

HIV/AIDS, corporate reporting and unions



*HIV/AIDS poses a threat to the sustainability of companies, primarily because of its impact on the workforce. It is thus an issue of concern to both management and unions. **David Dickinson** and **Aadila Fakier** look at the issue of corporate sustainability reporting, and how it might assist in responding to HIV/AIDS in the workplace.*

Corporate sustainability reporting – sometimes known as ‘triple bottom line reporting’ – takes into account social and environmental factors, as well as profits. It is receiving increasing attention, while reporting on the corporate response to HIV/AIDS has recently emerged as one way of encouraging a response to the epidemic by business.

This article draws on research into the Global Reporting Initiative’s (GRI) HIV/AIDS reporting guidelines (Fakier 2004) to explore the ways the reporting guidelines could be used by companies. Understanding possible corporate responses to HIV/AIDS reporting will help labour formulate its own views on these guidelines.

Corporate sustainability reporting

‘Voluntary regulation’ of companies in the form of sustainability reporting can be seen as a ‘half-way house’ between legally enforced regulations and an unregulated free market economy. By accepting a set of standards on environmental or social issues, companies agree to abide by, and report on, principles that recognise concerns in addition to those of short-term profit maximisation for the company’s shareholders. Typically, companies agreeing to such a process publicly evaluate their performance against a set of criteria. This reporting may be verified, for example by the JSE Securities Exchange, which is now setting sustainability reporting requirements for listed companies.

Alternatively, companies can simply publicise their reporting in publications such as its annual report. Why companies agree – individually or collectively – to such self-regulation is not straightforward and a number of reasons need to be considered:

- A recognition that the long-term prospects of the company depend on a stable environment in which to operate.
- A desire to ‘level the playing field’ between companies so as to avoid being disadvantaged when responding to social and environmental issues.
- The result of pressure from internal stakeholders, such as unions.
- The result of external pressure from civil society organisations –

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sometimes organising on a global basis.

- To avoid possible more stringent, state-enforced regulation.
- In regard to the recent introduction of voluntary global reporting guidelines on HIV/AIDS by the GRI, we believe that all of these factors have played a part. However, the more important question is the strategic role that unions take up in regard to these guidelines: do these guidelines provide a platform which unions can utilise to the benefit of their members and in order to build a strong and equitable economy?

GRI's HIV/AIDS guidelines

The GRI is an initiative established in 1997 to develop a global framework for reporting on companies' economic, environmental and social performance (GRI 2002). It has drawn up a wide range of reporting guidelines – through stakeholder-based processes – for companies to use globally. Given South Africa's position at the epicentre of the AIDS pandemic, it was decided that reporting guidelines for HIV/AIDS should be developed here.

The development of guidelines for reporting on HIV/AIDS took place during 2003 through a multi-stakeholder process involving business, unions, investment organisations, and HIV/AIDS advocacy groups. The resulting framework provides companies with a tool to report on their HIV/AIDS activities in regard to:

- measuring, monitoring and evaluation;
- policy, strategy and contingency planning;
- stakeholder involvement in policy formulation and strategy implementation; and
- the depth and quality of their intervention programmes.

Different perspectives

Not surprisingly, the different stakeholder groups involved in the South African-based process of drawing up GRI's guidelines on HIV/AIDS reporting had different concerns including the following:

Fears and opportunities for business

Some business representatives involved in the GRI felt that drawing attention to the issue of HIV/AIDS – particularly the HIV prevalence rate among employees – could have a negative impact on the company. This could come from consumer reluctance to buy the goods or services they produce and investors' reluctance to risk capital in these companies. Reporting through the GRI guidelines was generally seen as a way of reducing investor concerns, since it would be companies who had not provided information that would present the greatest risk to investors as their exposure to the disease would be unknown. Where companies believed they had a good response programme to HIV/AIDS, the GRI reporting guidelines would provide a platform to 'showcase' their response – something that could offset negative consumer perceptions.

The GRI guidelines were seen as providing a benchmark for business to evaluate its own programme and as something that could assist managers responsible for HIV/AIDS in their companies. A number of managers interviewed expressed the hope that using the GRI guidelines could result in the spread of best practice between companies, possibly with a 'domino' effect in which reporting would become widespread – thus putting all companies on an equal footing.

Fears and opportunities for labour

Representatives of labour (Cosatu,

Fedusa, and Nactu) expressed general satisfaction with the reporting guidelines. One point labour did put forward, however, was the desire for more information on the involvement of stakeholders in company responses. This they felt would allow them to better monitor the commitment of the company to dealing with HIV/AIDS. Labour saw the benefits of GRI-based reporting on HIV/AIDS as providing them with information that could be used in collective bargaining and in helping to provide a role for unions within companies' HIV/AIDS programmes.

Corporate responses to HIV/AIDS

The guidelines provided both labour and business with opportunities for co-operation in responding to the epidemic. Thus, one labour representative explained: 'If a company reports to us [about HIV/AIDS] it's an indication that they care about their workers and then we can position ourselves to assist them with HIV/AIDS.' A number of managers recognised the value of having the unions involved in company HIV/AIDS programmes. Thus, one manager explained: 'As soon as the trade unions became involved [in the HIV/AIDS programme]... and there was clarity around where the company wants to go, the relationship improved.'

However, while the GRI provided a transparent mechanism through which common interests could be identified, there were also tensions between business and labour as to what the GRI guidelines should include. The provision of antiretroviral treatment by companies for workers proved to be particularly contentious. As one union representative explained: 'We [labour] felt that the focus of companies was very far from reporting

on the treatment provided and therefore we had to make it very clear to companies how important it was to report on this.'

In fact, this difference between business and labour over issues such as treatment provision led to a compromise; business was given flexibility over how they completed the GRI's HIV/AIDS reporting guidelines. Although indicators on treatment were included in the guidelines, companies have been given the option of reporting (as with all their HIV/AIDS activities) at three different levels. These levels are:

- Level One (lowest): Answer 'yes' or 'no' to eight questions on company responses and provide a financial estimate of the impact of HIV/AIDS.
- Level Two: Report on 18 key performance indicators covering areas of corporate governance; measuring, monitoring and evaluation; HIV/AIDS management in the workplace; and the depth and quality of intervention programmes.
- Level Three (highest): Providing greater detail on the key performance indicators of Level Two.

Various reporting scenarios

Given that companies have the option of reporting at any of these levels while still being able to claim compliance with GRI guidelines, the following four possible scenarios could arise (Fakier 2004):

- *Level One Reporting*, where companies report at Level One, the lowest, level and do not move beyond this with their HIV/AIDS programmes remaining limited.
- *Sector-Based Reporting*, where companies only disclose sensitive information on HIV/AIDS, such as prevalence rates, on a sector basis, so as to avoid pressure to respond.
- *A Multinational and Listed Company Response*, where only multinational

or publicly listed companies report because they are obliged to as a result of parent company rules or the requirements of the JSE Securities Exchange. While these companies will have extensive HIV/AIDS programmes, other companies may not be responding at all.

- *Steady Progression Reporting*, in which an increasing number of companies use the GRI guidelines moving from Level One to Level Three as their HIV/AIDS programmes are increasingly developed.

Only Scenario Four is ideal since it represents an expansion of reporting by companies on HIV/AIDS, both in numbers and in the depth of reporting. Such a scenario will result from competition between companies over reporting and as a result of pressure from stakeholders. The other three scenarios all stop short of this ideal in some way.

Reporting guidelines and unions

In reviewing the impact of the Sullivan Principles, which sought to apply pressure on apartheid through regulating the involvement of multinational companies operating in South Africa, Seidman (2003) argues that the limited impact they did have was primarily a result of sustained pressure from a range of social movements. This pressure limited the ability of companies to simply pay lip service to the principles. We would broadly agree with this view. However, we believe that within the AIDS epidemic, corporate sustainability reporting provides a platform for unions to co-operate with management and simultaneously pressurise companies to do more in response to the epidemic. On this basis we would suggest that the labour movement consider the following elements for a strategic engagement with corporate

reporting on HIV/AIDS:

- Maintain and develop alliances with progressive organisations, such as the Treatment Action Campaign, to build public pressure for an effective and just response to HIV/AIDS.
- Actively participate in workplace HIV/AIDS programmes on the basis of procedural demands for involvement at all levels of governance.
- Put HIV/AIDS on the collective bargaining agenda – not as an 'add on,' but as part of a strategic initiative to increase company responses.
- Monitor corporate reporting on HIV/AIDS, pressure all companies to participate in such reporting, and use the information obtained to strategically inform action around public pressure, collective bargaining and workplace involvement.

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