will also be related to the companies’ employees. Randall (2002: 86) summarises the impact of HIV/AIDS on business as follows:

- Increased illness and deaths among employees that increase company expenditure and reduce revenue
- Expenditure on health care and funeral costs, and increased costs of recruitment and training of replacements
- Decreased revenue as a result of increased absenteeism due to illness, employees taking care of relatives infected and time spent attending funerals
- Increased labour turnover, leading to a loss of skills, knowledge and experience, and consequently declining morale and lower productivity. Resultant replacement will lead to increased administration and production costs
- Increased demand for benefits (including insurance cover, retirement funds, health and safety provisions, medical assistance and disability benefits), leading to increased payroll cost and eroding competitiveness
- Change in customer/client base, specifically related to changes in spending patterns
- A probable increase in investment in capital-intensive technology/production.

Recent studies indicate that business in South Africa and southern Africa is beginning to feel the impact of HIV/AIDS (Deloitte & Touche 2002; Boston University 2003; Bureau for Economic Research [BER] 2003). The results of these studies give an indication of the impact of the disease on business and the responses arising from the assessed impact. In the remainder of this section, the various factors that impact on the cost of HIV/AIDS for companies will be discussed.
Prevalence

The first indicator for which information should be provided in this section is the prevalence rate of HIV/AIDS. The company must therefore assess the current prevalence figures among employees. The results of such studies can then form the basis for assessing the future internal impact of HIV/AIDS on an organisation. As a result of privacy legislation, determining prevalence rates among employees poses a major challenge to companies. The Deloitte & Touche study (2002) found that only 7.3% of respondents carried out anonymous blood screening. This clearly indicates that South African business has a long way to go in assessing the future impact of the disease on employees.

The Actuarial Society of South Africa (ASSA) has developed a model known as the ASSA 2000 model to make demographic projections for the HIV epidemic in South Africa (Bureau for Economic Research 2003: 8). According to the model, the HIV/AIDS epidemic will have a disproportionate impact on the working age population, with approximately 25% of adults aged 20 to 64 already infected with HIV. The ASSA 2000 model projections suggest that, in the absence of any interventions, HIV prevalence among adults (20–64 years) could reach 28% by 2006. AIDS deaths among the working age population are expected to quadruple over the next ten years, unless more successful intervention methods are developed and implemented. Stabilising or declining HIV prevalence figures may hide the fact that new infections will almost equal the number of AIDS deaths.

Although limited reliable estimates of HIV infection per skills category are available for business, it is suggested that HIV prevalence is highest among semi-skilled and unskilled workers and lowest among highly skilled workers (Bureau for Economic Research 2003: 9).

The cost of HIV/AIDS to business

Van Niftrik (2003: 27) states that preventative workplace programmes can be introduced at a fraction of the cost that would be incurred as a result of AIDS illness and deaths among employees and argues that expenditure on such programmes should be regarded as an investment to reduce future expenditure related to HIV infections among employees.

Company response to the epidemic is mostly based on the knowledge and awareness of its leadership of the existing and potential impact of the disease on the company. According to Barnett & Whiteside (2002: 249–251), company responses and their associated cost may be motivated by a cost–benefit analysis, in which companies establish that prevention, treatment and other mitigating activities make economic sense.

A study by Boston University (2003) calculated the cost per infection for each of six companies included in the study. The results represent the cost from infection to death or date of service termination as a result of AIDS. Direct and indirect costs
were established on the basis of data provided by the respondents. Indirect cost included sick leave, loss of productivity, supervisory time utilised by the infected employee, the duration of vacancies and the learning curve of replacement workers. Indirect cost constituted retirement, death, disability and medical benefits, as well as recruitment costs of substitute employees. The average additional cost per infected employee per skill level is given in Table 2.

Table 2: Cost per infected employee per skill level

<table>
<thead>
<tr>
<th>Job level</th>
<th>Average cost per infected employee (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unskilled worker</td>
<td>7 927</td>
</tr>
<tr>
<td>Skilled worker</td>
<td>12 888</td>
</tr>
<tr>
<td>Supervisor</td>
<td>20 320</td>
</tr>
<tr>
<td>Manager</td>
<td>33 974</td>
</tr>
</tbody>
</table>

*Source: Adapted from Boston University (2003: 14)*

These costs were calculated for actual HIV-positive employees whose services were eventually terminated because of either death or disability, and represent costs calculated retrospectively after termination of employment. The exchange rate used in the study was based on R8.60 to one US$, and results obtained in 1999 and 2000 were adjusted for inflation so as to be comparable with the 2001 results. It is clear that there is a direct link between job level and associated cost. A more detailed breakdown of the distribution of the cost per infected skilled worker is provided in Table 3.

Table 3: Distribution of cost per infected skilled worker

<table>
<thead>
<tr>
<th>Cost component</th>
<th>Percentage of total cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sick leave</td>
<td>11</td>
</tr>
<tr>
<td>Productivity loss</td>
<td>34</td>
</tr>
<tr>
<td>Medical care</td>
<td>6</td>
</tr>
<tr>
<td>End of service benefits</td>
<td>26.5</td>
</tr>
<tr>
<td>Replacement</td>
<td>22.5</td>
</tr>
</tbody>
</table>

*Source: Adapted from Boston University (2003: 15)*

These results clearly indicate that productivity loss represents the major cost associated with an HIV infection, while end-of-service benefits and the cost of
replacement also represent a substantial part of the cost. Lower productivity and sick leave are closely related, and when the two are combined, they represent almost half the cost associated with an infection.

In an attempt to prolong the life of infected employees and defer the costs associated with absenteeism, lower productivity and termination of service, a number of companies have started to provide anti-retroviral therapy (ARV) treatment to infected employees at company cost. In 2003, ARV treatment per infected employee would have cost an employer between R750 and R1 200 per month per employee, with the added cost of a minimum of three pathology tests per annum to monitor the infected individual at approximately R1 350 per test. Total annual cost of ARV treatment per employee per annum would thus cost a company between R13 050 and R18 450 (Van Bassen 2003: 29).

From the discussion, it is clear that the costs associated with HIV/AIDS in business are substantial, and that ARV treatment is an expensive response if one considers that the majority of HIV-positive employees are found in the lower-paid levels of a company. Treatment cost of around R15 000 per infected employee per year will add substantially to the cost-to-company of employing such an individual.

In addition to the costs associated with HIV-positive employees, substantial amounts are also allocated to prevention programmes by companies in an attempt to reduce new infections among HIV-negative employees. Among the worst affected companies, the cost of these programmes can be substantial. Gold Fields South Africa, for example, set aside R20 million in 2003 for its HIV awareness programmes, according to chief executive Ian Cockerill, while AngloGold budgeted R26 million for its HIV/AIDS programmes in the same year (Brown 2003).

According to Kelly (2002: 101–103), understanding the effectiveness of prevention and awareness programmes, quantifying their results and investigating the benefits of spending large amounts on such programmes remain a complex issue that requires further research. What is widely accepted, however, is that money spent on such programmes should be considered an investment in employees, and that such costs incurred per employee to prevent infections are very unlikely to exceed the cost associated with having an HIV-positive employee in the workforce.

**Empirical results**

In their 2002 annual reports, only 17% of companies provided information regarding the HIV/AIDS prevalence rate. This increased to 23% in 2003. The value of this is questionable, as HIV/AIDS is not a notifiable disease, and the accuracy of these figures is therefore questionable. In 2003, only 21% of companies gave an indication of the HIV/AIDS cost for the company, while only 9% gave an indication of the expected future cost. Although there has been an increase in the level of reporting on this indicator, this aspect generally needs to receive more attention in future.
WORKPLACE CONDITIONS AND HIV/AIDS MANAGEMENT

This group of indicators deals with programmes implemented by companies to create an awareness of the disease among employees. This is normally achieved by means of the implementation of formal awareness programmes.

Awareness programmes

Awareness programmes seek to inform employees about HIV/AIDS, promote behaviour changes that will reduce the spread of the disease and provide services to reinforce behaviour changes (Family Health International 2002: 45). Such programmes consist of educational initiatives, providing material to inform workers about the disease and the distribution of condoms by a company.

The BER study (2003) found that 41% of their respondents had a workplace HIV/AIDS awareness programme, while 65.5% of respondents in the Deloitte & Touche study (2002) confirmed the existence of a HIV/AIDS awareness or education programme in their organisation. An interesting fact in this study was that 11.8% of respondents indicated that attendance of HIV/AIDS education sessions by employees was compulsory. This clearly demonstrates the importance that these organisations attach to the disease and indicates that they are willing to accept the additional cost of lost productivity in the fight against the disease.

An encouraging finding of the Deloitte & Touche study was that a small number of respondents also extended their awareness programmes to dependants of employees, indicating that these companies recognised that fighting the disease beyond their own employees is also an important aspect of the fight against HIV/AIDS.

Empirical study

Despite the lack of accurate information about the prevalence of HIV/AIDS among employees, most companies have realised the potential impact it could have on their workforce and have therefore introduced different preventative programmes. In 2003, 83% of companies (2002: 78%) indicated that they had introduced some form of workplace awareness programme. This increase is very encouraging, as it results in more people being made aware of the disease.

Only 10% (2002: 8%) of companies gave an indication of the cost impact of HIV/AIDS awareness programmes on the company or the allocated budget to fight the disease.

DEPTH/QUALITY/SUSTAINABILITY OF PROGRAMMES

In this group of indicators, companies should discuss how they support employees. This can be done through various methods, which are discussed further.
Voluntary testing and counselling

Voluntary testing and counselling (VTC) forms an important part in the fight against HIV/AIDS. Organisations that provide such facilities to employees play an important role in addressing the disease. The BER study (2003) found that 18% of respondents provided facilities to employees for performing VTC.

Kelly (2002: 115) argues that VTC uptake rates are likely to be poor when offered without treatment incentives or the availability of anti-retroviral treatment and other support structures to employees.

Support and care programmes

Support and care programmes involve the approved formation of on-site support groups for HIV-positive employees, 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 proactively 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 (Family Health International 2002: 59).

Provision of anti-retroviral therapy (ARV)

The development of ARV treatment has raised hope for HIV-positive individuals in the advanced stages of the disease. This is a treatment method that prolongs the life of HIV-positive persons and fights the onset of AIDS (Ward 1999; Whiteside 2001). For humanitarian and business reasons, a few South African companies have decided to assist HIV-positive employees to obtain the necessary drugs and treatment.

Companies should carefully review and assess existing company policy on treating chronic illnesses (of which HIV is only one), the type of medical insurance provided to employees, the benefits derived from keeping employees on the job and the associated costs.

Empirical results

As seen from the previous section, most companies have some form of HIV/AIDS education for employees. The next step in the fight against HIV/AIDS is to get people to determine their HIV/AIDS status. In order to help employees to determine their status, 51% of companies provided voluntary counselling and testing programmes in 2003, compared to 45% in the previous year. The exact nature of these programmes differs from company to company.

Table 4 summarises the results of the study relating to the other indicators in this group.
Table 4: Depth/quality/sustainability of programmes

<table>
<thead>
<tr>
<th>Indicator</th>
<th>2002 (%)</th>
<th>2003 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>13. Describe the organisation’s HIV/AIDS education and training programmes.</td>
<td>33</td>
<td>32</td>
</tr>
<tr>
<td>14. Describe the organisation’s condom and femidom distribution programmes.</td>
<td>10</td>
<td>15</td>
</tr>
<tr>
<td>15. Describe the organisation’s general health care and wellness provision for employees and their families, making specific mention of STD-treatment for those who are AIDS sick.</td>
<td>30</td>
<td>35</td>
</tr>
<tr>
<td>16. Describe additional benefits and support for employees sick, dying or deceased from AIDS-related conditions (for example the provision of ARV).</td>
<td>28</td>
<td>37</td>
</tr>
</tbody>
</table>

SUMMARY AND RECOMMENDATIONS

To enable stakeholders to understand the reasoning behind HIV/AIDS reporting, one would expect the reporting entity to give an indication of the current and expected impact that the disease will have on the organisation as a starting point for disclosure.

The King II report aims to improve reporting on corporate governance issues. HIV/AIDS is currently a very important issue facing South African companies. It could therefore be expected that the King II report will have an impact on HIV/AIDS disclosure in annual reports.

As shown by the survey results, there has been an increase in HIV/AIDS disclosure, but there is still room for improvement in the quality of information provided. The number of companies that do not report on HIV/AIDS is also a matter of concern.

Although the Global Reporting Initiative offers a framework for HIV/AIDS disclosure, the following should be considered:

- Adhering to the requirements of the framework for current and future estimated prevalence rates might be problematic, as testing is governed by legal requirements, and future estimations may be very subjective. Prevalence disclosure as part of the framework is also limited to employees in the organisation and fails to address prevalence in the geographical area in which the company operates, and more importantly, the impact of the disease on the customer base of the organisation. The reliability of disclosed prevalence rates is thus questionable.
- HIV/AIDS-associated costs addressed in the framework might also be a contentious issue for reporting organisations. While expenditure on HIV/AIDS
programmes may be relatively easy to determine, assessing losses and future losses as a result of the disease may prove to be more difficult. This provides an opportunity for future research.

REFERENCES


