



2017 Southern African Accounting Association  
Biennial International Conference Proceedings  
Champagne Sports Resort  
Drakensberg  
SOUTH AFRICA  
(ISBN 978-0-620-74762-2)  
<http://www.saaa.org.za/>

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**FAC019      HIV/AIDS related disclosures in South African mining companies' Integrated Reports: Initial insights**

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**ABSTRACT:**

This research investigates the disclosure of HIV/AIDS in the Integrated Reports of 29 Johannesburg Stock Exchange (JSE) listed South African mining companies. A disclosure checklist was developed, informed by: the prior literature, the King-III report on corporate governance, the Global Reporting Initiative's G4 Reporting Guidelines, and the JSE's Social Responsible Investment Index (JSE SRI). The research did not attempt to assess the quality of disclosure, but rather assessed the extent of HIV/AIDS related disclosures. The research also distinguished between positive and negative disclosures in order to evaluate the objectivity of the disclosures.

There is currently no framework that specifically addresses how a company ought to identify and disclose HIV/AIDS related information to users of integrated reports. However, existing frameworks can be tailored to determine what HIV/AIDS related information might be relevant for users.

The results revealed that, although HIV/AIDS is a significant concern to the South African mining industry, there is insufficient detail presented to users. The reports appear biased towards positive information regarding the respective companies' effect of HIV/AIDS and related company actions (such as prevention and education initiatives). Unfortunately, the disclosures provided often fail to explain the interconnection between HIV/AIDS and the company's strategy. Some important disclosures are omitted entirely, thereby detracting from helping users understand the sustainability of the entity as it makes it difficult for users to discern how the entity manages the value creation process regarding human and relational capital.

**Key words:** HIV/AIDS; mining; integrated reporting; sustainability reporting

## INTRODUCTION

The current business environment requires corporates to be aware of their corporate responsibility and act in a manner that is fitting of the society in which it operates. This is especially true in South Africa and the mining industry (Carels et al., 2013, Hahn, 2012, Raemaekers et al., 2016). The mining industry is a major employer in South Africa as well as a significant contributor to the tax base (PwC, 2012, PwC, 2014, PwC, 2015a).

A substantial threat to the mining industry is the Human Immunodeficiency Virus (HIV) and Acquired Immunodeficiency Syndrome (AIDS). The total number of people living with HIV/AIDS in South Africa increased from an estimated 4 million in 2002 to 6 million by 2015. In 2015, an estimated 11,2% of the total population was HIV positive (Africa, 2015). Moreover, a survey conducted by Ellis (2007) revealed that the mining industry has been most severely affected by the HIV/AIDS epidemic. With King-III and the International Integrated Reporting Council (IIRC) calling for more substantial transparency and integration of both financial and non-financial information (IOD, 2009, IIRC, 2013), it seems logical that HIV/AIDS would feature highly in mining companies' integrated reports. This paper aims to assess whether this is indeed the case.

Despite the significance of HIV/AIDS (globally as well as locally) (AIDS Foundation SA, 2015), there is currently no specific framework dealing with how a company ought to identify relevant information and disclose material items that would be useful to users of the integrated reports (IOD, 2009, Global Reporting Initiative (GRI) 2011, IIRC, 2013). While the Johannesburg Stock Exchange (JSE) Socially Responsible Investment (SRI) Index provides *core* and *desirable* indicators that are assessed in ranking companies for this index, it is not a comprehensive framework (SRI, 2014). As a result, there is considerable diversity in how companies identify and report on key social and governance issues, including their reporting on the impact of HIV/AIDS for their business model and long-term sustainability (Solomon and Maroun, 2012a, PwC, 2015b).

With a lack of practical and helpful guidance on various specific issues – including how and what to report on HIV/AIDS – there has been a documented trend in 'greenwashing' by companies preparing integrated reports (Solomon et al., 2013). While one could accuse these companies with the usual rhetoric that it is entirely by design, perhaps some companies genuinely do try but do not have the skills and support they need. The academic community should step in and provide the guidance and practical help so that companies can better their reports (Hahn and Lülfs, 2014, Carels et al., 2013, Atkins and Maroun, 2015).

As a result, this research adds to the current body of knowledge that investigates integrated reporting and provides empirical evidence regarding one important aspect of a social impact that should be presented in integrated reports – HIV/AIDS.

## LITERATURE REVIEW

An integrated report is an account of the respective company's performance over the previous financial year with some forward-orientated information. This report is not merely from a financial perspective, but includes non-financial information. The IIRC (2013) defines an integrated report as:

“[A] report [that] aims to provide insight about the resources and relationships used and affected by an organization – these are collectively referred to as “the capitals”... It also seeks to explain how the organization interacts with the external environment and the capitals to create value over the short, medium and long term” (IIRC, 2013).

In other words, an integrated report should give a clear and concise explanation of a company’s business model, strategy, associated risks and long-term sustainability (IIRC, 2013, IOD, 2009). Similarly, King-III provides a framework for preparers to use to develop their integrated reports (IOD, 2009). Both frameworks, the IIRC and King-III, are principle-based frameworks; the IIRC framework is an international organisation while King-III was locally developed (South Africa). Preparing an integrated report, under King-III, has been a requirement of JSE listed companies for several years now, with the JSE requiring listed companies to prepare an integrated report or to explain why they have not done so (Maroun et al., 2014).

King-III, more formally the King Code on Corporate Governance, does not provide a comprehensive list of disclosure requirements for every possible financial and non-financial element. This is not, typically, a problem for the financial elements because there are well-established accounting standards issued by the International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) in the U.S.A. that preparers can utilise. However, non-financial elements prove much more difficult due to the, almost, unquantifiable volume of different elements and the subjectivity of the required disclosures. This volume and non-standardised nature of non-financial disclosures and associated reporting elements results in codifying non-financial performance and reporting difficult. In this context, several sustainability-reporting frameworks/guides have emerged<sup>75</sup> (IIRC, 2013, IOD, 2009, Atkins and Maroun, 2015, de Villiers et al., 2014).

The academic research has produced mixed results on the usefulness of these reporting frameworks. De Klerk and de Villiers (2012), for example, find that companies with more detailed non-financial disclosures outperform their peers in terms of return on equity. The researchers interpret these findings as evidence that non-financial disclosures provide investors with a better understanding of an organisation’s risks and, as such, lower informational asymmetry. These results are confirmed by a more recent study by de Villiers and Marques (2016) which affirms the positive correlation between the level of sustainability disclosures and financial performance. There is, however, also a possibility of sustainability reporting being used to manage stakeholders’ expectations rather than promote real change in business practice (Solomon et al., 2013, Flower, 2015).

Reviews of some of South Africa’s most recent integrated reports reveal considerable repetition, generic disclosures and content which is irrelevant for understanding an organisations’ risks and their value creation process (PwC, 2015a, Solomon and Maroun, 2012b). These practices can make it challenging for users to identify and analyse relevant information for making decisions (Atkins and Maroun, 2014). As a result there is some

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<sup>75</sup> The Balanced Scorecard, the Triple Bottom Line report and Sustainability Reporting are a few examples of other sustainability reporting frameworks / guides DE VILLIERS, C., RINALDI, L. & UNERMAN, J. 2014. Integrated Reporting: Insights, gaps and an agenda for future research. *Accounting, Auditing & Accountability Journal*, 27, 1042-1067, ATKINS, J. & MAROUN, W. 2015. Integrated reporting in South Africa in 2012: Perspectives from South African institutional investors. *Meditari Accountancy Research*, 23, 197-221, ADAMS, C. A. 2015. The International Integrated Reporting Council: A call to action. *Critical Perspectives on Accounting*, 27, 23-28.

evidence to suggest that sustainability/integrated reporting is not always value relevant (Marcia et al., 2015) and useful for enhancing investors' or other stakeholders' understanding of the reporting entity (see Adams, 2013, Gray et al., 1996, Atkins and Maroun, 2015).

Can the repetition and inclusion of irrelevant information be blamed solely on preparers of integrated reports? Impression management is often offered as the explanation for poor quality sustainability/integrated reporting (Solomon et al., 2013). This paper adopts a less critical perspective. In particular, when it comes to issues such as HIV/AIDS the applicable reporting frameworks do not include guidance. Consequently, it is difficult for companies to determine exactly what to include in / exclude from their integrated reports (to achieve a balance of information) and the level of detail required to meet stakeholders' information needs while trying to be clear and concise (IIRC, 2013, IOD, 2009).

### A framework for reporting on HIV/AIDS

A well-written integrated report should be able to convey to readers how the company uses all six forms of capital, namely: financial, intellectual, natural, social and relationship, manufactured and human capital, to create sustainable returns (Eccles and Serafeim, 2014, IIRC, 2013, Wostmann et al., 2017 forthcoming, Adams, 2013). The six capitals, as defined by the IIRC, are provided below.

<b>Capital</b>	<b>Definition</b>
Financial	The pool of funds that is: <ul style="list-style-type: none"> <li>• available to an organization for use in the production of goods or the provision of services</li> <li>• obtained through financing, such as debt, equity, or grants, or generated through operations or investments</li> </ul>
Intellectual	Organizational, knowledge-based intangibles, including: <ul style="list-style-type: none"> <li>• intellectual property, such as patents, copyrights, software, rights and licences</li> <li>• "Organizational capital" such as tacit knowledge, systems, procedures and protocols</li> </ul>
Natural	All renewable and non-renewable environmental resources and processes that provide goods or services that support the past, current or future prosperity of an organization. It includes: <ul style="list-style-type: none"> <li>• Air, water, land, minerals and forests</li> <li>• Biodiversity and eco-system health</li> </ul>
Social and relationship	The institutions and the relationships within and between communities, groups of stakeholders and other networks, and the ability to share information to enhance individual and collective well-being. Social and relationship capital includes: <ul style="list-style-type: none"> <li>• Shared norms, and common values and behaviours</li> <li>• Key stakeholder relationships, and the trust and willingness to engage that an organization has developed and strives to build and protect with external stakeholders</li> <li>• Intangibles associated with the brand and reputation that an organization has developed</li> <li>• An organization's social licence to operate</li> </ul>
Manufactured	Manufactured physical objects (as distinct from natural physical objects) that are available to an organization for use in the production of goods or the provision of services, including: <ul style="list-style-type: none"> <li>• buildings</li> <li>• equipment</li> <li>• infrastructure (such as roads, ports, bridges, and waste and water treatment plants).</li> </ul>

	Manufactured capital is often created by other organizations, but includes assets manufactured by the reporting organization for sale or use when they are retained for its own use.
Human	<p>People's competencies, capabilities and experience, and their motivations to innovate, including their:</p> <ul style="list-style-type: none"> <li>• alignment with and support for an organization's governance framework, risk management approach, and ethical values</li> <li>• ability to understand, develop and implement an organization's strategy</li> <li>• loyalties and motivations for improving processes, goods and services, including their ability to lead, manage and collaborate</li> </ul>

(IIRC, 2013)

Reporting on the six capitals should benefit all parties by not prejudicing current stakeholders at the expense of future stakeholders or vice versa (IOD, 2009, IIRC, 2013, Atkins and Maroun, 2015). In order to achieve this, companies need to understand all the forms of capital that are relevant for their business model. Companies already have extensive experience reporting on financial and manufactured capital. Businesses have also made progress on identifying and reporting on environmental issues (natural capital) (de Villiers and van Staden, 2006). However, reporting on human and social and relationship capital is more complex.

These capitals often overlap and can be difficult to understand. They are even more difficult to articulate in a succinct manner especially given the fact that there is little technical guidance dealing with social matters and few academic papers dealing with reporting on social issues (Hill and Maroun, 2015). This provides an opportunity for companies and academics to drive the development of a social reporting framework that complements the guidance provided by the GRI, King-III and IIRC. This framework needs to deal with how to identify, analyse and disclose relevant and important information on these capitals. This is applied in the context of reporting on HIV/AIDS in more detail below.

### ***Illustration of the six capitals in the context of HIV/AIDS reporting***

Many may assume that the six forms of capital may compete with one another. However, on deeper reflection and analysis, it is more likely that they depend on one another to a greater extent than previously thought (King, 2016). In order for companies to gain from learning curves, expertise and reliability of the workforce, they need to ensure their workforce is healthy (human capital). Absenteeism can also have major effects on planning, production and productivity (manufactured and financial capital). This is mostly due to an increase in planned and unplanned medical visits of employees who are HIV positive as opposed to those who are HIV negative. Further, as the syndrome progresses, the actual productivity of the HIV positive employee decreases as his/her immune system becomes less capable of defending the body against illness (Greer et al., 1980, Israelstam, 2011, Collins and Leibbrandt, 2007, Habyarimana et al., 2010, UNAID, 2006, UNAID, 2013, Sonnenberg et al., 2011).

The social implications of the disease must also be considered. Unfortunately, people infected with HIV continue to be stigmatised (UNAID, 2006, UNAID, 2013). This poses a serious challenge for human resource management and poses an ethical issue which companies, in terms of King-III and King-IV, will need to tackle (IOD, 2009, IOD, 2016). There are also consequences at the operational level. The stigmatism associated with HIV/AIDS has the potential to undermine collegiality in the workplace, team interaction and

the establishment of effective clan controls necessary for efficient/effective management (see UNAID, 2006, Ouchi, 1979, Botten, 2009).

### ***The impact of and how to report on HIV/AIDS***

The case for HIV/AIDS reporting is obvious. As explained above, the pandemic has serious implications for the South African economy and society as a whole (UNAID, 2006). It is posited that HIV/AIDS is more prevalent among un- and semi-skilled workers than among highly skilled workers. With the mining industry employing a majority of un- and semi-skilled workers, this affects their labour force directly.

As an example, a significant South African mining company, Harmony, estimates that HIV/AIDS related costs will amount to approximately 7.5% of their total labour cost over the next 15 years (Ellis, 2007). The disease management costs include Anti-Retroviral Therapy (ART), education, support for community-based organisations, home-based care for terminally ill ex-employees, research programmes, voluntary monitoring, testing and counselling and evaluation programmes (Ellis, 2007, Centre for Actuarial Research (CARE), 2002).

The high prevalence of HIV/AIDS among mine workers is attributed to their long separation from their families, ease of access to sex-workers, misconceptions regarding the transmission or cure of HIV/AIDS and women in these areas' vulnerability to being raped (CARE, 2002).

As one of the most material socio-economic issues being faced by contemporary society, it is reasonable to assume that stakeholders expect at least some reporting on HIV/AIDS (Solomon and Maroun, 2012). For example, the JSE has developed a separate index for social and environmentally responsible companies (see introduction) (SRI, 2014). The creation of this index is meant to kindle a market for responsible entities and encourage investors to invest more responsibly thereby creating an incentive for more companies to behave responsibly and report comprehensively on social and environmental issues. This would, in the researchers' opinion, include reporting on HIV/AIDS. In addition, as explained earlier, HIV/AIDS has a direct effect on companies' business models and, in turn, ability to generate returns (create value) in the short-, medium- and long-term.

As was highlighted by the South African platinum mining sector's protracted strikes - which caused significant negative financial consequences for investors, the economy and those employees – mismanaging human and social and relationship capital can have severe and long-last effects as the trust between management and employees breakdown (Arndt and Lewis, 2000, Hill and Maroun, 2015).

In addition, education and on-site clinics increase the operating costs of mining entities with a high HIV-positive employee rate. The UNAID has found education programs effective in helping to control the HIV/AIDS infection rates and prevent further infections (UNAID, 2006, UNAID, 2013).

Finally, another significant impact on companies is the effect of their employee benefit expenses. Increased medical visits, treatments – both for HIV/AIDS as well as related illnesses due to the suppressed immune system of infected employees – affects companies' bottom line (Ellis, 2007).

Effective reporting requires a clear rationale for including information in corporate communication with stakeholders and a clear reporting guideline which establishes what companies need to report (Alrazi et al., 2015). As discussed earlier, there is no single reporting framework on what companies should report on HIV/AIDS. Companies should, however, apply a principle-based approach to disclosing social issues in keeping with a comply-or-explain model applied in King-III (IOD, 2016)<sup>76</sup>. This can include using existing guidance and applying this by analogy in order to determine the scope of a HIV/AIDS reporting typology. For this purpose, the research used King-III, the GRI's G4 and the JSE SRI to develop an HIV/AIDS disclosure checklist. Table 2 presents the broad disclosure themes and what framework informed each.

<b>Framework</b>		<b>Disclosure theme</b>
King-III	Positive disclosures	The Board should ensure that management considers and implements appropriate risk responses (principle 4.8). As a result, the integrated report should include an identification of identifiable, specific steps taken to mitigate the risks HIV/AIDS creates for the entity, as well as a quantification of the steps taken.
		The Board should ensure positive and negative impacts of the company's operations and plans to improve positives and eradicate negatives are conveyed in the integrated report (principle 9.2.4). As a result, the integrated report should include an identification of the manner in which the entity will rectify current weaknesses in their initiatives.
		The Board should ensure that measurable corporate citizenship programmes are implemented (principle 1.2.5). As a result the report should include the identification of the mine as a good corporate citizen that provides AIDS initiatives to the greater community.
	Negative disclosures	The company's report should include key sustainability risks, and responses to these risks and residual sustainability risks (principle 4.5, paragraph 39). As a result, the report should include the identification of HIV/AIDS as a key risk facing the entity, as well as the identification of the specific risks HIV/AIDS poses to the entity, the industry and the community.
		The Board should ensure that key risks are quantified where possible (principle 4.5.7). A quantification of the cost of HIV/AIDS, as well as the cost of identified additional risks created by HIV/AIDS, on the entity, the industry and community are performed.
		In terms of an entity's risk assessment in its investment in corporate social responsibility, it should identify shortcomings of those HIV/AIDS initiatives and, perhaps, how it has learnt from and will improve on those initiatives going forward (principle 4.8).
GRI's G4	Positive disclosures	The identification of the existence of a health and safety committee that has identified HIV/AIDS as a core issue, as well as evidence of the effectiveness of the committee (G4 – LA5).
		A description of programs related to assisting workforce members, their families, or community members regarding serious diseases, including whether such programs involve education and training, counselling, prevention and risk control measures, or treatment (G4 – DMA - b).
	Negative disclosures	The HIV/AIDS rate.
		Lost days or absenteeism rate as a result of HIV/AIDS-related illness. AIDS-related fatalities (G4 – LA6).
JSE SRI	Positive	An HIV/AIDS policy.

<sup>76</sup> King-IV adopts a comply and explain approach but, like King-III, still advocates a principles-based approach to corporate governance and reporting.

	disclosures	Occupational health & safety training / procedures covering prevention of transmission of HIV.
		Documented objectives and targets for addressing direct impact of HIV/AIDS.
		Details of the provision of treatment, care and support benefits for employees and sponsorship of / support for community-based prevention, education and awareness programmes.

## METHODOLOGY

This research was carried out in the interpretive tradition. The aim is not to examine HIV/AIDS reporting to quantify disclosures in a positivist sense and reach a consensus on the optimal level of disclosure (Creswell et al., 2011, Leedy and Ormrod, 2013). It also does not deal with the value-relevance of HIV/AIDS reporting (see de Klerk and de Villiers, 2012). Instead, the study is exploratory. It examines what information is currently being reported on HIV/AIDS by a sample of mining companies to illustrate the current scope of reporting on the pandemic and develop a normative reporting framework.

### Construction of the data collection instrument

As explained in the literature review, due to the lack of specific HIV/AIDS disclosure requirements, King-III, the GRI's G4 and the JSE SRI were used to construct a disclosure checklist (Creswell and Plano Clark, 2011, Carels et al., 2013, Raemaekers et al., 2016). The checklist consisted of sixteen disclosures and distinguished between positive and negative disclosures (however, the JSE SRI did not contain any principles that encouraged disclosure of negative information). Any disclosure that referenced an actual or perceived negative factual and / or potential performance impact on its ability to achieve sustainable development was defined as a negative disclosure (Hahn and Lülfs, 2014). Disclosures regarding the HIV/AIDS-related fatalities or a quantification of the cost to the company of HIV/AIDS are examples of negatively classified disclosures.

The final instrument (shown in the literature review) was completed by the lead researcher and reviewed by the support researcher for completeness. The instrument was also piloted with three companies to ensure that it could be practically applied and covered applicable disclosures currently being included in companies' corporate reports.

### Sample

The research focuses on reporting by the South African mining industry. South Africa was chosen due to higher-than-average infection rates (UNAID, 2006) and the significant effect of the virus on the country's social, economic and political system (AIDS Foundation SA, 2015). The study concentrates on the mining industry because of its dependence on human capital and, in turn, the significant impact of HIV/AIDS on mining companies' business models.

Initially, the researcher included all 54 companies listed on the JSE's mining sector. Non-operational (i.e., prospecting) companies were excluded because these companies did not have significant human capital resources/risk exposure due to HIV/AIDS or because the companies did not prepare detailed integrated reports. In addition, some operating companies (especially if not listed primarily on the JSE) did not prepare an integrated report. Where an integrated or sustainability report was not available for the full period under review, these companies were excluded from the sample.



The final sample consisted of 29 companies. The researchers examined the reports issued for the 2014/2015 financial year. This precluded the collection of longitudinal data - which is an inherent limitation of this study. It should, however, be reiterated that the purpose of the research is to explore the scope of reporting on HIV/AIDS by South African mining companies and not to show changes in reporting practices over time. Longitudinal analysis is, therefore, deferred for future research.

### Data collection and analysis

The lead researcher collected the data. This required the researcher to read each integrated/annual report carefully to obtain a sense of the structure of the reports and their content. After this was completed, the researcher followed an interpretive coding approach. This involved analysing each report carefully to identify specific HIV/AIDS disclosures. Due to the relatively small sample size and absence of a single reporting framework, the researchers elected not to use coding software. Instead, each report was analysed carefully on a systematic basis to ensure that all sections of the reports had been covered and all disclosures were taken into account (Solomon and Maroun, 2012a).

The checklist was only used to record the extent of HIV/AIDS disclosure. The checklist did not attempt to rank or assess the quality of any disclosure. This was not seen as a limitation of the study because the research focuses only on the scope of reporting. In addition, the introduction of a quality metric would have incorporated a high level of subjectivity in the scoring process which would have potentially undermined the reliability of the results. Table 3 reflects how the extent of disclosure was measured (de Villiers and van Staden, 2006, Wiseman, 1982).

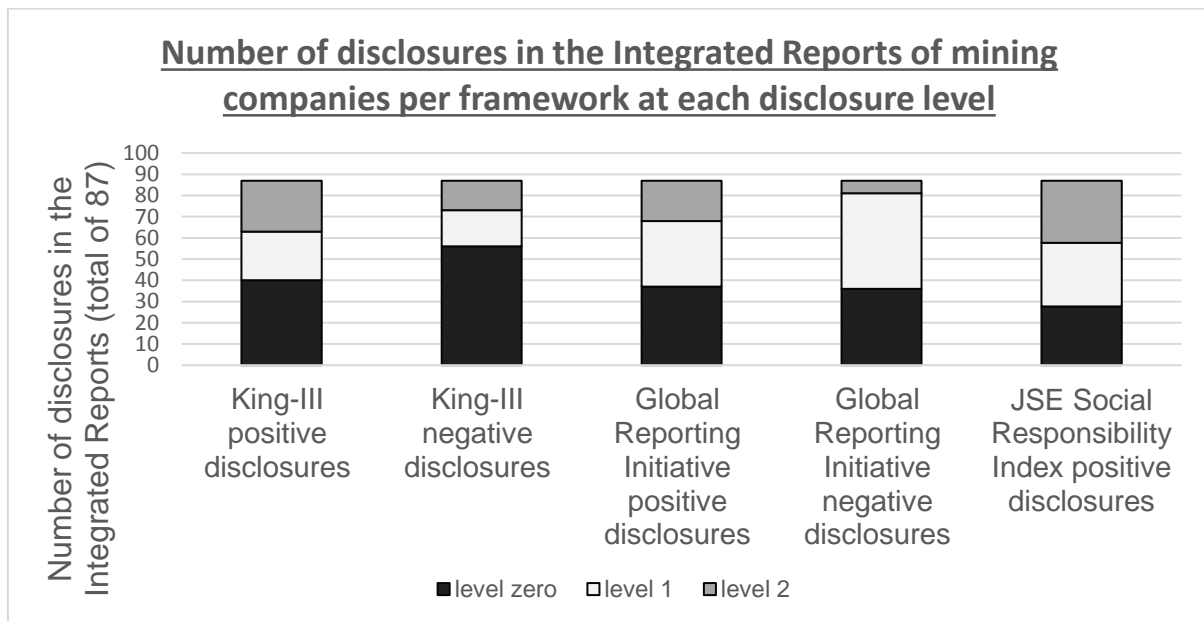
<b>Extent of disclosure</b>	<b>Score</b>
No disclosure	0
General disclosure	1
Specific disclosure and/or quantification of disclosure	2

For each disclosure, the company was scored with either a '0', '1', or '2'. General disclosures indicated a basic level of concern or risk assessment related to HIV/AIDS. These disclosures made no attempt to quantify the impact of HIV/AIDS on the entity or community in which the mine operated or the community in which the mine workers are from. Specific disclosures spoke to what extent the entity and the community is impacted by HIV/AIDS as well as the potential performance related impact/s through the use of quantitative or sufficiently detailed and complete narratives.

## RESULTS AND ANALYSIS

Graph 1 summarises the overall results of the study. The graph indicates the extent of reporting on positive and negative issues related to HIV/AIDS by the 29 sampled mining companies under review. As there are three positive and 3 negative disclosure themes for each reporting framework used to develop the checklist, each bar is out of 87 (29 x 3). However, the SRI-inspired disclosure had 4 disclosure items and so a possible score of 116 (29 x 4). To allow for visual analysis, this section was adjusted to a score out of 87 (87 x (3/4)). The results are disaggregated and Graph 1 shows disclosure per King-III, the GRI's G4 and the JSE SRI.

**Graph 1**



Most of the companies disclose HIV/AIDS related issues using the GRI's G4. This is probably due to the fact that the GRI provides a detailed disclosure framework which includes specific recommendations that can be tailored to HIV/AIDS reporting. For example, it includes guiding practices on labour relations, occupational health and safety, health care, training, and education. In addition, the GRI principles are widely established. International and local companies have several years' experience applying the GRI and are, therefore, more comfortable applying its principles to HIV/AIDS disclosure. It is also possible that companies replicate the disclosures provided by established industry leaders (de Villiers and van Staden, 2006). Because the GRI is internationally established, it is often used by companies for their environmental and other social disclosures (Carels et al., 2013). The same may apply to HIV/AIDS disclosures. Where leading companies tailor their HIV/AIDS reporting using the GRI as a framework, these disclosures are replicated and become an informal generally-accepted reporting typology (de Villiers and van Staden, 2006, Carels et al., 2013).

Interestingly, companies are more likely to use the GRI as a basis for potentially negative disclosures than positive reporting. In addition, most of the negative information was at a level 1. This suggests that companies are providing narrative information on HIV/AIDS impacts rather than completely omitting negative disclosures. This suggests that there is more to HIV/AIDS reporting than impression management (Solomon et al., 2013).

As explained in the literature review, HIV/AIDS has had a significant social, economic and political impact on South Africa. Unlike issues such as biodiversity risk management (Mansoor and Maroun, 2016) HIV/AIDS is no longer limited to the domain of scientific experts. Stakeholders, including institutional investors, have a working knowledge of the implications of HIV/AIDS for an organisation's ability to generate sustainable returns (IOD, 2009, IIRC, 2013, Deloitte, 2014, Atkins and Maroun, 2014). As a result, companies cannot avoid discussion both positive and negative performance in relation to HIV/AIDS.

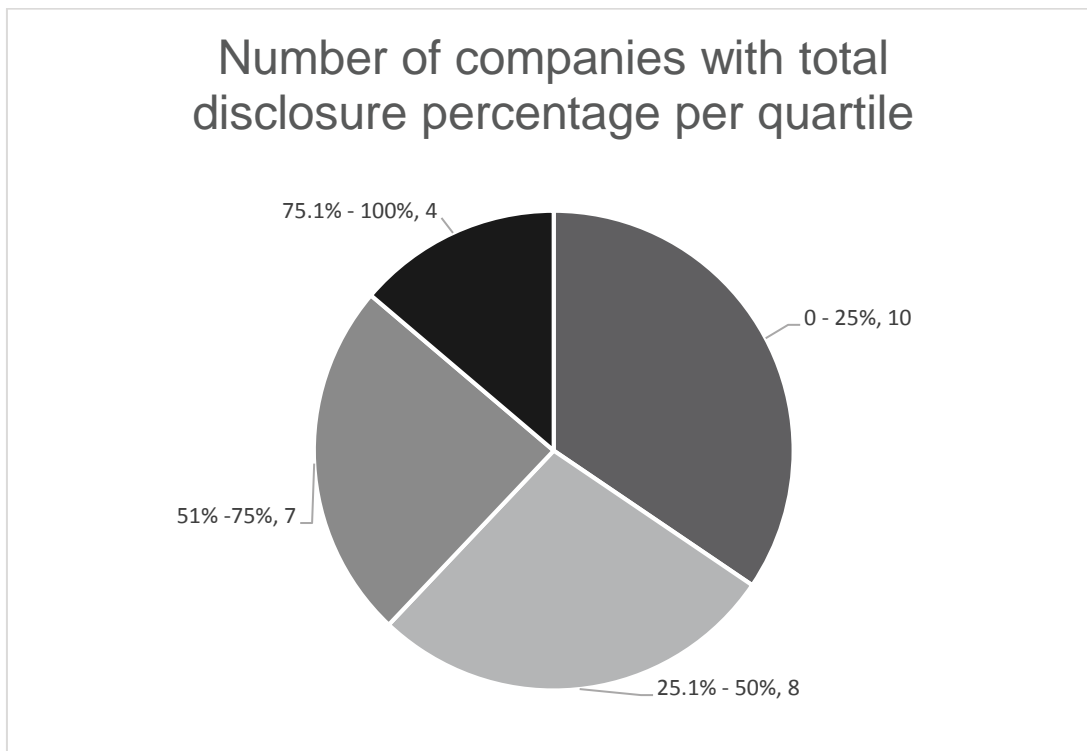
King-III was also used to frame reporting on HIV/AIDS. King-III was, however, used less than the GRI. This is probably due to the fact that the code is more principles-based. It provides less prescriptive disclosure requirements making it more difficult to adapt it for the purpose of specific HIV/AIDS reporting. In addition, because King-III does not deal directly with social reporting and HIV/AIDS, most negative disclosures were informed by the GRI rather than King-III (see graph 1).

Where companies used King-III to report on positive performance related to HIV/AIDS, this was mainly level-2 disclosure. The content is more factual and linked to the organisation's business model. There are two important implications. Firstly, the principles-based framework is appropriate for informing more context-specific reporting. Secondly, but more critically, the flexibility provided by the principles-based framework allows companies to avoid or reframe negative disclosures which are limited to the more generic reporting format recommended by the GRI.

Finally, the JSE SRI is relevant for guiding companies on their HIV/AIDS reporting. As shown in Table 1, the framework is similar to the GRI. It provides specific disclosure recommendations which companies comply with or are readily able to adapt to deal with HIV/AIDS disclosure. These disclosures include an almost equal mix of level-1 and level-2 disclosures. A possible interpretation is that the JSE SRI was developed specifically by the JSE to encourage responsible reporting and investment. It also provides a direct (albeit limited) measure of sustainability. Consequently, companies are most likely under pressure to report compliance with the reporting framework. This explains why the JSE SRI had the highest proportion of level-2 disclosures relative to the other two frameworks.

To understand better the scope of reporting on HIV/AIDS by South African mining companies, the researchers considered the total disclosure provided by each company. To accomplish this, each company's total disclosure score percentage (sum of disclosure score / 32) was calculated. The results are presented in graph 2 by showing how many companies achieved 0-25% disclosure; 25.1%-50% disclosure, etc.

**Graph 2**



Graph 2 shows that 10 of the 29 companies only disclosed between 0-25% of the disclosure checklist items. This means that the majority of HIV/AIDS related disclosures were at a level 0 or level 1. In other words, of the 16 disclosure themes, these companies either provided no disclosure or provided only limited narrative disclosure. In contrast, only four companies are in the fourth quartile and, therefore, address most of the disclosure themes (per Table 3) at a level 1 or level 2.

These results are concerning. Graph 1 shows that companies are including level 1 disclosures and complimenting these with more detailed accounts on the relevance of HIV/AIDS for their business models (level-2 disclosures). Graph 2 suggests that this result is not common for all of the companies under review. There are 4 outliers accounting for the majority of the level 2 disclosures. This suggests that the majority of South African mining companies are not incorporating detailed information on HIV/AIDS in their integrated/annual reports.

## **CONCLUSION AND IMPLICATIONS**

This paper provides the first account of HIV/AIDS reporting by South African mining companies. Presently, there is no specific guidance on how companies should report on HIV/AIDS and exactly what information should be communicated to stakeholders.

To address this limitation this research explains that companies can draw on three existing reporting frameworks to provide an explanation HIV/AIDS impacts. These include the GRI, King-III and the JSE SRI. The frameworks do not deal exclusively with HIV/AIDS but refer to some specific disclosures and provide examples of more general social related issues that can be tailored appropriately. In turn, these disclosure metrics can be used to inform a more

comprehensive HIV/AIDS reporting strategy which explains the interconnection between the virus and the different types of capital under an organisation's control. This is especially important because, if integrated thinking is applied, HIV/AIDS is more than just a social issue applicable to the government.

HIV/AIDS has significance human capital implications for the industry. Absenteeism, fatigue, unplanned medical visits and treatment have a direct impact on the financial capital of an entity and on operational efficiencies (manufactured capital). In addition, there are, unfortunately, persistent social implications. For example, stigmatisation and marginalisation are often associated with individuals infected with the virus. This poses material challenges in terms of promoting fairness and transparency in the workplace, team integration and an equitable/conducive working environment. As a result, HIV/AIDS is not a medical or scientific problem; it is a multidimensional business management issue which ought to be addressed comprehensively in an integrated report.

The South African mining companies have made some progress in this regard. The results show that existing reporting guidelines can be tailored to address different aspects of HIV/AIDS in a business context. This includes relatively generic disclosure but this can be complimented with more context-specific analysis which demonstrates an integrated thinking approach to HIV/AIDS.

Unfortunately, this practice is not widespread. Consistent with the findings of Solomon et al. (2012), Raemaekers et al. (2016), and PwC (2015b) reporting is often generic and fails to explain in detail the interconnection between HIV/AIDS and the six capitals. In some instances, disclosures are omitted entirely undermining the ability an integrated report to provide a comprehensive explanation of how organisations manage risk as part of the value generation process.

This begs a number of questions that need to be addressed by future researchers. Why are some companies better at adopting an integrated reporting strategy than others? This paper provides a preliminary review on the scope of HIV/AIDS reporting but does not deal with the internal reporting process at the organisation level. For example, more needs to be done to understand how companies identify risks, how these are related to the different capitals and how companies decide what to report on the respective metrics. Related closely to this is the need to explain in more detail specific challenges encountered when applying principles-based reporting frameworks in general. It is possible that issues, such as the rigidity of the accounting infrastructure, overemphasis on financial reporting discourse and the need for a widening of technologies of governance and accountability are underlying obstacles to effective reporting on specific social issues such as HIV/AIDS.

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