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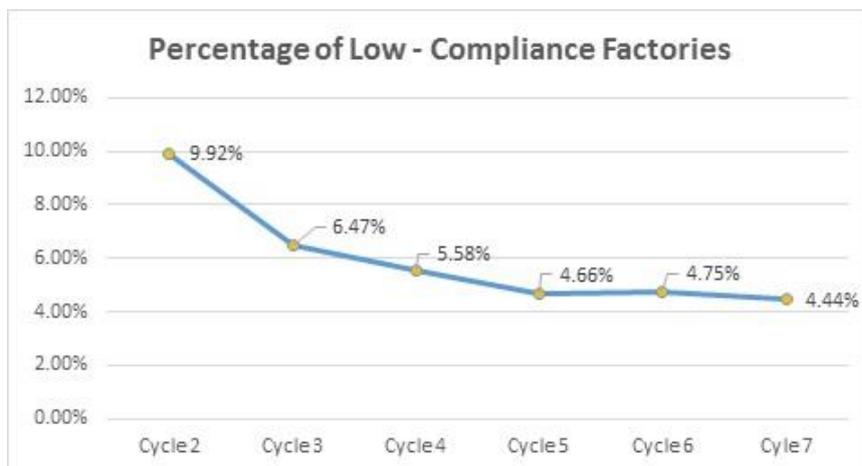


Better Factories Cambodia Transparency Database Report, 7th Cycle (7 July 2016)

Better Factories Cambodia's public reporting initiative discloses factory compliance on key legal requirements. With the release of its seventh cycle report, BFC's Transparency Database now contains information of about 824 assessments covering 450 factories--78.2% of the garment factories in Cambodia that possess licences to export. Data from the current reporting period (7th Cycle) indicate that disclosure of factory information on key legal requirements remains an important driver of change. There is a 46% increase in the number of factories in compliance with Critical Issues when pre- and post- Transparency data are compared. Specific improvements on compliance levels on Critical Issues pre- and post- Transparency show positive changes from 2% to 17% in a range of issues.

Below are summaries of the main sections of the Transparency Database: Low Compliance Factories, Critical Issues, and Union Disclosure. Under the Critical Issues section, the report presents the overviews of both factories' compliance information updated in this seventh cycle and the top positive changes of compliance areas following the reintroduction of transparency in early 2014.

Low Compliance Factories: Factories with the lowest compliance levels fall in the Low Compliance category[i]. In this cycle, five Low Compliance factories have been added to the list. A total of 25 out of 450 factories in the Transparency Database are now on the Low Compliance list. The latest data shows that the percentage of low compliance factories decreased from 4.75% in the 6th cycle to 4.44% in the 7th cycle. The graph below illustrates the declining trend in the percentage of low compliance factories across Transparency cycles since the early phases of public reporting.



Graph 1: Low Compliance Factories as a percentage of the total factories included in the Transparency database

Further information on Low Compliance factories is available at: http://betterfactories.org/transparency/en/issues/view/low_compliance

Critical Issues: Transparent reporting is continuing to be an important trigger of change. In this cycle, assessment information on 174 factories has been added to the Transparency database. Based on the information for factories included in this latest cycle, 89 factories (51%) were reported with no violations of the 21 Critical Issues, and 85 (49%) had one or more violations. In terms of number of violations of Critical Issues, these factories had a total of 168 non-compliances.

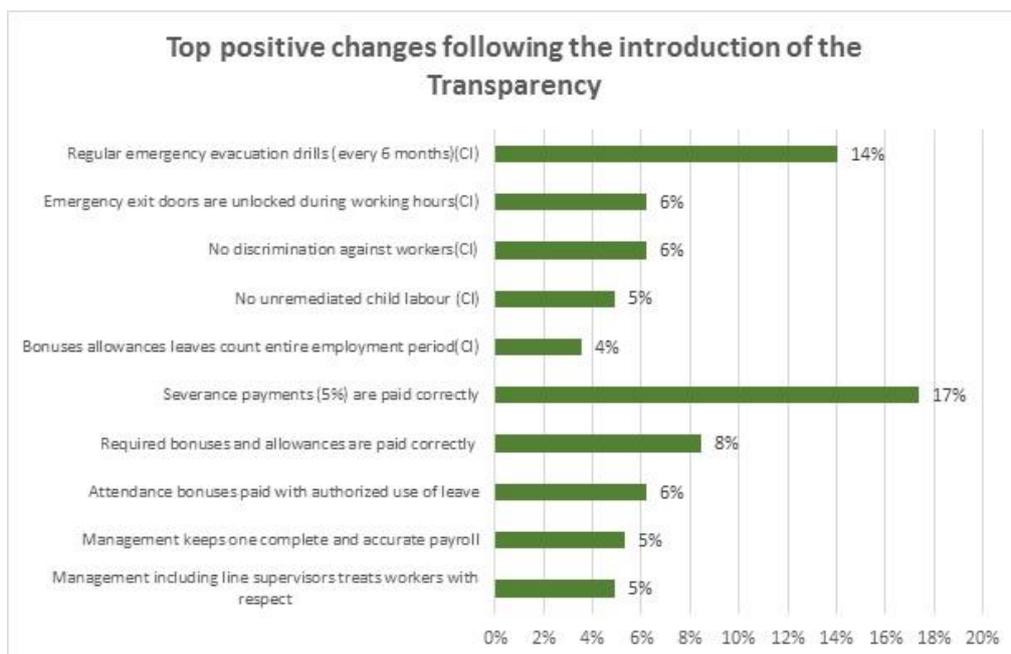
Before appearing on the Transparency database, only 61 (35%) of these factories were in full compliance with the 21 basic legal requirements, while the remaining 113 factories (65%) had one or more violations of critical issues. In total, this group represented 239 violations with Critical Issues.

When we compare the data before and after Transparency for the factories whose information has been updated in this last cycle, we therefore see a 46% increase in the number of factories in full compliance with Critical Issues. The data is presented in the table below:

	Pre-transparency performance	Post transparency performance	Improvement
Percentage of factories in compliance with critical issues	35%	51%	46%
Number of violations	239	168	58%

Table 1: Transparency Cycle 7th - Factories in Compliance with Critical Issues Pre and Post Transparency situation

Following the roll-out of BFC’s Transparency Database, there have been important positive changes in a range of areas. The graph below presents the results of BFC assessments for the 450 factories in the Transparency database and compares them to the most recent pre-transparency assessments of the same factories, focusing on the issues with some of the highest increases in compliance levels. For instance, there was a 14% increase in the number factories which conducted emergency evacuation drills every six months and a 17% increase in number of factories which correctly paid severance payments.



Graph 2: Examples of increases in compliance levels following the introduction of Transparency [ii]

Union disclosure: Union compliance with legal requirements for strikes is also disclosed under the Transparency program. During the 7th cycle, 68 strikes were reported in factory assessment reports. All 68 strikes conducted in the factories that were added to the Transparency Database in this cycle failed to meet at least one of the legal requirements.

[i] Low Compliance factories are those falling two standard deviations below the mean for compliance on 52 key issues among all factories with three or more Better Factories Cambodia assessments. More details on the Low Compliance issues are at http://betterfactories.org/transparency/uploads/22320-ci_lw_details_english.pdf

[ii] The graph covers both the 21 Critical Issues (marked as 'CI'), and the 52 low compliance issues that are used for the calculation of Low Compliance Factories data.