

Heineken

Overview of controversial business practices in 2009

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SOMO

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Introduction

This brief company profile is a joint initiative of SOMO (Centre for Research on Multinational Corporations) and the VBDO (Vereniging van Beleggers voor Duurzame Ontwikkeling). It provides an overview of business practices that may be considered unsustainable, irresponsible, or controversial and that took place or were addressed in 2009. In the context of the upcoming annual general meetings (AGMs) of shareholders of Dutch corporations, the overview aims to provide additional information to Heineken's shareholders and other stakeholders on potentially controversial issues that may or may not be detected or reported by the company itself. By highlighting such issues, the overview can be used to identify areas of the company's corporate responsibility policies and practices that need improvement and to formulate a more informed assessment of a company's corporate responsibility performance.

The range of sustainability and corporate responsibility issues eligible for inclusion in this overview is broadly based on the issues and principles identified in the OECD Guidelines for Multinational Enterprises, which is one of the leading global normative standards for responsible business behaviour and which is applicable to all Netherlands-based companies by virtue of the Dutch government's membership in the OECD. Rather than an exhaustive analysis of Heineken's corporate responsibility policies, operational aspects of corporate responsibility management, implementation systems, reporting and transparency, or total performance on any issue, the overview provides a descriptive depiction of a limited number of corporate responsibility-related issues and cases that might merit further attention or reflection. Heineken's positive sustainability achievements in 2009 are not addressed here.

The research methodology for this overview involved primarily desk research methods, relying on information from SOMO's global network of civil society organisations, the company's own website and publications, media reports, and company information databases. All sources are cited in footnotes in the text. As per SOMO's standard research methodology, Heineken was informed about the research in advance and was given two weeks to review a draft report and provide comments and corrections of any factual errors in the draft version prior to publication.

The overview has been researched and drafted by SOMO. SOMO is an independent research organisation that was founded in 1973 to provide civil society organizations with knowledge on the structure and organisation of multinationals.

Summary

In this report two cases are described. The first case is about the labour and health conditions of Heineken's beer promotion women in Cambodia. The second case is about the problem of beer smuggling into Cambodia and Heineken's relationship with a Cambodian distributor which might have been involved with smuggling activities. Finally, for the two cases it was reviewed whether Heineken upholds the OECD Guidelines for Multinational Enterprises.

Beer promotion women

Of all beer producers, Heineken with its partner brands is the market leader in Cambodia. The main Heineken family brands in Cambodia comprise of Heineken (imported), Tiger Beer, Anchor, ABC Extra Stout and Gold Crown (as produced in the partially Heineken-owned Cambodian brewery, or in foreign breweries of the partially Heineken-owned company Asia Pacific Breweries Limited).

The total number of beer promotion women in Cambodia is estimated at 4,000. According to Heineken, Heineken family brands comprise about 660 beer promotion women in Cambodia. The beer promotion women are remunerated by Heineken and its brewing and business partners directly or indirectly in order to sell beers of the Heineken family in Cambodian bars and restaurants. They wear distinctive uniforms for every brand (Heineken, Tiger, ABC, Anchor etc.).

In 2009, the Cambodian non-governmental organisation SiRCHESI interviewed more than 200 beer promotion women and hostesses in the city of Siem Reap. According to the findings of SiRCHESI the beer sellers are at risk for alcohol-related health problems and HIV/AIDS:

- ❑ The beer promoters of Heineken family brands drank on average 1.2 litres of beer every evening/night;
- ❑ Of the interviewed women working for Heineken family brands, 29 per cent (17 out of 58) sometimes accepted propositions from customers who offered money or gifts for sex in 2009;
- ❑ Of all the interviewed beer promotion women (all beer producers), 63% felt fearful of HIV infection;
- ❑ The women also still experience sexual harassment and violence at their workplaces.

For their full-time jobs the beer promotion women are paid below the level of what would constitute a living wage. A living wage is a wage sufficient to provide minimally satisfactory living conditions for the worker and her/his family.

Several of the problems the beer promotion women face are interlinked. For instance, the poor wages driving women towards accepting money for sex and subsequent HIV/AIDS risks, and their own consumption of beer may improve wages but also lead to more unsafe sex and unhealthy drinking levels.

For the first year SiRCHESI also interviewed hostesses. Hostesses are employed by the same restaurants where beer-sellers operate. They are responsible for greeting and entertaining customers. SiRCHESI concluded that their situation seems to be worse off than beer promotion women. As more beer sellers abstain from drinking, sometimes hostesses replace them at the tables. No health and safety programs about alcohol, HIV/AIDS etc. are currently provided to hostesses by the beer industry.

An important industry effort to resolve the issue has been the formation in late 2006 of the 'Beer Selling Industry Cambodia (BSIC)' as a professional brewers association with a Code of Conduct on beer promotion women. The beer promotion women working for the two main breweries in Cambodia (partly owned by Heineken and Carlsberg) and the brands Heineken and Guinness are member of BSIC. Some beer producers with a large presence in Cambodia, notably AB Inbev, are not member of the BSIC.

In April 2009, an evaluation report by the Cambodian Center for Advanced Study was published on behalf of BSIC. The survey did not include issues such as a living wage and treatment for HIV/AIDS, as these issues are not stipulated in the code of conduct. CAS identified positive developments, such as a significant drop of beer promotion women experiencing regular sexual harassment. However, the survey also identified serious remaining problems, among other the largely failing grievance procedure and the problem of beer promoters' drinking and drunkenness while on duty. In its Sustainability report 2009 Heineken states that from 2010 onwards the problem of drinking alcohol while at work will be addressed more effectively.

Beer smuggling and/or tax evasion

According to a 2007-report of the Economic Institute of Cambodia (EIC) only 12 percent of the beer imported into Cambodia is officially imported. According to the report at least 15 percent of the imported beer stems from Heineken breweries. This implies that beer imports from Heineken sources have not always been imported in accordance with tax regulations of the Cambodian government.

Heineken's sole distributor of Heineken brand beer in Cambodia is Attwood Import Export Co. Ltd (from here: Attwood). In recent years, Attwood has allegedly been involved in smuggling activities and/or tax evasion practices twice.

The findings of EIC and the alleged smuggling activities of Attwood raise some questions as to what due diligence steps Heineken takes to ensure that its family of beer brands is imported legally.

OECD Guidelines

For this report it was reviewed whether Heineken upholds the OECD Guidelines for the two cases. The OECD Guidelines for Multinational Enterprises, to be revised in 2010, cover a wide range of standards including labour rights, human rights, environment, consumer protection and corruption.

Overall, there is reason to question whether Heineken acts in line with the OECD Guidelines regarding the case of its beer promotion women in Cambodia. Workplace harassment, risks of contracting HIV/AIDS and unhealthy levels of alcohol consumption are still present. This means Heineken could be in breach with parts of the articles 7 and 12 of the International Covenant on Economic, Social and Cultural Rights, as well as provision 4b of the OECD Guidelines' Employment and Industrial Relations chapter, which stipulates that companies should take adequate steps to ensure occupational health and safety in their operations.

Furthermore, the rights to an adequate standard of living for the beer promotion women and their family and the rights to social security do not seem to be fully respected. This could be considered another breach of the International Covenant on Economic, Social and Cultural Rights.

Regarding the second case, beer smuggling and/or tax evasion in Cambodia, the OECD Guidelines stipulate that enterprises should comply with the tax laws and regulations in all countries in which they operate and should exert every effort to act in accordance with both the letter and spirit of those laws and regulations. While Heineken can't be held responsible for individuals/organisations that smuggle beer into Cambodia and over which it has no

control, Heineken does have a responsibility to take all reasonable steps to ensure its distributors/importers are not involved in beer smuggling. It is not clear whether Heineken exerts every effort to act in accordance with both the letter and spirit of the Cambodian laws and regulations.

1. Beer promotion women in Cambodia

1.1 Introduction

Heineken family brands in Cambodia

Of all beer producers, Heineken with its partner brands is the market leader in Cambodia. About 18 per cent of all beer producers' revenues on the Cambodian beer market are added to the consolidated figures of the Heineken group (see Annex 1). Taking into account the fact that Heineken has a share of 33.5% in the main brewery of Cambodia, it can be stated Heineken is able to exercise direct influence on approximately halve of the Cambodian beer market. An overview of Heineken's position in Cambodia can be found in Annex 1.

The main Heineken family brands in Cambodia comprise of Heineken (imported), Tiger Beer, Anchor, ABC Extra Stout and Gold Crown (as produced in the partially Heineken-owned Cambodian brewery, or in foreign breweries of the partially Heineken-owned company Asia Pacific Breweries Limited).

Civil society organisations

The working conditions of beer promotion women have been criticised for several years in reports by civil society and labour organisations and the Cambodian Government.¹ Press reports going back to 1998, and particularly a story in the Wall Street Journal (2000) had already clearly described the problems before social scientists began systematic data collection.² In 2002 the Heineken CEO and board were first notified by the Cambodian non-governmental organisation Siem Reap Citizens for Health, Educational and Social Issues (SiRCHEI) of concerns about the health and welfare of their beer sellers. SiRCHEI has a long history of interviewing, and providing health education for, beer promotion women in the Cambodian district Siem Reap. During the period 2004 - 2009 it interviewed more than 700 beer sellers.³ The SiRCHEI interviews with beer sellers were conducted either in the workplaces or during health workshops.

Since 2006 the main trade union of Australia ACTU (Australian Council of Trade Unions) has been addressing beer companies about the health and safety problems of Cambodian beer promotion women.⁴ Commissioned by the Dutch Association of Investors for Sustainable Development (VBDO), the Centre for Research on Multinational Corporations (SOMO) has reported earlier (in 2007 and 2009) about Heineken's position regarding the beer promotion women.⁵ Based on the reports, VBDO provided a sustainable voting advice on whether to

¹ Civil society organisations: CARE, the Center for Advanced Study (CAS), SiRCHEI. Cambodian Government: National Center for HIV/AIDS, Dermatology and STD (NCHADS, STD means sexually transmitted diseases)

² SiRCHEI's website: <http://www.fairtradebeer.com/reportfiles/wsj310500.html>

³ The interviews were mostly performed by staff, volunteers, researchers and students located in Siem Reap with SiRCHEI. Their affiliations included: Siem Reap Provincial AIDS Office; University of Guelph (CA); National Center in HIV Social Research (University of New South Wales, AU); Macquarie University (Sydney, AU); University of Melbourne (AU); Australia Volunteers International; Duke University (North Carolina, US); Oxford University (Oxford, UK); University of Technology Sydney (AU); University of Maastricht (NL); National University of Singapore; Staffordshire University (UK). Data and analysis were provided through Ian Lubek, international advisor to SiRCHEI.

⁴ ACTU campaign in 2006: <http://tinyurl.com/ACTU-2006>

ACTU in 2008, Phnom Penh Post Article, May 2008: <http://tinyurl.com/ACTU-2008>

⁵ SOMO, 'Heineken - Overview of controversial business practices in 2008', April 2009,

http://somo.nl/publications-nl/Publication_3048-nl

VBDO, 'Sustainable voting advice Heineken', April 2009,

<http://www.vbdo.nl/files/download/189/Sustainable%20Voting%20Advice%20Heineken.pdf>

discharge the members of the Heineken board during the annual general assembly of shareholders.

Industry efforts to reduce problems

An important industry effort to resolve the issue has been the formation in late 2006 of the 'Beer Selling Industry Cambodia (BSIC)' as a professional brewers association with a Code of Conduct (COC) on beer promotion women.⁶ The code can be found in Annex 2.

Members of BSIC are major breweries operating in Cambodia: Asia Pacific Breweries, Cambodia Brewery Limited, Cambrew Ltd., Carlsberg a/s, Guinness, and Heineken International.

Attwood Import Export, the sole distributor of the Heineken brand in Cambodia, has also joined the group. In practice this means coverage of the beer promotion women selling of:

- ❑ Heineken (imported);
- ❑ Tiger Beer, Anchor, ABC Extra Stout and Gold Crown (as produced in the partially Heineken-owned local brewery Cambodia Brewery Limited, or at foreign factories of the partially Heineken-owned Asia Pacific Breweries Limited);
- ❑ Guinness (imported);
- ❑ Angkor Beer, Bayon Beer, Klang Beer, Black Panther, Angkor Stout (as produced in the partially Carlsberg-owned Cambodian brewery Cambrew Ltd.).

BSIC and Heineken state that only one quarter of beer promotion women who promote and sell beer are covered by the code.⁷ In general, it is assumed that around 4,000 beer promotion women are active in Cambodia.⁸ Heineken declares that some 180 beer promotion women are employed for the Heineken brand and some 480 are employed for the beers of the Cambodia Brewery Limited.⁹ On its website, Carlsberg states that Cambrew Ltd. has 900+ promotion assistants.¹⁰ This would together provide for 1,560 beer promoters (Heineken and Cambrew), 40 per cent of the total amount of beer promotion women in Cambodia. It looks like BSIC and Heineken underestimate the number of beer promotion women that are covered by the code.

Beer promotion women that are not covered by the code include:

- ❑ Beer promotion women working for other companies. The biggest beer company that is not a BSIC-member is probably the Belgium AB InBev. An estimated 500 beer promotion women work for beer brands of this company;
- ❑ Beer promotion women selling the Heineken brands Bintang, Cheers Beer and Kingway or several imported Carlsberg brands.

Implementation of the Code of Conduct

Interviews conducted by SiRCHESI during the years have shown there are still severe gaps in the implementation of the Code of Conduct.¹¹ In April 2009, a report by the Cambodian

⁶ Website Beer Selling Industry Cambodia (BSIC): <http://www.bsic.com.kh/>

⁷ Website BSIC:
<http://www.bsic.com.kh/documents/BSIC%20Media%20Update%2024th%20April%202009.pdf>
Heineken Sustainability report 2008:
http://www.sustainabilityreport.heineken.com/downloads/Heineken_SR_2008.pdf

⁸ An anonymous summary of beerservers in Cambodia from 2005, by a knowledgeable beer industry official:
<http://www.ethicalbeer.com/resourcesEBpage.html>

⁹ Sietze Montijn, Head of CSR at Heineken International, Amsterdam, personal CSR communication, 19 May 2010.

¹⁰ Website Carlsberg:
<http://www.carlsberggroup.com/Company/Markets/Pages/Cambodia.aspx>

¹¹ See for example: 'AB InBev, Carlsberg, Heineken and other international brewers are yet again in 2008-9 behaving badly to women beer sellers in Cambodia', SiRCHESI, April 2009,
<http://www.ethicalbeer.com/read/April2009-INFO.pdf>

Center for Advanced Study (CAS) was published on behalf of BSIC.¹² CAS surveyed 500 non-probationary, full-time beer promoters in the beginning of 2008 (baseline study) as well as late 2008 / early 2009, in the cities Phnom Penh and Siem Reap. The survey did not include issues such as a living wage and treatment for HIV/AIDS, as these are not issues stipulated in the code of conduct. CAS identified positive developments in the implementation of the BSIC Code of Conduct, such as a significant drop of beer promotion women experiencing regular sexual harassment. However, the survey also identified serious remaining problems. Among others, CAS put forward the following recommendations:

- ❑ Reasons as to why the grievance procedure has largely failed to date should be examined. Significant additional work needs to be carried out with direct superiors and their managers to ensure that all serious complaints are recorded and enter beer company/BSIC grievance records.
- ❑ Immediate and concerted action should be taken to tackle the problem of Beer Promoters' drinking and drunkenness while on duty. This should include a review of the proportion of income from fixed salary and commission. Given the urgency of the situation, a short, focused survey to monitor progress in this area should be undertaken in six months' time. New training and awareness-raising activities should focus on attempted forced drinking by customers as a serious grievance which must be reported by all beer promoters.
- ❑ More should be done to ensure that all company drivers take the safety of beer promotion women seriously and are willing to deposit them as close to their homes as possible.

1.2 SiRCHESI 2009-survey

New survey by SiRCHESI

Again in 2009, SiRCHESI interviewed beer promotion women. Data were collected in February, May-June, and August 2009. More than 200 beer promotion women and hostesses in Siem Reap were interviewed.¹³ This chapter provides a summary of the findings, and describes to what extent the findings detail compliance with the Code of Conduct of the Beer Selling Industry Cambodia (BSIC) and specific Heineken standards.

Alcohol consumption

The BSIC Code of Conduct, signed by Heineken in 2006, has prescribed a ban on drinking in the workplace. Nonetheless, according to the SiRCHESI 2009-survey, 84% of the Heineken family beer promotion women continued to drink with customers in 2009. Consumption by Heineken family women reached 1.2 litres per shift (5 standard units of alcohol).

For all beer brands, 94% of beer promotion women continued to drink in 2009 during their shift. Women working for Heineken were the most likely to abstain from drinking (16%

¹² Center for Advanced Study (CAS), report 'Compliance to and impact of the BSIC Code of Conduct: Monitoring Survey 2009', Phnom Penh, April 2009, http://www.bsic.com.kh/index.php?page=media_update
In 2010 there will be another evaluation on compliance to and impact of the BSIC. When writing this report, this evaluation was not yet published.

¹³ The information in this chapter is based on a preliminary report by the University of Guelph prepared December 2009 on behalf of SiRCHESI, and additional emails by Ian Lubek. Preliminary report: Michelle Green and Ian Lubek, Psychology Department University of Guelph, with the assistance of numerous colleagues and students, draft-report 'Health, safety and security of Cambodian beer promotion women in 2009 in relation to the BSIC Code of Conduct', prepared on behalf of SiRCHESI, December 28, 2009. The final report, including some 2010-findings, was published April 2010 and can be found at <http://www.fairtradebeer.com/reportfiles/greenandlubek2010.pdf>

abstaining for at least two nights). Beer promotion women for Heineken consumed nearly 5% of their total sales. On average, the women work 27 evenings/nights a month. Comparing across beer companies, beer promotion women for AB InBev drank the most per shift (2.1 litres). Beer promotion women from Carlsberg drank 1.1 litres. The average of a group of other brands was 1.5 litres.

When asked to explain their reasons for drinking, 79% of the women stated they fear losing sales if they refuse to consume alcoholic beverages. Pressure from customers (36%) and/or from employers (18%) were also strong forces to keep on drinking.

According to height and weight data collected by SiRCHESI, Cambodian women are in general about 30% smaller than their US and European counterparts. They will achieve higher alcohol concentrations when ingesting the same amount of alcohol. In its Sustainability report 2009 Heineken acknowledges that drinking alcohol while at work still occurs among beer promotion women. The company states that from 2010 onwards this problem will be addressed more effectively.¹⁴

Sex/HIV/AIDS

In total 53 of 126 queried women (42%) reported that in 2009 they accepted money for sex, on average two times per month. Of the women working for Heineken family brands, 29 per cent (17 out of 58) sometimes accepted propositions from customers who offered money or gifts for sex in 2009. Of all the queried women in 2009 (N=210), 63 per cent was in fear of contracting AIDS.

The combination of drinking and providing sexual services may impose extra health risks, as inebriated women might be less consistent in demanding condom usage. Condom use might prevent transmission of HIV/AIDS in Cambodia, a country which was indentified in 2005 as having one of the highest HIV prevalence rates in Asia.¹⁵ A survey published in 2009 concluded that the HIV prevalence in Cambodia (country-wide) is below previous estimates.¹⁶ Among Siem Reap beer-sellers, HIV prevalence varied around 21% during the period 1995–2003, according to government surveys.¹⁷ Local health officials estimated that within 2 years, many of the HIV+ women would die from AIDS or HIV-related opportunistic infections, since there were no NGO or government HAART programs in Siem Reap and no workplace program implemented by Heineken and others. A memorial list of 55 beer sellers, including Heineken and Tiger Beer sellers, who died between 2001-2009 is posted at www.beergirls.org. Recent figures on HIV-prevalence among Siem Reap beer promotion women are not available.

Neither Heineken nor any other international beer company has, in the past, offered HAART to any of the beer promotion women in Cambodia. At present, HAART is available in Cambodia. For this report it was not researched whether HAART is freely available and easy accessible for beer promotion women. Heineken states it focuses on providing information and education to the beer promotion women.¹⁸

¹⁴ Heineken NV, "sustainability report 2009", April 2010,

http://www.sustainabilityreport.heineken.com/downloads/Sustainability_Report09.pdf

¹⁵ World Health Organization, 'Summary country profile for HIV/AIDS treatment scale-up', December 2005: http://www.who.int/hiv/HIVCP_KHM.pdf

¹⁶ Heng Sopheab, Vonthanak Saphonn, Chhorvann Chhea and Knut Fylkesnes, National Center for HIV/AIDS, Dermatology and STDs (Phnom Penh, Cambodia) and Centre for International Health (University of Bergen, Norway), "Distribution of HIV in Cambodia: findings from the first national population survey", AIDS 2009, 23:1389–1395.

¹⁷ The Lancet, Tiny van Merode (Maastricht University, Netherlands), Bun Chhem Dy (Provincial Health Department, Siem Reap, Cambodia), Sarath Kros (Provincial AIDS Office, Siem Reap, Cambodia) and Ian Lubek (University of Guelph, Psychology Department, Guelph, Ontario, Canada), 'Antiretrovirals for employees of large companies in Cambodia', September 2006, <http://www.fairtradebeer.com/reportfiles/VanMerode06.pdf>

¹⁸ EarthTimes, article Robert Carmichael, "Foreign brewers accused of exploitation in Cambodia – Feature", 23 May 2010, <http://www.earthtimes.org/articles/show/325046,foreign-brewers-accused-of-exploitation-in-cambodia--feature.html>

Harassment

Of the 179 women who answered the question in 2009, 13% have been touched sexually against their will. Overall 9% have been forced to have sex in a bar against their will. For 194 women answering in 2009, 36% witnessed another beer promotion woman being physically hurt while at work, while overall 28% (N=207) stated that they had been intimidated or threatened at work.

Living wages

During 2009, SiRCHESI received responses from over 200 beer promotion women and hostesses in Siem Reap about their economic status. Heineken family beer promotion women reported receiving almost 86 USD monthly from their company (N=58). In March 2009, Heineken stated that the average monthly wage for a Heineken Beer Promoter is more than 90 USD.¹⁹ Heineken refers to Heineken brand beer promotion women, not to the larger group of Heineken family beer promotion women. In the SiRCHESI-survey the beer promotion women for all beer brands reported living expenses of 209 USD, needed each month for themselves and their dependants. The average earnings of all beer promotion women at 82 USD (N=133) constituted only 39% of this amount.

In February 2009, a study on living wages was published by the Cambodia Institute of Development (CID) in cooperation with the Asian/Pacific part of the International Textile, Garment and Leather Workers Federation (ITGLWF). The study puts the living wage at 120 USD, based on the fact that other income earners of the household are unable to increase their earnings. The other income earner is typically a farmer. According to the study, the wage of 120 USD would make it possible for garment workers to have food consumption comparable to the average person living in Phnom Penh, improve the living standards of their household members, and have some savings to plan for the future. The breakdown of the 120 USD is: food 36; non-food 27; other household members 45; savings 12.²⁰ These figures may provide some indication to living wage levels, however, it is not clear to what extent the report on garment workers in Phnom Penh reflects the present living wage situation of beer promotion women in Siem Reap. Rented accommodations may be higher in Siem Reap, and consumer prices (for rice, gasoline etc.) have sky-rocketed in 2008-2009. During a workshop in Bangkok in November 2009, the Australian People for Health, Education and Development Abroad (APHEDA)²¹ put the living wage of Cambodian beer promotion woman at 150 USD.

In 2009, according to the SiRCHESI-survey, the average beer promotion woman supported 3.3 persons in their households/families (in addition to themselves). The mean income for beer promotion women rose significantly over the years, with 2004-2006 at 55 USD, 2007-2008 at 72 USD, and 2009 at 82 USD (N=133). In 2009, Heineken family employees received about 86 USD (N=58). Sellers for their BSIC-partner Carlsberg earned 75 USD (N=22). The non-BSIC AB InBev brands reported payments of 84 USD (N=17). Other beer brands paid 81 USD (N=36).

Incentive and 13th payment?

In March 2009 Heineken stated that - in addition to the salary - there is a potential 15 USD incentive per month and an additional monthly salary payment at the end of each year (the so-called 13th payment).²² Heineken refers to Heineken brand beer promotion women.

¹⁹ Heineken, 'Response to draft SOMO report on Beer Promoters in Cambodia', March 2009.

²⁰ Cambodia Institute of Development in cooperation with TWARO-ITGLWF (The Asian and Pacific Regional Organisation of the International Textile, Garment and Leather Workers Federation), 'Living Wage Survey for Cambodia's Garment Industry', February 2009, http://www.fes.or.id/fes/download/Survey_Result_Cambodia.pdf

²¹ APHEDA is an overseas agency of the Australian Council of Trade Unions (ACTU).

²² Heineken, 'Response to draft SOMO report on Beer Promoters in Cambodia', March 2009.

In March 2010 SiRCHESI received a Heineken/Attwood contract from a Heineken beer promotion woman. The contract does not mention a monthly bonus for outlet performance. The potential 15 USD incentive per month, may be more 'potential' than 'incentive'. According to Heineken, beer promotion women have to hit a 'target for the particular outlet they are in charge of.'²³ This means the incentive is applicable for women meeting sales targets, while always working at the same restaurant. In Siem Reap, most women are moved frequently from restaurant to restaurant to provide 'fresh faces' for customers.

Working hours

According to Heineken, beer promoters work on average approximately 6 x 5 hours in outlets plus 6 x 2 hours for briefing in the office. The promoters are assumed to have a minimum of one day off per week.²⁴ The Heineken/Attwood contract shows shift hours vary by assigned workplace. For example, the hours when assigned to a disco club are 5.30pm until 1am, a beer-garden shift may last from 6pm until 11.30pm, a night club shift may be from 5pm until 0.30am. The SiRCHESI 2009-survey reports that beer promotion women in Siem Reap worked 27 evenings a month on average. The shifts in outlets would last on average 6.5 hour. Based on these sources, SOMO estimates that the average working week is around 42-44 hours.

Contracts

In 2009 BSIC-workers reported more frequently (7/23=30%) than non-BSIC workers (1/19=5.3%) that they recalled signing a contract, and the same percentage reported having received a copy to consult. SiRCHESI data show that overall 80% of the women (including women in the first 3-6 months of probation) do not have a copy of their contract or recall ever signing a contract which prevents the women from having a clear knowledge of their remuneration, bonuses, rights and the company's employment policies, health and safety practices, training programs, etc. Many did not know that Cambodian Labour Law specifies that contracted workers get paid holidays, paid maternity leave, that workplaces must have health and safety monitoring committees, and severance payments if fired proportional to length of service.

Grievance procedure

Data by SiRCHESI, CARE and CAS show that women are often forced by clients to violate BSIC principles, experience violence, harassment and sexual coercion, and are still forced to sit and drink hazardous amounts of alcohol nightly with customers. As noted by its Chairperson, BSIC members have not yet established adherence to the grievance procedure in order to take strategic action towards selective outlets.²⁵

²³ Heineken, 'Response to draft SOMO report on Beer Promoters in Cambodia', March 2009.

²⁴ Heineken, 'Response to draft SOMO report on Beer Promoters in Cambodia', March 2009.

²⁵ BSIC press update, 'Working conditions of beer promoters in Cambodia are improving but further progress required', April 2009,
<http://www.bsic.com.kh/documents/BSIC%20Media%20Update%2024th%20April%202009.pdf>

Training

In the analysis of Heineken family beer sellers, only 15% received health training before or at the first day of work. The remaining 85% may have received such preventive training too late to be effective. According to SiRCHESI and CAS (2009), training concerning health, safety and workplace conduct does not include probationary beer sellers during their first 4-6 months on the job.

SiRCHESI's data indicate that the quality and quantity of training is open to question; many beer sellers nowadays receive only a short 1-2 hour health and safety workshop in the workplace which is not a sufficient amount of time to cover all areas of health concerns thoroughly. It is vital that BSIC amends the training protocol so that every employee will receive thorough training in a timely manner so that proper prevention strategies can be instilled effectively.

Transportation

Out of the Heineken family beer promotion women 32% (N=19/59) reported in 2009 not receiving company-provided transportation home from work. In 2009 half of the women (N=96/194) reported having been followed home by a customer or someone from the restaurant after their shift. Across all beer brands, still only 61% of women (72% of BSIC) overall received transportation in 2009. The CAS-report from 2009 points out that transportation is available but that the beer promotion women choose not to utilize the service, partly because the drivers don't drive safely and often drop the women at a place nearby their homes.

Beer selling

According to SiRCHESI, in 2009, BSIC beer promotion women sold significantly more beer (21.1 litres) than non-BSIC beer promotion women (4.4 litres), with Heineken family beer promotion women selling the most (24 litres) per shift. This would mean sales of an estimated 81 cases monthly (27 days, three cases a day). Estimated retail monthly sales in the outlets are 2,527 USD or 30,325 USD annually. With reported salary of 86 USD for selling Heineken family products, the women are earning slightly more than 3% of their nightly sales.

Hostesses

Hostesses are women who are employed by the same restaurants where beer-sellers operate, but do not actually sell or promote beer; rather they are responsible for greeting and entertaining customers. In 2009, SiRCHESI also interviewed hostesses of outlets, and their situation seems to be worse off than BSIC and non-BSIC beer promotion women. In 2009, while the average remuneration of beer promotion women is 81 USD, the hostesses earn a significantly less wage of 67 USD monthly. In 2009, out of 58 hostesses questioned, 50% reported that they accepted money for sex, on average 2.4 times per month, while 42% of beer sellers reported doing so. Similarly, as more beer sellers adhere to the Code of Conduct and abstain from drinking, additional hostesses from the restaurants will be asked to replace them at the tables, drinking nightly with the customers. No health and safety programs about alcohol, HIV/AIDS etc. are currently provided by BSIC and the drinks industry at this time. Perhaps hostesses could be included to the training programs for beer promotion women.

2. Beer smuggling and/or tax evasion in Cambodia

Report Economic Institute of Cambodia (EIC)

In 2007, the Economic Institute of Cambodia (EIC) conducted research on the Cambodian beer market and related tax evasion. The study was financially supported by the two Cambodian breweries Cambodia Brewery Limited and Cambrew Limited, in which Heineken respectively Carlsberg have an important share.

It was calculated that in 2006 only 4 per cent of all beer consumed in Cambodia was officially imported, 29 per cent was 'contraband' (i.e. imported, but Cambodian government not getting taxes). The remaining 67 per cent was brewed in Cambodia. The tax evasion through 'contraband' beer was estimated to be around 22 million USD, about 3 percent of the government budget revenue. The report concluded: 'it is crucial that the Government takes energetic measures to combat 'contraband' beer, especially along the Thai border.'²⁶ However, the Cambodian prime minister Hun Sen had some other thoughts about the report: 'The study is a waste of money. It is an unacceptable report. Their report aims at blaming the government.'²⁷

Heineken and 'contraband' beer?

The EIC-report states that only 12 percent (0.72 out of 5.99 million cartons) of the imported beer is officially imported. It is also stated that at least 15 percent of the imported beer stems from Heineken sources. This implies that at least 3 percent of the beer imports stem from Heineken sources *and* has not been imported in accordance with tax regulations of the Cambodian government. According to the EIC-report 8 percent of imported beers comprise Tiger and Gold Crown, imported from Heineken's partially-owned Asian Pacific Breweries. Another 7 percent belongs to the Heineken brand, of which Attwood Import Export Co. Ltd is the sole distributor. There have also been some imports of Heineken-related Guinness, Bintang, Kingway and Cheers Beer.

Attwood, the sole distributor of the Heineken brand

The question whether Heineken-related beers are always imported in accordance with tax regulations of the Cambodian government is also relevant when considering the alleged involvement of its distributor with smuggling activities. Since October 2001, Heineken's sole distributor of Heineken brand beer in Cambodia is the Attwood Investment Group, recently evolved from Attwood Import Export Co. Ltd (from here: Attwood).²⁸ Attwood is also the sole distributor of Johnnie Walker whisky and Hennessy cognac, brands that are not related to Heineken.²⁹ Attwood claims it controls a 70 percent share of Cambodia's spirit and 30 percent of its premium imported beer market. Attwood also runs duty free shops at Thai and Vietnam border crossings, Phnom Penh's airport, and one in downtown Phnom Penh. Recently, Attwood has diversified into real estate, property development, and tourism including hotels in

²⁶ Economic Institute of Cambodia (EIC), report 'Beer industry in Cambodia', May 2007, <http://data.eicambodia.org/default.asp?url=publications/default.asp>

²⁷ Xinhua, 'Cambodian PM refuses report of revenue loss over beer smuggling', May 30, 2007, http://english.people.com.cn/200705/30/eng20070530_379320.html

²⁸ Attwood Investment Group (AIG), website: <http://www.attwoodgroup.com/aboutus.html>

²⁹ World Intellectual Property Organization (WIPO): <http://www.wipo.int/ip-development/en/pdf/asean/cambodia.pdf>

Phnom Penh, Siem Reap and Pailin. The company has at least twice been related to alleged smuggling activities, as is shown below.

Illegal import of sand-dredging vessels

In July 2009, the Attwood group was warned by Preah Sihanouk provincial authorities to stop exporting sand or risk having its sand-dredging vessels confiscated by the government. On July 2, provincial authorities temporarily confiscated more than 30 sand-dredging vessels. A spokes person of Attwood admitted that it did not pay taxes on some of its imported vessels: 'Now, we will file the proper documents and pay taxes to the government.' The company however denied that it was exporting sand. It stated the sand was for the development of the Stung Hav International Port, one of the investment projects of the Attwood group. Officials believed Attwood had been exporting sand because at least two sand-dredging vessels were located in a shipping lane leaving Cambodian waters.³⁰

Smuggling of Hennessy cognac

The following story is based on a report of Global Witness, published in June 2007.³¹ The Brigade 70 is an elite unit within the Royal Cambodian Armed Forces and led by Brigadier General Hak Mao. According to members of his staff, in March 2005, Hak Mao received 100,000 USD for transporting 60,000 bottles of Hennessy cognac from Oknha Mong Port to the Intercontinental Hotel in Phnom Penh. Customs officers interviewed by Global Witness alleged that Hak Mao delivers smuggled products for some of Cambodia's most prominent tycoons and companies. A source close to the prime minister told Global Witness that most of the contraband that Brigade 70 transports belonged to the Attwood Import Export Company. In January 2007 Global Witness wrote to both Attwood and Hennessy companies to ask if they were aware of the evidence of cognac smuggling. It has not received a response from either firm.

More about Attwood

The report of Global Witness also provides some more information on the Attwood group. Attwood's Managing Director Lim Chhiv Ho is described by a well-connected source in Cambodia's commercial sector as one of a quartet of politically powerful women who do business deals together. The other three members of this quartet are said to be Yeay Phu of the company Pheapimex; the wife of National Customs and Excise Department Director Pen Simon; and Tep Bopha Prasidh, who is married to Minister of Commerce Cham Prasidh and holds the position of Director of Administration at the ministry. Tep Bopha Prasidh is reported to own 10% of Attwood's shares. Attwood has received concessions from the government to develop three Special Economic Zones (SEZs) near Sihanoukville, Phnom Penh and Bavet on the Vietnamese border. These deals provide the company with generous tax holidays and duty exemptions. In February 2007 Global Witness wrote to Lim Chhiv Ho to ask how Attwood was able to obtain these SEZs. Global Witness did not receive a reply. For this report SOMO checked with Global Witness whether, since the publication of their report in June 2007, Attwood has replied to their questions. Attwood had not replied. The reputation of Attwood gives reason to question whether Heineken should review its relationship with Attwood.

³⁰ The Phnom Penh Post, Khouth Sophak Chakrya, article 'Authorities accuse investment group of illegal sand-dredging', 07 July 2009, <http://khemernz.blogspot.com/2009/07/authorities-accuse-investment-group-of.html>

³¹ Global Witness, report 'Cambodia's Family Trees, illegal logging and the stripping of public assets by Cambodia's elite', June 2007, http://www.globalwitness.org/media_library_detail.php/546/en/cambodias_family_trees

3. The cases and the OECD Guidelines

The OECD Guidelines for multinational enterprises

The Organisation for Economic Co-operation and Development (OECD) is an alliance of 30 prosperous countries, including the Netherlands. The OECD aims to coordinate the countries' social and economic policies. In 2000, the OECD revised a set of guidelines for multinational enterprises' operations around the globe. The OECD Guidelines for Multinational Enterprises, to be revised again in 2010, cover a wide range of standards including labour rights, human rights, environment, consumer protection and corruption.³² The OECD and a number of adhering countries expect multinational enterprises to uphold the OECD Guidelines wherever they operate. The Guidelines are also applicable to business partners and relations throughout the company's supply chain and sphere of influence.

Reference to the position of Cambodian beer promotion women

One of the general policies within the OECD Guidelines stipulates that enterprises should respect the human rights of those affected by their activities consistent with the host government's international obligations and commitments. These commitments include conventions of the United Nations, whenever signed by a country. Cambodia is a signatory to the International Covenant on Economic, Social and Cultural Rights.³³ Articles of the Covenant that are applicable to the situation of beer promotion women in Cambodia include³⁴:

- ❑ Article 7: recognize the right of everyone to the enjoyment of just and favourable conditions of work which ensure, in particular: (a) remuneration which provides all workers, as a minimum, with: (i) fair wages and (...); (ii) a decent living for themselves and their families; (b) safe and healthy working conditions; (d) rest, leisure and reasonable limitation of working hours and periodic holidays with pay, as well as remuneration for public holidays.
- ❑ Article 9: recognize the right of everyone to social security, including social insurance.
- ❑ Article 11, paragraph 1: recognize the right of everyone to an adequate standard of living for himself and his family, including adequate food, clothing and housing, and to the continuous improvement of living conditions.
- ❑ Article 12, paragraph 1: recognize the right of everyone to the enjoyment of the highest attainable standard of physical and mental health:
- ❑ Article 12, paragraph 2: (c) the prevention, treatment and control of epidemic, endemic, occupational and other diseases.

Two other general policies within the OECD Guidelines are also applicable to the situation of the Cambodian beer promotion women:

- ❑ Enterprises should promote employee awareness of, and compliance with, company policies through appropriate dissemination of these policies, including through training programmes.

³² Guidelines on: <http://www.oecd.org/dataoecd/56/36/1922428.pdf>

³³ SOFRECO, report 'Comparative Evaluation of the Human Rights and Interventions of the European Union in the Philippines and Cambodia', June 2007, <http://www.delphi.ec.europa.eu/docs/Report%20on%20evaluation%20of%20human%20rights%20and%20EU%20interventions.pdf>

³⁴ Office of the United Nations High Commissioner for Human Rights, 'International Covenant on Economic, Social and Cultural Rights', <http://www2.ohchr.org/english/law/cescr.htm>

- Enterprises should encourage, where practicable, business partners, including suppliers and sub-contractors, to apply principles of corporate conduct compatible with the Guidelines.

Analysis

The SiRCHESI-survey in 2009 shows that safe and healthy working conditions are not yet in place for Heineken beer promotion women. Workplace harassment, risks of contracting HIV/AIDS and unhealthy levels of alcohol consumption are still present. This means Heineken could be in breach with parts of the articles 7 and 12 of the International Covenant on Economic, Social and Cultural Rights, as well as provision 4b of the OECD Guidelines' Employment and Industrial Relations chapter, which stipulates that companies should take adequate steps to ensure occupational health and safety in their operations.

Furthermore, the rights to an adequate standard of living for the beer promotion women and their family and the rights to social security do not seem to be fully respected. This could be considered another breach of the International Covenant on Economic, Social and Cultural Rights. Overall, it is hard to conclude that Heineken acts in line with the OECD Guidelines regarding the case of its beer promotion women in Cambodia.

In its Sustainability report 2009 Heineken acknowledges that drinking alcohol while at work still occurs among beer promotion women. The company states that from 2010 onwards this problem will be addressed more effectively.³⁵

Reference OECD Guidelines to the case of beer smuggling and/or tax evasion

The OECD Guidelines stipulate that enterprises should comply with the tax laws and regulations in all countries in which they operate and should exert every effort to act in accordance with both the letter and spirit of those laws and regulations.

Analysis

While Heineken can't be held responsible for individuals/organisations that smuggle beer into Cambodia and over which it has no control, Heineken does have a responsibility to take all reasonable steps to ensure its distributors/importers are not involved in beer smuggling. It is not clear whether Heineken exerts every effort to act in accordance with both the letter and spirit of the Cambodian laws and regulations.

³⁵ Heineken NV, "sustainability report 2009", April 2010, http://www.sustainabilityreport.heineken.com/downloads/Sustainability_Report09.pdf

Annex 1. Heineken's position in Cambodia

Corporate profile Heineken

Company	Heineken
Website	www.heinekeninternational.com
Headquarters	Amsterdam, Netherlands
Revenue 2009	€14.7 billion
Description	Heineken brews beers and builds brands. In addition to the Heineken brand, the company has more than 170 international, regional, local and specialty beers around the globe. It has a global network of distributors and 115 breweries in 65 countries.

Cambodian brewery

Brewer in Cambodia	Cambodia Brewery Limited (CBL)	
Shareholders brewer	<ul style="list-style-type: none"> ❑ Asia Pacific Breweries Limited (APB) 80% ❑ Progress Import–Export Co., Ltd. (Cambodia) 20% (Owned by Cambodian entrepreneurs and business leaders, among other mister Oknha Sam Ang and Madam Chhun Leang)³⁶ 	
Brands brewed in Cambodia	Tiger Beer, Anchor, ABC Extra Stout, Gold Crown	
Market share Cambodia	Heineken states December 2009 it has a market share of 66 per cent in Cambodia. ³⁷ Probably Heineken refers to the share of Cambodia Brewery Limited in the total amount of beer brewed in Cambodia, and not to the total Cambodian beer market.	
Shareholding statistics APB as at 4 December 2009	Asia Pacific Breweries Limited (APB): <ul style="list-style-type: none"> ❑ Heineken International BV 41.9% ❑ Fraser and Neave Limited 39.7% ❑ Free float 18.4% (Singapore stock exchange) 	
Website	http://www.apb.com.sg/	
Revenue APB	Annual report APB. Group revenue October 2008 – September 2009: 2,040 million SGD (990 million Euro). Of which Indochina (Cambodia, Vietnam, Laos): 832 million SGD (41 per cent). The region Indochina was also the most profitable in the reporting year.	
Description APB	The group operates a global marketing network, which spreads across some 60 countries and is currently supported by breweries in countries including Singapore, Cambodia, China, India, Laos, Malaysia, Mongolia, New Zealand, Papua New Guinea, Sri Lanka, Thailand, and Vietnam. Over 40 brands. Key brands: Tiger Beer, Heineken, Anchor, Baron's Strong Brew, ABC Extra Stout.	

³⁶ Vattanac Bank annual report 2007, www.vattanacbank.com

³⁷ René HooftGraafland, CFO/Member of the Executive Board of Heineken N.V., presentation `Heineken: Partnership for growth in India; Strengthening APB joint venture, December 2009, <http://www.heinekeninternational.com/content/live/071209%20%20final%20Presentation.pdf>

Heineken-related beers imported into Cambodia

May 2007, the Economic Institute of Cambodia (EIC) published the survey Beer industry in Cambodia. According to the survey imported beers represented between 27 and 33 percent of the total Cambodian beer market in 2006.³⁸ The market share of several imported brands was also estimated. As a percentage of all imported beers, the following Heineken-related beers were named:

- ❑ CBL-brands: 8 per cent (during peak seasons Tiger and Gold Crown beer is imported from APB in Singapore, in addition to the locally brewed Tiger and Gold Crown beer)
- ❑ Heineken: 7 per cent
- ❑ Other brands: 31 per cent (containing some Heineken-related brands)

Distribution Heineken brand

The import, marketing and distribution of beer of the Heineken brand is outsourced - via Interlocal Exim Pte Ltd (a wholly owned subsidiary of Kong Siang Group Holdings Pte Ltd) - to the Cambodian company Attwood Import Export Co., Ltd.³⁹

The company Attwood Import Export Co., Ltd. is the sole distributor of the Heineken brand in Cambodia. Its main products are: Hennessy Cognac, Johnnie Walker Whisky and Heineken beer. Its working force breakdowns as follows: management 5; staff 87; promoter girls 212.⁴⁰

Distribution other brands

Some other brands are imported to Cambodia and brewed by companies that are (partially) owned by Heineken. These beers include the brands Bintang, Kingway and Cheers Beer. The imported Guinness beer probably comes from the Malaysian Guinness Anchor Berhad (GAB) brewery, a joint venture of the Diageo group (owner of the Guinness brand, 74.5% share) with APB (25.5% share).

Beer promotion women

Heineken stated June 2006: 'In Cambodia, approx. 180 women work for the Heineken brand and approx. 700 work for our regional and local brands.'⁴¹ In May 2010 Heineken declared that some 180 beer promotion women are employed for the Heineken brand and some 480 are employed for the beers of the Cambodia Brewery Limited.⁴²

Beer market share Heineken in Cambodia

Of all beer producers, Heineken is the market leader in Cambodia. More than 18 per cent of all beer producers' revenues on the Cambodian beer market are added to the consolidated figures of the Heineken group. Calculation:

³⁸ Economic Institute of Cambodia (EIC), report 'Beer industry in Cambodia', May 2007,

http://www.eicambodia.org/downloads/files/CBL_Full_Report.pdf

³⁹ Wim Dubbink en Henk van Luijk, boek 'Bedrijfsgevallen, Morele beslissing van bedrijven', Koninklijke Van Gorcum B.V., 2006, hoofdstuk 7 en 8 'Heineken en promotiemeisjes in Cambodja', <http://tinyurl.com/bedrijfsgevallen>
Interlocal is the exclusive distributor for Heineken Far East in Laos and Cambodia. Interlocal Exim Pte Ltd is a wholly owned subsidiary of Kong Siang Group Holdings Pte Ltd: <http://www.interlocalexim.com>

⁴⁰ Website: <http://www.attwoodcambodia.com>

⁴¹ Heineken response to Australian Council of Trade Unions campaign raising concerns about the situation of women promoting beer brands in Asia, June 2006, <http://www.reports-and-materials.org/Heineken-response-to-ACTU-campaign-re-beer-promotion-women-2-Jun-2006.doc>

⁴² Sietze Montijn, Head of CSR at Heineken International, Amsterdam, personal communication, 19 May 2010.

- ❑ Brewery. Assumptions: 1) about 70 per cent of the beers sold in Cambodia stem from the breweries in Cambodia, 2) the CBL-brewery takes into account 66 per cent of the beer brewed in Cambodia. Calculation: $70\% * 66\% * 80\%$ (share APB in brewery) * 41.9 % (share in APB) = 15.5%
- ❑ Imported beers. Assumptions: 1) about 30 per cent of the beers sold in Cambodia stem from beer imports, 2) Heineken brand 7 per cent of imported beers, 3) Tiger and Crown 8 per cent of imported beers (Heineken share $80\% * 41.9\%$), 4) other brands calculated as negligible. Calculation: $(30\% * 7\% = 2.1\%) + (30\% * 8\% * 80\% * 41.9\% = 0.80\%) = 2.9\%$

Heineken is able to exercise influence on about half of the Cambodian beer market.

Calculation:

- ❑ Brewery, $70\% * 66\% = 46.2\%$
- ❑ Imported beers = 2.9%.

Annex 2.

Beer Selling Industry Cambodia (BSIC): Code of Conduct for beer promoters (BPs)⁴³

This document reflects the agreements made by the members of the beer selling industry in Cambodia. This Beer Selling Industry Cambodia (BSIC) will emphasize the occupational health and safety issues of beer promoters to its members, outlet owners, consumers, and to represent the industry at a national and international level.

Statement of intent

The Beer Selling Industry Cambodia (BSIC) recognizes its responsibility to improve the health and working conditions of beer promoters selling beer on the Cambodian consumer market. The industry body agrees on the below industry standards and will use its influence to ensure that other stakeholders also comply with these standards. All members of the industry body have agreed on the standards.

Objective

The objective is to improve the health, safety and working conditions of beer promoters by setting industry standards.

Industry standards

The following seven standards are minimum standards that the BSIC members have recognized as being critical to comply to in order to improve the health, safety and working conditions of BPs.

1. Employment status

The employment status of BPs will have to comply with the Cambodian Labour Law (1997). BPs must have a transparent, written contract, be they casual workers, full-time, or part time employees. The BPs will receive a copy of the contract. BPs will receive a fixed monthly base salary and will always be remunerated in accordance with the Cambodian rules and regulations. Incentive systems can be put in place on top of the basic salary but should be set up in such a way that they don't lead to unhealthy or unsafe situations. The BSIC rejects commission-only work.

2. Organization of work

BPs will be clearly informed on whom their supervisor is, and that a procedure is in place for them to express any grievances in relation to their work. The procedure includes the use of a database where all grievances must be registered. This shall be linked with standard 6 on harassment.

⁴³ Website Beer Selling Industry Cambodia (BSIC):
http://www.bsic.com.kh/documents/BSIC_code_of_conduct_Oct_2006.pdf

3. Uniform

BPs who sell BSIC member brands will receive (company) branded uniforms or a clear sash with the brand name so that BPs are clearly visible and identifiable as workers selling or promoting beer. BPs who are off-duty shall not wear the uniform. Uniforms should be decent, taking into account the input from the BPs themselves.

4. Transport

The employer of the BP will ensure transport from the venue to the home of the BP as soon as the BP has finished his/her work in a particular venue, the provinces included. This will minimize the risk of BPs being harassed after working hours on their way back home. The BP is offered and encouraged to make use of the company transport.

5. Training and Information

All members of the BSIC will offer a standard and comprehensive training package as part of the orientation training of BPs. This training shall include; how to deal with difficult customers, alcohol and drug use, workplace harassment, relationships between men and women, gender roles and responsibilities, healthcare options, sexual and reproductive health, contraceptive methods, and HIV/AIDS and STI education and prevention. A refresher training shall be organised at least once a year.

6. Harassment

The BSIC declares a zero-tolerance approach with respect to abuse and sexual harassment of BPs. All BSIC members will develop and implement an anti-sexual harassment policy for company staff as a part of personnel contracts and code of conducts. The policies will be clearly communicated to employees and sufficient training will be provided to emphasize that sexual harassment will not be tolerated. Sanctions will be taken if rules are broken. The BSIC will clarify its expectations vis-à-vis the outlet owners in relation to providing a safe working environment for BPs, including the zero-tolerance statement. All BSIC members will maintain an accurate and up-to-date abuse and harassment reporting system and share this within the BSIC. It is compulsory to register all reported cases. In the event of harassment, the BSIC members will firstly discuss with the outlet owners on a course of action. Unless actions are taken, the BSIC members will act together with the ultimate sanction of withdrawing all BPs (from all brands represented by BSIC members) from venues where serious or persistent physical or sexual abuse occurs, and will make a public statement to ensure that other stakeholders are also warned.

7. Alcohol

The industry body acknowledges the risk that many BPs may be pressured to drink beer in order to support their sales or to please the customer. It is the policy of the BSIC that during working hours, BPs should not sit or drink with consumers. Members of BSIC will inform BPs on this rule and train BPs on how to refuse a beer offered without insulting the consumer and on what steps to take if one is forced to drink.

October 2006