

Canadian Energy and Mining Companies and the HIV/AIDS Epidemic - Bridging the Chasm

Make money. Make a difference.

Preface

In the war against the HIV/AIDS epidemic, a yawning chasm has opened. On one side we have the disease, HIV/AIDS. Humankind has not experienced a disease of such significant proportions since the influenza epidemic that killed 20 million people worldwide between 1917 and 1919. The United Nations calls the HIV/AIDS epidemic the worst infectious disease catastrophe since the bubonic plague of 1347. In sub-Saharan Africa, the disease has killed more than 25 million people. In some countries the national adult prevalence rates are approaching 40% – higher than most experts thought possible. Health professionals, governments, and economists now maintain that the epidemic has the potential to wreak havoc not just on individual households and communities but also on entire regional and national economies. What's more, with the epidemic spreading rapidly in Russia, India, and China the potential ramifications for the global economy and international political stability have now attracted the attention of intelligence agencies. The HIV/AIDS epidemic has become an issue of geopolitical and strategic proportions.

On the other side of the chasm: Business. Survey evidence to date indicates that the majority of global enterprises are making neither serious efforts to understand the nature of the risk presented by HIV/AIDS nor putting in place strategies and resources required to win this war. A recent survey conducted by the World Economic Forum and UNAIDS showed that only 14% of firms worldwide have conducted quantitative HIV/AIDS risk assessments. Even in countries with the most serious epidemics, less than one third of the firms have carried out such analyses. The survey shows that businesses rarely draw up written policies until infection rates reach 20%.

Yet some firms operating in the hardest hit countries have issued the warning: companies ignore this epidemic at their peril. Anglo American, one of the world's largest mining companies with significant operations in South Africa has declared that the HIV/AIDS epidemic is the most significant health issue it faces. With 25% of its employees in sub-Saharan Africa infected by HIV/AIDS, Anglo American has now emerged as a global leader on this issue. Its experience in fighting HIV/AIDS through education and the provision of the medicines that can delay the onslaught of full-blown AIDS has shown that action can make a meaningful difference for workers, companies, and society. But, Anglo American warns, business as usual is not an option. Early intervention is the key. Companies at risk need to start taking action now.

In *Canadian Energy and Mining Companies and the HIV/AIDS Epidemic*, **The Ethical Funds Company** provides an overview of the epidemic now confronting the world and offers a preliminary review of how Canadian companies on the frontlines are responding. Our focus is the energy and mining sectors, because these companies are compelled to operate in a wide variety of high risk environments. From necessity, they pursue business opportunities wherever resources are found. Our intention is to benchmark current practices and focus on improvements in the months and years to come in the context of our Shareholder Action Program.

For our study, we have surveyed 41 Canadian energy and mining companies to determine the extent to which they are systematically assessing the risks, developing policies, and implementing strategies and programs to protect the health of workers and the viability of their enterprise. In addition, we offer practical guidance for both companies at risk and institutional shareholders who wish to integrate HIV/AIDS performance metrics into their investment decision-making and corporate engagement strategies.

Resource companies can play a key role in fighting the war on HIV/AIDS. Our hope is that both companies and shareholders will use the information we have published to join this fight and help battle HIV/AIDS.

The Ethical Funds Company

Launched in 1992, **The Ethical Funds Company** is Canada's leading manager of socially responsible mutual funds. In addition to evaluating all investments according to their financial, social, and environmental outlook, **The Ethical Funds Company** promotes corporate accountability – making good companies better – and gives investors a voice in encouraging sustainable business practices.

Executive Summary

The Disease

HIV/AIDS is the greatest health crisis the world faces today and the biggest threat to life and prosperity in many developing countries. The Joint United Nations Program on HIV/AIDS (UNAIDS) estimates that at the end of 2004 there were approximately 39.4 million people living with HIV, including 2.2 million children under the age of 15. The crisis is particularly acute in sub-Saharan Africa where more than 25 million people are living with HIV.

Health experts are growing increasingly concerned about the ‘next wave’ of the epidemic and predict a grim death toll for Russia, India, and China. A recent study suggests that even under mild scenarios, the cumulative total of new HIV cases in these three countries between 2000 and 2025 will be about 66 million -- compared to UNAIDS estimates of about 65 million infected globally to date. Cumulative AIDS deaths for these three countries are predicted to range from a low of 43 million to a high of 155 million.

The Economic and Business Impacts

A growing coalition of leaders recognizes the negative impacts of HIV/AIDS on the economy and business, including the loss of human capital, declining household spending, diverted investments, constraints on national budgets, declining labour productivity, rising health care costs, and lower profitability.

The macro-economic impacts could be severe: a World Bank study into the impact of HIV/AIDS on South Africa predicts complete economic collapse in the absence of a concerted effort to combat the disease. The global economic implications of HIV/AIDS will be amplified as the disease spreads in Russia, India, and China – countries that are far more populous and integrated into the global economy than Africa. An HIV/AIDS epidemic in these three countries has the potential to disrupt global economic growth and cause significant political instability.

Canadian Energy and Mining Companies – Response to Date

Canadian energy and mining companies with operations in countries and communities with high HIV/AIDS prevalence rates are on the front lines when it comes to the war on AIDS. But of the 41 energy and mining companies listed on the S&P/TSX Composite Index with a presence in such areas, only 9 have disclosed that they have assessed the risks posed by HIV/AIDS. Of those that say they have assessed the risks, seven companies disclose the existence of a formal policy and response to combat HIV/AIDS. Seven companies view the epidemic as at least a ‘minor problem’ at this time and just 1 of these companies believes that HIV/AIDS will become a more significant problem in 10 years time.

What Actions Can Be Taken

The responses show that resource companies are not giving sufficient attention to the HIV/AIDS epidemic and the potential impact on the workplace, markets, and political stability. Responsible companies with direct exposure to HIV/AIDS can consider implementing a comprehensive HIV/AIDS policy and management system consisting of: (1) recognition that HIV/AIDS is a workplace issue and that treatment is a human right; (2) zero tolerance for discrimination against workers on the basis of HIV status; (3) support for education and prevention programs; (4) treatment of infected workers and their families through the provision of anti-retroviral therapy (ART) and other medicines for the treatment of opportunistic infections such as tuberculosis; (5) staff resources, sufficient budget, targets, action plans, and reporting.

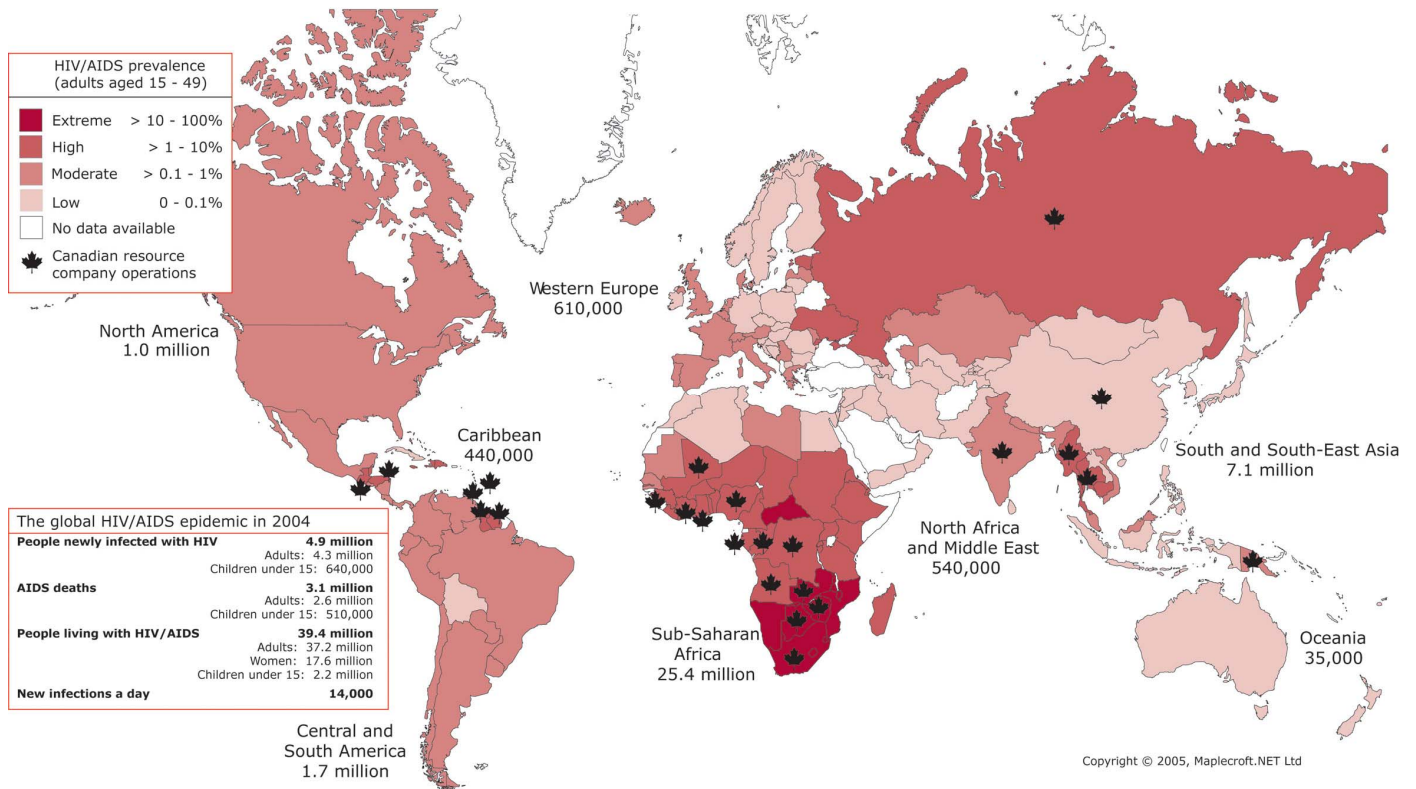
Part One – The Disease

A Global Problem

One generation ago, HIV/AIDS was undetected. Today, HIV/AIDS is the greatest health crisis the world faces today and the biggest threat to life and prosperity in many developing countries.

The disease has proved to be virulent and lethal beyond all initial projections. In two decades, the epidemic has infected more than 65 million people and claimed nearly 30 million lives.

The Joint United Nations Program on HIV/AIDS (UNAIDS) estimates that at the end of 2004 there were approximately 39.4 million people living with HIV, including 2.2 million children under the age of 15. This is more than 50% higher than figures projected by the World Health Organization (WHO) in 1991 on the basis of data then available. In 2004, 4.9 million people became infected with HIV – about 14,000 people per day. More than three million people died.



Regional Variation

Sub-Saharan Africa

The crisis is particularly acute in sub-Saharan Africa where more than 25 million people are living with HIV. With just 10% of the global population, 64% of all people living with HIV/AIDS are in this region. Across sub-Saharan Africa, 7.4% of the population is infected. UNAIDS predicts that more than 80 million people living in Africa could die by 2025 unless concerted actions are taken.

Eastern Europe and Central Asia

Most recent evidence shows that a new wave of infections is rising in Eastern Europe and Central Asia. Prevalence rates among adults increased from 0.6% in 2002 to 0.8% in 2004. Approximately 210,000 people were infected with HIV in 2004, bringing the total number of people living with the virus to over 1.4 million. AIDS claimed 60,000 lives in 2004 in this region. The worst affected country is the Russian Federation, accounting for 70% of all HIV infections registered in the region. UNAIDS estimates that about 1 million people in Russia are living with HIV. The disease is also prevalent in Ukraine and the Baltic States and is spreading in Belarus, Moldova, Kazakhstan, Kyrgyzstan, and Uzbekistan.

Asia

National HIV infection levels in Asia remain low compared to other continents, but because of a massive population base a low prevalence rate of 0.4% translates into large numbers of people living with HIV. UNAIDS estimates that more than 8 million people are infected in Asia. Approximately 1,000,000 people became infected in 2004 and more than 500,000 people died due to AIDS.

Experts are becoming particularly alarmed about the spread of the disease in India and China. The latest estimates show about 5 million people living with HIV in India in 2003. There are serious epidemics underway in several states, where the prevalence rates among key populations now exceed 1%. In China, HIV has spread to all regions. HIV prevalence among drug users was measured between 18% and 56% in six cities in the southern provinces of Guangdong and Guangxi in 2002.

Latin America and the Caribbean

In Latin America and the Caribbean, more than 2.1 million people are now living with HIV including 310,000 people who contracted HIV in 2004. At least 130,000 people died of AIDS in the same period – the highest regional death toll after sub-Saharan Africa and Asia.

North Africa and the Middle East

The latest estimates from North Africa and the Middle East do not support the contention that the epidemic has bypassed this Muslim world. UNAIDS estimates that 92,000 people contracted HIV in 2004 bringing the total infected population to about 540,000. AIDS killed 28,000 people in 2004. Prevalence rates increased from 0.2% in 2002 to 0.3% in 2004.

North America and Western Europe

The total number of people living with HIV continues to rise in high income countries due to widespread access to antiretroviral treatment (ART). UNAIDS estimates there are 1.6 million people living with HIV in these regions. About 65,000 new infections occurred in 2004. AIDS claimed approximately 22,500 lives in 2004. Prevalence rates are lower in Europe (0.3%) than in North America (0.6%).

The Next Wave: Grim News for Russia, India, and China

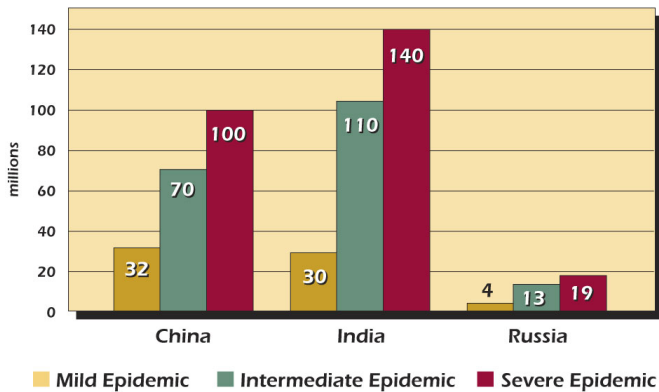
Although research groups are now testing more than 30 AIDS vaccine candidates, there is no cure on the horizon. AIDS is likely to be the 21st Century's top infectious killer.

Health experts are growing increasingly concerned about the 'next wave' of the pandemic and predict a grim toll for Russia, India, and China.

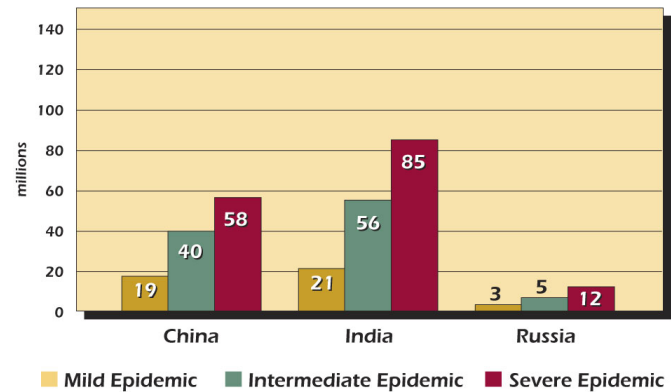
According to a study conducted by Nicholas Eberstadt and published in *Foreign Affairs*, under mild assumptions, the cumulative total of new HIV cases in these three countries from 2000 to 2025 will be about 66 million – compared to UNAIDS estimates of about 65 million infected globally to date. Other scenarios predict even higher HIV totals. An intermediate epidemic suggests nearly 200 million new HIV cases in the next 25 years. A severe epidemic would lead to more than 250 million new cases.

In each scenario, the cumulative death toll from AIDS exceeds the 30 million people killed by AIDS globally so far. A mild epidemic, predicts Eberhart, will kill about 43 million people from Russia, India, and China by 2025. An intermediate epidemic will kill about 105 million; a severe epidemic, 155 million.

Projected Cumulative New HIV Cases, 2000-2025



Projected Cumulative AIDS Deaths, 2000-2025



HIV/AIDS Defined

HIV (human immunodeficiency virus) is the virus that causes acquired immunodeficiency syndrome (AIDS). The disease is acquired in that it is not hereditary but develops after birth from contact with HIV. The disease is characterized by a weakening of the immune system and manifests itself in a group of symptoms that can include the development of opportunistic infections such as tuberculosis.

HIV may be passed from one person to another when infected blood or body fluids come in contact with an uninfected person's broken skin or mucous membranes. In addition, infected pregnant women can pass HIV to their baby during pregnancy or delivery, as well as through breast-feeding.

Part Two – Economic and Business Impacts

According to the International Labor Organization (ILO), of the 40 million people living with HIV/AIDS all but 2 million are between the ages of 15 and 49. Of these, 36.5 million are in the formal labour force or are otherwise making contributions to households and society through the informal economy.

Eventually, HIV-positive labour force participants become ill with symptomatic HIV-related illnesses and become unable to work. The ILO estimates that, absent increased access to treatment, the cumulative loss of labour force participants worldwide will reach 48 million in 2010 and 74 million in 2015.

Economic Impacts – The Household

The impact on families and household income is devastating. Most information on household impacts is based on studies conducted in the hardest hit African countries.

A survey conducted in Zimbabwe in 2000 found that 65% of households that had lost an adult woman had disintegrated and dispersed. After the death of parents, surviving children must be fostered by grandparents or sent to live with another part of the extended family. It is estimated that by 2003, 15 million children had been orphaned by AIDS. In hard-hit countries like Zimbabwe and Botswana, more than 75% of all orphaned children have lost their parents due to AIDS.

A study of AIDS-affected households in Zambia shows that in two thirds of the families where the father had died, monthly disposable income fell by more than 80%. A similar study in Cote d'Ivoire found that the income of AIDS-affected households was half that of the average household. In Botswana, where the infection rate is exceptionally high, per capita household income for the poorest quarter of households is expected to fall by 13% for the next 10 years. Every income earner in this category can expect to take on four more dependents because of AIDS.

In Uganda and Malawi, nearly one third of all teachers are HIV-positive. In Kenya, Uganda, Zambia, and Zimbabwe the epidemic is expected to significantly contribute to future shortages of primary school teachers. In some counties, illness and death rates among health workers have increased 5 to 6 times as a result of AIDS. The loss of skilled people comes at the same time as the demand for more health care is increasing and when many African health care systems are severely compromised.

The ILO concludes that by causing the illness and death of workers, the HIV/AIDS epidemic reduces the stock of skills and experience of the labour force. The loss in human capital is a direct threat to poverty eradication and sustainable development.

Economic Impacts – National Economies

Initial estimates of the economic impact of HIV/AIDS on gross domestic product have been modest. For Africa they range between 0.3 and 1.5 percent annually.

A joint World Bank and University of Heidelberg study published in 2001 and updated in 2003 and 2004, however, found that these estimates are based on an underlying assumption that the main effect of increased mortality is to relieve pressure on existing land and physical capital so that output per head is little affected.

The World Bank/Heidelberg study into the economic impact of AIDS argues that this emphasis is misplaced and that the epidemic is likely to severely restrict economic growth in hard-hit countries. The argument is made in four parts:

1. As noted by the ILO, HIV/AIDS is primarily a disease of young adults. Those infected are physically weakened thus reducing their productivity. The disease then kills them in their prime, thereby destroying human capital that has been built through child-rearing, formal education, and on the job training.
2. HIV/AIDS weakens the mechanisms that generate human capital formation and transmits this capital across generations. In the household, child-rearing and the transmission of knowledge and potential productive capacity are severely disrupted. At the same time, the loss of income due to disability and early death reduces the lifetime resources available to the family. As a consequence children spend less time at school, as they are required by the family to generate income. Finally, the probability that the children will contract the disease as adults makes investment in their education less attractive.
3. As the children of HIV/AIDS victims become adults with little education and limited knowledge received from their parents, they are less able to invest in their own children's education and knowledge formation.
4. HIV/AIDS seriously weakens the tax base and thus negatively impacts the resources available to meet the demand for public goods such as education and health services. As a result, the government's finances come under increasing pressure and the capacity of the state to respond to the epidemic and provide other essential public goods is caught in a relentless downward spiral. The authors conclude that a widespread epidemic of AIDS will result in a substantial slowing of economic growth and has the potential to result in economic collapse in the hardest hit countries.

Macro-Economic Impacts: The Next Wave

HIV/AIDS has exacted terrible human and economic costs on Africa. But the rest of the world has been largely unaffected by Africa's tragedy. Russia, India, and China are not Africa. Together, they comprise 40% of the world's population and are projected to be among the world's largest economies in the 21st Century. The epidemic in Russia, India, and China will have significant impacts on the global economy, far beyond those of Africa.

In one study, World Bank data are used to compare GNP projections for these three countries to 2025 taking into account the impact of HIV/AIDS under various scenarios.

In the case of Russia, the study finds that in the event of a mild epidemic, GNP will stagnate between 2000 and 2025. Under the intermediate scenario, Russia's GNP will be 40% lower in 2025 than it is today.

For India, the study predicts that GNP absent an HIV epidemic will be almost 170% higher in 2025 than it is today. Under the mild scenario, GNP will still rise substantially – but by about 30% less than the no HIV baseline. If there is an intermediate epidemic, predicted GNP in 2025 will be about 40% lower than the baseline scenario. The GNP will grow, but growth will be cut by 75% over the next 25 years.

China without AIDS is predicted to experience an increase in GNP of about 80%. A mild epidemic will cut that growth by at least 30%. An intermediate scenario will cut growth by much more.

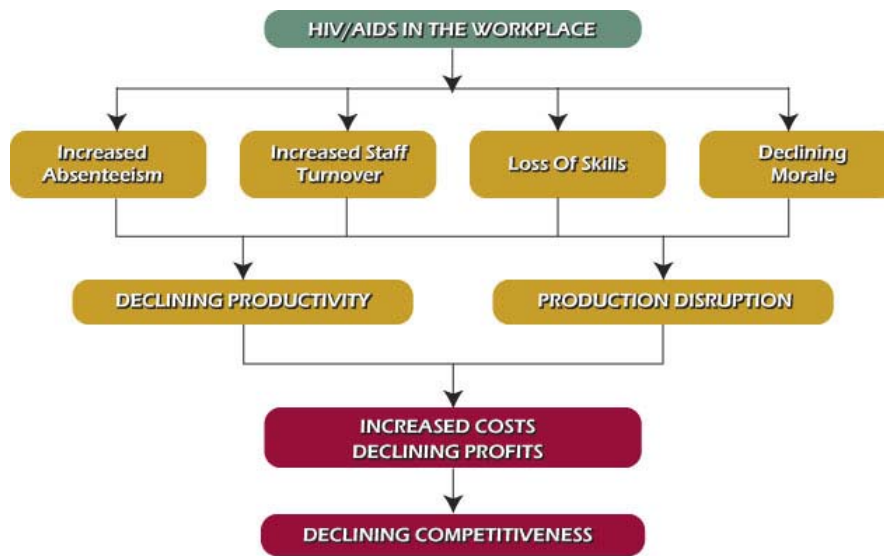
In all cases and all scenarios, life expectancy will decline and working age populations will shrink.

Impact on Business

HIV/AIDS cuts the supply of labour and threatens the livelihoods of workers and dependents. The size of the labour force in 32 African countries will be between 5% and 35% smaller by 2020 that it would have been without AIDS.

With a greater number of employees falling ill due to HIV/AIDS, companies are facing increased costs due to rising costs of health insurance, sick leave and funeral benefits. Companies also have to bear the costs of recruiting and training new staff. HIV also threatens economic prosperity by putting national economies at risk, deterring investment, and decreasing output for foreign exchange.

Production lines, management structures, and cohesion in the workplace are directly undermined by increased absenteeism from sickness, caring for ill family members, and preparing for and attending the funerals of AIDS victims. Greater staff turnover also leads to knowledge and skill loss among employees. Lower morale due to illness and loss of co-workers threatens the stable environment needed to sustain operations.



Source: International Labor Organization

Part Three - Canadian Energy and Mining Companies and HIV/AIDS

Methodology

The Ethical Funds Company conducted a survey concerning the extent to which Canadian energy and mining companies recognize the risk to business presented by the HIV/AIDS epidemic and how they are responding through concerted policies, programs, and practices.

We sent an introductory letter and survey to 41 Canadian resource companies listed on the S&P/TSX. The letter was sent May 5, 2005. Follow-up telephone calls were made to each company between May 11 and May 27, 2005.

The 41 companies that make up our study either (1) currently explore and/or are involved in resource extraction projects in countries where HIV/AIDS prevalence rates measured in 2004 are estimated at or above 1% of the working age population (age 15-49); or (2) operate in India or China.

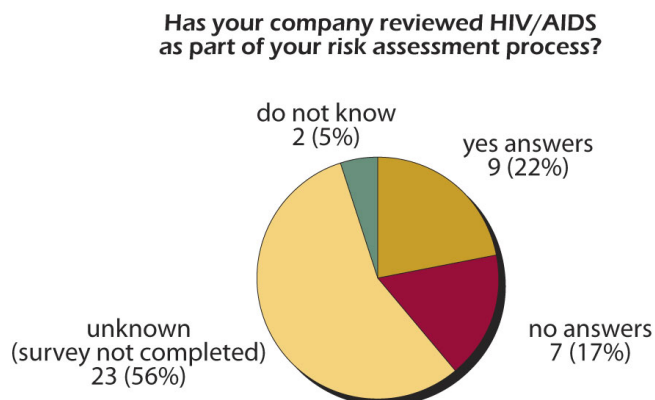
We included India and China in our survey. Though HIV/AIDS prevalence rates among the working age population in these countries are 0.9% and 0.1% respectively, health professionals believe that there is severe under-reporting of HIV/AIDS in these countries and that there will be a dramatic rise in HIV/AIDS prevalence in coming years.

These companies have a total market capitalization of \$250 billion representing almost 23% of the S&P/TSX Composite Index.

Seventeen companies responded to our survey for a response rate of about 41%. Twenty-four companies did not respond. To establish a more comprehensive data-set we reviewed the public documents and corporate websites for these companies as well as external research sources to determine whether any had identified HIV/AIDS as a risk and if they had taken steps to respond to the epidemic. We were able to obtain HIV/AIDS program and policy information on 1 additional company which answered some of the questions in our survey. This provided us with verifiable data on a total of 18 out of the 41 companies that we had contacted.

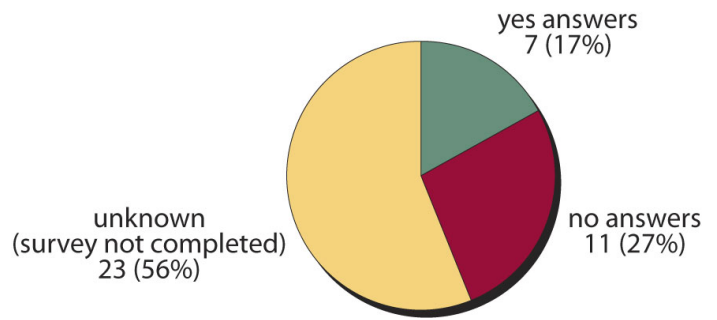
Results

When asked whether HIV/AIDS was reviewed as part of the company's risk assessment process, nine companies confirmed that they had done so. Seven stated that they had not done so while representatives of 2 companies were not able to answer. Among the survey participants, there is a significant correlation between completion of a risk assessment on HIV/AIDS and operations in countries with high prevalence rates.



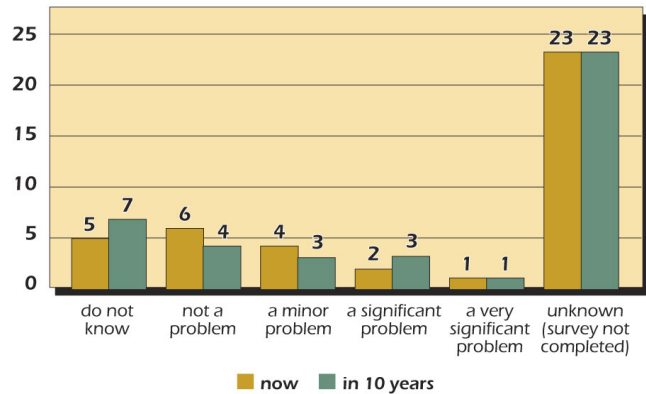
Formal HIV/AIDS policies exist at seven of the companies surveyed. Eleven companies stated that they do not have any formal policy on HIV/AIDS. Six of the 7 companies with policies operate in countries where the prevalence rate is greater than 5%. The other company with an HIV/AIDS policy operates in a country where the prevalence rate is greater than 1%.

Do you have a formal HIV/AIDS policy?



Seven companies regard the severity of HIV/AIDS to its operations as at least “a minor problem”. Only 1 company increased the severity ranking from a “minor problem” to a “significant problem” when asked if they believed their view of the severity of the HIV/AIDS problem would change in 10 years. Two companies changed their answers from “not a problem” to “do not know”. That change in the “do not know” answers increased the number of such answers from five to seven.

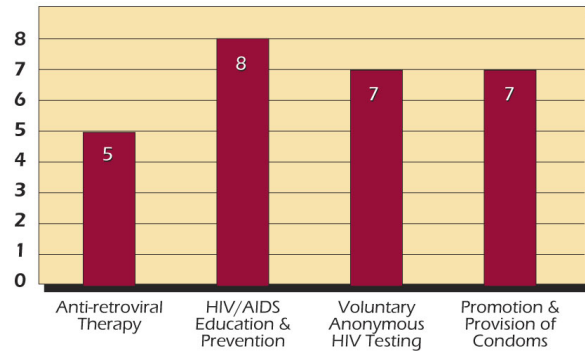
Rate The Severity of HIV/AIDS To Your Company



Of the 5 companies that said they did not know the severity of the problem, 1 has operations in China, 2 in Russia, 1 in Guatemala and Honduras (where prevalence rates exceed 1%) and 1 operates in a low-risk country.

We found that education and prevention programs were the most common at all companies with formal HIV/AIDS policies. These companies offer these programs to family and community members as well as employees. HIV testing and condom provision/promotion are offered by seven companies while anti-retroviral therapy was offered by just five companies.

Does your company offer any of these HIV/AIDS programs?



Participants were also asked to rank the importance of four HIV/AIDS issues related directly to business: declining productivity, rising cost of employee health coverage, long-term threat to company growth, and reputation risk (risk to corporate social responsibility program integrity). Most companies rank declining productivity as the most important. Reputation risk was ranked the lowest.

Part Four – Responding to HIV/AIDS

Although the pandemic continues to exact a terrible human toll, there is some optimism among policy-makers and public health experts that the battle against AIDS has reached a turning point.

Governments that once downplayed the severity of the crisis are now increasing resources to address the problem. The World Bank has increased AIDS funding. New institutions such as the Global Fund to fight AIDS, Tuberculosis, and Malaria have arisen. The World Health Organization (WHO) has established a goal for treating 3 million people by the end of 2005. New diagnostic tools in areas where healthcare infrastructure is lacking can be accurately used by non-medical personnel. The costs of anti-retroviral therapy and other drugs for treating AIDS have dropped dramatically and the treatment regimes have become simplified. The International AIDS Vaccine Initiative (IAVI) has been established to speed the development and distribution of preventive AIDS vaccines. Currently, research groups are now testing more than 30 AIDS vaccine candidates in 19 countries. More than 200 multinational corporations have formed the Global Business Coalition on HIV/AIDS, an alliance dedicated to combating the AIDS epidemic by using the power and expertise of the global business community.

What Actions Do Energy and Mining Companies Need to Consider?

Until recently, most in the business sector assigned responsibility for responding to the HIV/AIDS epidemic to government and the public health community. But as employee infection rates among some companies approached 25%, business leaders began to understand the need to respond aggressively and the benefits of addressing the problem sooner rather than later.

The Ethical Funds Company believes Canadian energy and mining companies need to review their operations to identify the risk of HIV/AIDS to their business. We believe that these companies have an opportunity to exercise both a social and financial responsibility to respond. Our research recommends the following 10 points to constitute the main parameters of an effective HIV/AIDS strategy, which we encourage these companies to adopt.

ANTI- RETROVIRAL THERAPY

The number of people contracting HIV continues to rise and most stakeholders agree more collaborative action from governments, the private sector, and non-governmental organization's (NGOs) is required to provide treatment for the disease. The World Health Organization (WHO) estimates that 5.9 million people worldwide are in need of anti-retroviral therapy, yet only about 400,000 or 7% are on an ART program.

Through worldwide political mobilization, communities and governments have been educated about ART and recognize this therapy should be a basic human right. Anti-retroviral therapy has made a dramatic impact on the quality of life of people living with HIV/AIDS by decreasing the associated morbidity and mortality. Health officials widely agree that anti-retroviral therapy should be part of a program of comprehensive care and support. Including these drugs as part of HIV clinical care makes HIV infection a more manageable, chronic illness. People living with HIV/AIDS benefit by having restored health, economic productivity, and social functioning. In communities in resource-constrained countries, providing anti-retroviral therapy has the potential to decrease social stigma and boost prevention efforts and constrain the pandemic.

Recommended actions for companies to take:

1. Conduct an impact assessment to determine the extent to which HIV/AIDS has taken hold in the communities in which the company operates and within its employee population. Commit to annual assessments to project future HIV/AIDS prevalence rates among relevant populations.
2. Take responsibility for acting on HIV/AIDS with support and leadership from the CEO and the Board of Directors. Consider provision of treatment for HIV/AIDS to be a human right.
3. Work cooperatively with employees, unions, and local and national health authorities to establish a comprehensive and responsive HIV/AIDS policy.
4. Implement a zero tolerance policy for discrimination against people infected with HIV/AIDS in the workplace. Take all steps necessary to reduce social stigma faced by HIV-positive employees.
5. Assign policy implementation to a senior manager (most likely Environment, Health & Safety) who reports to the CEO. Ensure adequate budget and staff resources. The Board should ensure that its EH&S Committee receives regular reports on policy implementation.
6. Provide clear and concise HIV/AIDS information to all employees. Provide and promote voluntary counseling and testing (VCT) while ensuring confidentiality. Establish peer education and peer support programs as the foundation for the company's HIV-prevention program. Provide preventive education, support behavioral change, and provide condoms at an affordable rate or for free. Develop contingency plans to replace lost skills and a strategy for addressing staff morale.
7. Provide anti-retroviral therapy to employees and their families.
8. Review how corporate activities may be contributing to the underlying causes of HIV/AIDS (e.g. migrant workforce, transportation route vectors). Develop strategies to remove these causes, working with local governments, NGOs, and health care providers to strengthen local infrastructure and capacity with a view to creating sustainable health care access for employees and the community.
9. Establish capacity to track trends and maintain awareness of developments in the treatment of HIV/AIDS. Consider joining the Global Business Coalition on HIV/AIDS to develop an effective knowledge network and trend-spotting system.
10. Establish specific HIV/AIDS key performance indicators and targets and implement an ongoing monitoring, implementation, and reporting procedure. Disclosures should adhere to the Reporting Guidance on HIV/AIDS published by the Global Reporting Initiative (GRI).

A Final Note

In previous years, **The Ethical Funds Company** has supported efforts to fight the war on HIV/AIDS primarily through our membership in the Interfaith Center on Corporate Responsibility (ICCR) and participation on that organization's HIV/AIDS working group.

In 2004 and 2005, **The Ethical Funds Company** began to question the larger mining companies most at risk in sub-Saharan Africa on how they were responding to the epidemic. We came away from those conversations satisfied that these companies were reacting in a responsible manner. Though we felt more could be done, we began to wonder about the policies in place at smaller companies also operating in countries at risk, but out of the public limelight.

With the publication of *Canadian Energy and Mining Companies and the HIV/AIDS Epidemic*, we are signaling our intention to help alert all resource companies operating in high risk countries to the issue and to the need to act.

This report should be viewed, thus, as a preliminary effort to determine the status of company efforts to assess the HIV/AIDS-related risks and programs for managing these risks. We seek to benchmark current practices with a view to engaging these companies in dialogue in 2005 and 2006. Our objective is to work with these companies to determine how they can begin to play a larger role in the war on AIDS.

Of course, efforts undertaken by these companies are far from alone. Governments, foundations, health professionals, and international agencies will all need to redouble their efforts. We are confident that our engagement with the companies in these sectors will lead to the development of risk assessment procedures, policies, and management systems needed to help meet the challenge. We are hopeful that all energy and mining companies, Canadian and foreign, will take note of this publication, develop the capacity to respond, and play a larger role in the fight against HIV/AIDS in the years to come.

ICCR

ICCR is North America's leading network of faith-based and secular organizations using the tools of corporate engagement to advance a just and sustainable society. So far, ICCR's efforts have focused mainly on strategies to encourage American pharmaceutical companies to develop vaccines and drugs for the treatment of HIV/AIDS and to eliminate the barriers that prevent the generic production of medicines for countries that have been the hardest hit.

Appendix

Practices of Success: Notable Companies

Anglo American

More than 33,400 of Anglo American's 139,300 employees in eastern and southern Africa are thought to be HIV-positive. The company initiated a comprehensive HIV/AIDS program in November 2002. By the end of December 2004, 2,456 employees with HIV/AIDS were on free drug treatment. Although 19% have been lost from the program for a variety of reasons, of the 1965 employees remaining on ART, 94% are "completely well and able to carry out their normal work." ART requires meticulous adherence to the treatment regime. Those employees currently on ART have achieved a reported adherence of greater than 90%. The company estimates that without ART at least one third of these people would already have died.

Anglo American's initial cost benefit analysis indicates that the overall cost of the program has dropped largely due to falling ART costs and economies of scale. After a full year of implementation, the cost, including administration time, use of company infrastructure, monitoring and support, drugs, laboratory and staff time, averaged \$215 USD per patient per month.

In addition to free treatment, Anglo American aggressively promotes voluntary counseling and testing by all employees. Anglo educated employees and their families about AIDS and encourage HIV-positive employees to enroll in wellness programs designed to keep them from progressing to the next stage of the disease as long as possible. Nearly 5,000 employees have so far enrolled in such programs. Anglo American has set a target of 10,000 by the end of 2005.

Alcan

A company-wide information campaign in 1989 was the beginning of Alcan's HIV/AIDS policies and programs. Since that time, occupational health centers have been set up at all major Alcan sites to provide preventative information and confidential testing. In developing country sites, additional programs include provision of condoms and treatment of HIV-positive employees and family members, and preventive advice to local communities. Access to treatment was initiated in Cameroon by Aluminium Pechiney, a company acquired in 2004 by Alcan. This initiative has since been incorporated by Alcan in all developing country locations where access to medication is problematic.

Barrick Gold

Barrick states that health programmes are a necessary cost of doing business in developing countries and has funded a survey that provided confirmation of a local HIV epidemic in the local community of the Bulyanhulu mine in Tanzania. The survey results prompted Barrick's wholly owned subsidiary Kahama Mining Corporation to fund an HIV/AIDS prevention and intervention program for contractors and members of the local community as well as employees.

Features of the program include peer health educators, free condom distribution, and voluntary counselling and testing for HIV for community members as well as employees. A community HIV information centre has also been set up in order to provide sexual and reproductive health services and information to the entire community.

Kahama's HIV/AIDS program has been supported by an HIV/AIDS policy that was adopted in 1999. Among the issues covered in the policy are no discrimination based on HIV status, confidentiality of information regarding HIV status, and benefits availability for employees and families. The policy also requires contractors to adhere to the policy and provides them with access to the same facilities and services as employees.

Lionore

Lionore owns 85% of a mine located in Botswana, which has one of the highest prevalence rates in the world at 37.3% (as estimated by UNAIDS as of the end of 2003).

An impact cost study was done in 2001 and found the costs of HIV/AIDS without medical intervention in Botswana would amount to an average of 10.7% of salaries. The benefits of fully sponsored treatment were estimated to exceed the costs upon the realization of 3 additional years of productivity per HIV-positive patient. Lionore has found this to be achievable in Botswana for those who adhere to required treatment protocol and reduction in anti-retroviral therapy costs has reduced the additional productivity timeframe to between 1 and 2 years.

In anticipation of the potential impact of HIV/AIDS on Lionore's employees and the local community, a comprehensive intervention program was implemented in 2001. The program is intended to achieve developed world standards of HIV/AIDS treatment in Botswana. The focus of the program is reduction in AIDS related deaths through ARV therapy and promotion of HIV testing, along with a reduction in numbers of new HIV infections through awareness, peer education, and condom distribution.

Policies related to HIV/AIDS cover non-tolerance of discrimination towards HIV-positive employees and strict confidentiality of HIV status of all employees. Details of Lionore's policies and programs related to HIV/AIDS have been posted on their website.

Placer Dome

Placer Dome has developed programs to address HIV/AIDS at minesite, community, industry, and national levels in Papua New Guinea (PNG) as well as in South Africa.

Although PNG has a relatively low HIV prevalence rate (0.6% of adults aged 15-49 as of the end of 2003), Placer Dome has recognized that infections are increasing rapidly (the estimated number of infections increased 60% from end of 2001 to end of 2004). The company is working on the issue of HIV/AIDS at both the micro-level for the impact on employees and families and the macro-level to lead national and regional efforts to address the epidemic.

Placer Dome's South Deep mine in South Africa has HIV/AIDS programs that include education, awareness, condom distribution, and voluntary counseling and testing. This location has also committed to a pilot anti-retroviral treatment program. In addition to South Africa, South Deep's programs extend throughout Southern Africa to Mozambique, Lesotho, Botswana, and Swaziland in order to reach all of the workers' communities.

Programs at Placer Dome's Porgera mine in PNG include education, awareness, and condom distribution. A program for voluntary counseling and testing has recently been launched as well and the company has been working with various organizations at the national level to raise awareness within the mining industry in PNG.

Placer Dome states that their HIV/AIDS policies and programs are an investment in employees and communities for which they will receive dividends in their eventual overall performance.

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Responding to HIV/AIDS

For information on efforts to develop an AIDS vaccine visit the Web site of the International AIDS Vaccine Initiative (IAVI) at www.iavi.org.

The National Institute of Allergy and Infectious Diseases reports that more vaccines will be studied in the next 2 years than in the last 5 years combined. See <http://www.niaid.nih.gov/factsheets/clinsch.htm>.

For information on the WHO initiative to provide ART for 3 million people by the end of 2005 visit <http://www.who.int/3by5/en/>

To review the ILO’s Code of Practice on HIV/AIDS visit http://www.ilo.org/public/english/protection/trav/aids/code/keyprinciples_page.htm

For information on the Global Business Coalition on HIV/AIDS see www.businessfightsaids.org.

Business for Social Responsibility provides a useful primer at <http://www.bsr.org/CSRResources/IssueBriefDetail.cfm?DocumentID=49032>

For information on the Global Reporting Initiative's *Reporting Guidance on HIV/AIDS*, see <http://www.globalreporting.org/guidelines/HIV/hivaids.asp>

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