



BetterWork

**Annual Report 2017
An Industry And
Compliance Review**

Cambodia



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Organization



**International
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Summary Findings

The Better Factories Cambodia programme is a partnership between the International Labour Organization and the International Finance Corporation that began conducting independent assessments of working conditions in Cambodian apparel factories in 2001. The objective of these assessments is to drive improved compliance with labour standards across the sector and by doing so, contribute to a better, safer and more profitable industry. The programme offers support to factories in their efforts to make improvements in the form of one-off training programmes or longer term support through its advisory services.

Better Factories Cambodia, and the other Better Work programmes produce public reports (known as synthesis reports) on an annual basis. The goal of these reports is to provide transparent information for all programme stakeholders regarding labour standards and working conditions in factories where the programme operates. Independent research commissioned by Better Work provides evidence that this type of public reporting contributes significantly to continuous improvements in factory compliance levels.

This 34th Synthesis report covers completed assessments in 395 factories for the period May 2016 – April 2017, and presents the main findings of these assessment at the industry level.

During the reporting period, BFC invested substantially in additional training for its own staff, particularly on investigating Freedom of Association issues, but also more generally on interviewing skills, Occupational Safety and Health related issues, productivity, gender equality and discrimination. It is expected that some of the areas that show increased non-compliance levels, such as Freedom of Association, is linked to internal capacity building and as such the improved skills of the BFC Enterprise Assessors to find violations of the labour law and register non-compliance findings.

The key findings presented in this report are summarized below:

The most recent data from the transparency database suggest that improvements are still being made. The number of factories in compliance with all critical issues increased from 30% to 46% since the launch of public reporting and the number of violations on the 21 critical issues decreased from 281 to 197 for the same period. This report also points out that not all critical issues show improvements, this is particularly around issues related to Freedom of Association and clean drinking water. The percentage of low compliance factories in the industry, those factories that score 2 standard deviations below the average on 52 important issues, has also decreased from almost 10% prior to the launch of public reporting to 4.3% in May 2017. It should be noted that this number has slightly increased between the previous and the current reporting period and BFC and its constituents should carefully monitor the results of the next reporting period and continue to collaborate closely to ensure that these low compliance factories improve their performance substantially.

Child Labour is one of the zero tolerance issues that BFC monitors in factories and in order to address the issue at the industry level, BFC and the Garment Manufacturers Association of Cambodia (GMAC) signed an agreement on how to investigate and remediate child labour cases (typically workers under the age of 15, who have often used falsified identification documents to get a job). Since the launch of this collaboration in 2014, the number of underage workers found through BFC's assessment process have reduced sharply from 74 cases in the reporting period May 2013 – April 2014 to 4 cases in the current reporting period.

Discrimination was found in 9% of factories. Just like in the previous reporting period (10% non-compliance) all cases were related to discrimination on grounds of gender.

Forced Labour related practices were found in 6 of the 395 factories (1.5%) and mostly related to forced overtime. This is a similar picture as last year with 1.3% non-compliance.

Non-compliance levels within the **Freedom of Association** cluster have gone up slightly, especially around union operations and interference and discrimination. As has been noted in previous synthesis reports, freedom of association violations are sometimes hard to prove due to the sensitive nature of the issue. As part of its current strategic phase, BFC has invested in training of staff on investigation of these violations and it can be assumed that the increase in non-compliance levels is a result of stronger capacity of BFC staff to investigate and report on freedom of association violations.

It is important to note that within the **Compensation** cluster, non-compliance with minimum wage payment remains low (1.52%) and it can be concluded that the increases in minimum wage have been implemented at factory level. Some of the compliance points have deteriorated. This is mostly the result of additional legal requirements that BFC started to assess since it adjusted its assessment in 2015, such as payment of annual leave. BFC has given factories one year to correct these issues. Many factories have not adjusted their practices, resulting in higher non-compliance levels. This does not necessarily reflect a deterioration of the industry.

The cluster covering **Occupational Safety and Health (OSH)** requirements is the largest cluster with eight different compliance points covering a total number of 82 compliance questions. Non-compliance levels in the OSH cluster remain high (with 5 out of 8 points exceeding 80% non-compliance) and in general have gone up slightly in most of the compliance points. While this can be attributed to increased capacity of BFC assessors to find issues, it can also be an indication of increased pressure on the industry due to shorter lead times and lower margins. This might shift the focus on production issues at the expense of the attention to a safer and cleaner working environment.

Within the **Working Time** cluster, which covers Leave, Regular Hours and Overtime, the latter remains the area with the highest non-compliance levels (77%, comparable to last year's 76%). The most important reason being that factories allow more than the maximum 2 hours of overtime. It should be noted that non-compliance on overtime does not necessarily mean that all workers always work more than 2 hours'

overtime. During the assessment, BFC staff observes that excessive overtime occurs during certain periods of peak production and does not always involve all workers. It can be limited to specific lines or areas such as packing or quality control. It should also be noted that overtime is a global garment industry issue that is also related to sourcing practices of the brands (including last minute changes to orders and rush orders) as well as lack of proper production planning.

BETTER FACTORIES CAMBODIA AT A GLANCE¹



558

Factories



569,324

Workers
Covered



439

Assessment
Visits



89

Advisory
Factories



165

Factories
participated in
Training Sessions

Section I: Introduction

The Better Factories Cambodia programme (BFC) is a partnership between the International Labour Organization (ILO) and the International Finance Corporation (IFC). The comprehensive programme is bringing together stakeholders from all levels of the garment industry to improve working conditions and respect of labour rights, and boost the competitiveness of apparel industries. Factories participating in Better Work are monitored and advised through factory assessments, advisory visits and trainings².

In order to increase transparency about factory working conditions to programme stakeholders as well as a wider public audience, BFC and the other Better Work country programmes produce public annual synthesis reports highlighting findings of the assessments. The non-compliance rates presented in this report refer to participating factory averages.

BFC started operating in Cambodia in 2001. It was linked to an innovative trade agreement between the Royal Government of Cambodia (RGC) and the United States of America (USA). The U.S.-Cambodia Bilateral Textile Agreement, initially covering 2000 and 2001 and later extended until 2004, provided an incentive to increase the quota for Cambodian garment export to the US linked to ongoing improvements in labour conditions in garment factories.

BFC's mandate is to assess compliance with labour standards in the garment exporting factories in Cambodia. The programme began conducting independent assessments of working conditions in Cambodian apparel factories in 2001. Each assessment consists of four on-site person days and includes management, union and worker interviews, document reviews, and factory observations. The goal of these assessments is to establish a baseline of performance against which participating factories can work with BFC to make ongoing improvements to their working conditions.

Building on these assessments, BFC also offers sup-

port to factories in their improvement efforts. At the outset, the programme provided training to factories on specific workplace issues, such as Human Resource Management, Occupational Health and Safety, productivity and also training of workers and managers to jointly improve working conditions, such as training on workers' rights and responsibilities, negotiation skills for managers and workers, and workplace cooperation.

Based on the results of the training activities the programme started delivering specific advisory services to factories that want longer term support to facilitate change. In those factories that receive advisory services, BFC helps set up bipartite committees and then supports these committees to start tackling the root causes of non-compliance. Both training and advisory have been essential complimentary services to BFC's assessments and have helped to drive more sustainable change at the factory level.

This is the 34th Better Factories Cambodia synthesis report and covers the period 1 May 2016 – 30 April 2017. During this period, the programme carried out 439 assessment visits and produced 395 reports. The purpose of the BFC's Synthesis Report is to provide an overview of working conditions in the Cambodian garment and footwear industry³.

To provide some context to Cambodia's apparel industry and its current performance, this report starts with a short overview of the industry and the institutional context and progress made by the BFC programme in Section I. Section II presents an analysis of BFC's most important assessment findings presented at the industry level.

INSTITUTIONAL CONTEXT

Industry Trends

According to Cambodia's General Department of Customs and Excise (GDCE), the exports of Cambodia's

garment and footwear sector continued to grow in 2016 but at a slower pace than that of 2015. The sector's exports rose by 7.2% to US\$7.3 billion in 2016 (up from US\$6.8 billion in 2015). The sector remains the most important component of Cambodia's exports, with garment and footwear exports accounting for 78% of the country's total merchandise exports in 2016.

The footwear sector demonstrated the strongest growth in 2016, with exports increasing by 15.6% to US\$763 million, while exports of garments rose by 6.3% to US\$6,559 million. According to the data of the GDCE, the growth in the sector continued in the first quarter of 2017 with a total of 4.7% for the sector, of which most was generated by the footwear sector (24.6%) compared to the garment sector (2.6%).

Meanwhile, the recorded number of garment and footwear factories reduced from 699 at the end of 2015 to 626 in 2016 (garment: 556 factories; footwear: 70 factories). This is largely due to a reclassification of statistical data by the Ministry of Commerce where factories that had closed, but failed to inform the Ministry of Commerce, were removed from the factory list.

TABLE 2: GROWTH IN CAMBODIAN GARMENT AND FOOTWEAR SECTOR (YEAR-END)⁴

	2012	2013	2014	2015	2016 ⁵
Exports (US\$ bn)	4.57	5.38	5.96	6.82	7.32
Growth	7.3%	17.8%	10.6%	14.5%	7.2%
Factories	436	528	626	699	626
Workers	447,852	533,486	580,692	646,869	605,129

The export destination of garment and footwear products continues to shift from the US to the EU and other markets including Japan, Korea, and Canada. While in 2015 30% of exports was shipped to the US, this reduced to 25% in 2016. The European Union (EU) continued to represent the largest market for Cambodia's garment and footwear sector with 40% of exports destined to this region. However it should be noted that this has fallen from 46% in 2015. There has been a sharp increase of exports to other mar-

kets from 25% in 2015 to 35% in 2016, of which the majority is for the Japanese and Canadian markets. The garment and footwear industry remains the backbone of Cambodia's exports.

Labour disputes

Based on GMAC's data, the number of strikes decreased considerably in the reporting period by 60% in 2016, from 118 in 2015 to 47 in 2016 and the number of lost work-days fell by 55% from 452,364 in 2015 to 203,783 in 2016. During the first quarter of 2017, GMAC reported 31 strikes with 130,232 workdays lost.

TABLE 3: STRIKE ACTIVITY REPORTED BY GMAC MEMBERS (YEAR-END)⁶

	2012	2013	2014	2015	2016
Strikes	121	147	108	118	47
Lost Work-days	542,827	888,527	513,444	452,364	203,783

Within the reporting period (1 May 2016 to 30 April 2017), the Arbitration Council registered 166 cases, of which 137 were garment or footwear factory-related. This is a considerable decline of the 260 garment and footwear related cases that were brought to the council in last year's report. The result of this decline can be related to the implementation of the new trade union law, which requests labour disputes to be represented by the most representative union in the factory, whereas before the dispute could be represented by any union. The most common issues referred to the Arbitration Council during this period were:

1. Reinstatement of workers;
2. Food and meal allowance;
3. Attendance bonus;
4. Union discrimination and;
5. Other issues related to the Accommodation and Transportation Allowance; Demand for Discipline; and Suspension and Strike Payment.

Minimum wage setting process

In April 2014, the ILO convened a workshop for its constituents in Cambodia. At this workshop, participants recommended a set of principles that should be used by the tripartite Labour Advisory Committee when reviewing Cambodia's minimum wage. In June 2014, the Labour Advisory Committee endorsed and adopted these recommendations. This framework allows for yearly minimum wage reviews where a tripartite Labour Advisory Committee (LAC) negotiates and agrees on a recommended minimum wage and provides that recommendation to the Ministry of Labour and Vocational Training (MoLVT). This has led to annual minimum wage adjustments since October 2014. In October 2016, following tripartite negotiations by the LAC, the government decided to increase the minimum wage in 2017 for regular workers by US\$13 to US\$153 per month.

TABLE 4: MINIMUM WAGE SETTING PROCESS

	2014	2015	2016	2017
Monthly minimum wage regular workers	US\$100	US\$128	US\$140	US\$153
Growth	--	28%	9.4%	9.3%

After the negotiations on the 2018 wage levels, the LAC for the first time reached consensus on the wage increases and, following this tripartite consensus, the government set the minimum wage at US\$ 170 per month as of 1 January 2018.

Minimum Wage Law

Following the minimum wage setting process for the garment and footwear sectors, the government has started the development of a national minimum wage law. The MoLVT released a draft law in October 2016. This draft has drawn attention from the international trade union movement and human rights organisations. Their concerns were, amongst others,

related to restrictions with respect to fundamental freedoms, including freedom of association, academic freedom, and transparency of the process and equal participation of unions. As a result, the MoLVT announced in October 2017 to amend the draft law to allow for independent research and tripartite discussion. The ILO has provided technical comments on the draft law to the Ministry and stands ready to provide technical assistance on the law if asked for by its constituents. The MoLVT aims to finalise the law by the end of 2017.

Labour Dispute Adjudication Procedure Law

Another important piece of legislation that the MoLVT aimed to finalise in 2017 is the Labour Dispute Adjudication Procedure Law. The zero draft law proposed to change existing procedures and institutions for resolving labour disputes, by, among other things, expanding the role and mandate of the Arbitration Council. It also proposed new procedures for disputes to be heard before the labour courts. At the request of the Government, the ILO has provided technical assistance and has provided the MoLVT with technical comments and guidance on the draft law. Following concern from the tripartite constituents and other parties, the MoLVT announced in October 2017 to revoke the law.

Law on Trade Unions

The Law on Trade Unions was promulgated on 17 May 2016. The international institutions formally responsible for the review of national legislation in light of relevant international labour standards are commonly referred to as the ILO supervisory bodies and include the Committee on the Application of Standards (CAS), the Committee of Experts on the Application of Conventions and Recommendations, and the Committee on Freedom of Association which holds regular meetings in Geneva. During its meeting in June 2016, the CAS discussed, amongst others the Law on Trade Unions and urged the Government to ensure that it is in full conformity with the provisions of Convention No. 87 and invited the Government

to accept a direct contacts mission to Cambodia before the 2017 International Labour Conference in order to assess progress towards compliance with the conclusions of the CAS. In September 2016, the Committee of Experts examined Cambodia's law on trade unions in order to assess its compliance with ratified Conventions, provided detailed comments on the law and requested the Government to amend the law in consultation with its social partners. The government accepted the CAS invitation for a direct contact mission and the mission took place in March 2017. The conclusions of the direct contact mission were discussed at the International Labour Conference in June 2017. After the discussion, the Committee on the Application of Standards requested the Government to, amongst others, ensure that the Trade Union law is in full conformity with Convention 87 and that workers are able to register trade unions through a simple, objective and transparent process.

Transportation

The daily commute for garment workers remains a substantial risk that many workers face on a daily basis. Following the trend of the previous years, 2016 was yet another year characterised by several road accidents involving workers on their way to factories, resulting in fatalities and serious injuries. According to the National Social Security Fund (NSSF) report, workers were involved in 7,592 traffic accidents in 2016. A total of 103 workers died and 9,309 were injured, of which 1,298 were classed as seriously injured. For the garment and footwear sector, workers were involved in 4,451 traffic accidents with 43 workers were killed.

BFC is coordinating and facilitating a transportation safety working group set up by buyers that has brought buyers and other stakeholders together for a joint action plan, including research on current practices around transportation and accidents in their supplying factories. A concrete and time bound action plan has now been developed by the transportation group that aims at developing pilot approaches at the factory level as well as engage with actors and partners at the policy level.

Social Protection

The government-run insurance scheme; National Social Security Fund (NSSF), covering workers' injuries, work related illness and travel-related accidents, has been in place since mid-2008. It has now broadened its coverage to include healthcare services. The healthcare service scheme has commenced its implementation from 1 May 2016 starting from Phnom Penh, Kandal and Kampong Speu provinces and is in the process of implementing these services to other provinces.

BFC HIGHLIGHTS

This section provides an overview of BFC's main outputs and accomplishments during the reporting period. These are presented according to the goals and objectives of BFC's current strategic phase. Before presenting these details, this section presents BFC's policies and strategies on anti-corruption and delivery of services against the highest standards. A separate brochure has been developed that will be shared with stakeholders and partners on this important issue that underpins BFC's credibility and reputation.

BFC's Quality Standards and Anti-Corruption Policy

As part of the Better Work programme, Better Factories Cambodia strives for excellence in all of its operations and is guided by key values that are essential for the programme's impact and reputation:

- ◆ Quality
- ◆ Integrity
- ◆ Neutrality
- ◆ Transparency
- ◆ Respect and dignity
- ◆ Positive change

A set of crucial policies, procedures and practices underpin these values and the programme's commitment to deliver against the highest standards. The quality of our staff is at the core of this.

Better Work is committed to recruiting and retaining high-skilled staff to achieve its objectives. Under the ILO's recruitment regulations, merit-based selection based on transparent and credible processes is the key to success. Better Work managers are expected to maintain the highest standards in selection processes.

TRAINING NEW STAFF

Regardless of their background or knowledge, every new staff member working on BFC's service delivery goes through a thorough induction programme. The entire induction programme takes approximately 3 to 4 months, after which the new staff member will be able to deliver factory level services independently.

In addition to an in-depth induction programme, all staff receive between 10 - 15 days of additional training on an annual basis, to ensure that skills and knowledge are continuously sharpened.

ENSURING QUALITY AND STRENGTHENING SKILLS

BFC is determined to deliver high quality services to maximize the impact of its work. To reach this goal, the programme has developed a strong quality assurance protocol that consists of different measures, including:

- ◆ Regular shadow visits of BFC staff delivering core services in factories. Each BFC team member should be observed by his/her team-leader at least twice a year for each of the core service that he or she delivers. The results of the shadow visit are captured in the QAQC observation template, discussed with the team-leader and followed-up on in regular performance management cycles.
- ◆ Every assessment report is edited by the team-leader, international staff or international consultants working on the programme. Reports are checked on accuracy of findings, consistency of the report and grammar. The Better Work Global Legal Officer does regular spot checks of reports and provides feedback.
- ◆ Every progress report that BFC produces for factories in advisory services is edited by the team-leaders or international staff of the programme. Reports are checked on accuracy, consistency and grammar, and progress being made by the factory.
- ◆ Tracking systems that ensure that up to date information is available on the targets for delivery of core services.

ANTI-CORRUPTION

Better Work is committed to preventing corruption, fraud, dishonesty, and to actively promoting an anti-corruption culture. Better Work has zero tolerance to corruption and aspires to the highest ethical standards.

Within this framework, Better Work has prepared an Anti-Corruption Policy, in accordance with Better Work's Code of Conduct as well as the United Nations Convention against Corruption (2003) and the ILO's Anti-Fraud Policy (2015). It serves as an internal policy guide for Better Work in its anti-corruption efforts. This policy applies to all Better Work staff. This policy is concerned with acts of corruption, fraud and dishonesty committed against or potentially by Better Work staff, external collaborators, contractors and suppliers of goods and services. Areas covered in this policy include i) Definition of corruption; ii) Prevention; iii) Reporting; iv) Investigative Procedures; v) Consequences of non-compliance; and vi) Defense rights.

While executing their duties, Better Work staff have to strictly adhere to the Better Work Code of Conduct and the ILO Anti-Fraud Policy.

In its day-to-day operations, BFC has developed a set of preventative rules to mitigate risks. Examples of these rules are:

- ◆ All assessment visits are unannounced;
- ◆ Assessors are informed of their own assessment schedule only. They receive their own schedule on a weekly basis with minimum notice period;
- ◆ Drivers are not informed of the schedule until the morning of the visit;
- ◆ Assessments are conducted in teams of two, and teams are rotated every four months;

- ◆ Enterprise assessors cannot accept lunch invitations or any other (monetary or non-monetary) gifts by factory management;
- ◆ At the start of every assessment visit, enterprise assessors inform the management of the factory of the BFC anti-corruption policy and management is requested to read the policy and sign it;
- ◆ All attempts of bribery have to be reported and are recorded in a register;
- ◆ Internal performance monitoring system is used to identify unusual variations in compliance levels.

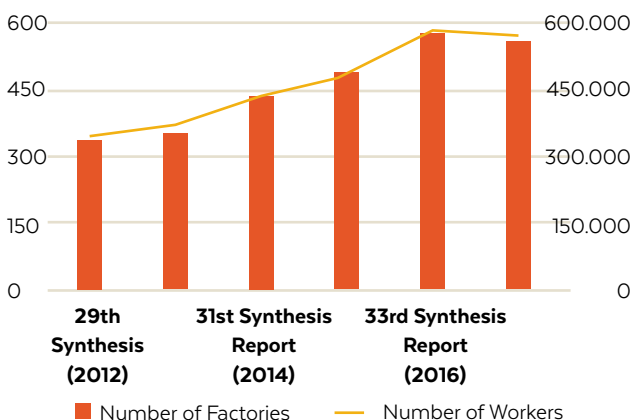
Since May 2012, staff have reported that on 44 occasions where factory managers have attempted to deviate from BFC's anti-corruption policy that they sign at the start of each visit. In 29 of these occasions, BFC assessors were offered an envelope (content unknown), or money in exchange for a 'favourable' report. In 10 other occasions, assessors were offered gifts, coffee or lunch money. In 5 other incidents, staff were invited for informal and unofficial lunches or dinners to discuss the findings of the reports.

BFC will continue to apply its anti-corruption policy in a rigorous way and further strengthen it if necessary.

Industry Coverage

The following graph presents the number of workers and factories covered by the BFC programme.

GRAPH 1: NUMBER OF WORKERS AND FACTORIES COVERED BY BFC (GARMENT INDUSTRY WIDE)



The number of factories shown includes all active factories (not closed or suspended) that have registered with BFC. The employment figures are drawn from the list of registered garment and footwear factories with BFC as of 30 April 2017. Female workers represent 85.2% among the total workforce in the programme (569,324), while male employees account for 14.8%. 36% of all 558 factories registered with BFC are owned by Chinese investors, followed by Taiwanese (20%), Hong Kongese (13%), and Korean (12%). Only four percent of the factories are owned by Cambodian nationals. The other owners are from Singapore, Japan, Malaysia, Thailand, the United Kingdom, the United States, Canada, France, Australia, Netherlands, Spain, Belgium, India, and The Cayman Islands. The registered number of factories with BFC includes two bag factories, one tent factory, and one sports glove factory.

BFC's Strategic Progress

OBJECTIVE 1: EXPANDING IMPACT THROUGH FACTORY LEVEL WORK

The first area of work in BFC's current strategic phase focusses on increasing the impact of our in-factory work. In addition to further strengthening our procedures and processes to increase the quality and consistency of our Assessment, Advisory and Training services, the team has invested heavily in further strengthening its capacity to assess violations with freedom of association and how to address them through advisory services and training programmes. The team received training from industrial relations experts on interview techniques and triangulation of data and worked on guidelines for how to best address the violations through the advisory services. This includes dealing with sometimes complicated relations between unions in a factory and or unions and management. A revised training approach on industrial relations helps factories and the BFC trainers to more directly target factory specific challenges.

The table below provides an overview of some key indicators related to BFC's in factory work. Most of the factory level indicators have shown growth and as such demonstrate the relevance of the programme for the sector and the country as a whole.

TABLE 5: BFC KEY DELIVERY INDICATORS FOR SYNTHESIS REPORT 33 AND 34

	SR 33	SR 34	% CHANGE
Factories assessed (including footwear assessments)	422	442	5%
Number of workers covered during this assessment	456,285	484,396	6%
Factories with advisory services	85	89	4%
Factory participation in training	157	165	5%
Number of training participants	1974	1882	-5%
Number of reports purchased by buyers	450	478	6%
Number of factories from which buyers purchased reports	267	270	1%
Number of brands purchasing reports	48	49	2%

OBJECTIVE 2: STRENGTHENING INSTITUTIONAL SUSTAINABILITY OF THE PROGRAMME

An important area of work of the current strategic phase relates to increased engagement with national stakeholders, especially the Government, on ensuring that working conditions in Cambodian garment factories meet legal requirements. This includes the formulation and implementation of an action plan between BFC and the MoLVT to gradually strengthen the MoLVT's capacity to prevent and remediate non-compliance and enforce the labour law. The ministry has indicated that it aims to have the same quality, credibility, transparency and trust as BFC and asked the programme to work hand in hand with the ministry on this.

Noting the different and complementary roles, where the inspection services of the ministry have the Government's authority to inspect all workplaces and enforce the labour law where necessary, and where BFC, as a neutral and independent programme, has the mandate to assess and report on compliance with the labour law in all garment exporting factories, BFC prepared a proposal on priorities for collaboration that was submitted to the Ministry in May 2016 and more recently finalized. The ministry and BFC have worked together on a revised checklist for the ministry's joint inspection teams. The checklist has been finalized and will be used by the inspection teams as of next year.

The MoC, the MoLVT, GMAC and the ILO renewed their commitment to the continuous improvement of working conditions in the garment sector and signed a MoU that extends BFC for three years, until December 2019. During this period, the partners have committed to increased collaboration, working together to improve the working conditions and boost the competitiveness of the garment sector to build the institutional sustainability of the programme's interventions.

OBJECTIVE 3: CREATING PARTNERSHIPS FOR CONTINUOUS IMPROVEMENT AND THE FUTURE OF THE SECTOR

Following concerns expressed by the market on the attractiveness of the Cambodian garment sector, BFC commissioned research into the competitiveness and the state of the industry in 2016. The research, which was shared during the conference to mark BFC's 15th anniversary, confirmed the weakening of the attractiveness of the sector and also identified opportunities to strengthen its competitive base.

The research was shared with industry partners, the Royal Cambodian Government, unions and those who participated in the research. Since then, the Government has recognised the need to develop a more strategic vision for the industry focused on addressing its weaknesses as well as taking advantage of the opportunities. The Prime Minister has given the mandate to the Supreme National Economic

Council (SNEC) to formulate this strategic vision.

Since early this year, the technical team that is now driving the formulation of this strategic vision has worked on additional economic analysis on the garment sector, especially related to product types, volumes, and value-add and are complementing this data with interviews and additional surveys amongst GMAC members, as well as interviews with international buyers and vendors and meetings with unions. The formulation process involves regular consultations with the key actors in the industry, including unions, the relevant ministries (including Labour and Commerce), employers and development partners.

As a member of the technical team, BFC's role in this process has been to work closely with the technical team in providing feedback on their initial analysis, facilitating consultative meetings with other partners including unions, organising a workshop on sourcing strategies and country case studies, and facilitating meetings with buyers, vendors, intermediaries and the Hong Kong American Chamber of Commerce. Following further research and additional consultations, it is expected that a draft strategy will be ready in the first quarter of 2018.

In addition to this vital piece of work, BFC has also embarked on closer engagement with the union movement. This was based on feedback during consultation and evaluation processes. BFC has invited the union movement to select 20 members of 20 different federations with an important presence in the garment sector to be members of a trade union contact group. The group is informal in nature and serves to build better understanding of the purpose of the programme amongst unions and to consult with and ask for feedback from the unions on BFC activities in general and those specifically related to engagement with workers. One of the outcomes of this work is that BFC has developed a Facebook page aimed at workers, where it can share important information for workers on their rights, their responsibilities and issues related to hygiene and wellbeing of workers.

OBJECTIVE 4: ENHANCING OUR KNOWLEDGE BASE AND COMMUNICATION OUTREACH

One key deliverable within this area of work is the establishment of a baseline as part of a robust impact study that measures if and how BFC impacts working conditions in the factories where it operates and what the impact is on worker wellbeing and business outcomes. This impact study, which is independently managed by Tufts University and executed by Indochina research in Phnom Penh is expected to be finalised at the end of 2018. The baseline, covering 73 randomly selected factories was created in 2016 and included a survey amongst 1,500 workers and interviews with 50 managers. The baseline findings were published in March and included interesting insights some of which are presented below:

- ◆ 40% of the managers reported that enrolment in BFC helped their factories in obtaining additional orders or better contract terms.
- ◆ 50% of the managers perceived their biggest business challenges as low efficiency of the production process, low skills of current workers and union activity.
- ◆ 29% of the workers said it would be likely or very likely that they would be terminated or not have their contract renewed if they joined or supported a union.
- ◆ 26% of the workers feel somewhat or very uncomfortable asking for help from the trade union if they were having trouble getting a problem solved
- ◆ 23% of the workers state that they always wear safety equipment provided to them while 21% state that they never do this.
- ◆ 9% of the workers surveyed say that they often felt uncomfortable because of inappropriate behaviour.

BFC has also undertaken additional research on subcontracting. While it remains challenging to find objective data on this issue, the programme was able to analyse and compare factory lists that were registered with different agencies, including GMAC, NSSF, the MoC and BFC. The analysis has been discussed with buyers and the Project Advisory Committee, consisting of

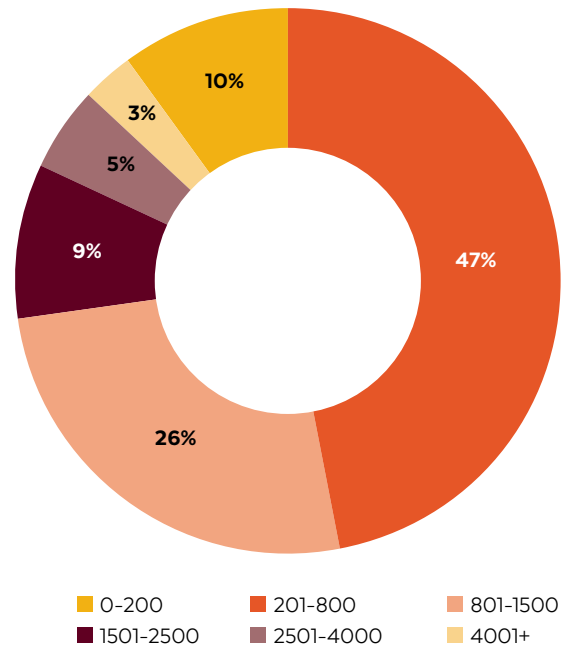
representatives from GMAC, the union movement, and the MoLVT and the MoC. Based on the BFC analysis, the ILO has finalised additional research that has been published in one of its recent garment sector bulletins.

INDUSTRY DEVELOPMENTS

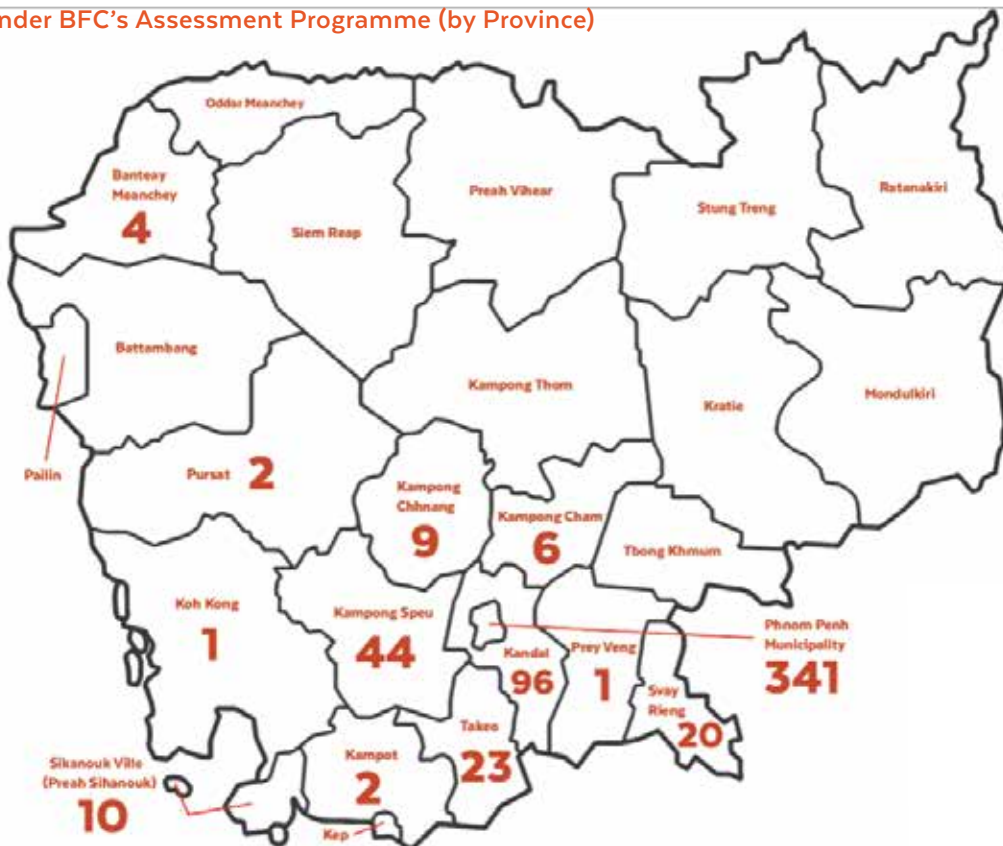
Factories in the sample

This report presents findings from 395 factories assessed within the reporting period out of a total of 558 registered with the programme. In terms of size, most factories in the programme (73%) employ between 200 and 1500 workers. The total amount of workers is 569,324 of which 487,442 (85%) are women. There were 57 new factories in the programme that finished Cycle 1, and the average Cycle in this reporting period was the 6th Cycle. The majority of the factories (56%) finished Cycle 4 and above, indicating the maturity of factories in the programme.

WORKERS PER FACTORY



Factories under BFC’s Assessment Programme (by Province)



Section II: Compliance overview

METHODOLOGY

Better Work, including BFC, carries out factory assessments to monitor compliance with international labour standards and national labour laws. In its factory and industry-level reports, it highlights non-compliance findings. Better Work reports these figures to help factories easily identify areas in need of improvement. Collecting and reporting this data over time will help factories demonstrate their commitment to improving working conditions.

Better Work organises reporting into eight areas, or clusters, of labour standards: Four of the clusters cover fundamental rights at work and four cover basic conditions at work. Each of the eight clusters is divided into its key components, known as ‘compliance points’. With very limited exceptions, the compliance points are standard across all Better Work countries.

In 1998, Member States, workers, and employer representatives at the International Labour Organization identified fundamental principles and rights at work based on eight widely ratified International Labour Conventions - 29, 87, 98, 105, 100, 111, 138, and 182. These Conventions provide the framework for assessing non-compliance with the Child Labour, Discrimination, Forced Labour, and Freedom of Association and Collective Bargaining clusters across all Better Work country programmes.

The four other clusters assess conditions at work - including Compensation, Contracts and Human Resources, Occupational Safety and Health, and Working Time. The compliance points covered in these clusters are largely consistent across countries; however, each compliance point contains specific questions that may vary from country to country due to differences in national legislation. National law is used as a benchmark regardless of whether it is in line with international conventions that have been ratified by the country. In countries where national law fails to address or lacks clarity around a relevant issue regarding conditions at work, Better Work establishes a benchmark based on international standards and good practices. The detailed list of compliance points within each cluster is indicated in the table below. Along with the non-compliance rates for the 395 assessed factories in the reported period. Non-compliance rates are reported for each cluster points under the eight Core Labour Standards and Working Conditions Clusters. Detailed individual discussions are presented in the following section.

TABLE 6: AREAS COVERED BFC'S ASSESSMENTS

		SR33	SR34		
Core Labour Standards	1 Child Labour	Child Labourers	2%	1%	-1%
		Documentation and Protection of Young Workers	3%	3%	-
		Hazardous Work and Other Worst Forms	2%	2%	-
		2 Discrimination	Gender	0%	9%
	3 Forced Labour	Other Grounds	10%	0%	-10%
		Race and Origin	0%	0%	-
		Religion and Political Opinion	0%	0%	-
	4 Freedom of Association and Collective Bargaining	Bonded Labour	0%	0%	-
		Coercion	0%	1%	1%
		Forced Labour and Overtime	1%	1%	-
		Prison Labour	0%	0%	-
	5 Compensation	Collective Bargaining	3%	3%	-
Freedom to Associate		7%	8%	1%	
Interference and Discrimination		8%	12%	4%	
Strikes		1%	1%	-	
Union Operations		4%	11%	7%	
6 Contracts and Human Resources	Method of Payment	7%	7%	-	
	Minimum Wages/Piece Rate Wages	31%	28%	-3%	
	Overtime Wages	28%	36%	8%	
	Paid Leave	52%	64%	12%	
	Social Security and Other Benefits	52%	63%	11%	
	Wage Information, Use and Deduction	50%	55%	5%	
7 Occupational Safety and Health	Contracting Procedures	34%	41%	7%	
	Dialogue, Discipline & Disputes	94%	89%	-5%	
	Employment Contracts	54%	60%	6%	
	Termination	64%	79%	15%	
	Chemicals and Hazardous Substances	57%	62%	5%	
	Emergency Preparedness	59%	65%	6%	
	Health Services and First Aid	96%	96%	-	
8 Working Time	OSH Management Systems	75%	82%	7%	
	Welfare Facilities	91%	94%	3%	
	Worker Accommodations	4%	14%	10%	
	Worker Protection	89%	91%	2%	
8 Working Time	Worker Environment	96%	97%	1%	
	Leave	33%	44%	11%	
	Overtime	76%	77%	1%	
8 Working Time	Regular Hours	10%	19%	9%	

Calculating Non-Compliance

Better Work calculates non-compliance rates for each factory and reports these in individual factory reports. The non-compliance rate is reported for each sub-category, or compliance point, within a cluster. A compliance point is reported to be non-compliant if one or more questions within it is found to be in non-compliance. A non-compliance rating on a compliance point does therefore not necessarily mean that all questions under that compliance point are found to be non-compliant.

In public annual synthesis reports, Better Work calculates the average non-compliance rates for all factories assessed in the reporting period, 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 one or more violations in that area.

While it is a strict indicator, the non-compliance rate is useful for Better Work to aggregate and compare data across countries. However, this number is not sufficient to fully describe the specific issues that Enterprise Advisors (EAs) have observed during their assessments. For this reason, tables highlighting key non-compliance findings at the question level are also presented in Section II with the title of 'In Focus' tables. These tables, showing the number of factories found to be non-compliant based on each specific question, allow the reader to fully appreciate the specific challenges identified in factory assessments under particular compliance points.

Limitations in the assessment process

The factory-level assessments carried out by Better Factories Cambodia follow a thorough checklist of over 250 questions covering the above mentioned labour standards. Information is gathered through a variety of sources and techniques, including document reviews, observations on the factory floor, and interviews with managers, workers and union representatives.

The detailed factory assessment reports are based

on what was observed, investigated and analysed during the actual assessment and a review of relevant documents collected during the assessment visit. Before the reports become official, factories are given seven days to provide feedback and clarifications on its findings.

Some issues covered in BFC's assessment can be difficult to assess and verify independently. These issues include sexual harassment and freedom of association. Getting enough evidence on these issues to determine violations can be challenging due to range of reasons, including the sensitive nature of the issues and reluctance of workers to report.

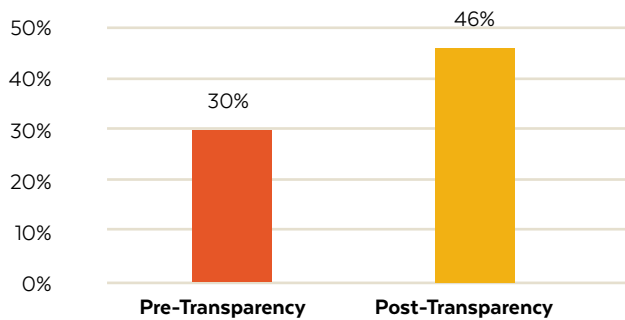
Compliance assessments offer an opportunity to determine an objective answer to compliance on relevant issues. This structure limits the ability to prove reductions of the severity of non-compliance that remain. For example, factories may significantly improve a problem but may still not qualify as compliant, especially when the labour law is stringent (as in the example of the number of western toilets for female workers). For factories that are in advisory services, improvements are being reported in progress reports and shared with the relevant factory and relevant brands.

PROGRESS ON TRANSPARENT REPORTING

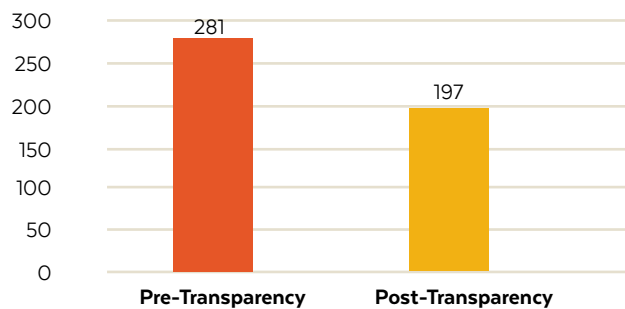
BFC reintroduced transparent reporting in 2014 as part of a strategy to accelerate industry progress by publicly reporting on factory compliance with key legal requirements. BFC's public reporting database currently covers 480 factories – over 85% of the garment factories in Cambodia that have export permits.

The most recent transparency report, which was released in May 2017, continued to demonstrate important improvements between factory performance before and after transparent reporting. As demonstrated by the graphs below, 30% of the factories were in compliance with all critical issues, while this number increased to 46% in our latest report. In addition, the number of violations on the 21 critical issues decreased from 281 prior to transparent reporting to 197 violations in May 2017.

FACTORIES IN COMPLIANCE WITH CRITICAL ISSUES



VIOLATIONS ON 21 CRITICAL ISSUES



The table below demonstrates the change in compliance since the start of transparent reporting. There has been a noticeable increase in the compliance levels regarding emergency evacuation drills (17%) and emergency exit doors unlocked (13%). Discrimination violations have also gone down by 10%. While many of the critical issues have seen solid improvements, it should be noted that several issues have not improved. Some of these issues include areas where non-compliance levels are very low (such as forced labour and sexual harassment). However, other issues have seen a decrease in compliance levels, for instance, the issues related to Freedom of Association. Compliance levels with respect to the provision of clean drinking water has seen a substantial drop in compliance levels of 10%. Based on the most recent data, we see important improvements on many issues that is reported on in the transparency database, however, continuous measuring of compliance levels and where necessary enforcing the law remains critical in ensuring that employers consistently uphold the law in their workplaces.

TABLE 7: PERCENTAGE CHANGE IN PUBLICLY REPORTED ISSUES SINCE ITS LAUNCH IN 2014

PUBLIC REPORTING ISSUES	% CHANGE IN COMPLIANCE
Regular emergency evacuation drills (every 6 months)	17%
Emergency exit doors are unlocked during working hours	13%
No discrimination against workers	10%
Bonuses allowances leave counts entire employment period	5%
No un-remediated child labour	5%
Correctly paid minimum wages	3%
No dismissal of pregnant workers	3%
No discrimination against workers based on union membership	3%
Correctly paid overtime wage	2%
Emergency exit doors are sufficient	1%
No forced labour	0%
No dismissal of workers during maternity leave	0%
No sexual harassment	0%
Equal pay for men and women	0%
Job is not dependent on union membership	0%
Dangerous machine parts have safety guards (not needle guards)	0%
No management interference with union	-1%
Workers can join and form unions freely	-1%
Workers are free not to join a union	-1%
No control of union by employer	-2%
Water for drinking is clean and sufficient	-10%

As part of the objective to drive industry wide change, BFC also includes low compliance factories in its transparency report. Factories with 3 or more BFC assessments are measured against 52 legal requirements. Factories with the lowest compliance levels—those falling two standard deviations below the mean for compliance—are included in the transparent reporting. These are typically factories without reputation sensitive buyers, that don't feel the need nor pressure to make improvements. Once these factories fall in the low compliance category, a joint team of BFC, Ministry of Labour and Vocational Training and Ministry of Commerce staff visit the factory to discuss with management how to make improvements. An unannounced follow up visit is undertaken by BFC to measure progress.

The number of low compliance factories has reduced substantially since the launch of the transparent reporting as is demonstrated by the graph below. After a more careful analysis, BFC noted that approximately 30% of the low compliance factories closed down operations, about 30% improved compliance levels so that they were taken out of the low compliance cat-

egory and the remainder did not improve sufficiently and continued to appear on the transparent report. The most recent data demonstrate a slight increase in number of factories falling in the low compliance category. This indicates that BFC, the Ministry of Labour and the Ministry of Commerce will have to continue working together to combine roles around assessment and reporting with that of enforcing the law.

With respect to the data related to strikes, 100% of the strikes did not comply with at least one or more legal requirements. It should be noted though that all strikes were related to reasons permitted by the law. However, in only 11% of the strike cases, workers had attempted to settle dispute using other peaceful methods first, 13% had approved the strike by secret ballot, 8% had provided the required 7 days prior notice to management before going on strike and 8% had provided the required 7 days prior notice to the Ministry of Labour and Vocational Training prior to the strike. These figures show that much more improvement is necessary to ensure that all legal requirements with regards to conducting strikes are necessary.

PERCENTAGE OF LOW-COMPLIANCE FACTORIES

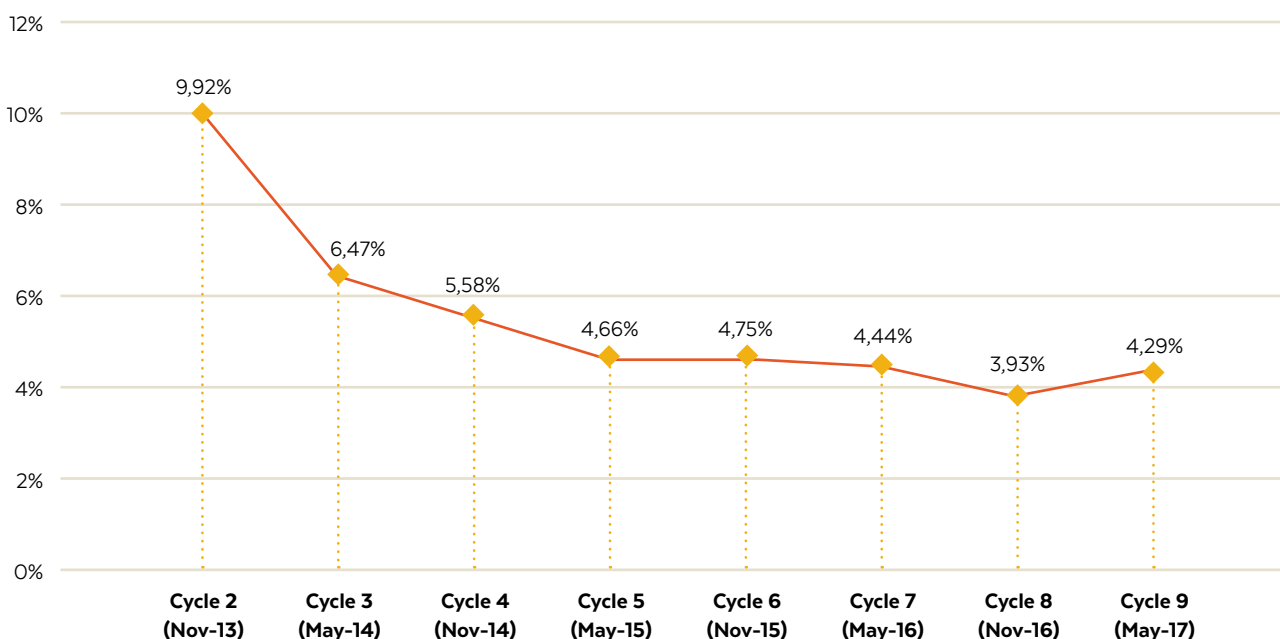


TABLE 10: AREAS OF CHANGES IN COMPLIANCE

LEGAL REQUIREMENT	PERCENTAGE OF FACTORIES IN NON-COMPLIANCE					
	SR34	SR33	SR32	SR31	SR30	SR29
Payment for maternity leave	15%	17%	18%	24%	25%	23%
Overtime limited to 2 hours per day	70%	66%	76%	82%	85%	88%
Only one payroll ledger that accurately reflects wages paid to workers	32%	33%	33%	40%	48%	45%
Payment of \$10 attendance bonus when workers take annual leave	11%	14%	25%	34%	37%	42%
Sufficient soap and water available near the toilets	33%	39%	47%	54%	53%	52%
Heat levels in the factory	71%	69%	69%	65%	73%	68%
Minimum wage for regular workers	2%	1%	3%	2%	3%	3%
Minimum wage for probationary and casual workers	2%	3%	2%	2%	8%	8%
Minimum wage for piece-rate workers	0%	1%	2%	8%	9%	5%
Correct OT rate for regular workers and piece-rate workers	8%	8%	2%	3%	3%	3%
Eighteen (18) days of annual leave	11%	9%	5%	5%	4%	5%
Paid sick leave	31%	27%	24%	27%	24%	32%
Voluntary overtime	7%	8%	13%	14%	14%	11%
Provision of personal protective equipment	74%	58%	47%	51%	59%	52%
Guards properly installed and maintained on sewing machines and dangerous moving parts of machines and equipment	25%	26%	25%	38%	36%	42%
At least 24 consecutive hours off per week	4%	1%	1%	1%	0%	5%
Weekly time off on Sunday	4%	2%	2%	3%	6%	1%
Factory works on Sundays	85%	80%	87%	86%	89%	80%
Health and safety policy written in Khmer	46%	28%	31%	32%	36%	38%
Safety and health information in Khmer posted in the workplace	5%	3%	8%	8%	8%	5%
First-aid boxes in the workplace	29%	26%	43%	39%	41%	28%
No payment to get a job	1%	1%	1%	1%	2%	1%

Detailed Findings

CHILD LABOUR

Child Labour is one of the zero tolerance issues that BFC monitors in factories. BFC undertakes a sample check in each factory to assess compliance on child labour. BFC conducts investigations on the suspected cases that are a result of this sample. The table below shows an overview of the number of confirmed child labour cases in factories for the current and previous reporting period. The data demonstrates a strong decrease in number of confirmed under aged workers over the last couple of years in the factories suggesting a positive impact of the collaboration between GMAC and BFC to address this issue in the sector.

TABLE 11: CHILD LABOUR CONFIRMED CASES

REPORTING PERIOD	MAY 2013 - APRIL 2014 (SR 31)	MAY 2014 - APRIL 2015 (SR 32)	MAY 2015 - APRIL 2016 (SR 33)	MAY 2016 - APRIL 2017 (SR 34)
	# of confirmed child labour cases (< 15 years)	# of confirmed child labour cases (< 15 years)	# of confirmed child labour cases (< 15 years)	# of confirmed child labour cases (< 15 years)
Footwear	9	2	0	0
Garment	65	28	16	4
Total	74	30	16	4

In 1 of the 4 cases, the factories refused to participate in the remediation programme and as a result, appeared on the transparency data base as un-remediated child labour and BFC informed the Ministry of Labour and Vocational Training and the Ministry of Commerce about this case to take further action. Of the 3 remaining cases, 3 girls under the age of 15 were discovered to have worked in factories, contravening the Labour Law. In collaboration with GMAC, the 3 affected children were offered remediation under BFC's remediation program, with vocational training provided, and the Factories involved were provided

with training on child labour. BFC informed the Ministry of Labour and Vocational Training and the Ministry of Commerce of the successful remediation of these cases. The findings related to reliable verification of age of workers mostly relate to incomplete verification (for instance on the basis of one identification only) or no identification at all. The findings on workers under 18 years not performing overtime or night work solely concern young workers doing overtime.

For more details on the findings see the 'In Focus' tables below.

IN FOCUS TABLE 1: DOCUMENTATION AND PROTECTION OF YOUNG WORKERS

	NON COMPLIANCE RATE % SR 33	NON COMPLIANCE RATE % SR 34	% CHANGE
Does the employer keep a register and get consent from the guardians of workers under 18 years of age?	1.30%	2.03%	0.7%
Does the employer reliably verify the age of workers prior to hiring?	2.60%	2.28%	0.0%

IN FOCUS TABLE 2: HAZARDOUS WORK AND OTHER WORST FORMS OF WORK

	NON COMPLIANCE RATE % SR 33	NON COMPLIANCE RATE % SR 34	% CHANGE
Are any workers who are under age 18 working at night, or working more than 8 hours per day (including overtime)?	1.80%	1.77%	0.0%
Does the employer subject any workers under age 18 to the unconditional worst forms of child labour?	0.00%	0.00%	0.0%

DISCRIMINATION

Under discrimination, BFC monitors any discriminatory practices against workers during hiring, employment or termination based on their race, colour, sex, or political opinion. The programme also checks whether management dismisses or changes workers' employment status due to maternity leave, pregnancy or different pay for men and women. The highest non-compliance rate for the Discrimination cluster was 9% of the factories found to have discriminated on the basis of gender, see 'In Focus' Table 3: Discrimination below. Findings in this cluster relate to employers not hiring pregnant workers or not extending contracts of pregnant workers as well as discrimination of mostly male workers during hiring, or type of contract.

IN FOCUS TABLE 3: DISCRIMINATION

	NON COMPLIANCE RATE % SR 33	NON COMPLIANCE RATE % SR 34	% CHANGE
Does the employer terminate workers who are on maternity leave or force them to resign?	3.90%	0.51%	-3.4%
Does the employer terminate workers who are pregnant or force them to resign?	1.30%	1.01%	-0.3%
Is an applicant's gender a factor in hiring decisions?	4.90%	6.58%	1.7%
Is gender a factor in decisions regarding conditions of work?	0.20%	0.25%	0.1%

FORCED LABOUR

Forced labour happens on a very limited scale; during the reporting period, there were six factories (1.51%) involved in Forced Labour related practices. Three cases related to forced overtime, meaning that workers were threatened with non-renewal of contracts; a requirement to seek permission from supervisors in order to not complete overtime; and in some cases, termination occurred after refusing overtime.

In one case all workers who went on strike were terminated as a punishment for striking directly after the strike finished. In another case, payment was withheld from workers to make sure the workers did not 'abandon' their work directly after a payday. In a final case, the employer restrict workers from leaving the workplace to make sure they finished an order for overtime work.

IN FOCUS TABLE 4: FORCED LABOUR AND OVERTIME

	NON COMPLIANCE RATE % SR 33	NON COMPLIANCE RATE % SR 34	% CHANGE
Are workers forced to work overtime under threat of penalty?	1.30%	0.76%	-0.5%
Does the employer delay or withhold wage payments in order to coerce workers to work?	0.00%	0.25%	0.25%
Does the employer force workers to work to discipline them or as punishment for participation in a strike?	0.00%	0.25%	0.25%
Does the employer restrict workers from leaving the workplace?	0.00%	0.25%	0.25%

FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING

Under the Freedom to Association compliance point, non-compliance was registered at 31 factories out of a total of 395; or 8%. This is an increase in non-compliance by 1.8% from the previous report (Synthesis Report 33) and can be attributed to a greater focus on training Better Factories Cambodia staff to better identify and elicit data in what is traditionally a difficult and contentious area to assess.

Interference and Discrimination and Union Operations are the main source of non-compliance in the cluster, with 12% and 11% non-compliance respectively. Issues

in relation to workers being able to freely form and join a union, employers controlling unions and the elections of unions their representatives and the employer terminating union officials that are protected under the law without correct permission from the Ministry of Labour and Vocational Training are also clear outliers in non-compliance.

In the question whether workers can freely form and join a union, 22 or 5.57% factories were not compliant, with 3 having no union in a factory, 15 counts of employer restriction, coercion or termination, and 15 individual issues regarding obtaining consent from the workers to join a union.

IN FOCUS TABLE 5: FREEDOM TO ASSOCIATE

	NON COMPLIANCE RATE % SR 33	NON COMPLIANCE RATE % SR 34	% CHANGE
Can the union(s) freely form and join federations and confederations of their choice?	0.00%	0.25%	0.3%
Can workers freely form and join a union?	5.20%	5.57%	0.4%
Does the employer require workers to join a union?	2.40%	2.78%	0.4%

IN FOCUS TABLE 6: INTERFERENCE AND DISCRIMINATION

	NON COMPLIANCE RATE % SR 33	NON COMPLIANCE RATE % SR 34	% CHANGE
Does the employer interfere with workers or unions when they draw up their constitutions and rules, hold elections, or organize their activities, administration or finances?	2.90%	4.05%	1.2%
Has the employer taken steps to bring the union(s) under its control?	2.90%	4.30%	1.4%
Has the employer terminated a union official without getting permission from the Ministry?	1.60%	4.30%	2.7%
Has the employer terminated any worker or not renewed their contract due to the worker's union membership or activities?	1.60%	1.01%	-0.6%

WORKING CONDITIONS**Compensation**

The cluster around compensation measures compliance with respect to national legislation on wages, pay, and information on compensation and benefits. The highest non-compliance rates were recorded for Paid Leave (64%), for Social Security and Other Benefits (63%), and Wage Information, Use and Deduction (55%).

PAID LEAVE

Similar to last year, non-compliance for Paid Leave was cited at a high rate due to employers not correctly providing paid sick leave as required, or in other instances refusing to accept certificates from private

clinics when a worker missed a day as a result of an illness. Additionally, the employer often did not inform female workers about their hour of paid time off per day for breast-feeding where applicable.

In relation to the specific question about the employer paying workers correctly for annual leave, there were 96 (22.53%) individual instances where annual leave was not paid correctly. Out of those 96, there were instances of extra days of annual leave entitlements not being factored into the annual leave calculation, or employers paying out annual leave at the end of a worker's employment rather than allowing workers to take the annual leave, but by far the biggest reason (92 instances) for annual leave not being paid correctly was that the calculation methodology of annual leave payments was incorrectly calculated by using the basic wage. Following the legal requirements, factories

should pay workers who take annual leave the daily wage based on their average monthly earnings over the last 12 months preceding taking the annual leave. The substantial increase of non-compliance on this compliance points can partially be attributed to the fact that last year factories were given a grace period to come into compliance on their calculation methodology. Those that did not improve their calculation methodology (48 factories) were rated as non-compliant.

With respect to correctly paying for maternity leave, the law requires employers to pay workers who have

worked for one year and who are on maternity leave $\frac{1}{2}$ of their average monthly earnings during the 12 months preceding the maternity leave (including Overtime pay and bonuses). The issues around correct payment of maternity leave include issues with the calculation of the correct amount (either not based on an average of average monthly earnings, or not taking the average of the last 12 months), or the actual timing of the payment, where employers pay after returning from maternity, rather than before or during as required by the law.

IN FOCUS TABLE 7: PAID LEAVE

	NON COMPLIANCE RATE % SR 33	NON COMPLIANCE RATE % SR 34	% CHANGE
Does the employer pay workers correctly during special leave?	7.10%	10.63%	3.5%
Does the employer pay workers correctly during suspensions of work?	3.20%	10.13%	6.9%
Does the employer pay workers correctly for annual leave?	7.30%	22.53%	15.2%
Does the employer pay workers correctly for maternity leave?	17.10%	14.94%	-2.2%
Does the employer pay workers correctly for paid public holidays?	0.80%	1.27%	0.5%
Does the employer provide paid sick leave as required by the factory's Internal Regulations, or if there are no Internal Regulations, according to the Ministry's practice?	26.50%	31.14%	4.6%
Does the employer provide workers one hour of paid time off per day for breast-feeding?	25.90%	21.27%	-4.6%

SOCIAL SECURITY AND OTHER BENEFITS

The highest non-compliance and also the highest increase in non-compliance in comparison to the previous year's report is related to the legal requirement for employers to pay the correct attendance bonus to all new workers who start after the first of the month and to casual workers who work regularly. This issue had 174 (42.53%) instances of non-compliance. According to the Labour Law, workers should be paid an additional US\$10 attendance bonus if they attended their applicable work days. It was noted that when workers started after the first day of the month, employers often did not pay the proportional amount of the attendance bonus that was due. In other instances, attendance bonus was simply removed when

the worker used annual leave. According to the Labour Law, a worker is entitled to take annual leave without disrupting their attendance bonus. Correctly calculated attendance bonuses, when workers take various types of leave (Sick leave, annual leave, special leave) are the most important factors in non-compliance (12.91%,16.96% and 8.35% respectively) , and being correctly paid mandatory wage supplements 10.89% have increased this year.

Overall there has been a great focus from BFC Assessors to assess practices in relation to correct calculation of benefits and as such this has caused an increase in recorded non-compliance in relation to the previous reports results.

IN FOCUS TABLE 8: SOCIAL SECURITY AND OTHER BENEFITS

	NON COMPLIANCE RATE % SR 33	NON COMPLIANCE RATE % SR 34	% CHANGE
Does the employer pay all workers the correct mandatory wage supplements (including transportation and housing allowances)?	7.30%	10.89%	3.6%
Does the employer pay all workers who work regularly the correct attendance bonus when workers take annual leave?	13.90%	16.96%	3.1%
Does the employer pay all workers who work regularly the correct attendance bonus when workers take sick leave?	15.80%	12.91%	-2.9%
Does the employer pay all workers who work regularly the correct attendance bonus when workers take special leave?	13.90%	8.35%	-5.5%
Does the employer pay the correct attendance bonus to all new workers who start after the first of the month and to casual workers who work regularly?	32.00%	42.53%	10.5%
Does the employer pay the required employer contribution to the National Social Security Fund?	1.60%	1.52%	-0.1%
Does the employer pay workers their wages for the first day they miss work due to work-related accidents or illnesses?	3.70%	3.80%	0.1%

WAGE INFORMATION, USE AND DEDUCTION

In this year's report, as previously, the issue of maintaining one payroll for all wages continues to be an issue (31.9% non-compliance), as employers can be seen to use this process as a way to not disclose overtime that is both over two hours, and occurs either on a public holiday or a Sunday. In addition to this, dialogue with workers, either directly or via workers representatives also has a relatively high rate of non-compliance. In relation to unauthorized deductions, it was recorded that on 106 occasions deductions occurred due to the employer penalizing workers on FDC contracts for not providing 7 days' notice for termination of their employment. In these cases, employers would deduct 7 working days from their final salary. The Labour Law does not require a notice period for workers on FDC contracts.

IN FOCUS TABLE 9: WAGE INFORMATION, USE AND DEDUCTION

	NON COMPLIANCE RATE % SR 33	NON COMPLIANCE RATE % SR 34	% CHANGE
Does the employer properly inform workers about wage payments and deductions?	12.10%	17.22%	5.1%
Has the employer made any unauthorized deductions from wages?	20.20%	24.81%	4.6%
Does the employer keep only one accurate payroll record?	33.60%	31.90%	-1.7%

MINIMUM WAGES/PIECE RATE WAGES

In this year's report, the area of minimum wages / piece rate wages remained relatively static in that there were no significant statistical changes. It should be noted that only 1, 5 % of the factories assessed were not in compliance and as such the large majority of the factories continue to comply with the minimum wage requirements.

IN FOCUS TABLE 10: MINIMUM WAGES/PIECE RATE WAGES

	NON COMPLIANCE RATE % SR 33	NON COMPLIANCE RATE % SR 34	% CHANGE
Does the employer pay at least minimum wage for all types of workers other than regular workers?	2.60%	1.52%	-1.1%
Does the employer pay regular workers at least minimum wage for ordinary hours of work?	1.10%	1.52%	0.4%
Is the piece rate set at a level that permits workers of average ability working normal hours to earn minimum wage?	28.60%	26.08%	-2.5%

Contracts and Human Resources

The cluster around Contracts and Human Resources measures compliance with respect to national legislation on Contracting Procedures, Dialogue, Discipline and Disputes, Employment Contracts and Termination.

CONTRACTING PROCEDURES

Similar to previous reporting periods, the highest rate of non-compliance was found on the two-year limit on the use of Fixed Duration Contracts (FDCs). While almost 28% of the factories were out of compliance in the previous reporting period, this has increased to almost 35% in the current reporting period. Contracts of workers that had worked longer than two years in those factories were not converted into Unspecified Duration Contracts (UDCs).

In addition to the 138 factories out of compliance, Enterprise Assessors found that in additional 120 factories, agreements between employers and employee representatives (union representatives, shop stewards) were made that allowed the employer to continue offering fixed term duration contracts (usu-

ally covering three to six months) beyond two years. These agreements were made in the form of Collective Bargaining Agreements (CBAs) or other formal or informal agreements between management and worker representatives \. There were also 48 instances in factories where individual workers themselves confirmed they wished to stay on a FDC. Based on BFC's assessment, where agreements for continued use of FDC beyond two years exist, employers normally calculate seniority allowance as of the start date of the initial contract. The data also shows that in 166 instances, the employer did not offer an UDC as an option.

In accordance with numerous consistent rulings of the Arbitration Council on this issue and after a careful review of the matter by ILO legal experts, it was decided to report non-compliance on factories with agreements between management and worker representatives for continued use of FDC since these agreements do not meet the minimal requirements of the law. It should be noted that the Ministry of Labour and Vocational Training is currently in the process of finalizing a legal clarification on the contract law. This process includes various rounds of tripartite consultations.

IN FOCUS TABLE 11: CONTRACTING PROCEDURES

	NON COMPLIANCE RATE % SR 33	NON COMPLIANCE RATE % SR 34	% CHANGE
Does the employer comply with the two-year limit on the use of fixed term contracts?	27.80%	34.68%	6.9%
Does the employer include the entire period of continuous employment when determining workers' entitlements to maternity leave, attendance bonus, seniority bonus, and/or annual leave?	12.90%	10.13%	-2.8%

DIALOGUE, DISCIPLINE AND DISPUTES

The highest non-compliance in last year's synthesis report, "Does the employer comply with requirements regarding shop stewards?" is still one of the highest at 88.1% (357 factories surveyed out of a total of 395), reducing by 5.1% over this reporting period.

To comply with legal requirements regarding shop stewards, the factory should have followed all requirements included in the law for legal elections: i) Have shop stewards validly elected by secret ballot to serve; ii) consult with worker representatives before organizing the election, and representative unions (if any) should be able to nominate the candidates; iii) post the voting rules and candidates 3 days before; iv) separate electoral bodies for manual workers and skilled workers; v) hold the election during working hours; vi) organize a new election at least 15 days before the

mandate expires; vii) submit the minutes of the election to the labour ministry; viii) provide shop stewards two paid hours per week to perform their tasks, a meeting room, office supplies, a place to display information, and a copy of the labour law if requested.

Out of a total of 395 factories surveyed 221 instances (56%) were non-compliant due to factors of procedural or process error, such as the employer nominating or appointing the shop stewards rather than allowing for an official election to occur; the employer not holding elections for shop stewards in the first instance; timing of the election for shop stewards not occurring prior to 15 days before the expiration of the previous shop steward; or not separating ballots for manual and skilled workers. It should be noted that not meeting one of the above provided legal requirements leads to a non-compliance.

IN FOCUS TABLE 12: DIALOGUE, DISCIPLINE AND DISPUTES

	NON COMPLIANCE RATE % SR 33	NON COMPLIANCE RATE % SR 34	% CHANGE
Does the employer comply with requirements regarding shop stewards?	93.20%	88.10%	-5.1%
Has the employer complied with arbitration awards? ⁷	3.40%	3.04%	-0.4%
Has the employer complied with final conciliation agreements?	4.20%	5.32%	1.1%

EMPLOYMENT CONTRACTS

In this year's report, there was a 9.9% increase in employers that did not have effective management systems in place in order to ensure workers understood their employment conditions. The main reasons for the increase in finding in comparison to last year's report can be attributed to an increased focus on BFC staff training and processes to determine whether management systems in factories exist and are effective. This also is evident in the increase by 9.8% in non-compliance for the question "Do the employment contracts specify the terms and conditions of employment?" as this shows that while there may be employment contracts, they often don't have clear information that is understandable by a worker, or as required by law, being specific about the actual terms and conditions of employment. With respect to the question of whether internal regulations comply with legal requirements, in the majority of cases, the internal regulations were approved by the Ministry of Labour at the moment of writing, but are now outdated because of new regulations since they were approved.

IN FOCUS TABLE 13: EMPLOYMENT CONTRACTS

	NON COMPLIANCE RATE % SR 33	NON COMPLIANCE RATE % SR 34	% CHANGE
Do the employment contracts comply with Cambodian labour law and with the factory's internal regulations?	23.10%	18.73%	-4.4%
Do the employment contracts specify the terms and conditions of employment?	2.60%	12.41%	9.8%
Do the internal regulations comply with legal requirements?	20.20%	16.20%	-4.0%
Does management have a system to ensure that workers understand the terms and conditions of employment?	33.10%	43.00%	9.9%

TERMINATION

The 60% non-compliance rate for the question “Does the employer compensate workers for unused paid annual leave when they resign or are terminated?” is mainly due to employers not taking into account accrued annual leave for the last proposition of the working month. In addition, workers are being delayed in being provided their termination payments within 48 hours as per the law almost half (47.85%) of the time, as the processes and management systems in payroll are generally not well set up to provide ad-hoc or out-of-cycle termination payments.

IN FOCUS TABLE 14: TERMINATION

	NON COMPLIANCE RATE % SR 33	NON COMPLIANCE RATE % SR 34	% CHANGE
Does the employer compensate workers for unused paid annual leave when they resign or are terminated?	41.50%	60.00%	18.5%
Does the employer comply with legal requirements before suspending workers or reducing the size of the workforce due to changes in operations?	10.50%	7.59%	-2.9%
Does the employer only terminate workers for valid reasons?	6.00%	7.85%	1.8%
Does the employer pay all outstanding wages and indemnities within 48 hours of termination?	44.60%	47.85%	3.2%
Does the employer pay terminated workers the correct damages when required?	10.20%	12.41%	2.2%
Does the employer pay workers the correct severance pay?	27.80%	26.84%	-1.0%

Occupational Safety and Health

Occupational Safety and Health (OSH) is a large cluster which includes compliance points related to i) Chemicals and Hazardous Substances, ii) Emergency Preparedness, iii) Health Services and First Aid, iv) OSH Management Systems, v) Welfare Facilities, vi) Worker Protection and vii) Working Environment. Consistent with last year's findings, many areas related to OSH continue to be a challenge for garment factories and are often the result of a lack of proper policies, procedures and division of roles and responsibilities on OSH.

As can be learned from graph 2 (page 23 of this report): 'average non-compliance rate', some of the OSH compliance points have high non-compliance rates, as is seen in many garment factories around the world. As was reported last year, the reasons for these high non-compliance points are manifold and include:

- ◆ Legal requirements that are hard to meet, for instance requirements related to medical examinations which are seen to be set too high to be practically possible to meet.
- ◆ Substantial investments that are required to fix the issue. For instance, many factories are found to exceed the maximum temperature of 32 degrees, especially during the hot season. Ensuring better ventilation and cooler workplaces normally require substantial investments that employers cannot or are not prepared to make.
- ◆ The methodology for reporting on non-compliance. Graph 2 reports on non-compliance per compliance point. Each point consists of several questions and if a factory scores non-compliance on any of the questions belonging to one compliance point, it is reported out of compliance on the entire compliance point.
- ◆ BFC also continues to observe an overall lack of proper management systems in the factory that need to be in place to ensure consistent safe and clean workplaces. BFC verifies the

use of OSH management systems during the assessment visits, including systems for adequate emergency preparedness, hazard and risk management procedures, accident investigation procedures, policies around communicating and implementing OSH policies and procedures and an accountability framework for OSH responsibilities. During the assessment visits, BFC observes that often factories lack proper policies and procedures around one or more of these OSH systems. This makes it much harder for factories to fix the issues in a sustainable way. It also could lead to less productive workplaces, impacting the business outcomes. Much of BFC's advisory services is focussing on supporting advisory factories to look at the root causes of these types of issues and then develop policies and procedures to tackle non-compliance issues in a more systemic way.

Below, each of the compliance points are discussed in more detail.

EMERGENCY PREPAREDNESS

Complying with legal standards around emergency preparedness is an essential obligation to ensure that workers can leave the factory in time in case of emergency and know what to do when emergencies happen. Industrial disasters in other countries are the sad example of what can happen when these issues are not well taken care of. Unfortunately, many factories in Cambodia will need to do much better to be prepared for emergencies. In almost half of the factories, escape routes are not free of obstruction, making it much harder for workers to get out when they need to, especially when emergency drills are not provided (regularly), as is the case in 25% of the factories reported on. In addition, around 60 of the factories assessed did not have fire detection and alarm system in place, creating the possibility that factory fires go unnoticed for too long. In an industry where fires do happen, these are risks that could have significant impact on workers lives and the industry as a whole.

IN FOCUS TABLE 15: EMERGENCY PREPAREDNESS

	NON COMPLIANCE RATE % SR 33	NON COMPLIANCE RATE % SR 34	% CHANGE
Are escape routes free of obstruction?	43.50%	47.34%	3.8%
Does the employer conduct periodic emergency drills?	28.60%	24.81%	-3.8%
Does the workplace have a fire detection and alarm system?	3.60%	14.94%	18.5%
Does the workplace have adequate fire-fighting equipment and within easy reach of workers?	8.60%	15.44%	6.8%
Has the employer trained an appropriate number of workers to use the fire-fighting equipment?	9.40%	9.37%	0.0%

CHEMICALS AND HAZARDOUS SUBSTANCES

Similar to last year's report, many of the non-compliance issues on chemicals and hazardous substances were related to improper exposure of workers to chemical substances, including a lack of safety data sheets and inventory lists of chemical substances and lack of adequate washing facilities if workers get exposed to hazardous substances, see Annex A; In Focus Table 21

HEALTH SERVICES AND FIRST AID

Information on health services and first aid is included in Annex A; In Focus Table 22. The majority of factories have trained workers on first aid and have proper first aid boxes in place. However, many factories do not comply with the requirements for staffing the infirmary. This is often related to doctors not being available for the required time, or the infirmary not always staffed during overtime or Sunday work.

OSH MANAGEMENT SYSTEMS

As indicated before in this report, proper management systems on OSH issues are essential for ensuring that factories are safe, healthy and productive workplaces. Legal requirements that relate to OSH management systems are presented in Annex A; In Focus Table 23. As can be learned from this table, non-compli-

ance levels are highest on the absence of a written OSH policy (45%) the absence of a worker management OSH committee (62%) and factories not having undertaken an assessment of the OSH issues in their factories (56%). It should be noted that many of these issues in this compliance point deteriorated compared to last year's report.

WELFARE FACILITIES

Legal requirements with respect to welfare facilities relates to issues like toilets, hand washing facilities and access to clean drinking water. There have not been noticeable differences between last year's reporting. Most non-compliances are relatively high (between 60% and 77%). An exception to this is the provision of sufficient safe drinking water (15%) where NC's mostly relate to shortage of water, a lack of a valid water certificate, or rust in the water. It should also be noted that there has been a sharp increase in the non-compliance on accessible toilets (from 36% to 77%). This reflects a change in BFC's methodology and not necessarily a worsening of the situation in the industry. On this particular question, it should be noted that the majority of the non-compliance findings relate to the fact that factories do not provide sufficient raised toilets for women workers. Most factories have sufficient toilets, including some raised toilets, but do not meet the legal requirement of 1 raised toilet per 50 female workers.

IN FOCUS TABLE 16: WELFARE FACILITIES

	NON COMPLIANCE RATE % SR 33	NON COMPLIANCE RATE % SR 34	% CHANGE
Does employer provide cups or other sanitary means for drinking water?	58.80%	60.76%	2.0%
Does the employer provide workers enough free safe drinking water?	11.00%	14.94%	3.9%
Does the workplace have a functioning and accessible nursing room, and a functioning day care centre at or near the workplace?	72.90%	71.65%	-1.3%
Does the workplace have adequate accessible toilets?	35.70%	77.22%	41.5%
Does the workplace have adequate hand washing facilities and adequate soap?	38.80%	32.66%	-6.1%

WORKING ENVIRONMENT

As with many of the other OSH issues, meeting legal requirements related to working environment not only ensures healthy workplaces, but also productive workplaces. In 63% of the factories, noise levels are still unacceptably high in parts of the production process and 29% of the factories measure temperatures higher than 32 degrees in some or all of the sections. Both issues need financial investment to be improved and therefore employers might be less likely to remediate these issues. Most workplaces are adequately lit. For more details see Annex A; In Focus Table 24.

WORKER PROTECTION

Compliance levels in this area also stayed largely the same, noting that non-compliance levels on legal requirements for providing protective equipment to workers has gone up from 58% to 74% (this mostly relates to factories not providing things like metal gloves, earplugs and / or dust masks when required). For more details see Annex A; In Focus Table 25.

Working Time

The working time cluster represents compliance relat-

ed to Leave, Regular Hours and Overtime.

The highest rate of non-compliance was the same as the last report, where 38.23% of assessed factories did not provide workers who were entitled with paid time off for breast-feeding during working hours as required by law. This occurred for two main reasons, that the women that had children of breastfeeding age were not told by their employer that they were entitled to this particular benefit and secondly that they took the leave to breastfeed, but did not breast-feed as the facilities to do so were not adequate.

In relation to the remaining leave compliance questions, there have been changes in compliance which were statistically small, however the provision of 18 days annual leave per year and an extra day of annual leave for every three years of service has risen slightly to 11.39%. This is mainly due to workers not being allowed to use their annual leave and being forced to use unpaid leave; workers not being provided with the additional one day of leave after 3 years of service - sometimes as a result of only being offered Fixed Duration Contracts which never allow for a 'extra day' to be accrued; or pathways to request paid leave being blocked by employers or supervisors as workers are fearful for their jobs if they ask.

LEAVE

IN FOCUS TABLE 17: LEAVE

	NON COMPLIANCE RATE % SR 33	NON COMPLIANCE RATE % SR 34	% CHANGE
Does the employer give workers at least 18 days of annual leave per year and an extra day of annual leave for every three years of service?	8.90%	11.39%	2.5%
Does the employer give workers up to 7 days of time off for special leave per year?	6.30%	5.82%	-0.5%
Does the employer provide workers at least 90 days of maternity leave?	2.10%	0.51%	-1.6%
Does the employer provide workers up to six months of time off for sick leave for an illness certified by a qualified doctor?	1.80%	3.54%	1.7%
Does the employer provide workers with paid time off for breast-feeding during working hours as required by law?	26.20%	38.23%	12.0%

REGULAR HOURS

In the question “Do the working time records reflect the hours actually worked?” There was an increase in non-compliance by 6% to 14.94% mainly due to the practice of keeping more than one ledger. For the majority of non-compliance cases this means that the employer will have a second ledger that records weekend, public holiday and other overtime including Sundays also. This contravenes the Labour law, which states that one ledger only is mandatory to record wages to employees.

IN FOCUS TABLE 18: REGULAR HOURS

	NON COMPLIANCE RATE % SR 33	NON COMPLIANCE RATE % SR 34	% CHANGE
Do regular daily or weekly working hours exceed the legal limit?	0.80%	2.78%	2.0%
Do the working time records reflect the hours actually worked?	8.90%	14.94%	6.0%

OVERTIME

Overtime continues to be a compliance point that is difficult to adhere to, with consideration to internal, and external factory pressures in most instances requiring workers to undertake overtime. The process to obtain permission from the ministry and following the correct process continues to be a source of non-compliance among factories. This is shown by pressures of changing orders at the last minute causing overtime to breach the regulated two hours per day, as almost 70% (293 factories) have done in this reporting period. This is not unique to Cambodia, but is a general observation in garment sectors across the globe.

IN FOCUS TABLE 19: OVERTIME

	NON COMPLIANCE RATE % SR 33	NON COMPLIANCE RATE % SR 34	% CHANGE*
Does the employer get permission from the Labour Inspector before suspending weekly rest days?	37.80%	35.70%	-2.1%
Does the employer get permission from the Labour Inspector before workers work overtime?	15.20%	13.67%	-1.5%
Is overtime voluntary?	8.40%	6.84%	-1.6%
Is overtime work limited to two hours per day?	66.10%	69.87%	3.8%

Section III: Conclusion

The assessment data presented in this 34th Synthesis Report shows that no big shifts in compliance have taken place. However, some of the areas presented in this report have increased in non-compliance in comparison to last year, such as Freedom of Association and issues around Occupational Safety and Health. This is not necessarily an indication of a downward trend. It can be attributed to increased skills of the BFC staff since the programme invested substantially in training last year, particularly on Freedom of Association. However, an additional reason could be that the industry is under pressure, which can particularly impact Occupational Safety and Health issues. This could also be a reason why the percentage of low compliance factories in the transparency database has gone up slightly during the last reporting period.

On the other hand, many of the compliance issues that BFC reports on publicly continue to improve and the decreasing trend of the number of underage workers (<15 years) found in the industry has continued. These last two examples are a very clear indication that it needs strong collaboration between all actors in the industry (employers, unions, brands), the Royal Government of Cambodia and BFC to change behaviour and the culture across the garment sector.

This type of collaboration is at the heart of BFC's current strategic phase and while important initiatives are happening, such as the work with brands on transportation, the continued implementation of the transparency programme and the start of an action plan with the Ministry of Labour and Vocational Training, more can and should be done. Increased partnerships to push a culture of compliance in the industry (and beyond) is necessary to drive sector wide change. It will not only immediately impact the lives of hundreds of thousands of Cambodian workers and many more of their family members, it will also drive profitability of the individual factories, as clearly demonstrated by the Tuft's led impact study, and equally important, the reputation and the competitiveness of the sector as a whole.

Many of the BFC partners agree with this narrative and it is now time to boost collaboration to make that narrative a reality. As stated in previous synthesis reports, each of the industry players have concrete responsibilities for making sector wide improvements happen and increased collaboration based on these different responsibilities are necessary and could include:

- ◆ A very clear integration of the legal requirements around the labour law and even skills development in governmental policy, including investment

regulation and the strategic vision for the industry that is currently being developed by the SNEC;

- ◆ A widening of the agreement on child labour between BFC and GMAC, to include other important core labour standard issues, such as forced overtime or sexual harassment;
- ◆ Increasingly stronger collaboration between BFC, the Government and GMAC on low compliance factories and the use of strong enforcement instruments (such as putting on hold or suspending export licenses) that the government has at its availability when no improvements are being made.
- ◆ A better understanding of and commitment from Trade Unions to their responsibilities as unions and worker representatives, including on issues such as contract law, but also the role that they play in ensuring a competitive, integrated, safe and respectful garment industry.
- ◆ Clear expectations from GMAC on their members with respect to upholding the labour law in their factories, and supporting those factories, with BFC where applicable, that are struggling with this.
- ◆ International buyers have substantial influence over the investors that have factories in Cambodia. Many of them, especially brands from Europe and North America, are using this influence already. By strengthening their long term engagement with industry partners and investors, factories are more likely to invest in good systems, their workers and safe and healthy workplaces. There are many examples in Cambodia where this is demonstrated. These example factories should become the norm and this is possible through collaboration between brands and investors, supported by strong national institutions and a clear vision for the industry.

Better Factories Cambodia is uniquely placed to support the above initiatives by its role as convener, facilitator of dialogue and knowledge hub around the labour law and its impact of improved working conditions on workers, factories and sectors. The programme looks forward to strengthening its engagement with its key partners, the Royal Government of Cambodia, the Cambodia Trade Union movement, the Garment Manufacturers Association of Cambodia and Buyers to further transform the industry into one that is known for its respect for labour standards, and its strong competitiveness.

ANNEX A: IN FOCUS TABLES**IN FOCUS TABLE 20: OVERTIME WAGES**

	NON COMPLIANCE RATE % SR 33	NON COMPLIANCE RATE % SR 34	% CHANGE
Does the employer pay all workers correctly for work on public holidays?	3.90%	6.58%	2.7%
Does the employer pay all workers the correct meal allowance or give them a reasonable free meal when they work overtime?	19.40%	31.39%	12.0%
Does the employer pay workers 150% of their normal wage for all ordinary overtime hours worked?	8.60%	8.10%	-0.5%
Does the employer pay workers double their normal wage for all hours worked on weekly rest days?	8.60%	9.11%	0.5%
Does the employer pay workers double their normal wage for all overtime hours worked at night?	2.80%	1.77%	-1.0%

IN FOCUS TABLE 21: CHEMICALS AND HAZARDOUS SUBSTANCES

	NON COMPLIANCE RATE % SR 33	NON COMPLIANCE RATE % SR 34	% CHANGE
Are chemicals and hazardous substances properly labelled?	48.30%	53.16%	4.9%
Does the employer have chemical safety data sheets for the hazardous chemicals used in the workplace?	37.00%	42.28%	5.3%
Does the employer keep an inventory of chemicals and hazardous substances used in the workplace?	30.40%	38.48%	8.1%
Does the employer provide adequate washing facilities and cleansing materials in the event of exposure to hazardous chemicals?	33.10%	36.20%	3.1%
Has the employer effectively trained workers who work with chemicals and hazardous substances?	40.10%	45.32%	5.2%
Has the employer prepared for response, control and cleaning of chemical spills?	12.60%	18.48%	5.9%
Has the employer taken action to prevent and limit workers' exposure to chemicals and hazardous substances?	42.70%	45.57%	2.9%

IN FOCUS TABLE 22: HEALTH SERVICES AND FIRST AID

	NON COMPLIANCE RATE % SR 33	NON COMPLIANCE RATE % SR 34	% CHANGE
Does the workplace have a functioning HIV/AIDS Committee?	83.20%	81.27%	-1.9%
Does the workplace have an adequately equipped and staffed infirmary?	78.70%	82.53%	3.8%
Has the employer ensured that there is a sufficient number of readily accessible first aid boxes/supplies in the workplace?	24.90%	28.61%	3.7%
Has the employer provided first-aid training for workers?	20.90%	20.00%	-0.9%
Does the employer address safety and health risks to pregnant workers or workers are nursing?	0.00%	1.01%	1.0%

IN FOCUS TABLE 23: OSH MANAGEMENT SYSTEMS

	NON COMPLIANCE RATE % SR 33	NON COMPLIANCE RATE % SR 34	% CHANGE
Does the employer have legally required construction/building permits?	27.00%	33.92%	6.9%
Does the employer record work-related accidents and illnesses and report them to the Ministry?	29.60%	25.32%	-4.3%
Does the factory have a written OSH policy?	23.60%	45.57%	22.0%
Has the employer developed mechanisms to ensure cooperation between workers and management on OSH matters?	54.10%	62.53%	8.4%
Has the employer performed an assessment of general occupational safety and health issues in the factory?	47.20%	56.20%	9.0%

IN FOCUS TABLE 24: WORKING ENVIRONMENT

	NON COMPLIANCE RATE % SR 33	NON COMPLIANCE RATE % SR 34	% CHANGE
Are noise levels acceptable?	47.00%	63.04%	16.0%
Are the temperature and ventilation acceptable?	31.00%	29.11%	-1.9%
Is the workplace adequately lit?	87%	92%	5.0%

IN FOCUS TABLE 25: WORKER PROTECTION

	NON COMPLIANCE RATE % SR 33	NON COMPLIANCE RATE % SR 34	% CHANGE
Are guards properly installed and maintained on all dangerous moving parts of machines and equipment?	25.70%	24.56%	-1.1%
Does the employer comply with ergonomic requirements?	59.10%	61.01%	1.9%
Does the employer provide workers with all necessary personal protective clothing and equipment?	58.80%	73.92%	15.1%
Has the factory conducted an assessment of the potential hazards in the workplace?	46.40%	56.96%	10.6%

ANNEX B: ACTIVE FACTORIES REGISTERED WITH BETTER FACTORIES CAMBODIA AS AT 30 APRIL 2017

N°	FACTORY NAME
1	8 Star Sportswear Ltd.
2	A.K.M Garment Co., Ltd (formerly K.A.M. Garment Co., Ltd.)
3	ACCASSETTE Garment Co., Ltd
4	Acro Garment Ind Corp
5	Agile Sweater (Cambodia) Co., Ltd
6	Akeentex Pte. Ltd. - Branch No.1 (formerly owned by Kinma)
7	Alim (Cambodia) Co., Ltd.
8	All Wintex Garment Manufacturing Corp Ltd
9	Alpha-FR International Co., Ltd
10	AMM Garment (Cambodia) Co.,Ltd.
11	Anful Garments Factory (Cambodia) Ltd.
12	Anxing (Cambo) Garment Factory Limited
13	Apple Apparel (Cambodia) Co., Ltd
14	Apsara Garment Co., Ltd.
15	Asia Dong Run Import Export Co., Ltd
16	Aurora Apparel (Cambodia) Co.,Ltd.
17	B.D (Cambodia) Sport Co., Ltd
18	Bayon Garment Factory Co., Ltd.
19	Beauty Silk Screen Limited
20	Benoh Apparel (Cambodia) Co., Ltd.
21	Berry Apparel (Cambodia) Co., Ltd.
22	Best Asia Fashion Garment Manufacturing Co., Ltd
23	Bless Full Fashion (Cambodia) Ltd
24	Bodykids Fashion Wear Co., Ltd.
25	Bowker Garment Factory (Cambodia) Company Limited.
26	Broadland Cambodia Garment Industries Co., Ltd. Branch 1
27	C Square Garment Finishing Co., Ltd.
28	Caitac & Wanlin Apparel Co., Ltd
29	Calacam Investment Co., Ltd.
30	Callisto Apparel (Cambodia) Co., Ltd
31	CAM A P I Medical Co., Ltd
32	Cam Forever Co., Ltd.

33	Cam Verna Fashion Co., Ltd.	61	Eastex Garment Co., Ltd.
34	Cambo C-L Upper Garment Co., Ltd	62	Eclat Highter International Garment (Cambodia) Co., Ltd. (formerly Highter)
35	Cambo Handsome Ltd.	63	Eclat Textile (Cambodia) Co., Ltd
36	Cambo Handsome Ltd. #1	64	ECO Base Factory Ltd.
37	Cambo Handsome Ltd. #2	65	EINS (Cambodia) Co., Ltd.
38	Cambo Handsome Ltd. #3	66	Elite (Cambodia) Co., Ltd
39	Cambo Hong Xing International Knitting Co., Ltd.	67	Eminent Garment (Cambodia) Limited
40	Cambo Kotop Ltd # 1	68	Ever Rising Garment Process Finishing Pte., Ltd. (formerly T & W Garment , Yung Wah Branch 3)
41	Daeseung-Cambo Co., Ltd (formerly Mir Apparel World Co., Ltd)	69	Ever Well Knitting Co., Ltd
42	Dai Young Cambodia Co., Ltd.	70	Everay Textile Garment (Cambodia) Co., Ltd.
43	Dali Garment International (Cambodia) Limited	71	Ever-Glory (Cambodia) Garment Manufacturing Co., Ltd
44	Daqian Textile (Cambodia) Co., Ltd.	72	Evergreen Apparel (Cambodia) Co., Ltd.
45	Dayup Global Co., Ltd.	73	Evergreen Garment Co., Ltd.
46	Denim Concept Co., Ltd	74	E-Z International Garment Factory Co., Ltd.
47	Dequan International (Cambodia) Co., Ltd.	75	F.T.E.O Garments Co., Ltd
48	Deuck Woo (Cambodia) Co., Ltd.	76	F.U.G Garment (Cambodia) Co., Ltd
49	Dewhirst (Cambodia) Co., Ltd.	77	F.Y. Cambodia Fashions Ltd.
50	Diamond Tower enterprise Limited	78	Fairdon (Cambodia) Limited
51	Dignity Knitter Limited (formerly River Rich Textile Ltd.)	79	Felicity Garment (Cambodia) Corporation Ltd
52	Din Han Enterprise Co.,Ltd.	80	Feng Yi (Cambodia) Co., Ltd
53	Dishang Huawei (Cambodia) Garments Co., Ltd	81	First Gawon Apparel (Cambodia) Co., Ltd
54	DK Inc	82	Five Stars Cotton Garment (Cambodia) Limited
55	Dongbu Summit (Cambodia) Co., Ltd.	83	Five Stars Cotton Garment (Cambodia) Limited (Branch 1)
56	Dongdu Textile (Cambodia) Co., Ltd.	84	Flexitime (Cambodia) Apparel Limited.
57	Dynasty Apparel (Cambodia) Company Limited.	85	Foot Forward (Cambodia) Socks Co., Ltd
58	E Garment Co., Ltd.	86	Footmark (Cambodia) Corporation
59	E Garment II Co.,Ltd.	87	Ford Glory (Cambodia) Manufacturing Limited.
60	Eastern Industrial Enterprise Inc.		

88	Foremart (Cambodia) Co., Ltd (formerly D & L Ultimate (Cambodia) Co., Ltd)	115	Iberasia Co., Ltd.
89	Fortune Fashions Limited	116	IK Apparel Co., Ltd
90	Fortune Teo Garment Factory Limited	117	In Fong Garment Co., Ltd.
91	Hand Seven Apparel Co., Ltd.	118	In Jae Garment Co., Ltd.
92	HC Heng Printing Co., Ltd	119	In Kyung Cambodia Co., Ltd.
93	He Li Tuo Knitting Co., Ltd	120	Indochine Apparel (Cambodia) Ltd. (formerly Indochine Gawon (Cambodia) Ltd)
94	Heart Enterprise (Cambodia) Co., Ltd.	121	Inter Hopewell Garment Co., Ltd.
95	Heng Shing (Cambodia) Garment Manufacturing	122	International Fashion Royal Co., Ltd.
96	Heng Storia Textile Co., Ltd	123	J S D Textile (Cambodia) Co.,Ltd.
97	Hirota (Cambodia) Garment Co., Ltd	124	Jacqsintex Industries Cambodia Co., Ltd.
98	Hi-Synergy International Garments Co., Ltd	125	Janda(Cambodia) Garment MFG Co., Ltd
99	Hi-Tech Apparel (Cambodia) Co., Ltd	126	Japan Rocks.S.E.A (Phnom Penh) Co.,Ltd
100	HK Luck Company Limited	127	Japana (Cambodia) Co., Ltd
101	Hong Kong Winfair Garment (Cambodia) Ltd.	128	JD & Toyoshima Co., Ltd
102	Hong Sen Textile (Cambodia) Co., Ltd.	129	JD & Toyoshima Co., Ltd II
103	Hongdou International Garment Co., Ltd.	130	Jechiarng Industrial Co., Ltd
104	Hongs One (Cambodia) Garment Co., Ltd.	131	Jej Jom Enterprise Co., Ltd
105	Horizon Outdoor (Cambodia) Co., Ltd	132	Jie Wei (Cambodia) Garment Factory Ltd.
106	Hoyear (Cambodia) Garment Ltd.	133	Jifa S. Ok Garment (Cambodia) Co., Ltd
107	Hui Mei Silk Screen Print Co., Ltd	134	Jin Yi Hua (Cambodia) Garment Company Limited
108	Hui Yuan Garment Co., Ltd	135	Jinmyung Garment Development Corp.
109	Hulu Garment Co., Ltd.	136	M & V International Manufacturing Ltd. (Kampong Chhnang)
110	Hung Wah (Cambodia) Garment Manufacturing Ltd. (Branch 1)	137	M & V International Manufacturing Ltd. (No. 1623)
111	Hung Wah (Cambodia) Garment Manufacturing Ltd. (Branch 2)	138	M & V International Manufacturing Ltd. (No.754)
112	Hung Wah (Cambodia) Garment Manufacturing Ltd. (Branch 3)	139	M.I.D.O.31 (Cambodia) Garment Co., Ltd
113	Hyunwoocam Co., Ltd	140	Macox Manufacturing Co., Ltd
114	I Apparel Ltd.	141	Makalot Garments (Cambodia) Co., Ltd.
		142	Makalot Garments (Cambodia) Co., Ltd. (Branch 1)

143	Makalot Garments (Cambodia) Co., Ltd. (Branch 2)	171	Nan Kuang Garment (Cambodia) Co., Ltd.
144	Makalot Garments (Cambodia) Co., Ltd. (Branch 3)	172	Nantai Garment Factory Cambodia Ltd. (formerly Moon Star)
145	Man Ou Garment Co., Ltd	173	Nasmi Industry Co., Ltd
146	Mars Brothers Garment Manufacturing Co., Ltd	174	Neo-Concept Fashion (Cambodia) Company Limited
147	Mastex Incam (Cambodia) Co., Ltd. (formerly In Kyung 2 Cambodia Co., Ltd.)	175	New Archid Garment Factory Ltd.
148	Maurea Garment Corporation.	176	New Ascent International Garments Limited
149	Max View Textiles (Cambodia) Co., Ltd.	177	New Best Global Textile Co., Ltd
150	Medtecs (Cambodia) Corp. Ltd.	178	New Focus Apparel (Cambodia) Co., Ltd
151	Meng leng Garment Factory Ltd.	179	New Huamei Knitting & Clothing (Cambodia) Co., Ltd
152	Meng Tong Garment Manufactory Ltd.	180	New Mingda (Cambodia) Co., Ltd.
153	Meng Yan Garment Manufacturing & Wet Processing Ltd.	181	New Orient Cambodia Co., Ltd.
154	Meridian Fashion (Cambodia) Limited	182	New Rainbow (Cambodia) Co., Ltd.
155	Meridian Industries Garment (Cambodia) Limited.	183	New Sky Printing
156	MEROSON (Cambodia) Co., Ltd.	184	Samil Cambo Co., Ltd. ((formerly Direct Int'l (Cambodia) Co., Ltd. (Formerly ACE Apparel))
157	Min Kuan Textile Co., Ltd.	185	San Fong International Co., Ltd.
158	Minmax Cambodia Co., Ltd	186	Sangwoo (Cambodia) Co., Ltd.
159	Mirae Apparel (Cambodia) Co., Ltd.	187	Sanyuan (Overseas) Co., Ltd
160	ML Intimate Apparel (Cambodia) Ltd.	188	Seduno Cambo Knitting Co., Ltd
161	Moha Garments Co., Ltd. (Makalot branch 5)	189	Seduno Investment Cambo Fashion Co., Ltd.
162	Moon Apparel (Cambodia) Co., Ltd.	190	SEED 153 (Cambodia) Co., Ltd.
163	Moon Tai KJ (Cambodia) Co.,Ltd.	191	Seeds Garment (Cambodia) Co., Ltd.
164	Morica Industry Co., Ltd	192	Sees Global KH Co., Ltd (formerly Cam Taekang Sportech Co., Ltd.)
165	Morning Glory Garment Enterprise Co., Ltd (formerly South Bay Enterprise Co., Ltd.)	193	Seil (Cambodia) Co., Ltd.
166	Morodok Cheeat Khmer Apparel Limited	194	Seo Rim (Cambodia)Co., Ltd
167	MT. Yeh's Garment (Cambodia) Co., Ltd	195	Sepia (Cambodia) Garment Co., Ltd
168	Naga Peace Corporation Limited	196	Seratex Co., Ltd.
169	Nagapeace Corporation Limited. (Laundry)		
170	Nakayama (Cambodia) Co., Ltd		

197	Shanghai Ch Garment (Cambodia) Co., Ltd	224	Smart Shirts Garments Manufacturing (Cambodia) Co., Ltd (formerly Sunn Lung Garment Co., Ltd.)
198	Sheico (Cambodia) Co., Ltd.	225	Soho Sheng He (Cambodia) Garment Co., Ltd (formerly Fong Yean (Cambodia) Garment Co., Ltd.)
199	Sheico (Phnom Penh) Co., Ltd	226	Solamoda (Cambodia) Garments Co., Ltd
200	Shen Zhou (Cambodia) Co., Ltd.	227	Son Keng Garment (Cambodia) Co.,Ltd.
201	Sheng Huang Industries Co., Ltd	228	Soo Apparel (Cambodia) Co., Ltd
202	Shingchang Tech, Inc.	229	Southland (Cambodia) Co., Ltd. (Formerly Universal Apparel)
203	Shining Textile Corp. (Formerly Blooming Textile Corporation)	230	Top Silver Limited (Branch 1)
204	Shuang Li (Cambodia) Garment Co., Ltd	231	Top Summit Garment Inc.
205	Shude Garment Co., Ltd	232	Top World Garment Ltd.
206	Sieh Strong Garment Co., Ltd.	233	Trax Apparel (Cambodia) Co., Ltd.
207	Sigil (Cambodia) Garment Manufacturing Co., Ltd	234	Tseng Hongyuan Garment (Cambodia) Co., Ltd
208	Sigma Textiles (Cambodia) Co., Ltd	235	Tung Chao Enterprise (Cambodia) Ltd.
209	Silverasia Manufacturing Co., Ltd	236	Tung Choi Fashion Technology Co., Ltd
210	Sino Garment Industry	237	TY Fashion (Cambodia) PLC. (No.4) (formerly Tai Yar Garment Industry Co., Ltd. (Branch 3)
211	Sinoproud (Cambodia) Garments Co., Ltd	238	TY Fashion (Cambodia) PLC. (No.5) (formerly T Y Fashion (Cambodia) Co., Ltd.)
212	Sinosky Hejun Garment (Cambodia) Co., Ltd	239	TY Fashion (Cambodia) PLC. (No.6) (formerly T Y Fashion (Cambodia) Co., Ltd. (Branch 2)
213	Siu Quinh Garment Ltd.	240	U.I.C Apparel Manufacturing Co., Ltd
214	Six Plus Industry Co., Ltd.	241	UFI Tailor Corporation
215	Sky High (Cambodia) Co., Ltd. (Formerly Wonrex)	242	U-Knits (Cambodia) Co., Ltd
216	Sky Hill Apparel (Cambodia) Co., Ltd	243	Unicorn (Cambodia) Recreation Products Co., Ltd
217	Skyline Apparel Co., Ltd	244	Union Mill Boda (Cambodia) Garment Co., Ltd.
218	Skytex Silk Screen Co., Ltd	245	Unison Garments Co., Ltd.
219	SL (2) Garment Processing (Cambodia) Ltd	246	Unity Fashion Cambo Co., Ltd
220	SL Garment Processing (Cambodia) Ltd.	247	Vanco Industrial Co., Ltd.
221	Smart Pea Garment Ltd 1 (formerly Nyan Kids (Cambodia) Ltd. 1)		
222	Smart Pea Garment Ltd.		
223	Smart Shirts Enterprise (Cambodia) Limited		

248	Vast Apparel (Cambodia) Ltd.	276	Cambodian Textiles Worldwide Phnom Penh Works Co., Ltd.
249	VFI Processing (Cambodia) Co., Ltd	277	Camitex II (Cambodia) Mfg. Co., Ltd.
250	VG2 Knitting (Cambodia) Co., Ltd	278	Camli Luck Enterprise Co., Ltd.
251	Violet Apparel (Cambodia) Co., Ltd.	279	Canfull Apparel Industry Ltd (formerly Fullway (Cambodia) Garment Ltd. (formerly Cambodia Apparel))
252	Vision Glory Knitting (Cambodia) Co., Ltd.	280	Canteran Apparel (Cambodia) Co., Ltd.
253	Volumecocomo Apparel (Cambodia) Inc.	281	Capital Island (Cambodia) Co., Ltd
254	Vonammy (Cambodia) Garment Co., Ltd	282	Cerie (Cambodia) Garment Co., Ltd
255	W & D Cambodia Co., Ltd.	283	Chea Sinat Garment Co., Ltd.
256	W Dexing Garment (Cambodia) Co., Ltd	284	Cheng Hao (Cambodia) Fashion Co., Ltd
257	W. Lingerie & Underwear Factory Co., Ltd.	285	Chia Ho (Cambodia) Garment Industrial Co., Ltd
258	Wah Fung Garment (Cambodia) Co., Ltd.	286	Choung Hao Garment Co., Ltd
259	Wai Full Garments (Cambodia) Ltd.	287	Chu Hsing Garment Co., Ltd.
260	Wan Hao Apparel Corp.	288	Chuan Mei Sporting Goods (Cambodia) Co., Ltd.
261	Wanlin-Zongheng (Cambodia) Garment Factory Co., Ltd	289	Chun Chao (Cambodia) Garment Co., Ltd
262	Wanshen Clothing (Cambodia) Co., Ltd	290	Chun Hing Knitting International Co., Ltd.
263	Whitex Garments (Cambodia) Co., Ltd.	291	Chun Xue (Cambodia) Cashmere Textile Co., Ltd
264	Willpower Garment Co., Ltd	292	Chung Yick Textile Factory Limited (formerly Full Fortune Knitting Ltd.)
265	Winblem Inc	293	CIK Cambo Co., Ltd.
266	Wincam Corporation	294	Cinkamp Apparel Corporation Co., Ltd.
267	Windeson Enterprise (Cambodia) Garment Co., Ltd.	295	Cipel (Cambodia) Co., Ltd
268	Wing Ying Garment Factory Ltd.	296	CMCW Cambodia Co., Ltd.
269	Winnie Fashion Co., Ltd	297	Cocovol Apparel (Cambodia) Inc
270	Winsand Garment & Woolen Knitting Factory Co., Ltd.	298	Cocovol Apparel (Cambodia) Inc. (Branch 2)
271	Cambo T.D.G Co., Ltd	299	Cocovol Apparel (Cambodia) Inc. (Branch 3)
272	Cambo Unisoll Ltd	300	Colour Apparel Garment (Cambodia) Co., Ltd.
273	Cambodian Gateway Underwear Co., Ltd.	301	Columbus Apparel (Cambodia) Inc.
274	Cambodian Pacific Home Fashion Co., Ltd	302	Copious (Cambodia) International Inc
275	Cambodian Red Sun Clothing Co., Ltd		

303	Cosmo Textile Co., Ltd.	331	Golden Apparel (Cambodia) Ltd.
304	CPCG International Co., Ltd	332	Golden Best (Cambodia) Factory Ltd (formerly Best Sources (Cambodia) Factory Ltd.)
305	Crystal Martin (Cambodia) Limited (7NG)	333	Golden Harbor Garment (Cambodia) Limited
306	Crystal Martin (Cambodia) Limited.	334	Golden Hing (Cambodia) Garment Manufacturing Ltd
307	CS Goldway Textile (Cambodia) Co., Ltd	335	Golden Plus Textile & Garment Co., Ltd
308	Cu (Cambodia) International Co., Ltd	336	Golden Star Corporate Development (Cambodia) Co., Ltd
309	CWKH Garment (Cambodia) Limited	337	Goldfame Enterprises Knitters Ltd.
310	Dae Kwang Garment Co., Ltd.	338	Goldfame Manufacturing Knitter Ltd.
311	Fuling Computer Embroidery Co., Ltd	339	Goldfame Star Enterprises (Cambodia) Limited
312	Full Reach International Co., Ltd.	340	Good People (Cambodia) Ltd.
313	Fuma Costume (Cambodia) Co., Limited.	341	Grace Glory (Cambodia) Garment LTD
314	Fusuny Garment Co., Ltd	342	Graceful (Cambodia) Textiles Co., Ltd
315	FWKK (CAMBODIA) LIMITED	343	Gracy Wise Textile Co., Ltd
316	G.T.A.M Garment M.F.G Co., Ltd	344	Grand Textiles (Cambodias) Co., Ltd. (formerly Grandtex International Co., Ltd.)
317	Gang Glory (Cambodia) Garment Co., Ltd	345	Grand Twins International (Cambodia) Plc.
318	Gartha International Co., Ltd.	346	Great Union (Cambodia) Garment Co., Ltd
319	Gawon Apparel Co., Ltd. (formerly Bumin)	347	Great Weltro Laundry Co., Ltd
320	GDM Enterprise Branch No.1	348	Greentree Cam Garment Co., Ltd
321	GDM Enterprise Co., Ltd.	349	Guang Hua.G.H Garment Co., Ltd
322	Gemini Garment (Cambodia) Industries Co., Ltd	350	Guo Tai Hua Sheng Xin Feng Jing (Cambodia) Garment Co., Ltd
323	G-Evergreen (Cambodia) Knitting Co., Ltd	351	Guo Xing Garments and Knitting Factory Co., Ltd.
324	Ghim Li (Cambodia) Pte, Ltd.	352	Guowoo (Cambodia) Co., Ltd.
325	Gin-Sovann Fashion (Cambodia) Limited	353	H & L Apparel (Cambodia) Corp.
326	Ginwin Industry (Cambodia) Co., Ltd (Branch 2)	354	H.R Grand Garment (Cambodia) Co., Ltd
327	Ginwin Industry (Cambodia) Co., Ltd.	355	H2 Garment Co., Ltd.
328	Gladpeer Garments Factory (Cambodia) Ltd.		
329	Global Apparel Textile (Cambodia) Manufacturing Pte., Ltd		
330	Glory Knitwear Ltd.		

356	Hai Long Far East Development (Cambodia) Co., Ltd	383	KJPT Best (Cambodia) (formerly Kavotex Cambodia)
357	Haitan Garment (Cambodia) Co., Ltd.	384	KKN Apparel Co., Ltd.
358	Hamon Grand International Co., Ltd.	385	K-Som Textile Co., Ltd.
359	Hana (Cambodia) I. Inc	386	Kwei Yang (Cambodia) Co., Ltd.
360	Hana Cambodia Inc.	387	Leader's Industrial Co., Ltd.
361	Jit Textiles Limited	388	Lean Global Textile (Cambodia) Co., Ltd.
362	Jiun Ye Garment (Cambodia) Co., Ltd.	389	Lecien (Cambodia) Corporation
363	JOC-J & W Garment (Cambodia) Co., Ltd	390	Leedar Knitting (Cambodia) Co., Ltd
364	Juan Shi Garment Co., Ltd (formerly Chean Ping Garment)	391	Li Chang Sheng (Cambodia) Garment Co., Ltd
365	Judy Mao Garment ind. Ltd.	392	Li Qiang Corp
366	JVYT Sports Co., Ltd	393	Lian Hao Garment (Cambodia) Co., Ltd
367	K-22 Knits Co., Ltd.	394	Lianfa (Cambodia) Garment Co., Ltd (formerly Kim Sheng Garment Co., Ltd.)
368	Kada Apparel Corp.	395	Lianfa Hengyu (Cambodia) Garment Co., Ltd
369	Kai Yue (Cambodia) Co., Ltd	396	Lim Line International (Cambodia) Garment Co., Ltd.
370	Kairun Printing Co., Ltd	397	Lin Wen Chih Sunstone Garment Enterprises Co., Ltd
371	Kaneju (Cambodia) Co., Ltd	398	Lin's Textile Co., Ltd.
372	Kang Da Garment Co., Ltd	399	Liu Tan International (Cambodia) Co.,Ltd
373	Kaotex Garment Co., Ltd	400	Lixing Knitting Factory Limited
374	Kar Tat Computer Embroidery Sequin Fty	401	Long Victory International (Cambodia)
375	Kbal Koah Garment Co., Ltd.	402	Lu Thai (Cambodia) Co., Ltd
376	Keme Garment (Cambodia) Co., Ltd.	403	Lucida (Cambodia) Enterprise Co., Ltd
377	Kennetex International Co., Ltd.	404	Lucky Ly Sunn Long Garment Co., Ltd
378	Kie & Kie World Co., Ltd.	405	Lucky Sapphire Co., Ltd
379	Kimna Dry Process	406	New Wide (Cambodia) Garment Co., Ltd.
380	King Fashion Garment Co., Ltd.	407	New Wish Industrial Co., Ltd.
381	King First Industrial Co., Ltd. (Merged King First Industrial I & II)	408	Nex-T Apparel (Cambodia) Co., Ltd.
382	King Way Enterprises (Cambodia) Co., Ltd	409	Nextou Co., Ltd.

410	Nice Wear International Co., Ltd. (formerly P.Y. International Co., Ltd.)	436	Quantum Clothing (Cambodia) Ltd. (formerly New Island Clothing, Ltd.)
411	Nissin Lotus Garment Co., Ltd.	437	Quint Major Industrial Co., Ltd.
412	Now Corp.	438	Qun Ding Printing Co., Ltd
413	Nyan Kids (Cambodia) Ltd.	439	R.K.T (Cambodia) Co., Ltd.
414	Olive Apparel (Cambodia) Co., Ltd	440	Reliable Source Industrial (Cambodia) Co., Ltd
415	Optimum Fashion Manufacturing Co., Ltd (formerly United Apparel (Cambodia) Inc.)	441	Ricotex Industrial Co., Ltd
416	Orange Manufacturing (Khmer) Co., Ltd	442	Ronchester Inc.
417	Orient International Enterprise (Cambodia) Garment Co., Ltd	443	Roo Hsing Garment Co., Ltd (Branch No.1)
418	Orient Spring (Cambodia) Garment Co., Ltd.	444	Roo Hsing Garment Co., Ltd.
419	Pacific Apparel Co., Ltd	445	Ruita Garment (Cambodia) Co., Ltd
420	Pak Shun knitting Factory Ltd.	446	S.A.C. Co., Ltd.
421	Pantessa Garment (Cambodia) Co., Ltd.	447	S.L.J (Cambodia) Apparel Manufacturing Co., Ltd
422	Papillion Textile (Cambodia) Co., Ltd.	448	S.P. Brother (Sisophon) Co., Ltd
423	Pattern International (Cambodia) Company Limited	449	S.R.E Garment (Cambodia) Co., Ltd
424	Peace Glory (Cambodia) Manufacturing Co., Ltd	450	S.Y Embroidery Co., Ltd
425	Pemir (Cambodia) Garment Co., Ltd.	451	Sabrina Garment Mfg Corp.
426	Peninsula Apparel International Limited	452	Sae Han International (Cambodia) Co., Ltd.
427	Perfect Growth Private Co., Ltd	453	Sam IL International Co., Ltd.
428	Perfecta (Cambodia) Garment Co., Ltd	454	Splendid Chance International Ltd.
429	Perform Well Holdings (Cambodia) Limited	455	Splendor Industry Co., Ltd.
430	Piang Shing Hong Enterprise Co., Ltd (formerly Sum Enterprise Co., Ltd.)	456	Sportex Industry Co., Ltd.
431	Pilot Knit Sport Wear (Cambodia) Co., Ltd	457	Star Fuyu Garment Company Limited
432	Plory-Cam Knitting Limited	458	Starlight Apparel Manufacturing Co., Ltd.
433	Propitious (Cambodia) Garment Ltd	459	Steps Footsocks Asia Co., Ltd
434	Quality Textiles Co., Ltd.	460	Success Index Group (Cambodia) Limited.
435	Quantum Apparel (Cambodia) Limited	461	Sun Best Garment Co., Ltd.
		462	Sun Hsu Garment Co., Ltd
		463	Sun World Garment Co., Ltd.
		464	Sungin Textile (Cambodia) Co., Ltd

465	Sunjoy Fur Processing (Cambodia) Ltd	491	Three Plus Development (MFG) Limited
466	Suntex Pte., Ltd.	492	Tianyan International (Cambodia) Fashion Co., Ltd
467	Super Link Fashions (Cambodia) Co., Ltd	493	Tien Sung Garment (Cambodia) Co., Ltd (formerly Ming Jian (Cambodia) Co., Ltd)
468	Supreme Choice (Cambodia) Garment Ltd.	494	Timeless Fashion Clothing Co., Ltd (formerly Magic Square (formerly Soyeah))
469	Swany (Cambodia) Corporation	495	Tiner Fashion (Cambodia) Co., Ltd.
470	S-Wonlabel Co., Ltd.	496	TLCCB Garment (Cambodia) Co., Ltd
471	S-Yuan (Cambodia) Apparel Manufacturing Co., Ltd	497	Top Centre Manufacturing Ltd.
472	T & K Garment Industry Co., Ltd.	498	Top Fame (Cambodia) Garments Co., Ltd (Merged with Top Fame Garments Limited and Magacorp)
473	T & K Garment Industry Co., Ltd. (Branch II)	499	Top Form
474	T.K. Garment Sisophon Co., Ltd	500	Top Silver Limited (Head)
475	T.R.C.A Garment Co., Ltd (formerly Winsol Garment (Cambodia) Co., Ltd.)	501	Winson Int'l Garment (Cambodia) Ltd.
476	T.U.W Textile (Cambodia) Co., Ltd	502	Wintai Sock Manufacture Ltd (formerly Blossom Century (Cambodia) Ltd.)
477	Tae Young (Cambodia) Co., Ltd.	503	Woorie Garments Co., Ltd.
478	Tai Yar Garment Industry Co., Ltd. (No.1&2) (formerly Tai Yar Garment Industry Co., Ltd. & Tai Yar Branch 1 and Vinstar Garment)	504	Xin Fang (Cambodia) Garment Manufacturing Ltd.
479	Taieasy International Co., Ltd	505	Xin Lan (Cambodia) Garment Company Limited
480	Tainan Enterprises (Cambodia) Co., Ltd.	506	Xing Nan Ya Garment Co., Ltd
481	Tai-Rainbow Co., Ltd	507	Xing Tai Garment (Cambodia) Co., Ltd.
482	Tak Fook (Cambodia) Garment Ltd.	508	Xiong Fong International (Cambodia) Co., Ltd
483	Tak Son (Cambodia) Laundry Ltd.	509	Xu Sheng Cam Co., Ltd
484	Tak Sun Enterprise (Cambodia) Co., Ltd (Branch 1)	510	Xue Da (Cambodia) Dongsheng Textile Garments Co., Ltd
485	Te Fu Umbrella Co., Ltd	511	Y & W Garment Co., Ltd.
486	Team Best (Cambodia) Textile Co., Ltd	512	Y.D.L Factory (Cambodia) Co., Ltd
487	Terratex Knitting & Garment Fty., Ltd.	513	Yakjin (Cambodia) Inc.
488	TGMB&N Garment (Cambodia) Co.,Ltd (formerly B & N Garment (Cambodia) Co.,Ltd)	514	Yao Hua Print Work
489	Thai-Pore Garment Co., Ltd.	515	Yi Da Manufacturer Co., Ltd
490	The Willbes (Cambodia) Co., Ltd.		

516	Yi Ren Garments (Cambodia) Limited
517	Ying He (Cambodia) Garment Co., Ltd
518	YMG Garment Accessories Co., Ltd.
519	Yong De Wei Garment PTY LTD
520	Yorkmars (Cambodia) Garment MFG Co., Ltd.
521	Yorks (Cambodia) Co., Ltd.
522	You Li International (Cambodia) Garment Co., Ltd
523	Young Dong 1 Co., Ltd
524	Young Inner (Cambodia) Co., Ltd
525	YTC Corporation.
526	Yu Da Garment Industry (Cambodia) Co., Ltd. (formerly Maxpearl Garment)
527	Yu Fa Garment Industry (Cambodia) Co., Ltd.
528	Yu Jie Computer Embroidery Co., Ltd.
529	Yuan Da & Rong Fong (Cambodia) Textile Co., Ltd.
530	Yubin Service Co., Ltd.
531	YVP Trading Co.,Ltd (formerly Y & P Garment)
532	Zhen Tai Garment (Cambodia) Co., Ltd.
533	Zheng Yong Garment Factory (Branch 1)
534	Zheng Yong Garment Factory Co., Ltd (Branch 3)
535	Zhenyun Hua Co., Ltd
536	Zhong Guo Yun Jin (Cambodia) Garment Factory Co., Ltd
537	Zhong Hua Printing Company Ltd.
538	Zhong Yin (Cambodia) B Textile Co., Ltd
539	Zhong Yin (Cambodia) Textile Co., Ltd. (formerly Gold Flower Knitting Co., Ltd)
540	Zhong Yov Co., Ltd. (former Kun Mao Hsing Co., Ltd)

ANNEX C: LIST OF BUYERS PARTNERS THAT WORK WITH BFC⁸

N ^o	BUYER
1	Abercrombie & Fitch
2	American Eagle Outfitters, Inc.
3	Ann Inc
4	Asics
5	The Children's Place
6	Coles Supermarkets Ltd Australia
7	Debenhams
8	Esprit
9	Fast Retailing Co., Ltd
10	Gap Inc.
11	Global Brands Group
12	H&M Hennes & Mauritz AB
13	Inditex
14	John Lewis PLC
15	Levi Strauss & Co.
16	Li & Fung
17	New Balance Athletic Shoe, Inc. (NBAS)
18	Nike, Inc.
19	Pentland Brands Ltd.
20	Primark Stores Ltd.
21	Puma SE
22	PVH / Phillips Van Heusen Corporation
23	Target
24	The William Carter Company

END NOTES

- 1** Figures presented as per 1 May 2017
- 2** Factories participating and the Better Work model are further discussed in the Annex D discussing Methodology and Limitations.
- 3** Footwear factories join Better Factories Cambodia on a voluntary basis for the bundled services of assessment and advisory services. BFC expanded its services to footwear factories based on the Footwear Pilot Program in 2012 and began registering footwear factories from 2013.
- 4** Industry-wide data is provided by the Ministry of Commerce.
- 5** Cambodia's General Department of Customs and Excise (Ministry of Economy and Finance) ILO, Cambodian Garment and Footwear Sector Bulletin, Issue 6, May 2017
- 6** Industry-wide strike data is provided by GMAC. [The 'Compliance with Fundamental Rights' section differs as it contains strike data specific to the group of factories assessed during the period covered by this report.]
- 7** This concerns binding awards
- 8** These are brands that have signed a partnership agreement with the ILO and the IFC for strategic engagement with Better Work and Better Factories Cambodia. In addition to these partner brands, there are 25 additional brands that work with BFC, but have not signed such a partnership agreement.



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