



BETTER WORK

**Better Work: Stage II
Global Compliance Synthesis Report
2009–2012**



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- Australian Government
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Introduction

Over the past twenty years, multinational corporations have increasingly recognized the importance of social compliance in their global supply chains. This phenomenon has been particularly observed in the global garment industry, which is highly labour intensive and whose outsourced production often takes place in developing-economy countries. Concern about persistent non-compliance with labour laws and international standards has led many companies to individually audit working conditions in their supplier factories, often duplicating the same efforts by other buyers sourcing from the same factories, leading to greater expense, inefficiency and frustration for everyone involved. More recently, the focus of social compliance in the garment sector is changing toward factories reporting continuous improvement, rather than mere legal compliance, as well as building management systems and improving worker/management dialogue.

Private sector-led initiatives to monitor compliance with international labour standards have been widely studied in academic and policy fora, and there is growing consensus that a long lasting, sustainable change can only be achieved by bringing together all stakeholders involved in the global garment supply chain. It was in this spirit that the ILO established the Better Factories Cambodia project in 2001, which was developed to improve working conditions in Cambodia's export apparel industry.

Building on the lessons and successes of Better Factories Cambodia, Better Work was established in February 2007 to help address the challenges faced by actors in global supply chains, such as international buyers eager to decrease audit fatigue and consolidate costs, and enterprises looking to increase competitiveness to maintain access to global markets. In addition, while most developing countries have ratified the ILO core labour standard conventions, enforcement remains a major challenge. In many cases, ministries of labour lack the capacity or resources to be effective. Labour laws, including national labour laws, may be unclear or misunderstood by employers, and government action is often met with the perception that strict enforcement of labour laws will deter potential investors. Better Work provides practical solutions that build the capacity of government, employers and workers, while increasing social dialogue among stakeholders to ensure long-term, sustainable outcomes for compliance with labour standards.

Better Work aims to have a significant and direct impact through its own country-based programmes in the garment sector, as well as indirect impact through its influence, knowledge sharing and partnerships.

At the core of Better Work's vision to improve workers' lives are programmes that drive sector-wide, sustainable compliance with national labour law and core labour standards and promote business competitiveness in major garment producing countries. Country programmes typically combine independent factory assessments with advisory and training services to support practical improvements through workplace cooperation. Using Better Work's unique information management system (STAR), enterprises can share assessment and remediation information with their buyers. This in turn allows buyers to reduce their own auditing and redirect resources to fixing problems, focusing on sustainable solutions.

Furthermore, Better Work works with its alliance of stakeholders and partners—including governments, workers' and employers' organizations and buyers—to catalyze changes in relevant strategies, policies and practices at sectoral, national and international levels.

The purpose of this report encompassing the compliance assessments carried out during the course of Better Work Stage II, which ran from July 2009 to July 2012, is to present the baseline non-compliance

situation in five Better Work countries (Haiti, Indonesia, Jordan, Lesotho and Vietnam) at the start of programme operations¹. This analysis highlights cross-cutting issues that are endemic to the global garment industry, and identifies outliers, which are often due to discrepancies between international labour standards and national labour law. It must be noted that the national contexts in which Better Work operates differ widely, and this renders comparisons across countries sometimes difficult to interpret. For example, the garment sector in Jordan heavily relies on migrant labour, creating specific challenges related to forced labour, contracts and human resources, and method of payment, affecting to some extent the comparability of non-compliance findings. Furthermore, the report presents the observed changes in non-compliance over time in the countries where Better Work has carried out more than one assessment cycle (Haiti, Jordan and Vietnam), drawing conclusions about the effectiveness of the Better Work model combining assessments, advisory and training services. Details about the Better Work methodology in assessing non-compliance can be found in Annex 1 and 2.

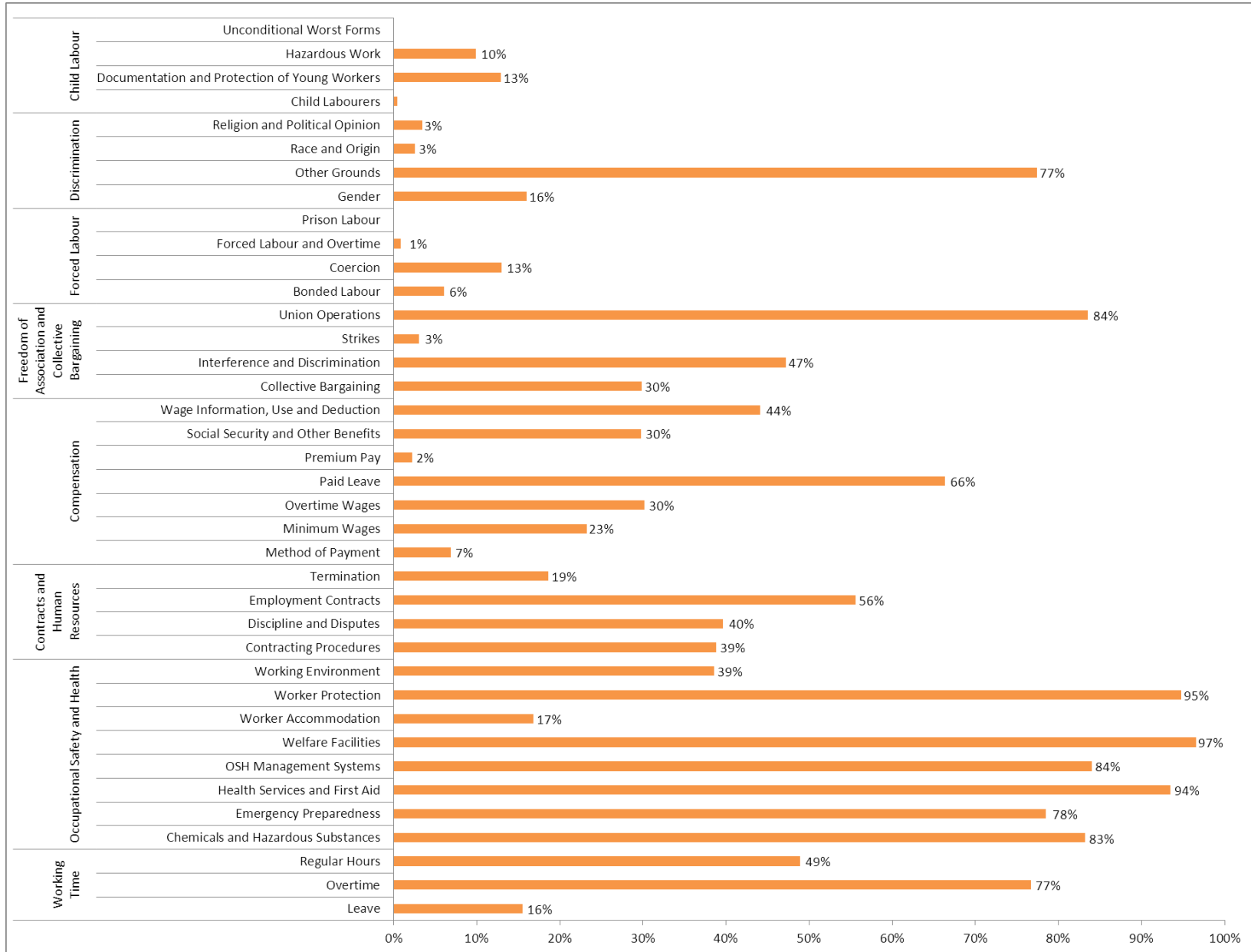
Many of the supplementary materials noted in this report may be found on the Better Work website at: betterwork.org/global.

Aggregate findings across Better Work countries

Better Work programmes assess factories on compliance with four areas (or “clusters”) of international core labour standards (child labour, discrimination, forced labour, and freedom of association and collective bargaining) and four areas that are typically covered by national labour law (compensation, contracts and human resources, occupational safety and health, and working time). Global baseline assessment results are based on aggregate non-compliance rates and derive from first assessments only. A compliance point is reported to be non-compliant if one question within it is found in non-compliance, as explained in Annex 1. Results from these assessments are presented in Figure 1 and illustrate the most common non-compliance findings as observed by Better Work in the five country programmes. This report provides an overview of both baseline findings and key improvements in each category, with a particular focus on two clusters: freedom of association and collective bargaining, and occupational safety and health (OSH).

¹ This report does not include the compliance findings from Better Factories Cambodia, which as of July 2012 is not yet fully aligned to the Better Work methodology, and from Better Work Nicaragua, which has started assessments only in Spring 2012.

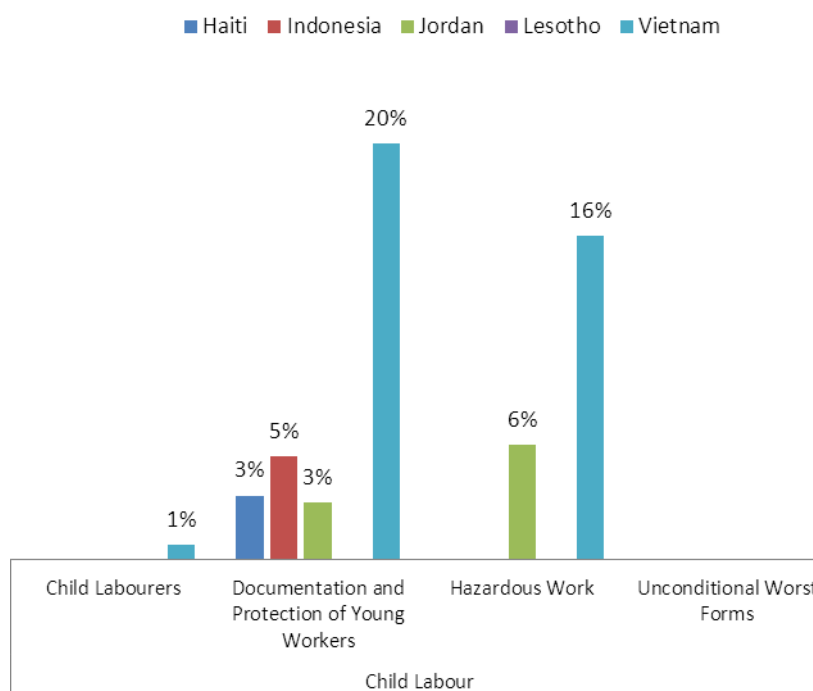
Figure 1: Average aggregate baseline non-compliance rates



Child Labour²

According to the ILO’s International Programme on the Elimination of Child Labour (IPEC), there are 215 million children caught in child labour worldwide, 14 million of whom work in the manufacturing sector, which includes garment and textile production. Whether a job is classified as child labour depends on the child’s age, the type and hours of work performed, and the impact of the work on the child's health, development and access to education. While non-compliance related to child labour is not common in factories registered with the programme, occasional findings of child labour do occur.

Figure 2: Baseline non-compliance rates, Child Labour



Child Labour

ILO Minimum Age Convention, 1973 (No. 138)

ILO Minimum Age Recommendation, 1973 (No. 146)

ILO Worst Forms of Child Labour Convention, 1999 (No. 182)

ILO Worst Forms of Child Labour Recommendation, 1999 (No. 190)

In looking at the baseline findings from all Better Work countries, the highest rate of non-compliance in the Child Labour cluster was found under Documentation and Protection of Young Workers. This relates to the failure of employers to keep a register of workers under the age of 18 and to the lack of a reliable system in place to verify the age of workers prior to hiring, in particular in **Haiti** and **Vietnam**. Hazardous work relates to hazardous work done by children under the age of 18. In **Jordan**, this mainly refers to 17-year-old juvenile workers. In both baseline and most recent assessments, no factories participating in Better Work programmes were found to be out of compliance with Unconditional Worst Forms of Child Labour.

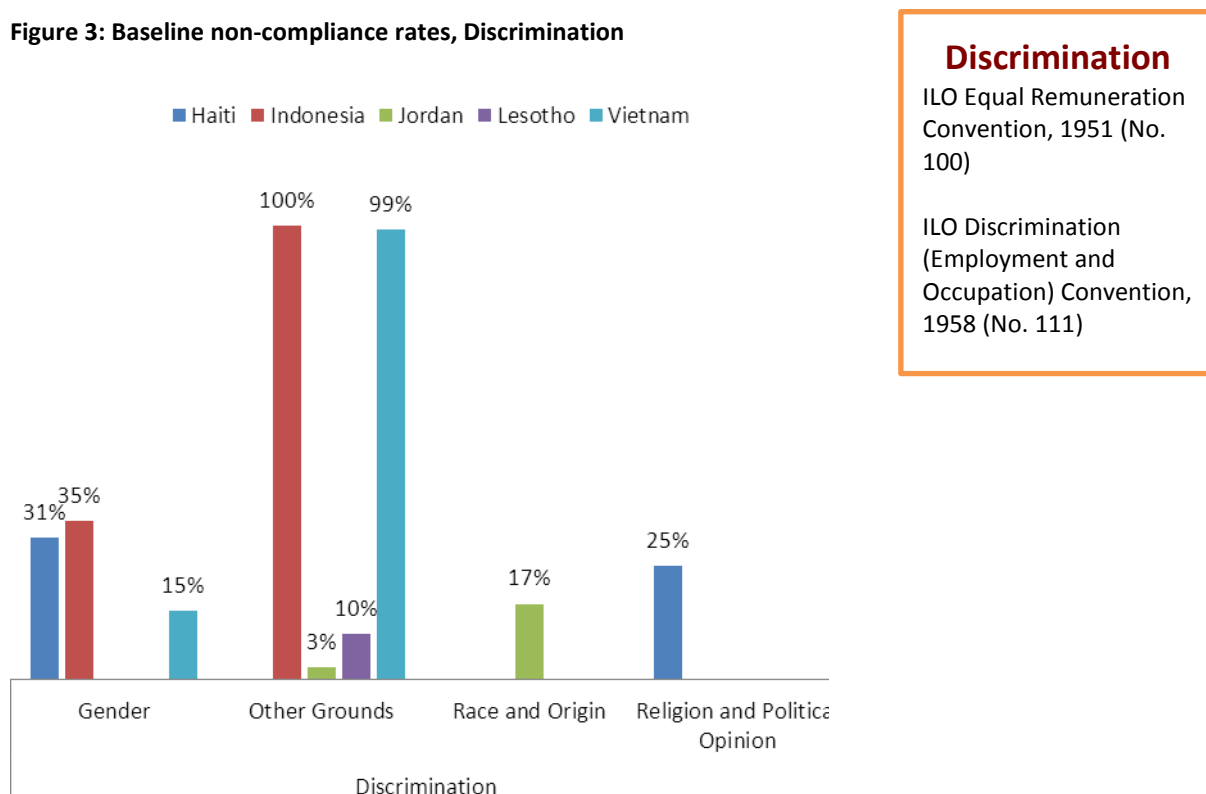
The most recent assessment data show that in **Vietnam** there have been clear improvements in the Child Labour cluster. As of July 2012, all factories in their third assessment cycle have no child labour non-compliance findings. In particular, compliance in Documentation and Protection of Young Workers improved by 20%, indicating that in factories where improper processes for age verification were previously found, new systems that are in compliance with international labour standards have been created and implemented. Also in Vietnam, a 16% improvement in Hazardous Work was noted in the compliance effort related to ensuring young workers below age 18 are not performing hazardous or night work.

² For more information on Better Work assessments of child labour, please see “Legal Brief Underlying Better Work’s Compliance Assessment Tool: Child Labour”, available on the Better Work website.

Discrimination

Hundreds of millions of people suffer from discrimination in the world of work. This not only violates a basic human right, but has wider social and economic consequences, which perpetuate poverty and inequality, and worsen social tensions. Better Work assesses compliance on Discrimination in four areas: Gender³, Race and Origin, Religion and Political Opinion, and Other Grounds.⁴ The “Other Grounds” compliance point aims to capture discrimination based on grounds not required to be protected under Convention 111. These grounds, which are included to the extent they are protected under national law, may include disability, age, sexual orientation, or HIV/AIDS status.

Figure 3: Baseline non-compliance rates, Discrimination



Discrimination
 ILO Equal Remuneration Convention, 1951 (No. 100)
 ILO Discrimination (Employment and Occupation) Convention, 1958 (No. 111)

Within the baseline assessments, non-compliance in Discrimination was based primarily on Other Grounds, referring to the inability of factories to comply with quota requirements established under national law for the hiring of persons with disabilities in **Vietnam, Indonesia** and **Jordan**. Better Work has been working with factory owners in these countries to help them better understand their obligations with respect to regulations for hiring workers with disabilities. In addition to non-compliances cited for discrimination based on disability, discrimination based on gender was prevalent, particularly related to recruitment materials and job postings. These factories have seen significant improvement over the subsequent assessment cycles. In **Haiti**, by the fourth round of assessments, the issue of recruitment materials referring to applicants’ gender or religion was completely resolved. Improvements related to recruitment materials no longer referring to applicants’ gender were also made in **Vietnam** (15%). In **Jordan**, a 17% compliance improvement was noted on issues related to race and origin discrimination, in particular regarding discrimination in working conditions and pay for migrant workers from South and South East Asia, leading to a

³ Gender discrimination includes sexual harassment at the workplace. For more information on the challenges in assessing sexual harassment, please see Annex 2.

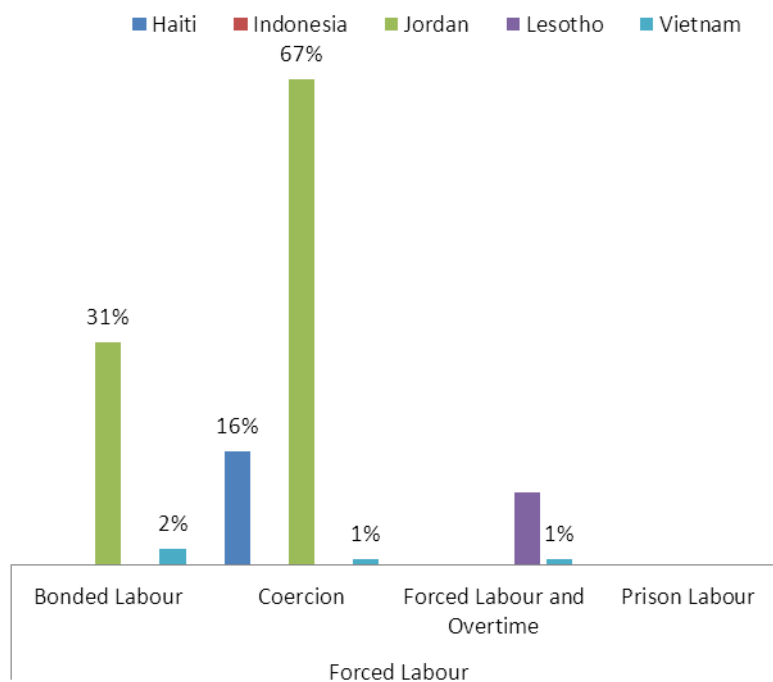
⁴ For more information on Better Work assessments of discrimination, please see “Legal Brief Underlying Better Work’s Compliance Assessment Tool: Discrimination”, available on the Better Work website.

complete resolution in all the factories assessed more than once by Better Work Jordan. However, recent changes to the minimum wage law stipulating different wage levels for Jordanian and migrant workers may affect this trend.

Forced Labour

In 2012, the ILO estimated that nearly 21 million people worldwide were trapped in some form or forced or bonded labour. Better Work assessments of Forced Labour look at four compliance points: Bonded Labour, Coercion, Forced Labour and Overtime, and Prison Labour.

Figure 4: Baseline non-compliance rates, Forced Labour



Forced Labour
 ILO Forced Labour Convention, 1930 (No. 29)
 ILO Abolition of Forced Labour Convention, 1957 (No. 105)

Across first assessment visits, the highest non-compliance rate in the Forced Labour cluster was found under Coercion. The reliance of the Jordanian garment sector on migrant workers creates a specific set of challenges related to forced labour. **Jordan's** 67% non-compliance rate in Coercion primarily related to a strict enforcement of tight curfews in workers' dormitories, where migrant workers are housed in employer-provided dormitories. Findings of Bonded Labour mainly arose from cases when workers could not freely terminate their employment as a result of debt owed to the employer or employment agency. These findings confirm evidence that workers who are vulnerable, including migrants, pregnant workers, or workers from ethnic minorities, often are more susceptible to forced labour.

Important improvements have been observed in **Jordan** in Coercion, which saw a compliance effort of **38%** over the baseline as of the most recent assessments included in this report (July 2012). Initially, Better Work Jordan uncovered widespread non-compliance in this area due to strict enforcement of curfews as early as 8pm in workers' dormitories. This is an area that has received considerable attention during advisory services, and the policy on curfews has been changed in most factories. In **Haiti**, non-compliance increased under Forced Labour and Overtime (-18%): in particular, through worker interviews, Better Work Haiti Enterprise Advisors (EAs) were able to identify occasions in which workers were subject to threats of dismissal or reduced pay if they did not work overtime beyond legal limits.

Freedom of Association (FOA) and Collective Bargaining (CB)

Freedom of association refers to the right of all workers to freely form and join unions. Collective bargaining is the process of negotiations between unions and employers, usually on working conditions, terms of employment, or to structure relations between an employer(s) and workers. Both are fundamental rights and they are interlinked. Collective bargaining cannot work without freedom of association, because workers' views cannot be properly represented. Workers must be free to choose how they are to be represented and employers must not interfere in or restrict this process.

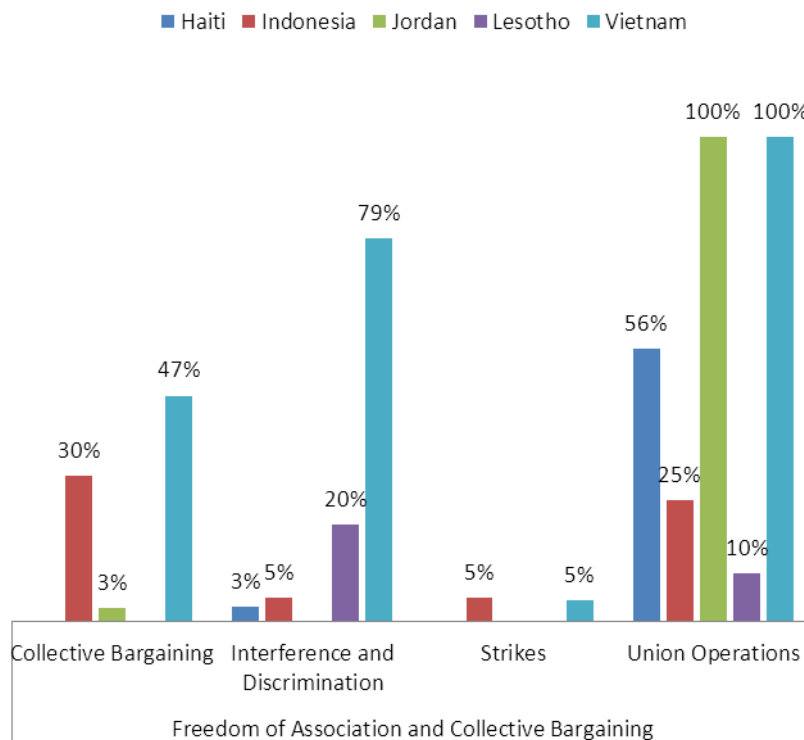
Promoting Freedom of Association and Collective Bargaining can help improve working conditions and performance, and reduce wage inequality. The garment industry is faced with a particular set of challenges when it comes to implementing and consolidating the right to FOA. First, the global nature of the garment industry can cause a "global fragmentation" whereby factories direct their production to different segments of the market in the same country, rendering workers' organizing efforts more complicated. Second, many developing countries struggle with high unemployment rates and workers, lacking leverage against the employer, may feel that unionizing would threaten their employment. Management also may harbour negative attitude towards unionization, which can inhibit healthy management/labour relations in the sector. In addition, workers on short-term contracts, common in the global garment industry, are often less likely to join a union, due to their lack of employment security.

As one of the four areas covered by the ILO Declaration on the Fundamental Principles and Rights at Work, every Member State has an obligation to respect, promote and realize the principles and rights associated with ILO standards on Freedom of Association and Collective Bargaining, whether or not they have ratified the relevant conventions. However, industrial relations systems and practices may vary considerably from country to country. For these reasons, there may be significant contradictions between national legislation in participating Better Work countries and the principles set forth in the ILO Conventions on FOA and collective bargaining.

Among all core labour standards, the highest rate of non-compliance is in Union Operations (83%), within the Freedom of Association and Collective Bargaining cluster. This high non-compliance rate stems from the fact that in two countries (Jordan and Vietnam), the national law does not allow workers to freely form and join unions, therefore non-compliance rates in those countries are 100%⁵.

⁵ For more information, please see Better Work Jordan and Better Work Vietnam compliance synthesis reports.

Figure 5: Baseline non-compliance rates, Freedom of Association and Collective Bargaining



Freedom of Association and Collective Bargaining

ILO Freedom of Association and Protection of the Right to Organize Convention, 1948 (No. 87)

ILO Right to Organize and Collective Bargaining Convention, 1949 (No. 98).

Vietnam’s 79% baseline non-compliance rate in Interference and Discrimination is due to inadequate separation between management and union officers, and relates to workers not being able to meet without management present, and to the employer trying to interfere with, manipulate or control the union. Evidence in assessments found that the majority of enterprise-level trade union officials are often drawn from managerial staff. This area has seen the most significant change since the first assessments, with a 50% improvement in compliance. By actively targeting this area during advisory services, many companies have started to develop mechanisms for the union to operate more independently from the management. For instance, some have made changes to allow the union to meet without management present or to spend union funds without consulting management. These changes can be largely attributed to Better Work Vietnam’s efforts to work with both management and the union in the factory-level Performance Improvement Consultative Committees (PICCs) to explain the benefits to both of greater independence from one another. Many of these factories also instituted policies for working with the enterprise trade union to increase communication with workers on issues related to non-compliance. For instance, unions in some factories posted notice boards with information regarding issues being discussed by the PICC and asking for worker feedback. However, it must be noted that some of the improvement recorded is also due to changes in guidance regarding how to classify management interference in union activities. At early stages of the programme, non-compliance at times arose from the mere fact that supervisors or managers were union members. Subsequently, greater consideration was given to whether workers freely chose to include supervisors or managers as members, to the role played by management in union decision-making, and to the impact of supervisor/management presence in the union. Important improvements in Freedom of Association and Collective Bargaining in Vietnam have been recorded also in terms of collective bargaining (18% compliance effort), where the most significant improvement concerns employers consulting with unions where legally required. This includes consultations in areas such as discipline and disputes, salary scales, and annual leave.

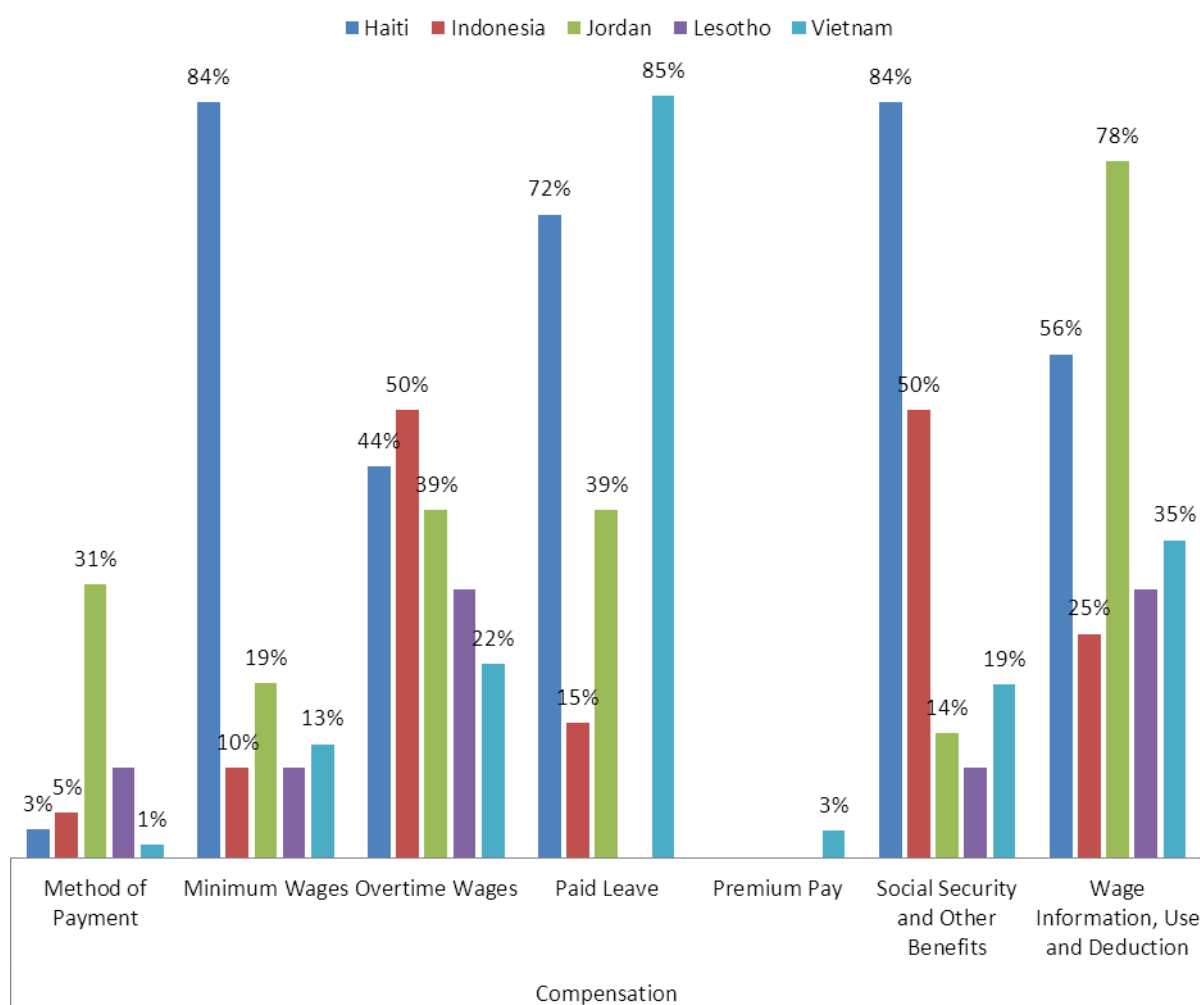
Non-compliance in Union Operations in **Haiti** came down by 47%, but this is due primarily to a change in Better Work assessment policy. The baseline non-compliance under this compliance point

was due largely to the requirements placed on persons seeking access to the SONAPI industrial park, where the majority of participating factories are located. However, in subsequent assessments, employers were not found in non-compliance based on a review of the policy covering the SONAPI zone by ILO experts.

Compensation

The highest rates of non-compliance under Compensation are concentrated in Paid Leave, Social Security and Other Benefits, and Wage Information, Use and Deduction.

Figure 6: Baseline non-compliance rates, Compensation



Non-compliance in Paid Leave mainly referred to lack of appropriate payment to women workers for 30 minutes rest during their menstrual periods (**Vietnam** and **Indonesia**) and to a failure to pay female workers correctly during breastfeeding breaks (**Haiti**). In **Jordan**, given the labour shortages experienced by some factories, requests for leave were often not approved or discouraged.

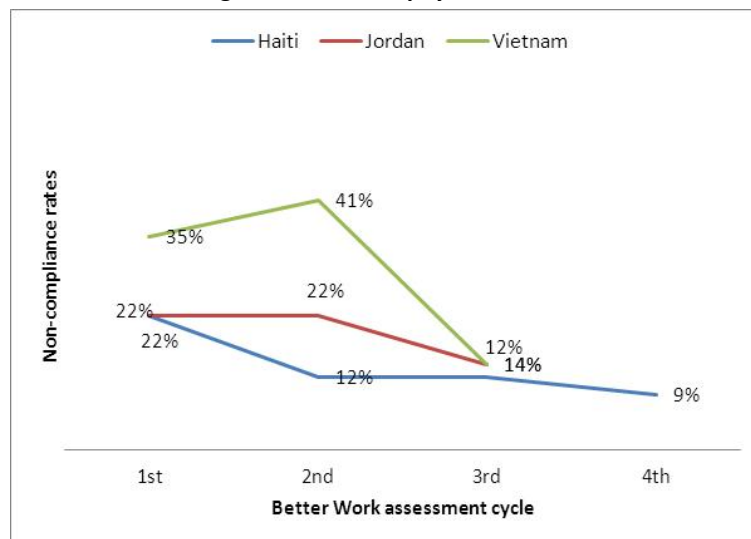
Regarding Minimum Wages, there are non-compliance findings in each Better Work country programme, with Haiti having the highest rate of 84%⁶. Minimum wage non-compliance findings in

⁶ Much of the non-compliance in Haiti stems from the setting of piece rates. For more information, see Better Work Haiti 1st Biannual Report under the HOPE II Legislation, available on the Better Work website.

other countries are related to payments to probationary workers, vocational trainees and non-permanent workers.

A cross-cutting issue across all countries under Wage Information, Use and Deduction is the presence of double books and inaccurate payroll records (in 22% of factories in Haiti, 20% in Indonesia, 22% in Jordan, 20% in Lesotho, 35% in Vietnam). This is a widespread practice in the garment sector as suppliers are faced with pressures by buyers to produce quickly and at a low cost. In order to meet production deadlines, factories often keep more than one payroll record: one for internal use that actually records all the hours worked, and one that does not show any violations, used as a record for labour inspectors, social auditors and initially at times also for Better Work assessments. Figure 7 indeed shows that in **Vietnam**, the percentage of factories in non-compliance with this issue was lower in the first Better Work visit than in the second. This seems to suggest that during the first assessment, factories were reluctant to engage openly with Better Work Enterprise Advisors and were likely hiding double books; the higher non-compliance during second visits may in part reflect an increased ability of Better Work assessors to identify cases of unreported multiple payroll records, as well as increased willingness on the part of the factories to share full data. Targeted advisory services made it possible to reduce the incidence of non-compliance on this issue in factories that have been assessed for a third time.

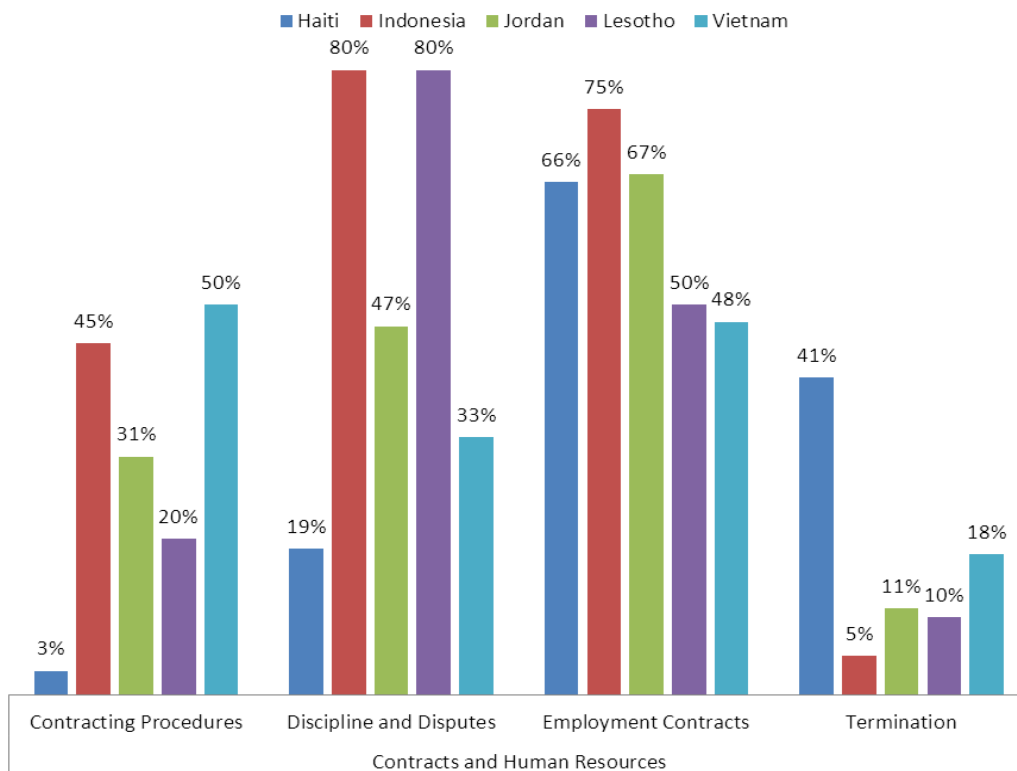
Figure 7: Accurate payroll records



Contracts and Human Resources

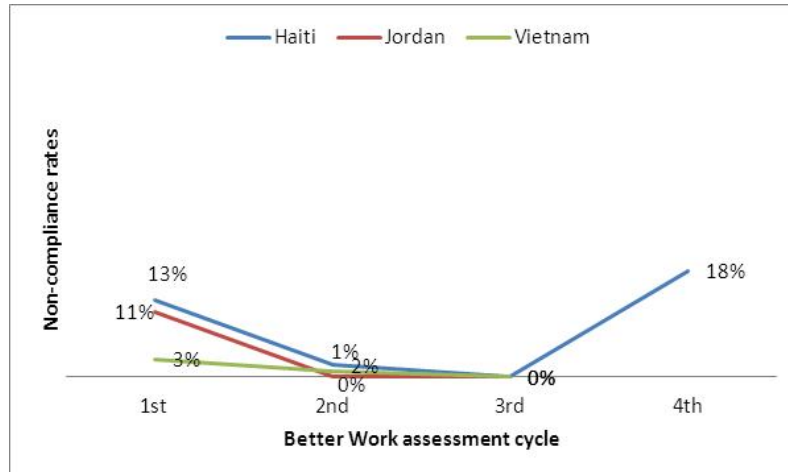
Although participating Better Work factories were recorded in their first assessments to be uniformly non-compliant in all compliance points in Contracts and Human Resources, non-compliance was especially high in Discipline and Disputes, and Employment Contracts.

Figure 8: Baseline non-compliance rates, Contracts and Human Resources



Regarding Employment Contracts, common non-compliance findings included lack of contract for some persons who performed work for the factories, both on the premises and offsite (**Indonesia, Haiti** and **Vietnam**) and incorrect use of probationary contracts. Concerning disciplinary measures, growing pressure on factories to meet production deadlines during peak seasons can result in harassment and bullying of workers as a means of pressure to meet daily production quotas. Assessments show that this took form predominantly as verbal abuse. Findings such as these were found in **Jordan, Lesotho** and **Indonesia**. Uncovering issues related to workers being harassed or humiliated for disciplinary purposes is a delicate process, as it varies among cultures and it requires openness and trust between workers and Better Work EAs. In all factories assessed more than once, the incidence of non-compliance is relatively low; however it is interesting to see that after a decline in non-compliance in **Haiti**, the fourth round of assessments saw a rise (Figure 9). This may be due to increased awareness about harassment brought about by Better Work Haiti advisory services.

Figure 9: Workers harassed or humiliated



Occupational Safety and Health

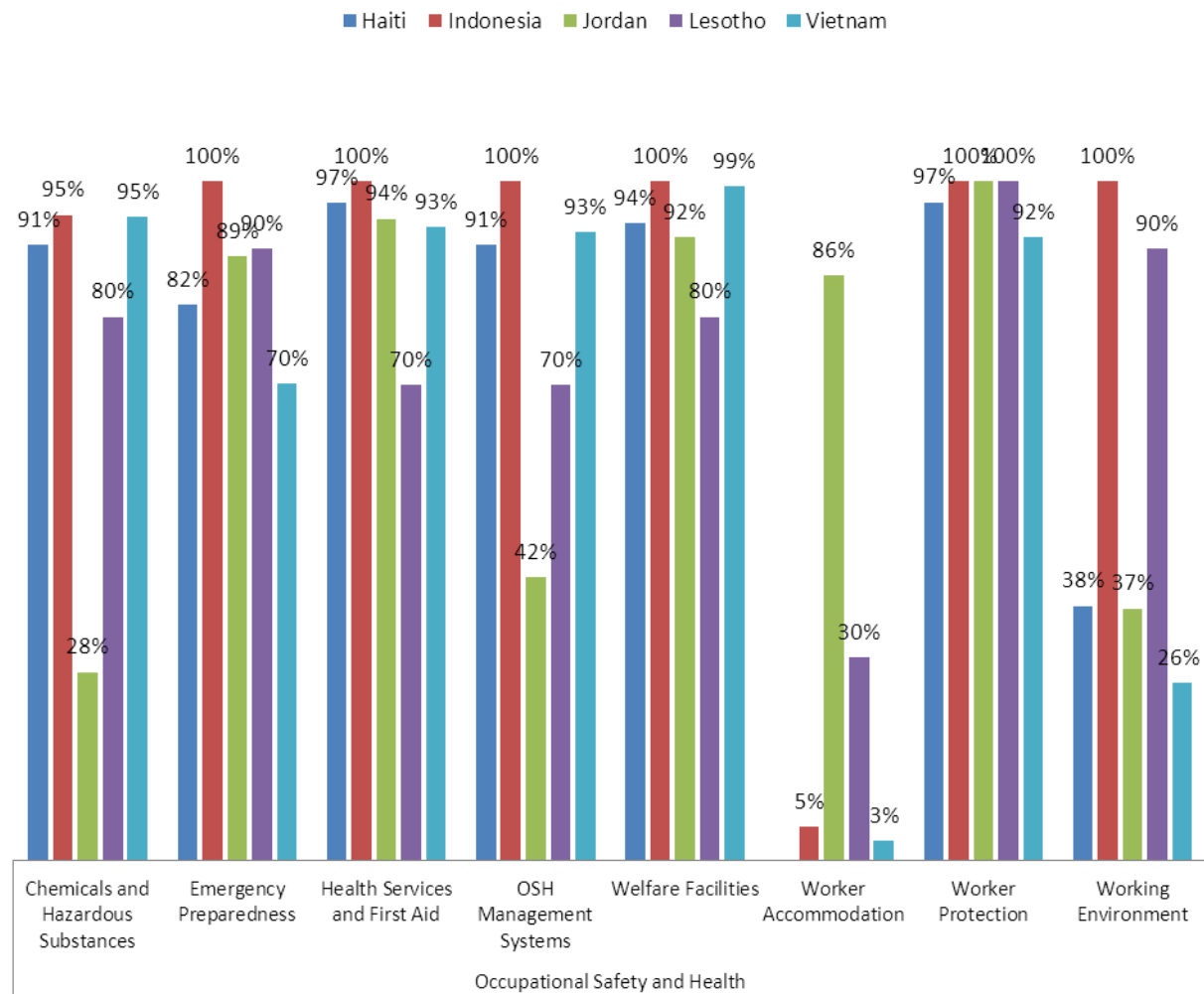
Improved occupational safety and health can help enhance productivity, reduce the number of interruptions in the manufacturing process, reduce absences and decrease the number of accidents in the workplace. Both employers and workers have responsibilities and rights in relation to occupational safety and health (OSH). A cooperative and preventative approach to OSH is the best strategy to eliminate most accidents, injuries and diseases.

Key references dealing with OSH include ILO Conventions 148 on Working Environment (Air Pollution, Noise and Vibration); 155 on Occupation Safety and Health; 170 on Chemicals; 187 on Promotional Framework for Occupational Safety and Health; Protocol 155 to the Occupational Safety and Health Conventions; ILO Recommendations 97 on Protection of Workers' Health; 115 on Worker Housing; 156 on Working Environment (Air Pollution, Noise and Vibration); 164 on Occupational Safety and Health; and 177 on Chemicals.

Occupational safety and health is the cluster where most non-compliance has been found throughout Better Work baseline assessments. All factories assessed were non-compliant with at least one question within all compliance points. Advisory services across all Better Work countries have in particular targeted OSH-related issues. Furthermore, the advisory focus on OSH is part of a strategy aimed at identifying those improvement priorities that deliver immediately observable benefits for both managers and workers, in terms of increased efficiency and a safer, healthier working environment. This may in turn help strengthen social dialogue between management and worker representatives.

Significant improvements have been achieved by factories in Haiti, Jordan and Vietnam in these areas, even though the incidence of non-compliance remains high.

Figure 10: Baseline non-compliance rates, Occupational Safety and Health



All Better Work countries have over 70% non-compliance rates in their baseline findings on Emergency Preparedness, relating to adequate fire alarm systems, adequate fire fighting equipment, the training of workers for possible emergencies in the workplace and the existence of periodic emergency drills. A common non-compliance finding across all factories is emergency exits being inaccessible, obstructed, or locked during working hours/overtime, or lack of clearly marked emergency exits and escape routes. Different degrees of improvement have been observed in terms of emergency exits being accessible, unobstructed and unlocked at all times (Figure 11) and escape routes being clearly marked and posted in the workplace (Figure 12). In **Jordan**, the percentage of factories still having problems with emergency exits has declined to approximately 30%. In **Haiti**, where the issue is particularly relevant in the wake of the 2010 earthquake, non-compliance on the accessibility of emergency exits has declined significantly, but problems remain with regard to marking and posting escape routes in the workplace. Conversely, in **Vietnam** all factories that have been assessed for a third time have clearly marked emergency exits and escape routes; however, there are more factories than before where emergency exits are obstructed, inaccessible or locked during working hours and/or overtime.

Figure 11: Emergency exits unobstructed and unlocked

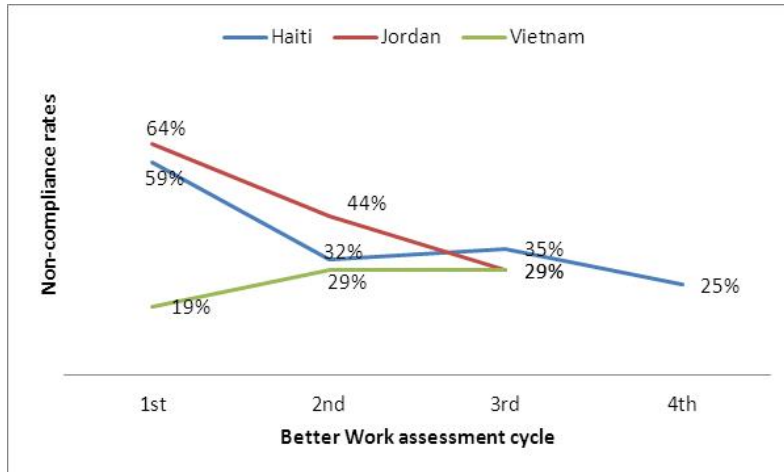
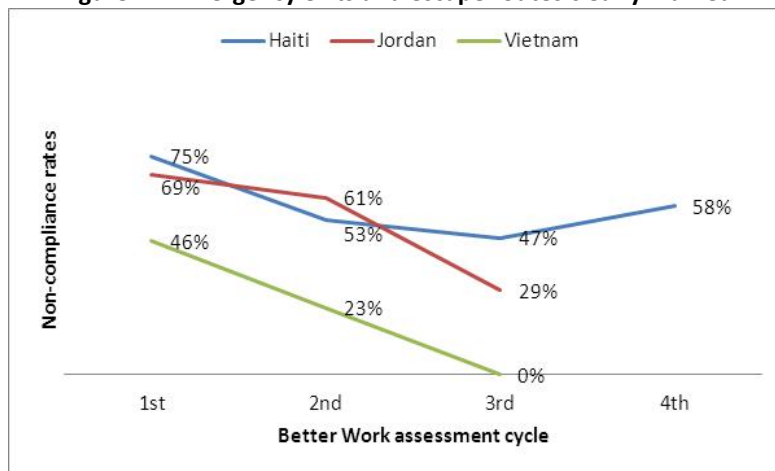
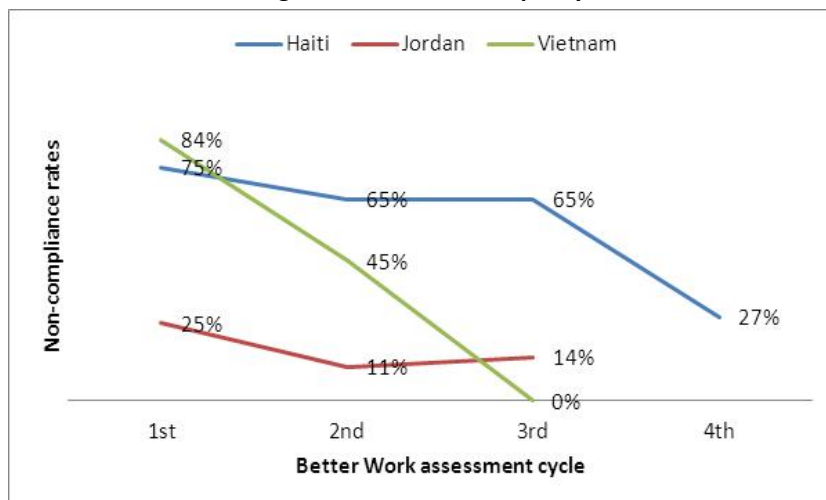


Figure 12: Emergency exits and escape routes clearly marked



Advisory services have stressed the importance of establishing management systems to ensure the functioning of policies and operations related to OSH. The first step to ensure that OSH management systems are sound is the establishment of a written OSH policy. This is an area of considerable improvement for all countries (Figure 13). In **Vietnam**, all factories that have been assessed for a third time have a written OSH policy or feasibility study.

Figure 13: Written OSH policy



Issues related to Welfare Facilities are a high priority for workers because they directly impact their health, safety and wellbeing. However, baseline non-compliance rates across countries in Welfare Facilities exceeded 80%. The main areas of non-compliance across all countries concern adequate hand-washing facilities and soap, the availability of an appropriate eating area, and the general cleanliness and tidiness of the workplace. Among these, access to adequate toilets and washing facilities has been prioritized in advisory services. Figure 14 and Figure 15 show that fewer and fewer factories are in non-compliance with these issues. However, non-compliance remains particularly high in Haiti when looking at the number of toilets available. This is due to the fact that the legal requirements on the number of toilets per number of workers are particularly high, requiring that there should be one toilet for every 15 female workers and one toilet for every 25 male workers, and in many cases, responsibility for improving the facilities lies with zone authorities.

Figure 14: Adequate washing facilities

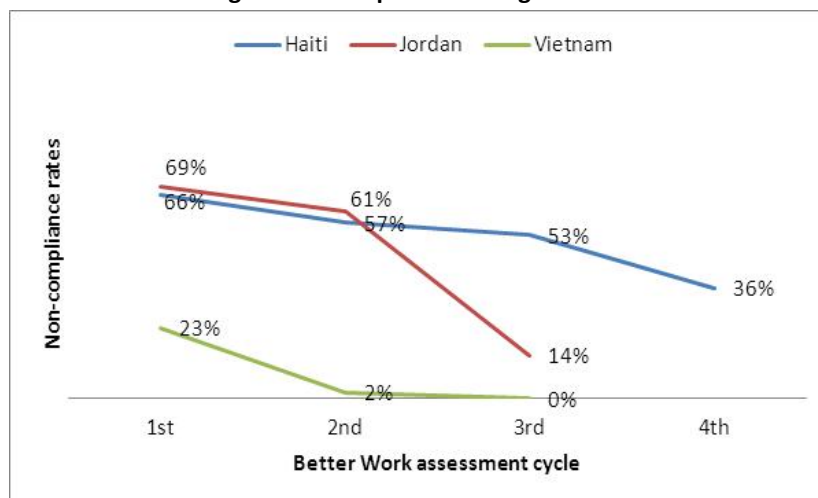
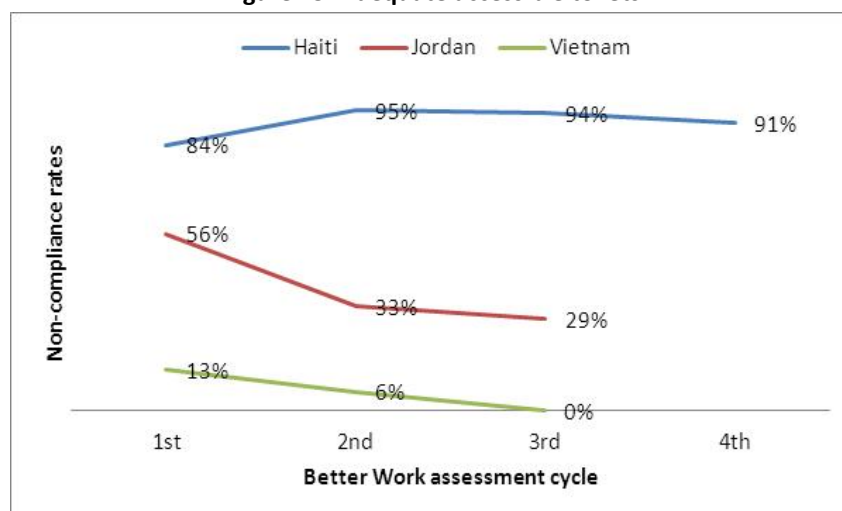
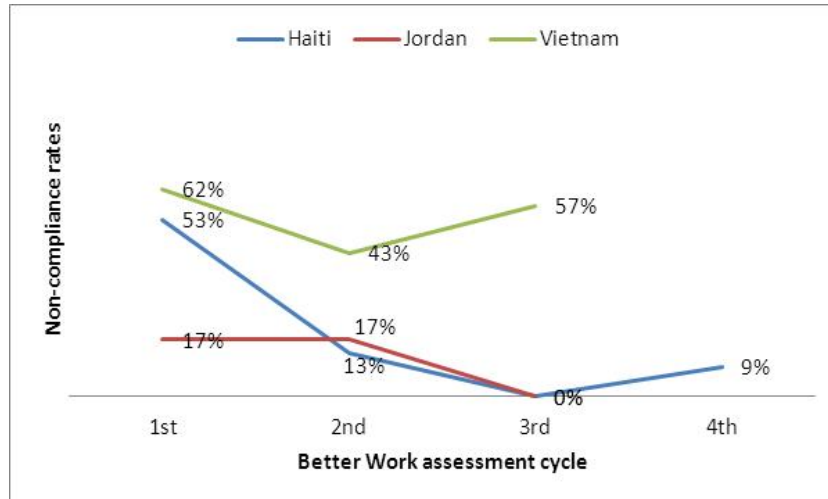


Figure 15: Adequate accessible toilets



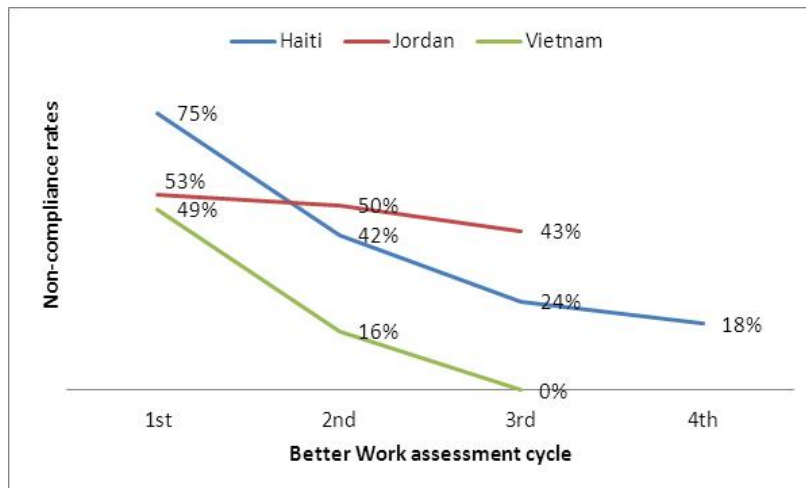
Garment production is sometimes characterised by the use of chemicals and hazardous substances, for example, spot removers. It is therefore important to guarantee the safe use of such substances. Efforts have been made across countries to properly label chemicals and hazardous substances. In **Jordan**, all factories that have been assessed for the third time have resolved this problem, whereas in **Vietnam** more than half of factories continue to be non-compliant.

Figure 16: Chemicals and hazardous substances properly stored



Baseline non-compliance rates in Worker Protection exceeded 90% in all countries, with all factories in **Jordan, Indonesia** and **Lesotho** having at least one non-compliance finding in their first assessment. This often relates to similar issues across countries, such as the provision and training in personal protective equipment (PPE), the presence of needle guards on sewing machines, standing workers not being properly accommodated and seated workers not having suitable chairs. It is important to highlight that although the majority of findings relate to lack of or faulty worker protection equipment and material, there is also a challenge with workers not being willing to use PPE even if this may endanger their own safety, because it may be less comfortable or may slow down their pace of production. Employers are therefore required to train and encourage workers in the use of PPE (Figure 17), an issue that has seen a considerable improvement over time.

Figure 17: Training and encouragement for PPE



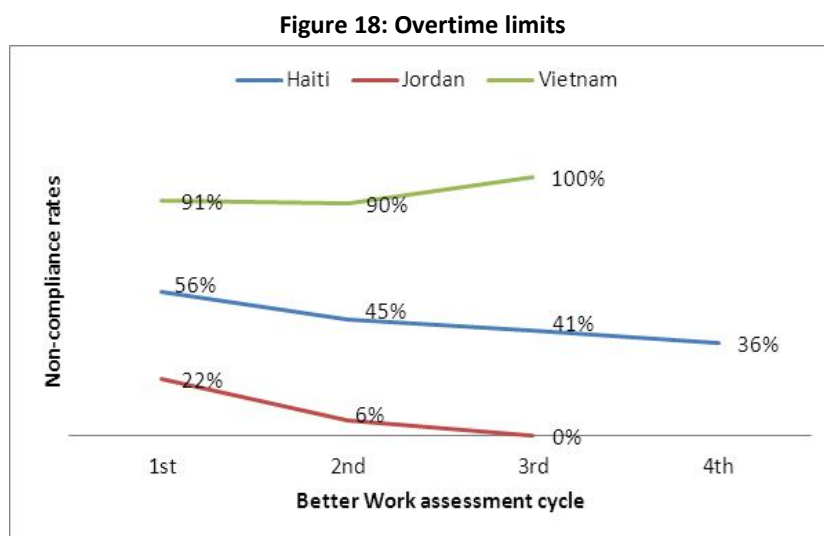
Working Time

A critical aspect of welfare at work is ensuring manageable working hours for workers. Limits on hours of work help to ensure safety and health at work, enough rest between shifts, and enable workers to balance family and work responsibilities. Nevertheless, issues of excessive overtime are widespread across the apparel industry, with detrimental impact on workers' health and wellbeing⁷.

⁷ For more information, see Seo, J. (2011) "Excessive Overtime, Workers and Productivity: Evidence and Implications for Better Work", Better Work Discussion Paper No.2, available on the Better Work website.

Regarding Regular Hours, a common non-compliance finding across all factories is working hours exceeding legal limits, and employers not providing the required weekly rest period. Non-compliance findings may also stem from working time records that do not reflect hours actually worked, or breastfeeding breaks not being provided.

Overtime is also an area that sees a considerable high non-compliance rate across countries. This is mainly due to factories exceeding daily overtime limits (**Vietnam, Indonesia, Lesotho and Jordan**) and to employers permitting overtime work for reasons beyond those allowed by law (**Haiti**). Figure 18 shows that while some progress on this issue has been achieved in Haiti and Jordan, in Vietnam the totality of factories are in non-compliance with overtime limits.



Better Work Vietnam Enterprise Advisors have been working with nearly all participating factories to help develop strategies for reducing overtime, including addressing productivity issues, looking at alternate or additional shifts, and providing input on forecasting and capacity issues. However, this issue is complex and systematic in nature, making it difficult to expect visible changes in the period under consideration. It is also an issue directly linked to global supply chain dynamics and therefore difficult to tackle by working exclusively with suppliers. In addition, the higher non-compliance may also in part be reflective of enhanced skills on the part of Better Work Vietnam Advisors to identify excessive overtime.

Lessons Learned and Next Steps

This report illustrates the non-compliance findings in the first round of assessments in Better Work countries and the changes that have been observed over time in countries where Better Work has completed more than one assessment cycle in the course of the programme's Global Stage II (2009-2012). While considerable improvement has been observed, many violations remain. There still are non-compliance findings under core labour standards, which often are more difficult to assess (as explained in Annex 2), and issues are therefore likely to emerge even more as Better Work Enterprise Advisors gain factory workers' trust. Also, as analyzed in detail in this report, OSH non-compliance continues to remain high in critical areas such as emergency preparedness (including fire safety), chemicals management and worker protection. Renewed efforts will be put in place to ensure that factories comply with national and international laws and regulations. In its Stage III (2012-2017), Better Work looks forward to strengthening its efforts to facilitate the improvement process by fostering worker and management dialogue at the factory level and to engage with national and international stakeholders to address policy issues across the global supply chain.

Annex 1: Better Work methodology in calculating non-compliance

Better Work carries out factory assessments to monitor compliance with international labour standards and national labour law. In its factory and industry-level reports, it highlights *non-compliance* findings. Better Work organises reporting into eight areas, or clusters, of labour standards. Four of the clusters are based on fundamental rights regarding Child Labour, Discrimination, Forced Labour, and Freedom of Association and Collective Bargaining. In 1998, Member States, workers, and employer representatives at the International Labour Organization identified fundamental principles and rights at work regarding these four issues based on eight very widely ratified International Labour Conventions (29, 87, 98, 105, 100, 111, 138, and 182). These Conventions provide the baseline for compliance with the fundamental rights clusters across all Better Work country programmes. The four other clusters monitor compliance with standards primarily set by national law, so they vary by country. This set consists of Compensation, Contracts and Human Resources, Occupational Safety and Health, and Working Time.

Each of the eight clusters is divided into its key components known as compliance points (CPs). Each CP contains specific questions that may vary from country to country. The detailed list of CPs within each cluster is indicated in the table below.

	Compliance Clusters		Compliance Points
Core Labour Standards	1	Child Labour	1. Child Labourers 2. Unconditional Worst Forms 3. Hazardous Work 4. Documentation and Protection of Young Workers
	2	Discrimination	5. Race and Origin 6. Religion and Political Opinion 7. Gender 8. Other Grounds
	3	Forced Labour	9. Coercion 10. Bonded Labour 11. Forced Labour and Overtime 12. Prison Labour
	4	Freedom of Association and Collective Bargaining	13. Union Operations 14. Interference and Discrimination 15. Collective Bargaining 16. Strikes
Working Conditions	5	Compensation	17. Minimum wages 18. Overtime wages 19. Premium Pay 20. Method of Payment 21. Wage Information, Use and Deduction 22. Paid Leave 23. Social Security and Other Benefits
	6	Contracts and Human Resources	24. Employment Contracts 25. Contracting Procedures 26. Termination 27. Discipline and Disputes
	7	Occupational Safety and Health	28. OSH Management Systems 29. Chemicals and Hazardous Substances 30. Worker Protection 31. Working Environment 32. Health Services and First Aid 33. Welfare Facilities 34. Worker Accommodation 35. Emergency Preparedness
	8	Working Time	36. Regular Hours 37. Overtime 38. Leave

Better Work calculates **non-compliance rates** for each factory and reports these in individual factory reports. The non-compliance rate is reported for each subcategory, or compliance point, within a cluster. A compliance point is reported to be non-compliant if one question within it is found in non-compliance.

In public synthesis reports and in this Global Synthesis Report, Better Work calculates the average non-compliance rates for all participating factories in each of these same sub-categories. For example, an average non-compliance rate of 100% means that all participating factories were found to have a violation in that area.

Baseline assessments were carried out by Better Work in Haiti, Indonesia, Jordan, Lesotho and Vietnam covering 227 factories employing 253,505 workers, 78.7% of whom are women. The table below presents an overview of the number of factories included in the baseline section, the number of workers covered, the percentage of women workers and the period in which baseline assessment visits were carried out.

Overview of baseline assessment data

	# of factories with baseline assessments	# of workers	% of women workers	Period covered
Haiti	32	26,679	62.3%	Oct 2009 – Apr 2011
Indonesia	20	40,562	88.0%	Jul 2011 – Mar 2012
Jordan	35	27,682	62.2%	Mar 2009 – Jan 2012
Lesotho	10	18,971	82.5%	Mar 2011 – Jan 2012
Vietnam	130	180,227	83.2%	Dec 2009 – Jul 2012
TOTAL	227	253,505		

Unlike the analysis presented in each country’s synthesis report, this Global Synthesis Report groups assessment visit data by cohorts. This means that the data included in this section may have been collected at different times between October 2009 and July 2012, but constitutes in all cases a baseline assessment visit.

Data from Haiti, Jordan and Vietnam, where Better Work has conducted more than one assessment cycle, is analysed to present changes in non-compliance over time. Factories are grouped in cohorts, starting with the baseline cohort, followed by aggregate non-compliance rates by visit number.

Better Work defines compliance effort as the difference in non-compliance between two Better Work assessments. As such, positive percentages indicate improved performance and negative percentages indicate a decline in performance. It must be noted that, as the compliance effort is an aggregate indicator for all factories that have been assessed at least twice by Better Work, it is sensitive to simultaneous changes in non-compliance. For example, if a factory moves from being non-compliant to compliant and another factory that had no non-compliance findings now is non-compliant in the same CP, the two would level each other out with no change in compliance effort. Furthermore, compliance effort may undercount progress made at the factory level since it only accounts for factories that are no longer non-compliant. Since each CP is comprised of more than one question, factories may make progress on several areas but remain non-compliant on fewer issues within the same CP, and this improvement would not be captured by the compliance effort.

Furthermore, it should be noted that comparability over time may be influenced by other factors related to the ability of Better Work EAs to uncover non-compliance findings. Over time, EAs may actually find more issues due to the fact that they have had more experience in their role as assessors and factories that have been in the programme for more than a year and have greater trust and confidence in it may be willing to be more open with assessors in subsequent years.

Annex 2: Limitations in the assessment process

The factory-level assessments carried out by Better Work follow a thorough checklist of over 280 questions covering the above-mentioned labour standards. Information is gathered through a variety of sources and techniques, including document review, observations on the shop floor, and interviews with managers, workers and union representatives.

The detailed factory assessment reports are based solely on what was observed, investigated and analysed during the performance of the actual assessment and a review of relevant documents collected during the assessment visit. Each factory is given seven days before the report becomes official to provide feedback that may in some cases impact the final report language.

Notwithstanding the thoroughness of the methodology employed by Better Work Enterprise Advisors (EAs) during assessments, there are some issues that remain challenging to identify and verify independently.

Among these, aspects of discrimination are particularly difficult to uncover because of the sensitive nature of the matter as well as fear of reprisal if discrimination is reported. In particular, sexual harassment is one of the most sensitive and most difficult to detect during factory assessments. It is often unreported due to fear of retaliation, power imbalances between the victim and the perpetrator, as well as cultural perceptions of stigma associated with it. As a result, the assessment of sexual harassment in the workplace by Better Work is likely to underreport the extent of its occurrence.

The assessment of freedom of association also presents challenges, as compliance with the right to organise is not measured by the presence or absence of unions in the factory. Indeed, a worker may have the freedom of joining a union, but may choose not to do so. Also in this case, the assessment of freedom of association is subject to a trust relationship between interviewed workers and EAs, which may require time to establish and may result in underreporting of non-compliance especially in baseline assessments.