



Better Factories Cambodia Transparency Database Report, 8th Cycle



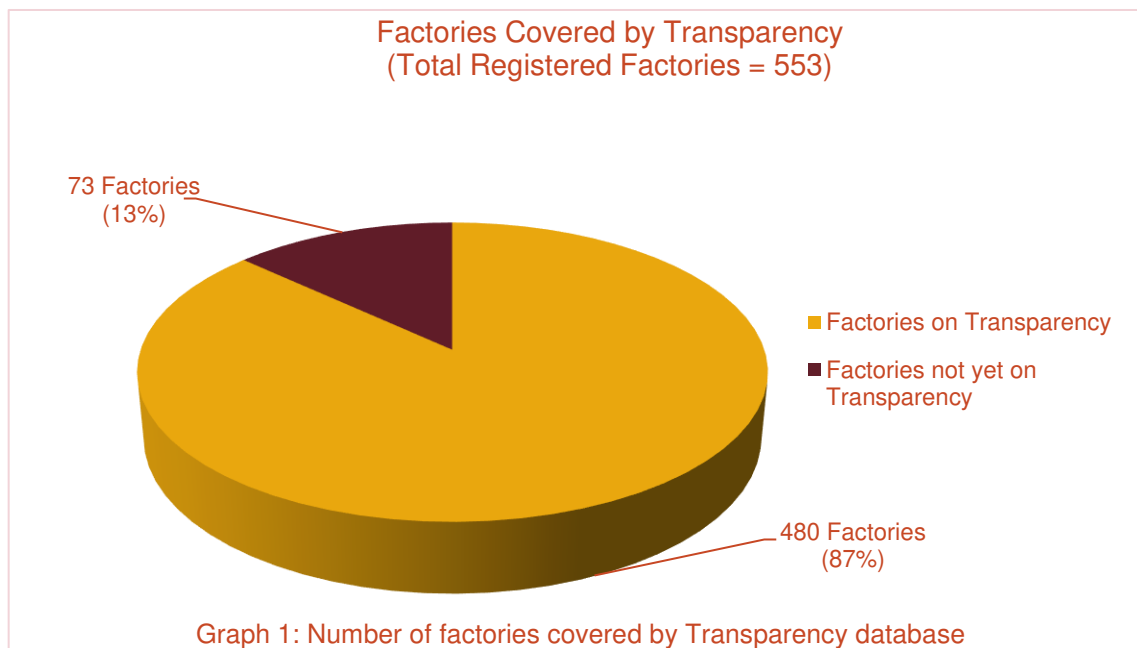
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Better Factories Cambodia's public reporting initiative discloses factory compliance on key legal requirements and information related to strikes. With the release of its eight cycle report, BFC's Transparency Database now contains information of 1003 assessments covering 480 factories, approximately 87% of the garment factories in Cambodia possessing licences to export.



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

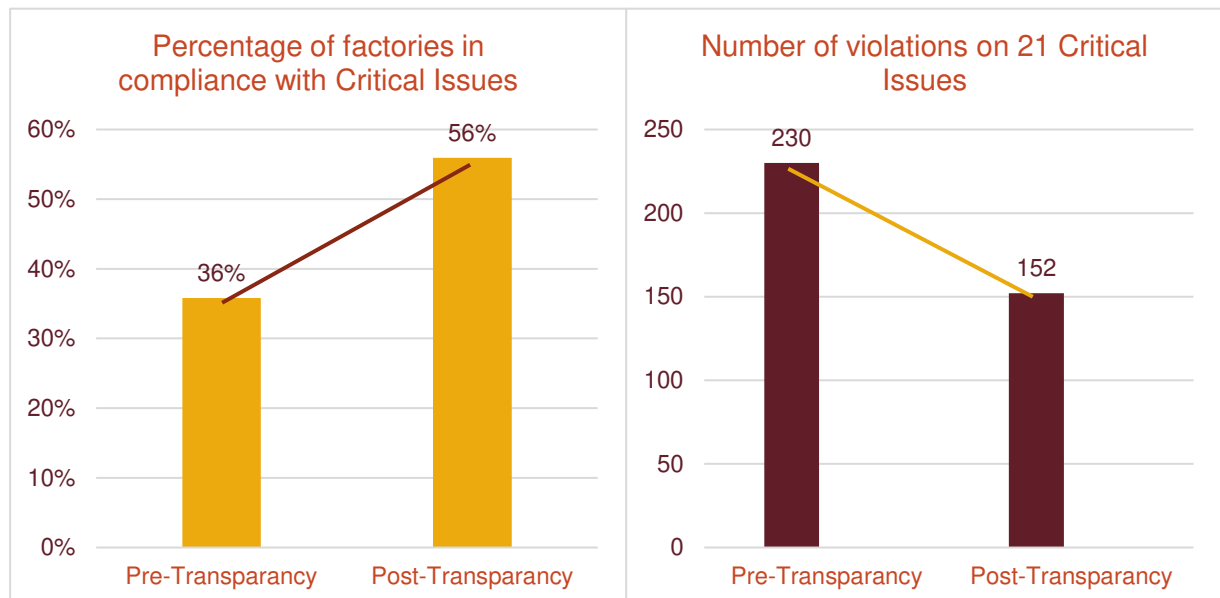
Critical Issues

Transparent reporting of factory information on key legal requirements is continuing to be an important trigger for change. In this reporting period (8th Cycle), assessment information on 177 factories has been added to the Transparency database, of which 31 factories are publicly reported on the Transparency database for the first time.

When we compare the data before and after Transparency for the 177 factories, whose information has been updated in this last cycle, we see the number of



factories in full compliance with the 21 Critical Issues increasing from 63 (36%) to 99 (56%) in the current cycle. This is a 57% increase in the number of factories in full compliance with critical issues since transparent reporting was implemented. Seventy eight (44%) factories had one or more violation and in total count for 152 non-compliances on critical issues. In terms of the number of violations of Critical Issues, these factories had a total of 152 non-compliances. There has been a noticeable increase in the compliance levels regarding emergency evacuation drills (17%) and emergency exit doors unlocked (13%). The data is presented in the graphs below:



Graph 2: Transparency Cycle 8th Factories in Compliance with Critical Issues Pre-and Post-Transparency situation

Although a number of Critical Issues have improved over this period, the information on factories visited in the Cycle 8th showed that the rate of non-compliant incidents of several critical issues remain relatively high. For instance, 20% of the factories in the Transparency database in this cycle failed to comply with legal requirements on emergency drills and 15% did not comply with legal requirements on drinking water. Table 1 below highlights a few other Critical Issues that still have high rates of non-compliances.

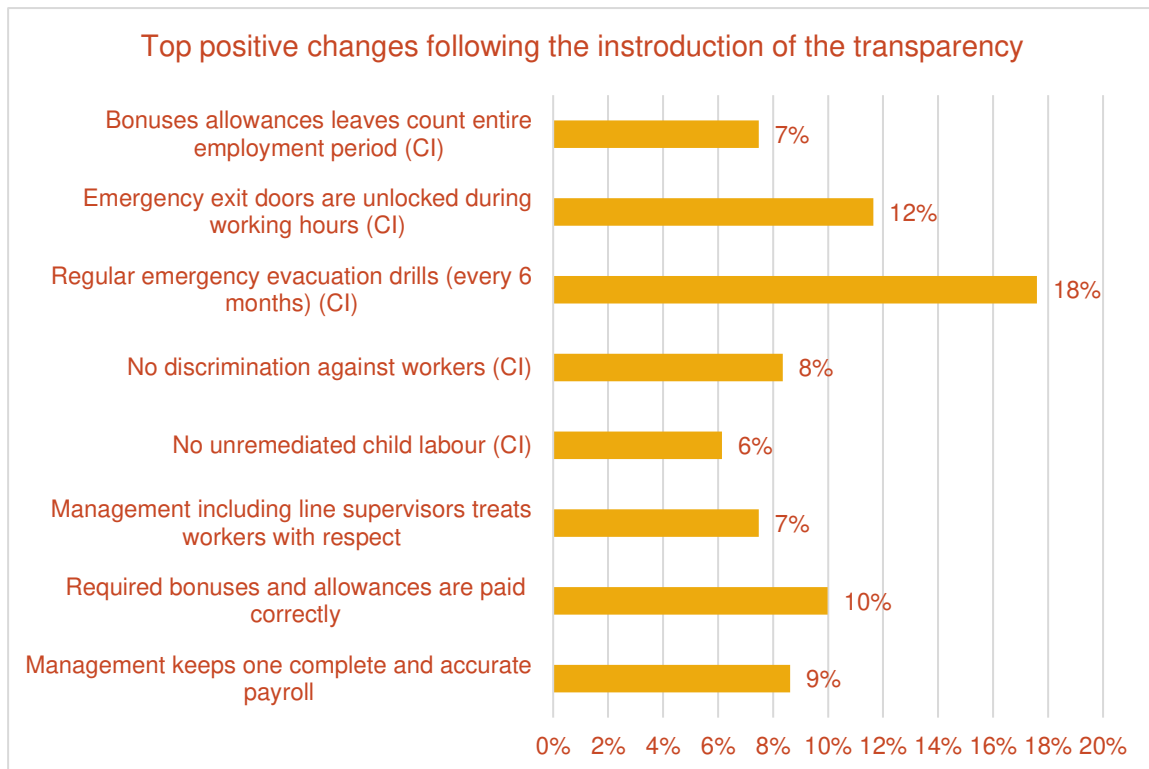
Noticeably, there has been a slight increase in the non-compliance levels of Critical Issues related to Freedom of Association. Data in this cycle shows that there was a 2% increase in the number of factories whose management have taken steps to control union activities and a 1% increase in the number of factories where workers' freedom to join and form unions violated.



Critical Issues with high non-compliant rates		
Critical Issues	Number of factories	Percentage
Regular emergency evacuation drills (every 6 months)	34	19%
Water for drinking is clean and sufficient	26	15%
Dangerous machine parts have safety guards (not needle guards)	23	13%
Emergency exit doors are unlocked during working hours	16	9%
Bonuses allowances leaves count entire employment period	14	8%

Table 1: Critical Issues with high non-compliance rates

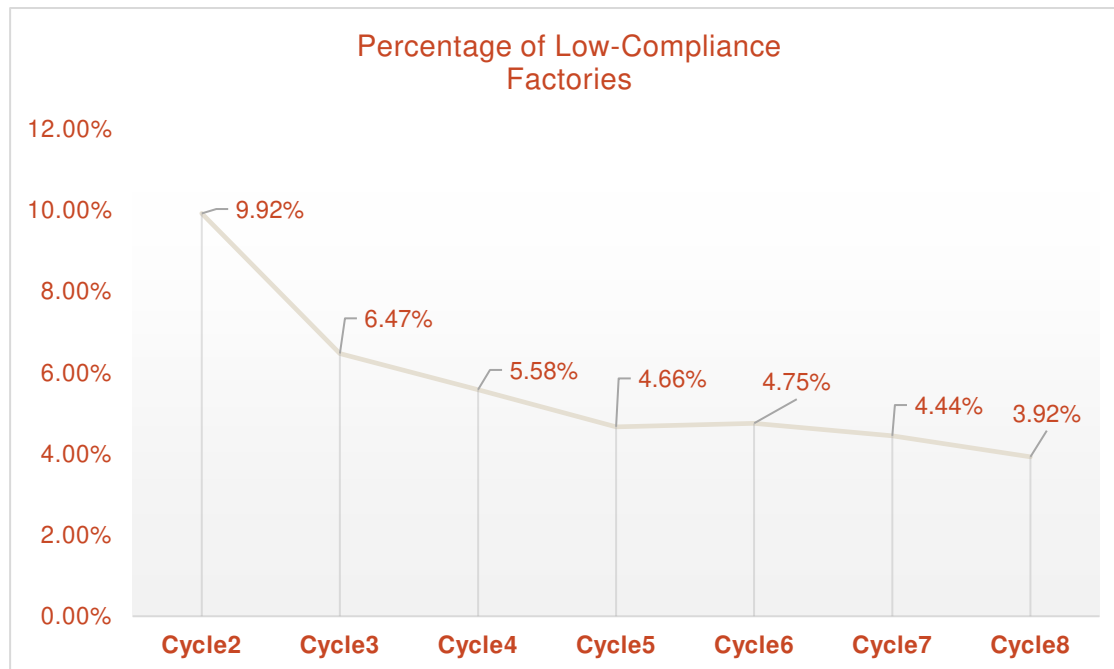
Following the roll-out of BFC's Transparency Database, there have been important positive changes in a range of areas. The graph below presents the results of BFC assessments for the 480 factories in the Transparency database and compares them to the most recent pre-transparency assessments of the same factories, focusing on the issues with some of the highest increases in compliance levels. For instance, there was an 18% increase in the number factories who conducted emergency evacuation drills every six months and a 10% increase in the number of factories who correctly paid required bonuses and allowances.



Graph 3: Examples of increases in compliance levels following the introduction of Transparency

Low Compliance Factories

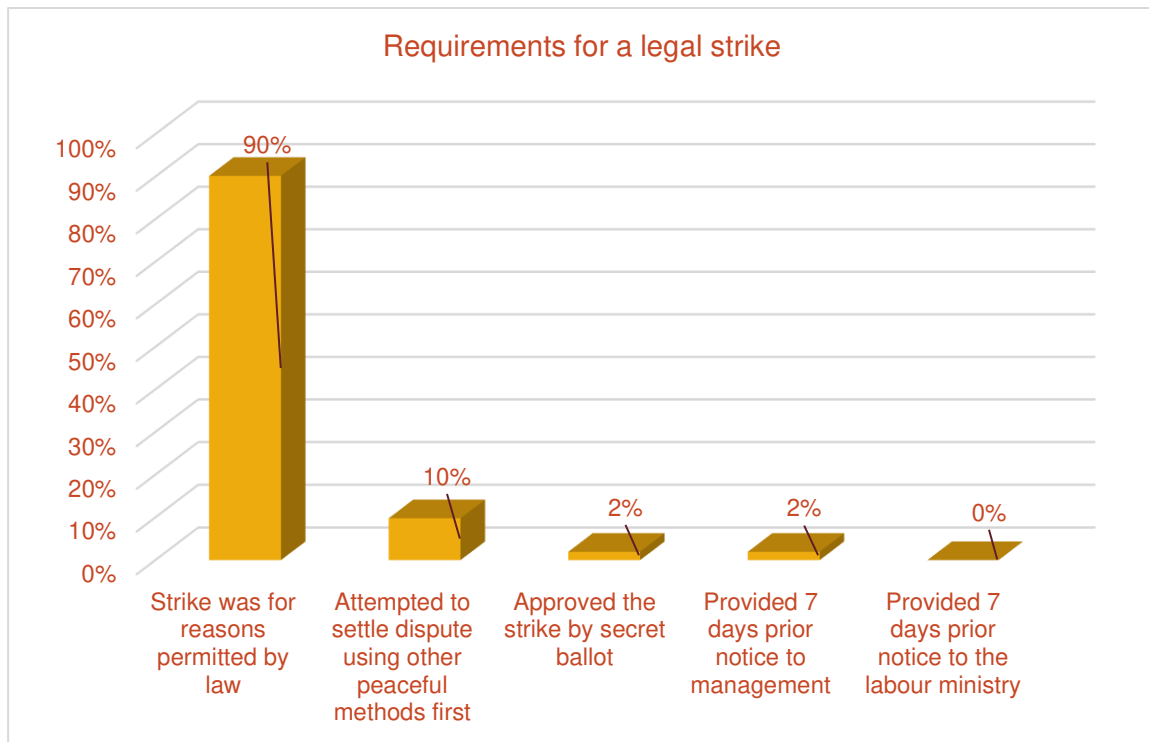
Factories with the lowest compliance levels fall in the Low Compliance category. In this cycle, two Low Compliance factories have been added to the list. A total of 31 out of 480 factories in the Transparency database are now on the Low Compliance list. The latest data shows that the percentage of low compliance factories decreased from 4.44% in the 7th cycle to 3.92% in the 8th cycle. During the period, four joint meetings with the Ministry of Labour and the Ministry of Commerce were held with the factories on the low compliance list to discuss the issues and possible solutions. 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 4: Low Compliance Factories as a percentage of the total factories included in the Transparency database

Strike Information

Union and workers' representative compliance with legal requirements for strikes is also disclosed under the Transparency program. A total of 393 strikes reported on the database since the reintroduction of the transparency reporting. During the 8th Cycle, 51 strikes were reported in factory assessment reports and added into the database. All strikes taking place during the 8th cycle in factories failed to meet at least one of the legal requirements. The graph below depicts that while 90 percent of strikes were called for reasons permitted by law which is to defend their socio-economic interests, only a relatively small number of the strikes happened after peaceful attempts had been exhausted (10%). Less than a dozen strikes were organised with approved secret ballots among the union members and after the factory management had received seven-day notices. The Ministry of Labour had not been informed about any of the strikes reported in the database before they took place.



Graph 5: Legal requirement for strikes

For detailed information about low compliance factories, the requirements for a legal strike and the 52 compliance points covered in the BFC's assessment reports, please see the information sheet by clicking on this link:

<http://betterfactories.org/transparency/pages/view/18>.



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