

Heineken Feedback to 2018 Appeals Process

Thank you for taking part in the CHRB Appeals Process and for your patience throughout. Of the 8 appeals submitted to CHRB, 3 were initially accepted by the CHRB and research team and 1 was rejected on a technical basis¹, while the remaining indicators were submitted for a third review to our panel (led by Margaret Wachenfeld and supported by Lise Smit and Nadia Bernaz²). The panel agreed with most of CHRB's recommendations - it rejected 3 of the appeals but partially accepted one appeal, as set out below:

Indicator code	Indicator title	CHRB Score (pre-appeal)	Final Score (post-appeal)	Full Appeal Committee involved? (Yes or No)	Change in score? (Yes or No)
B.1.5	Training on human rights	1	2	N	Y
B.2.4	Tracking: Monitoring and evaluating the effectiveness of actions to respond to human rights risks and impacts	0	2	N	Y
C.4	Procedures related to the mechanism(s)/channel(s) are publicly available and explained	1	2	N	Y
C.7	Remedying adverse impacts and incorporating lessons learned	0.5	0.5	N	N
A.1.1	Commitment to respect human rights	1	1	Y	N
A.2.1	Commitment from the top	1	1	Y	N
B.1.8	Approach to engagement with potentially affected stakeholders	0	0.5	Y	Y
B.2.1	Identifying: Processes and triggers for identifying human rights risks and impacts	1.5	1.5	Y	N

The explanation for the rejections is included in the tables below:

APPEAL NUMBER: 030	COMPANY: Heineken
Indicator:	Indicator Title:

¹ Appeal for C.7 was rejected as any documents after the initial March deadline that were relevant but were not raised with the CHRB by the second disclosure window are not accepted.

² Margaret Wachenfeld is an independent consultant, a director of CHRB and the co-chair of CHRB's Methodology Committee but was not involved in the actual research process. Lise Smit is a Senior Research Fellow in Business and Human Rights at the British Institute of International and Comparative Law. Nadia Bernaz is a specialist in international human rights law at the Wageningen University Netherlands.

A.1.1	Commitment to respect human rights	
<p>Scorecard Text: The individual elements of the assessment are met or not as follows: Score 1</p> <ul style="list-style-type: none"> • Met: General HRs commitment: In its Human Rights Policy, the Company states: 'We respect the dignity and human rights of all people. [...] We expect our employees, our management, individuals working for HEINEKEN through a third party contract, our suppliers and business partners, to respect human rights in line with this policy and to ensure that our work complies with our Company's commitments to human rights. Our Human rights Policy is the foundation to help us to understand, avoid and address human rights related risks.' [Human Rights Policy, 2018: theheinekencompany.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: UNGPs: Human rights policy states: 'Our policy is aligned with the following international standards [...] The Guidelines for Multinational Enterprises of the Organisation for Economic Cooperation and Development (OECD), The United Nations (UN) Guiding Principles on Business and Human Rights.' However the wording 'is aligned with ...' is not consider a clear commitment following CHRB criteria. [Human Rights Policy, 2018: theheinekencompany.com] • Not met: OECD: See above [Human Rights Policy, 2018: theheinekencompany.com] 		<p>2018 Scorecard Score:</p> <p>1</p>
<p>Requested Score:</p> <p>2</p>	<p>Justification from Company: Not met: UNGPs: Human rights policy states: 'Our policy is aligned with the following international standards [...] The Guidelines for Multinational Enterprises of the Organisation for Economic Cooperation and Development (OECD), The United Nations (UN) Guiding Principles on Business and Human Rights.' However the wording 'is aligned with ...' is not considered a clear commitment following CHRB criteria. [Human Rights Policy, 2018: theheinekencompany Formal definition of 'align' is 'to give support to' and 'in line with', which means we unambiguously support these international standards. We are therefore of the opinion that the full 2 points should be credited here.</p>	
<p>Sources from Company:</p>		
<p>Methodology Points</p> <p>Score 1 The Company has a publicly available statement of policy committing it to respect human rights OR the ten principles of the UN Global Compact (principles 1 and 2 include a commitment to respect human rights) OR the rights under the Universal Declaration of Human Rights (UDHR) OR the International Bill of Human Rights.</p> <p>Score 2 The Company's also has a publicly available statement of policy also commits it to: the UN Guiding Principles on Business and Human Rights OR the OECD Guidelines for Multinational Enterprises.</p>		
<p>Commentary and Recommendation from CHRB and Researchers to Panel: To meet a 2 on A.1.1 the company has to commit to (i.e implement) the UNGPs or OECD Guidelines for MNEs.</p> <p>CHRB has been consistent in not accepting language like 'policy is aligned with standards'. Heineken has responded to say that their definition of 'align' is 'to give support to', while 'in line with' means 'we unambiguously support these international standards'.</p>		

But...this still does not meet our requirements for the indicators as it is still ambiguous and supporting an international standard is a grey area compared to implementing it. We are being consistent by rejecting Heineken's appeal as we apply the same approach to all companies who don't make firm commitments, although it does seem that Heineken is unique in applying and setting out what it considers to be the definition of 'align' and 'in line with' – however, this is only in their communication with us and not a public position, as far as we can see.

Panel Decision?	Accepted	<input type="checkbox"/>	Partially Accepted	<input type="checkbox"/>	Rejected	<input checked="" type="checkbox"/>
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Commentary

Agree with the CHRB assessment. Given that this is a consistent issue with companies, it is something that should be more clearly clarified in the text of the CHRB in 2020.

Indicator: A.1.1	Final Score: 1	Date: 11 Mar 2019
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APPEAL NUMBER: 031	COMPANY: Heineken
Indicator: A.2.1	Indicator Title: Commitment from the top
<p>Scorecard Text:</p> <p>The individual elements of the assessment are met or not as follows:</p> <p>Score 1</p> <ul style="list-style-type: none"> • Met: CEO or Board approves policy: The Code of Business Conduct, which includes human rights policy, has been signed by the CEO and CFO. [Code of business conduct, 03/2016: theheinekencompany.com] • Met: Board level responsibility for HRs: On its website section 'Brewing a Better World governance' (the name of its sustainability programme), the Company indicates that: 'Brewing a Better World progress is one of the priority topics of HEINEKEN Executive Team discussions. Chaired by our CEO, the Executive Team is responsible for ensuring delivery, ownership and alignment across all our businesses, supported by input from our subject specialists. Sustainability is embedded throughout our business, for example driven by Supply Chain (Water and CO2), Procurement (Sustainable Sourcing), HR (Health and Safety) and Commerce (Responsible Consumption).' In addition, in its Annual Report 2017, it states: 'The Executive Team consists of the two members of the Executive Board, the four regional presidents and four Chief Officers.' [Brewing a better world governance: theheinekencompany.com & Annual report, 2017: theheinekencompany.com] <p>Score 2</p> <ul style="list-style-type: none"> • Not met: Speeches/letters by Board members or CEO 	<p>2018 Scorecard Score:</p> <p>1</p>
Requested Score: 2	<p>Justification from Company:</p> <p>We have mistakenly given a wrong response. The commitment from the top can be found in the Business Code of Conduct, of which the Human Rights Policy is one of the underlying policies. The letter written by both the CEO and CFO can be found on page 2, and their commitment and appeal clearly refers to the Code itself and its underlying policies.</p> <p>We think we deserve the full 2 points.</p>

Sources from Company: https://www.theheinekencompany.com/About-Us/HEINEKEN-Code-of-Business-Conduct		
Methodology Points		
Score 1	The Company's human rights policy commitments are approved by the Board or the CEO by name AND a Board member or Board committee is tasked with specific governance oversight of one or more areas of respect for human rights.	
Score 2	Board members and/or the CEO make speeches, presentations or other communications setting out the Company's approach to human rights or discussing its business importance.	
Commentary and Recommendation from CHRB and Researchers to Panel: The publication was from early September, which is well after the cut off date for new evidence. Unfortunately, we can't accept any new evidence after this point, though it will be reviewed for 2019. As such, we recommend not accepting this appeal. On a side note, the 'letter' doesn't mention human rights, it's just a forward to the code of conduct, so it likely wouldn't meet the criteria for 2019 either.		
Panel Decision?	Accepted <input type="checkbox"/>	Partially Accepted <input type="checkbox"/>
	Rejected <input checked="" type="checkbox"/>	
Justification from Panel: Agree with CHRB that this should be rejected for the reason that it was too late, and that Heineken should review the letter for 2019 in light of the comments above.		
Indicator: A.2.1	Final Score: 1	Date: 11 Mar 2019

APPEAL NUMBER: 032	COMPANY: Heineken
Indicator: B.1.8	Indicator Title: Approach to engagement with potentially affected stakeholders
Scorecard Text: The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> • Not met: Stakeholder process or systems: Although the Company discloses its work to engage with different stakeholders, there is no information about how it has identified this stakeholders and if human rights issues is part of the identification process. [Engaging with our stakeholders: theheinekencompany.com] • Not met: Frequency and triggers for engagement • Not met: Workers in SC engaged • Not met: Communities in the SC engaged Score 2 <ul style="list-style-type: none"> • Not met: Analysis of stakeholder views and company's actions on them 	
Requested Score: 1 or 1.5	Justification from Company: We don't understand why we did not receive any points here. The CHRB feedback is only referring to the 'engaging with stakeholders' section on the website, but we provide more specific examples on how we directly engage with potentially affected

**2018
Scorecard
Score:**

0

	<p>stakeholders and communities with regard to ‘brand promoters’ (workers in Supply Chain) and ‘access to water’ (communities). See below our original feedback. We would appreciate it if you could reconsider this part.</p> <p>Original feedback on this question:</p> <ul style="list-style-type: none"> · On our website, in the updated section 'Respecting human rights', we provide an explanation on our Human Rights Due Diligence Process, in which we state: "We will continue to identify salient human rights issues through 11 in-depth workshops across the globe and engage with potentially affected stakeholders where possible." In that same section we also have an extensive paragraph on engaging with stakeholders. · We also have a dedicated section on how we engaged with brand promoters directly to improve their working conditions. As part of our Brand Promoters Policy (p.9), Brand Promoters Training will be mandatory for all brand promoters on aspects of brand promotion and other issues relating to these activities, as well as on other HEINEKEN related information. This is done in collaboration with third party agencies who usually employ the brand promoters. On the same page, we state that all Commerce, Procurement and HR Teams, who are involved with Brand Promoters, must complete a mandatory baseline e-learning that includes all key aspects of the Policy. <p>As ‘Water’ has been identified as a human right risk, we are regularly conducting extensive stakeholder workshops in water-stressed areas, in partnership with UN organisation UNIDO, and gather representatives from stakeholder groups using the same watershed as our brewery operations, including communities. One example is in Indonesia, see case study. Another example is a stakeholder exercise we did in Nigeria.</p>
<p>Sources from Company:</p> <p>https://www.theheinekencompany.com/Sustainability/Values-and-Behaviours/Respecting-human-rights</p> <p>https://www.theheinekencompany.com/Working-with-Brand-Promoters</p> <p>https://www.theheinekencompany.com/Sustainability/Case-Studies/Tackling-the-urgent-water-stewardship-challenge-in-Indonesia</p> <p>https://www.theheinekencompany.com/Sustainability/Case-Studies/Multi-stakeholder-workshop-creates-shared-vision-for-water</p>	
<p>Methodology</p> <p>Score 1 The Company describes how it has identified, and engaged with affected and potentially affected stakeholders in the last two years AND it describes the frequency and triggers for engagement on human rights issues (for example by type or by stakeholder group).</p> <p>Lock Score 1 - AG - The engagement includes workers or local communities in its supply chain.</p> <p>Score 2 The Company also provides a summary analysis of the input/views given by the stakeholders on human rights issues and how the Company took those views into account.</p>	
<p>Commentary and Recommendation from CHRB and Researchers to Panel:</p> <p>There was a lot of information to unpick in this appeal.</p>	

The indicator requires the company to describe how it has **identified and engaged** with affected and **potentially** affected stakeholders in the last 2 years **AND** it describes the **frequency and triggers** for engagement on HR issues (engagement including workers or local communities in supply chain).

Their score justification does touch on identification and they (Heineken) do show that they have been engaging with workers in their supply chain (brand promoters). We didn't find evidence of **taking views into account**, which is required for a score 2 or, so we are focused on deciding if they can get 1 point.

The problem we've identified is that of the **many** stakeholders in their supply chains, there is an absence of any information on how they **identify general stakeholders**; the specific example given (brand promoters) seems to have been in reaction to a problem, rather than evidence of any system / systematic approach.

Similarly, meetings at Leiden University fall under an engaging "experts" heading: This is good, but does not represent "potential or actually affected" stakeholders. We also don't see any discussion of frequency or triggers, for example, so we have recommended rejecting this appeal / limiting it to 0.5 pt.

Panel Decision?	Accepted	<input type="checkbox"/>	Partially Accepted	<input checked="" type="checkbox"/>	Rejected	<input type="checkbox"/>
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Commentary

We agree to giving 0.5 for engaging with stakeholders in their supply chain (identifying brand ambassadors as a particular group), but reject the appeal for additional points.

This indicator is about the **approach** to engagement with potentially affected stakeholders, while Heineken has focused on an example of engagement based on, what appears to be, identified affected stakeholders. Without detracting from the work with the brand promoters, Heineken is encouraged to discuss in more detail how they identify and engage with potentially affected stakeholders across their business (i.e. their approach) in the future.

Indicator: B.1.8	Final Score: 0.5	Date: 11 Mar 2019
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APPEAL NUMBER: 033	COMPANY: Heineken
Indicator: B.2.1	Indicator Title: Identifying: Processes and triggers for identifying human rights risks and impacts
Scorecard Text: The individual elements of the assessment are met or not as follows: Score 1 <ul style="list-style-type: none"> Met: Identifying risks in own operations: The Company indicates: 'Based on input from stakeholder roundtables with NGOs and academic experts, we set up an internal cross-functional platform gathering HEINEKEN experts for the Africa and Middle East Region addressing Human Rights related issues relevant for the region. We also started to develop operational guidance, with support from Shift, on how to conduct business and operate in challenging social, political, and economic contexts.' In addition, on its website section 'Respecting Human Rights', the Company states: 'The renewed policy incorporates work conducted with Shift, a 	2018 Scorecard Score: 1.5

<p>leading centre of expertise on the UN Guiding Principles on Business and Human Rights, which enabled us to identify seven salient human rights risks: health & safety, discrimination, child labour, freedom of association, excessive working hours, fair wages and access to water.' [Annual report, 2017: theheinekencompany.com & Respecting Human Rights: theheinekencompany.com]</p> <ul style="list-style-type: none"> • Met: Identifying risks in AG suppliers: On its website, the Company indicates: 'We have been developing our Human Rights due diligence process since 2016 to better understand and address the human rights risks in our own operations and across our value chains. So far, we have done this working with Shift in Mexico, Myanmar, Nigeria, Haiti and South Africa. We will continue to expand the approach into other markets.' [Annual report, 2017: theheinekencompany.com & Respecting Human Rights: theheinekencompany.com] <p>Score 2</p> <ul style="list-style-type: none"> • Met: Ongoing global risk identification: See above [Annual report, 2017: theheinekencompany.com & Respecting Human Rights: theheinekencompany.com] • Met: In consultation with stakeholders: 'Engaging with experts, NGOs, communities and employees in the countries where we operate is vital to better understand and address our risks. We also further test our salient risks with the support of NGOs, employees and partners to ensure we do not lose sight of other relevant human rights issues.' [Respecting Human Rights: theheinekencompany.com] • Met: In consultation with HR experts: As indicated above, NGOs and academic experts. [Annual report, 2017: theheinekencompany.com] • Not met: Triggered by new circumstances • Not met: Explains use of HRIAs or ESIA (inc HR) 	
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<p>Requested Score:</p> <p>2</p>	<p>Justification from Company:</p> <p>We have given a clear example on how new circumstances triggered human rights impact assessments.</p> <p>In the section on Brand Promoters we provide an extensive explanation how we assessed the working conditions of Brand Promoters in Africa, identifying risks and impacts. The circumstance that triggered this were a number of allegations that were raised in March 2018. We published a summary of the Human Rights Assessment report by Partner Africa in which also is clearly explained how the assessment was set up. We also mention on the website that we will supplement with in-country specific assessments by independent third parties and that the assessment by Partner Africa is the first in a series we will be conducting in other geographies. Assessments of the Asia Pacific and Americas regions are planned in the second half of 2018</p>
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Sources from Company:
<https://www.theheinekencompany.com/Working-with-Brand-Promoters>

<p>Methodology Points</p>	
<p>Note:</p>	<p>If a company has a clear global system of the type described in the criteria, then it can be assumed that it operates in each particular location. As such, by complying with all criteria in score 2, a company is automatically assumed to have achieved a score 1.</p>
<p>Score 1</p>	<p>The Company describes the process(es) to identify its human rights risks and impacts in specific locations or activities, covering its own operations (i.e. impacts to which it may cause or contribute) AND through relevant business relationships.</p>
<p>Lock Score 1 – AG - Relevant business relationships include its supply chain.</p>	

Score 2 The Company also describes the global systems in place to identify its human rights risks and impacts on a regular basis across its activities, in consultation with affected or potentially affected stakeholders and internal or independent external human rights experts. This includes how the systems are triggered by new country operations, new business relationships or changes in the human rights context in particular locations.

Lock Score 2 - AG - The description includes an explanation of when human rights impact assessments (HRIAs) or environmental and social impact assessments (ESIAs) including human rights are/will be carried out

Commentary and Recommendation from CHRB and Researchers to Panel:

To go from a 1.5 to 2 in this indicator, Heineken also has to describe how its risk and impact identification systems are triggered by new operations, new business relationships or changes in the human rights context in specific locations.

Their score justification does show that 'new circumstances' triggered a human rights assessment. The methodology section of the Partner Africa report commissioned by Heineken provides an outline of how Incognito Assessments and agency assessments were set up in order to observe the interactions between promoters and customers - incognito assessments only occurred in countries where there were promotions running at the time. The Partner Africa Report shows how Heineken responded to changes - resulting in an assessment looking at human rights issues (aligned with SMETA ethical audit protocol). Suggest that this meets the 'triggered by new circumstances' as it provides a good example of the system working in practice.

However, the **Score 2 lock (needed for 2 points)** also requires an explanation of when HRIAs, or ESIAs with human rights, are/will be carried out. There does not seem to be a report/disclosure on the (systematic) approach to HRIAs or ESIAs that discusses when they are or will be carried out. Only an example of one time when an issue was raised (**reactive as opposed to proactive / planned**).

Recommend - reject appeal

Panel Decision?	Accepted	<input type="checkbox"/>	Partially Accepted	<input type="checkbox"/>	Rejected	<input checked="" type="checkbox"/>
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Justification from Panel:

Agree with the CHRB assessment that the one example, though very thorough, does not show a systemic approach to identifying new issues that need to be addressed and that the Lock for score 2 is not met.

Indicator: B.2.1	Final Score: 1.5	Date: 11 Mar 2019
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As a result of the accepted appeals, Heineken’s score increased by almost 5%, jumping into the 40-50% band above Danone and Woolworths. The revised scores across the Themes are as follows:

Heineken NV	Theme A	Theme B	Theme C	Theme D	Theme E	Theme F	Total	Change Band?
2018 Score	5.1	13.9	5.4	0.5	7.5	4.8	37.2	Yes
After Appeal	5.1	17.3	6.3	0.5	7.5	5.5	42.1	
Change	0	3.4	0.9	0	0	0.7	4.90%	

Once CHRB has completed a review of all appeals and replied in detail to all companies, we will update the table online, as well as the downloadable data sheets, plus publish a short report on the Appeals Process, including any ranking changes. Please note that this is the final position on 2018 scores and any further engagements regarding evidence and indicators should be directed to the research team for inclusion in the 2019 assessment. Thank you for supporting CHRB during this process and enabling us to continue to learn and improve our approach.

Regards,



Dan Neale, CHRB Programme Director