Introduction
The rate of HIV infection continues to grow with 2.7 million new infections recorded globally in 2007. Levels of infection in sub-Saharan Africa are particularly high with South Africa alone observing a rate of approximately 18% (UNAIDS).

However, encouraging developments in how companies are tackling HIV have been seen in recent years including increased access to effective treatment and prevention programmes.

As part of a broader programme of emerging market research and working with the Johannesburg Stock Exchange (JSE), EIRIS’ latest report analyses the corporate response to HIV/AIDS of the top 40 large cap South African companies listed on the FTSE/JSE Top 40 Index.

Key Findings
• Companies perform well on HIV/AIDS strategy but performance on training is weaker
• Over 90% of companies provide employee access to effective treatment & prevention programmes
• Over 70% of companies provide HIV/AIDS prevention & treatment programmes to local communities
• Mining and financial sectors have the most advanced strategies on HIV/AIDS

Impact of HIV/AIDS on business
According to the 2006 ILO report HIV/AIDS and work: global estimates, impact on children and youth, and response, approximately 24 million workforce members aged 15 to 64 years were living with HIV or AIDS worldwide in 2005, with almost 67% residing in Africa (3.7 million in South Africa). The ILO projects that the loss to the labour force worldwide will rise from 28 million in 2005 to 45 million in 2010 and 86 million by 2020. HIV/AIDS typically affects individuals between the ages of 14 and 45, who represent the most economically productive population. Direct costs to businesses include increased costs of health insurance, employment benefits, funeral and pension costs, recruitment and training

Background to HIV/AIDS
AIDS (Acquired Immune Deficiency Syndrome) is caused by the HIV (Human Immunodeficiency Virus) virus which weakens the body’s immune system and increases its vulnerability to other communicable diseases such as pneumonia and tuberculosis. There is currently no cure for HIV but anti-retroviral drugs have been developed that are used to suppress the virus. According to the World Health Organization, in 2007 there were 33 million people living with HIV, with 2.7 million new infections and 2 million AIDS-related deaths. The International Labour Organization (ILO) report HIV/AIDS and the World of Work notes that the number of adults and children living with HIV has risen 14% since 2001 with the largest increases seen in East Asia, Eastern Europe and Central Asia. Meanwhile the number of people living with HIV in sub-Saharan Africa has increased from 20.9 million in 2001 to 22.5 million in 2007. More than two-thirds of all adults (68%) and the majority of children (almost 90%) living with HIV in the world live in sub-Saharan Africa. The report also states that 35% of all persons living with HIV globally are concentrated in southern Africa.
costs, and decreased productivity and profitability. Other effects include increased absenteeism, high rates of employee turnover, low employee morale, and loss of skill and experience.

The impact on the greater economy and the future workforce is also significant as the loss of children to the disease results in a loss of future potential and human capital development. Furthermore, orphaned children are more likely to become engaged in child labour and are without opportunities for the necessary skill and educational development needed to become a fully productive member of the workforce. The Global Business Coalition on HIV/AIDS, Tuberculosis and Malaria estimates that for countries with an infection rate of over 10% such as South Africa, the spread of HIV/AIDS has resulted in a 2-3% loss in GDP at a minimum.

A review of the FTSE/JSE Top 40
EIRIS has analysed the HIV/AIDS strategies of the top 40 largest South African companies listed on the JSE as part of research undertaken for the JSE SRI index. The analysis focuses on company strategy on HIV/AIDS, employee prevention and awareness and broader community-based support. All data is taken from publicly available sources. Key findings of our research are highlighted below:

1) Companies perform well on HIV/AIDS strategy but training is weaker
Of the top 40 companies, 85% have a global HIV/AIDS policy covering confidentiality, non-discrimination and commitment to development programmes for treatment and prevention.

82.5% of companies conduct a risk assessment in relation to HIV/AIDS (e.g. assessing impact on productivity, profitability, workforce, health costs and efficiency). Whilst this is encouraging it may be of concern to investors that six of the top 40 companies do not have adequate public policies. In addition, only 67.5% of top 40 companies demonstrate evidence of occupational health and safety training or procedures covering prevention of HIV transmission.

2) High employee access to effective treatment and prevention programmes
The top 40 companies have made significant progress in increasing access to effective treatment and prevention programmes for employees. Almost all companies analysed (over 90%) provide prevention, education and awareness programmes; access to voluntary counselling and testing; and provision of treatment, care and support benefits for employees. By taking these steps, companies can play a significant role in tackling HIV/AIDS.
3) Most companies provide community treatment for HIV/AIDS
Company sponsorship of, or support for, community-based prevention, education and awareness programmes and community-based treatment, care and support is high. With regards to the provision of community services, there is very little difference between the number of companies that support or provide community-based awareness and prevention education programmes (80% of the top 40 analysed) and the number of companies supporting or providing community-based treatment programmes (72.5%). The mining sector again demonstrates high levels of participation in such programmes. This is likely due to the fact that infection most often occurs outside of the workplace in the local community, necessitating a company’s strategy to extend beyond the workplace.

4) Mining and banking sectors have advanced strategies on HIV/AIDS
Of the 40 largest South African companies analysed, the mining (and other basic resources) and banking sectors were consistently the high performers for all areas of assessment. The oil & gas and health care sectors also perform well but there is only one company in each of the two sectors in the top 40.

The mining companies assessed demonstrate an extremely high level of engagement with the issue. Eleven of the top 40 mining companies provide a specific policy outlining their mission and strategy on HIV/AIDS, show evidence of undertaking a HIV/AIDS risk assessment, provide employees with prevention, education and awareness programmes, enable access to voluntary counselling and testing, provide HIV/AIDS treatment, care and support benefits for employees, and support community-based treatment, care and support. Four of the five banks meet all indicators (see Table 1).

The reasons for such a high degree of engagement with the issue of HIV/AIDS amongst mining companies is likely due to the fact that the sector worldwide is associated with an increased HIV infection risk due to the nature of the work and the large numbers of migrant workers employed. Mining communities attract commercial sex workers with the mining trade being a male-dominated profession where workers are sexually active young adults separated from their families for prolonged periods of time. Key factors contributing to the sector’s high risk environment include the high mobility of the workforce, isolated working environments breeding boredom and loneliness, ready access to sex workers, alcohol and drugs, lack of information about HIV/AIDS and inadequate access to health services. Furthermore, mining activities often occur in remote rural areas without access to health clinics. Therefore, workers and mining communities are heavily dependent on services provided by the mining company. A lack of action by the company can threaten mine production through the shortage of highly trained engineers with an untreated employee costing a company over three times as much as his annual salary. BHP Billiton has reported that for every dollar it invests in HIV training, education and medical programmes, the return is four-fold in savings for re-training, absenteeism and productivity.
The banking sector similarly demonstrates a high level of engagement, despite being a much lower-risk sector than the extractive industry for HIV/AIDS. Companies in the financial sector are driven to implement a corporate HIV/AIDS strategy due to the effects on skill availability, health of the workforce and potential negative impacts on customers. Although discussion of the impacts of HIV/AIDS in the financial sector is limited, it is likely that a high level of implementation of strategies to address HIV/AIDS is due to high levels of monetary resources available and existing infrastructure in place to implement e-learning programmes and to disseminate written information without the complication of language or literacy barriers.

Table 1 JSE Top 40 – Overall sector performance

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Mining</th>
<th>Other Basic Resources</th>
<th>Health Care</th>
<th>Oil &amp; Gas</th>
<th>Banks</th>
<th>Property &amp; Development</th>
<th>Industrial Goods &amp; Services</th>
<th>Other Financials</th>
<th>Media</th>
<th>Retail &amp; Fast Food</th>
<th>Manufacturing</th>
<th>Communications</th>
</tr>
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<td>HIV/AIDS policy</td>
<td>1</td>
<td>2</td>
<td>1</td>
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<td>4</td>
<td>1</td>
<td>7</td>
<td>5</td>
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<td>1</td>
<td>1</td>
<td>4</td>
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<td>7</td>
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<tr>
<td>Employee HIV/AIDS prevention, education &amp; awareness programmes</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>4</td>
<td>2</td>
<td>8</td>
<td>5</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Employee access to voluntary counselling &amp; testing</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>4</td>
<td>2</td>
<td>8</td>
<td>5</td>
<td>1</td>
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<td>0</td>
<td></td>
</tr>
<tr>
<td>Employee HIV/AIDS treatment, care &amp; support</td>
<td>1</td>
<td>2</td>
<td>1</td>
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<td>4</td>
<td>1</td>
<td>8</td>
<td>5</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Community HIV/AIDS treatment, care &amp; support</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>4</td>
<td>3</td>
<td>7</td>
<td>3</td>
<td>2</td>
<td>0</td>
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<td>0</td>
</tr>
<tr>
<td>No. of companies</td>
<td>11</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>5</td>
<td>2</td>
<td>8</td>
<td>5</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>
| % exceeding all indicators | 100% | 100% | 100% | 100% | 100% | 100% | 50% | 50% | 33% | 0% | 0% | 0%

Best practice on HIV/AIDS – what can businesses do?

Corporate best practice on HIV/AIDS is a continually evolving filed. In designing business strategies to address HIV/AIDS in the workplace, best practice examples have focussed on issues of risk assessment, stakeholder engagement, de-stigmatization, provision of prevention education programmes as well as treatment and counselling programmes, and top level leadership. Top performing companies have also consulted, with or followed guidelines laid out by industry or international charters or organizations, such as the ILO Code of Practice on HIV/AIDS and the World of Work or the South African Business Coalition on HIV/AIDS (SABCOHA). The Global Business Coalition on HIV/AIDS, Tuberculosis and Malaria state that partnerships, prevention and non-discrimination are key pillars to any business strategy with the provision of testing, counselling and treatment equally important.

Businesses must also address the fact that in many places, workplace awareness and prevention programmes will be the only source of information available to employees and perhaps to the local community as well. Well-defined engagement strategies present opportunities for companies not only in terms of cost-savings but also in enabling businesses to play a leadership role within the private sector and the industry. Business initiatives can positively engage governments and other sectors to play a larger role and enable the development of partnerships and sharing of resources. To ensure that company policies are effective it is now common for company HIV/AIDS committees to include people living with HIV/AIDS (PLWHA), labour representatives and community members. The benefits of engagement can not only offset future costs but also provide businesses with improved community relations and positively impact employee morale. There are a number of good practice examples amongst mining companies, one of which being Gold Fields’ approach to understanding the risks of HIV/AIDS and its actions to provide education and treatment to both employees and local...
communities. In 2002, Gold Fields projected that the cost of HIV/AIDS amongst workers would cost up to USD 10 per ounce of gold in added production costs without intervention. With a mitigation strategy, the added costs would be reduced to approximately USD 4 per ounce. The Company now offers HIV/AIDS education to all employees through induction courses, training events and peer education. Voluntary counselling and testing is available to all employees with the total number of employees attending VCT in 2007 being 16,639. Antiretroviral therapy (ART) is offered to employees diagnosed as HIV-positive and by April 2007, 1,703 employees had commenced ART with an 89% adherence rate to taking the treatment. To provide community-based prevention education, schoolteachers and pupils are trained as 'Agents of change' and home-based care projects are financed by the Company covering 70% of its labour-source communities.

Amongst the companies in the financial sector, Standard Bank is one example of best practice through its high level of engagement. It has undertaken prevalence surveys to better understand the risk posed to its activities and to enable the development of effective mitigation plans. In 2007, it committed approximately SAR 2.4 million to its HIV/AIDS employee awareness programme in South Africa. It has also developed a holistic wellness philosophy that integrates the workplace HIV/AIDS programme into all educational and behavioural change programmes aimed at various health and wellness risks. The Corporate Health philosophy aims to de-stigmatize HIV/AIDS and rather than view HIV/AIDS as a controversial issue, it is ‘accorded’ a ‘non-contentious’ status similar to asthma, heart disease, cancer, TB, malaria and other afflictions that can be mitigated by a comprehensive health and safety strategy. By focusing on employee engagement and behaviour change, the Company has achieved a reduction in HIV/AIDS-stigma within the workplace environment with a number of employees openly disclosing their status through internal media. It has also observed an increase in employees registering with the Bankmed Special Care Scheme for HIV/AIDS.

**Recommendations for investors**
The top 40 companies in South Africa have taken significant steps to address the issue of HIV/AIDS as it relates to their business.

Investors may wish to use these case studies to engage with companies and play a key role in encouraging further uptake of such strategies. Areas for focus include:
- Engaging with South African mid and small cap companies beyond Top 40
- Engaging with companies in other counties where HIV/AIDS is a risk
- Encouraging companies to engage with broader stakeholders, including government, NGOs, industry bodies and their supply chain to share and enhance best practice.

**Further resources**
- South African Business Coalition on HIV/AIDS (SABCOHA) [www.sabcoha.org](http://www.sabcoha.org)
- Global Business Coalition on HIV/AIDS, Tuberculosis and Malaria [www.qbcimpact.org](http://www.qbcimpact.org)
- Pan African Business Coalition on HIV/AIDS (PABC) [www.pabcnetwork.org](http://www.pabcnetwork.org)
- UNAIDS [www.unaids.org](http://www.unaids.org)
- WHO [www.who.int](http://www.who.int)
About JSE SRI Index

The JSE’s Socially Responsible Investment (SRI) Index was launched in May 2004 in response to the burgeoning debate around sustainability globally and particularly in the South African context. The SRI Index was a pioneering initiative – the first of its kind in an emerging market, and the first to be launched by an exchange, and has been a driver for increased attention to responsible investment into emerging markets like South Africa (www.jse.co.za/sri).

EIRIS is the data provider for the JSE SRI index. EIRIS has worked with the JSE on a review of Index criteria and construction, to ensure that the Index maintains its leading role in both encouraging broad based sustainability practice by companies and fostering consensus on what this means in the context of South Africa. The Index criteria include requirements for HIV/AIDS.

About EIRIS

EIRIS is a leading global provider of independent research into the environmental, social governance (ESG) and ethical performance of companies. With over 25 years experience of conducting research and promoting responsible investment strategies, EIRIS now provides services to more than 100 asset owners and asset managers globally.

In the last ten years new EIRIS research has focussed on the risks and exposure of companies in key ESG areas, and how companies are responding. EIRIS works with clients to create their own ESG ratings and rankings, to engage with companies and to create specific funds for their clients. EIRIS has a multinational team of over 50 staff in London, together with offices in Boston and Paris. The EIRIS network includes research organisations in Australia, France, Israel, Germany, Spain & South Korea, and now covers over 2,800 companies globally.

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