



Better Factories Cambodia Transparency Database Report, 10th Cycle

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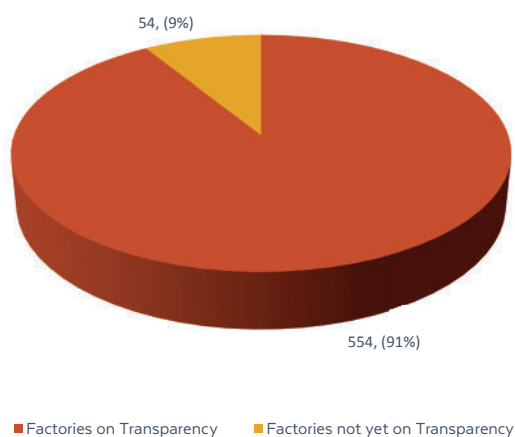
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Better Factories Cambodia’s (BFC) public reporting initiative discloses factory compliance on key legal requirements and information related to strikes. With the release of its tenth cycle report, BFC’s Transparency Database now contains information of 1,378 assessments covering 554 garment factories in Cambodia possessing export licenses, of which 442 remain registered with BFC and are in operation.

Graph 1: Factories covered by Transparency Database



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 tenth cycle, and the top positive changes of compliance areas following the reintroduction of transparency since early 2014.

Critical Issues

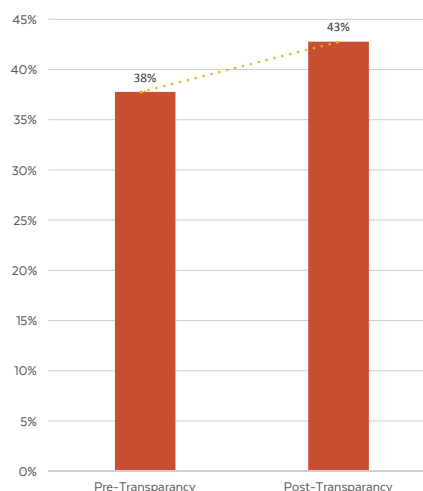
The 21 Critical Issues selected have been chosen to reflect the fundamental rights of every worker; the minimum requirement of criteria that a factory is required to attain. These were chosen by BFC and Better Work Global in consultation with the Royal Government of Cambodia, GMAC, unions and international brands. They are categorized mainly from the Compliance Assessment Tool’s Fundamental Rights cluster of compliance points, along with Occupational Safety and Health, Wages, and Contracts clusters.

What we have seen in previous cycles and what continues in this cycle, is that transparent and public reporting of factory information on key legal requirements can bring gradual change and

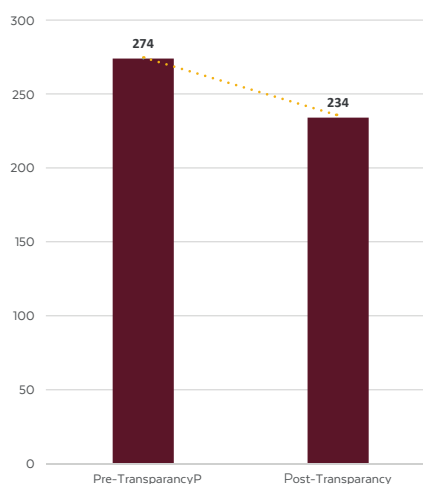
improvement in factories. In this reporting period (10th Cycle), new assessment information on critical issues of 180 factories has been added to the Transparency database. Thirty-six of these factories are publicly reported on in the database for the first time.

When we compare the data before and after Transparency for the 180 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 68 (38%) pre-transparency to 77 (43%) in the current cycle. This is a 13% increase in the number of factories in full compliance with critical issues since the implementation of transparency reporting. One hundred and three (57%) factories had one or more violation and in total count for 234 non-compliance on critical issues compared to 274 in the previous cycle. The data is presented in Graphs 2 and 3.

Graph 2: 10th cycle Transparency factories in compliance with critical issues (pre-and post-Transparency)

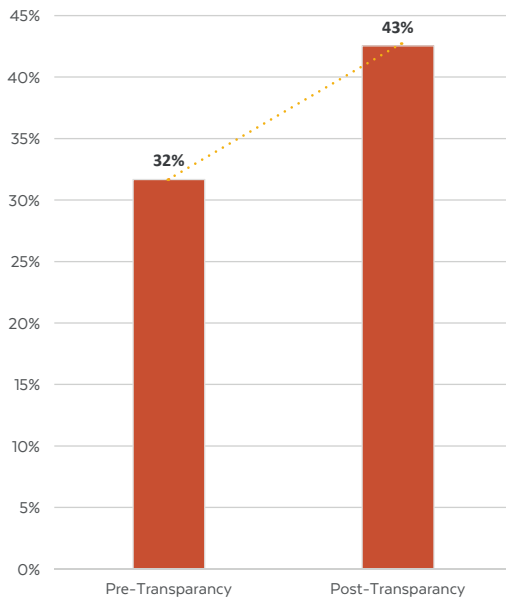


Graph 3: Number of violations on 21 Critical Issues in cycle 10

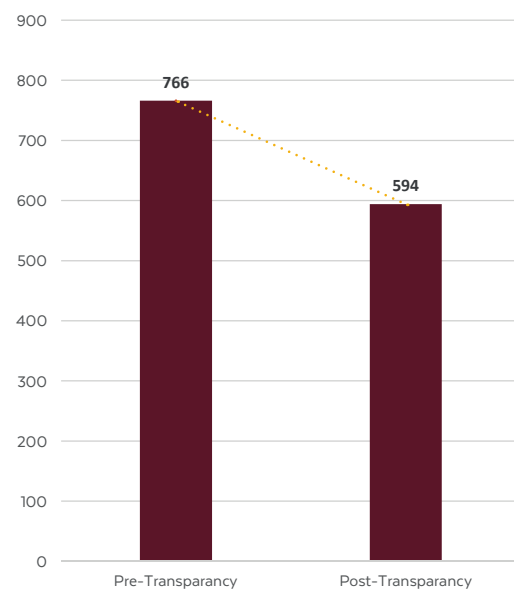


When we compare the data before and after Transparency for all active 442 factories we see the number of factories in full compliance with the 21 critical issues increasing from 140 (32%) in the previous (9th) cycle to 188 (43%) in the current cycle. This is a 34% increase in the number of factories in full compliance with critical issue since the implementation of transparency reporting. Two hundred and fifty-four (57%) factories had one or more violation and in total count for 594 non-compliance on critical issues, which is an improvement of 22% since the start of transparent reporting (see data presented in Graphs 4 and 5)

Graph 4: Percentage of all active factories in compliance with Critical Issues pre-and post-Transparency



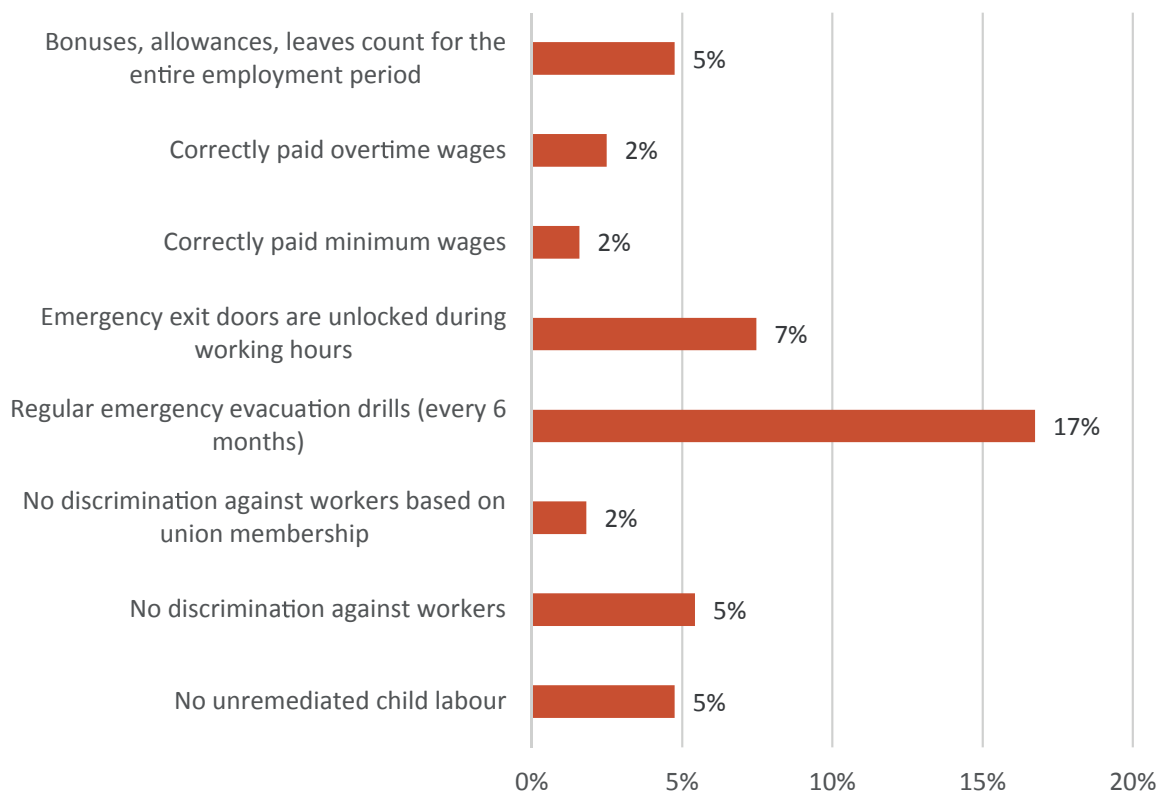
Graph 5: Number of violations on 21 Critical Issues in all factories



Impact since the introduction of Transparency

Following the roll-out of BFC's transparency database, there have been noticeable improvements in a range of areas. Graph 6 includes the results of BFC assessments for the 554 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 17% increase in the number factories that conducted emergency evacuation drills every six months and 7% increase in the number of factories emergency exit doors are unlocked during working hours. Graph 6 shows the key issues that have improved in compliance levels after factories have been part of transparent reporting. This graph includes factories that are currently active.

Graph 6: Top positive changes in critical issues compliance levels following the introduction of Transparency



While these positive improvements are encouraging, it should be noted that some critical issues have also deteriorated as reflected in Tables 1 and 2

Table 1: Negative change in compliance (in %) of critical issues following the introduction of Transparency

Public Reporting Critical Issue	% Change in Compliance
Drinking water is clean and sufficient	-9%
Dangerous machine parts have safety guards (not needle guards)	-6%
Workers can freely join and form unions	-3%
No control of union by employer	-3%
No management interference with union	-3%
Workers are free not to join a union	-2%

With respect to the issues around freedom of association, it should be noted that BFC has invested in increasing enterprise assessors' skill sets around investigating such violations. The increase of non-compliance issues is as such not necessarily an indication of a deterioration of the situation. More analysis would be required to determine this.

Table 2: Critical Issues with high non-compliance rates

Non-compliant Critical Issues	Number of factories	Percentage (%)
Regular emergency evacuation drills (every 6 months)	107	24%
Dangerous machine parts have safety guards (not needle guards)	92	21%
Drinking water is clean and sufficient	66	15%
Emergency exit doors are unlocked during working hours	63	14%
Bonuses, allowances, leaves count for entire employment period	52	12%
No discrimination against workers	37	8%
Correctly paid overtime wages	33	7%
No control of union by employer	27	6%
Workers can freely join and form unions	26	6%
Workers are free not to join a union	22	5%
No management interference with union	20	5%
Correctly paid minimum wages	13	3%
No dismissal of pregnant workers	10	2%
No discrimination against workers based on union membership	8	2%
Sufficient number of emergency exit doors	7	2%
Unremediated child labour	5	1%
Job is not dependent on union membership	2	0%

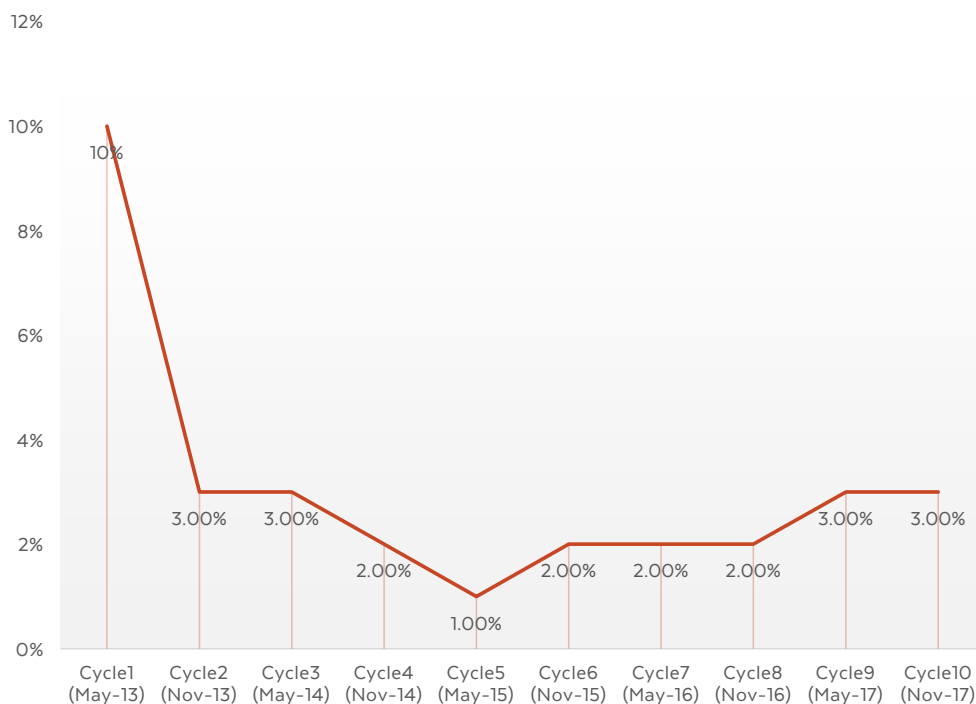
No dismissal of workers during maternity leave	1	0%
No sexual harassment	1	0%
No forced labour	0	0%
Equal pay for men and women	0	0%

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. The graph below shows the open factories that are low compliance as percentage of all the open factories included in the transparency list. The latest data shows that the percentage of low compliance factories remained the same at 3%. During the period, three meetings with Government representatives were held with factories that were new on the low compliance list to discuss the issues and possible solutions.

The graph¹ below illustrates the declining trend in the percentage of low compliance factories initially, but the percentage seem to have stabilized at about 3%. A recent analysis of the status of low compliance factories revealed that of the 29 factories that have appeared on the low compliance database, 14 were reportedly closed. This could suggest a correlation between business performance and performance on compliance with the labour law.

Graph 7: Percentage of low-compliance factories (cycles 1-10)



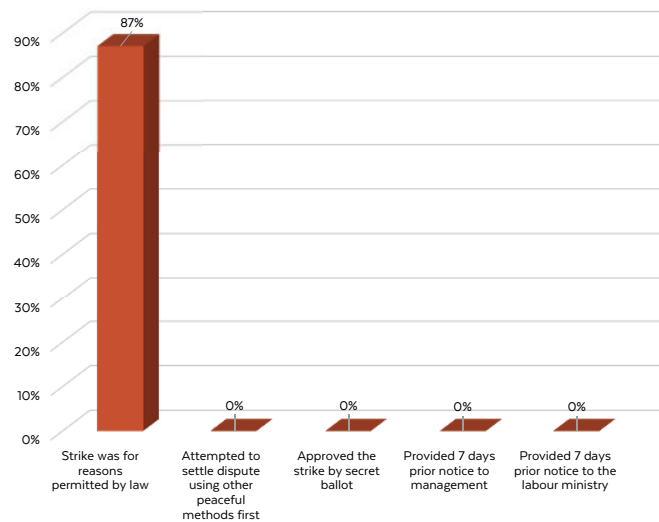
Strike Information

Union and worker representatives' compliance with legal requirements for strikes is also disclosed under the Transparency initiative. A total of 31 strikes are reported on the database since the reintroduction of the transparency reporting. During the 10th cycle, 31 strikes were reported in factory assessment reports and added into the database. All strikes that took place during the 10th cycle in factories failed to meet at least one of the legal requirements. There are five distinct legal requirements which must be in compliance for a strike to be legal. Those criteria include:

1. There were attempts by relevant parties to settle the dispute using other peaceful methods first;
2. The strike was for reasons permitted by law;
3. The strike was approved by secret ballot;
4. Seven days prior notice was provided to management, and;
5. Seven days prior notice to the Ministry of Labour and Vocational Training (MoLVT) was provided.

Graph 8 depicts that 87% of the strikes were called for reasons permitted by law. However, none of the strikes met with the other legal requirements such as trying to use peaceful methods, organizing secret ballots among the union members, providing a seven-day notice to factory management, and notifying the Ministry of Labour before they took place.

Graph 8: Factory compliance with the five requirements for a legal strike (cycle 10)



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: [Factsheet](#)

End Note

1. The graph differs from previous reports since BFC has done an inventarisation into the status of the factory. In this report, all closed factories have been taken out.



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