



BetterWork

EGYPT

Annual Report 2024

Data from 2023



**International
Labour
Organization**



IFC International
Finance Corporation
WORLD BANK GROUP

Creating Markets, Creating Opportunities

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First published 2024

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ISBN: 9789220410141 (web PDF)

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Printed in Egypt

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List of Abbreviations

BWEg	Better Work Egypt
CAT	Compliance Assessment Tool
CBA	Collective Bargaining Agreement
CP	Compliance Point
EA	Enterprise Advisor
FoA	Freedom of Association
GBV	Gender-Based Violence
IFC	International Finance Corporation
ILO	International Labour Corporation
MoL	Ministry of Labour
OSH	Occupational Safety and Health
SOP	Standard Operating Procedures
PAC	Project Advisory Committee
PPE	Personal Protective Equipment
ToT	Training of Trainers
ZTP	Zero-Tolerance Protocol

► Summary Findings

This report reflects the findings and insights derived from Better Work Egypt's engagement in the garment sector during 2023. It serves as an update on the prevailing conditions within Egypt's garment industry and provides an overview of non-garment factories under the programme's auspices. Building upon the 2022 report, this second annual publication enriches industry understanding and collaboration by highlighting sectoral trends, prevalent violations, and pivotal challenges. Drawing on 60 assessment reports conducted throughout the year, the report utilizes primary data from compliance assessments. Assessments are facilitated by a team of two assessors during unannounced two-day visits, and employ a triangulation methodology including direct observations, document review, and interviews with both workers and management. This inclusive approach offers a comprehensive overview of adherence to national labour laws and international labour standards across the surveyed garment and non-garment factories.

The data suggests low occurrences of non-compliance regarding the five core labour standards—namely child labour, discrimination, forced labour, freedom of association, and collective bargaining. OSH emerges as the most frequently violated, particularly concerning emergency preparedness, worker protection, and provision of health services and first aid¹. Better Work Egypt acknowledges the inherent challenges in evaluating these issues within a limited timeframe, as outlined in Annex C: Methodology and Limitations. The vast majority of identified non-compliances relate to four key working conditions clusters: compensation, contracts and human resources, and working time. The following are highlights from each compliance cluster:

Core Labour Standards

Child Labour: Egyptian Child Law 12 of 1996 and its amendment by law 126 of 2008 stipulate that individuals must be at least 15 years old for employment, with provisions allowing children aged 13 to 15 to be engaged in "seasonal work" under specific conditions. This law was updated by Ministerial Decree 215 for 2021 on Prohibited Professions, which increased the minimum age for training from 13 to 14 years, and confirmed the general minimum age of employment is 15 years. Better Work Egypt's assessment found no instances of child labour (under 15) non-compliance yet identified six factories failing to meet regulations concerning young workers under 18, including issues related to appropriate documentation, protection, and hazardous work for which children younger than 18 years cannot be employed.

Discrimination: The findings indicate a low level of non-compliance in the discrimination cluster, as only two factories were found non-compliant with gender discrimination regulations, other gender-based issues were noted, such as very low representation of women on the production floor, but Better Work did not find evidence of employer practices rising to the level of non-compliance.

Twelve factories failed to meet the mandated quota for workers with disabilities. Notably, the proportion of factories encountering difficulties in meeting the quota for employment of workers with disabilities has decreased from 46 per cent in 2022 to approximately 22 per cent in 2023. However, a deeply troubling trend persists wherein some factories hire workers with disabilities but do not integrate them into the workforce. Instead, they opt for paying them while they remain at home, thus falling short on inclusive practices and failing to recognize the business case which exists for employing workers with a disability.

There were no non-compliances cited for discrimination based on race, origin, religion, or political opinion.

Forced Labour: No cases of forced labour were cited in participating factories. The ILO Forced Labour Convention, 1930 (No. 29) defines forced labour as “all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily”. During assessment visits, Better Work looks for evidence of forced labour, bonded labour, forced overtime, prison labour, and various coercive practices, such as threats of violence, withholding wages, and withholding personal documents. None of these practices were found in the participating factories in 2023.

Freedom of Association and Collective Bargaining: At the national level, the Ministry of Labour (MoL) issued Standard Operating Procedures (SoP) for Trade Union Registration. At the enterprise level, Better Work Egypt has not encountered any evidence of factories breaching national labour legislations or international labour standards pertaining to Freedom of Association and Collective Bargaining. However, evaluating non-compliance in this domain is challenging due to the notably low rates of unionization and the bureaucratic obstacles to union registration. Despite the assessed factories having bylaws allowing for unions, interviews with workers revealed a continued limited awareness among workers regarding freedom of association and their right to organize, their functions within the workplace, and the process of forming or joining a union. Enhancing workers’ and employers’ understanding of unions and their role represents an area for potential improvement, given the current levels of awareness.

Safe and healthy working environment (Occupational Safety and Health): Most non-compliances fall under the OSH cluster, with emergency preparedness topping the list at 91 per cent of Better Work Egypt factories, and worker protection following closely at 65 per cent. Chemical and hazardous substances' non-compliance accounts for 58 per cent of factories, while violations related to health services and first aid constitute 60 per cent of total garment factories. These findings underscore critical areas for improvement in ensuring that workplace safety and health standards are met.

Working Conditions

Compensation: Egypt's first private sector minimum wage of EGP 2,400, introduced in January 2022, underwent significant revisions, eventually reaching EGP 3,500, effective in January 2024. These changes, while impactful, posed challenges for employers in terms of the capacity to cope with the changes in a short timeframe, and workers in terms of understanding wage composition. Better Work Egypt observed an increase of non-compliance issues in 69 per cent of participating factories, compared to 18 per cent in 2022. Issues include underpayment, incorrect overtime calculations, and lack of social protection measures. Adjustments in the minimum wage led to new payroll practices, such as adding in-kind benefits and non-pensionable bonuses by factories. These issues are forecasted to persist throughout 2024 with the new wage regulations increasing the amount to EGP 6000, effective in May 2024.

Contracts & Human Resources: The Contracts and Human Resources cluster covers aspects such as employment contract formulation, worker-management dynamics, and termination policies. In 2023, 73 per cent of Better Work factories were found to have violated various elements within this cluster. These violations encompass issues such as exceeded or repeated probationary periods in the employment contract, documentation for migrant workers, timely delivery of work contracts to employees, discrepancies in wage updates within contracts, incorrect calculations for final settlements or unused annual leave, and delays in severance pay that extend beyond the legal duration.

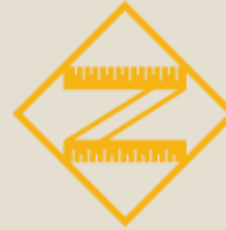
Working Time: Non-compliance issues regarding regular working time present a varied landscape, with concerns ranging from inadequate break periods (36 per cent non-compliance) to exceeding legal limits on daily or weekly working hours (18 per cent). Moreover, inaccuracies in working time records were noted in nine per cent of factories. Additionally, 11 per cent of factories neglected to reduce working hours for employees with disabilities as required by Egyptian labour law, highlighting a gap in accommodating these workers. In terms of overtime work, 51 per cent of factories failed to comply with legal limits, though violations in sewing sections, restricted to a maximum of 10 hours per day, were less common.



60
Factories



347
Advisory



60
Assessment



1005
Training
participants



56,063
Workers in
registered



36
Internationa
l buyers

▶ Introduction

Better Work Egypt operated under the Strengthening Labour Relations and its Institutions in Egypt (SLARIE) programme from March 2020 until the programme was concluded in December 2022. Several elements of the SLARIE programme were incorporated under the Better Work Egypt 2022 — 2027 strategy to ensure the programme's efforts in promoting social dialogue and freedom of association. Through tripartite meetings and collaboration with national stakeholders, the strategy was developed to address key issues, like minimum wage and occupational safety, aiming to unify the interpretation and application of labour laws and relevant legislations. Efforts extend to raising awareness about trade unions and gender equality, evident in increased female representation in management and OSH committees, which are mandated by law. Tangible progress has been made, particularly in engaging with the Ministry of Labour and enhancing social dialogue effectiveness at both sectoral and enterprise levels. The programme's commitment to mainstreaming gender and labour rights is evident in its activities and outreach efforts, including webinars and media engagement. The second annual report underscores the programme's focus on assessing working conditions, identifying application gaps in national legislation and ILS, and outlining priorities for the future, reflecting its ongoing dedication to improving labour standards in Egypt's garment sector.

The report proceeds as follows: the *Introduction* covers the country and labour market context, the garment sector in Egypt, and the main activities of the Better Work Egypt programme. The main findings and analysis are covered in *Working Conditions in the Garment Sector*, which draws from non-compliance findings from 60 assessment reports and data gathered during advisory visits. Finally, the *Conclusion* presents the way forward and key priorities for the programme and the garment sector in the coming year.

Country Context

2023 marked significant shifts in Egypt's economic landscape, characterized by pivotal changes in labour regulations and unprecedented challenges in maritime trade. Commencing in January, the Egyptian government revised the minimum wage twice within the span of a few months, recognizing the necessity to address rising inflationary pressures. Concurrently, the garment sector exhibited resilience in export performance despite broader declines in Egypt's overall export figures. However, this economic resilience was contrasted with a series of disruptive events in the Red Sea region, notably, Houthi attacks that impeded international shipping routes, causing disruptions in supply chains and

inflating shipping costs. Amidst these economic uncertainties, the World Bank forecasted a mixed outlook for Egypt's macroeconomic landscape, underscoring the imperative for sustained reforms to bolster human capital and enhance the business environment. This introduction sets the stage for a comprehensive analysis of the economic dynamics and challenges facing Egypt in 2023 and beyond.

Starting the year, the minimum wage was revised in January 2023 to Egyptian pounds (EGP) 2,700 (US\$ 112), and the exemption request was revokedⁱ. Subsequently, in July 2023, the minimum wage was further revised to EGP 3,000 (US\$ 97)ⁱⁱⁱ. These changes posed several challenges for employers and workers, particularly in the ready-made garment sector. The decision to raise the minimum wage acknowledges the significant rise in headline inflation in Egypt, which surged from 24 per cent in December 2022 to 33 per cent in December 2023.^{iv v} Furthermore, the National Wages Council (NWC) recently approved another increment, increasing the minimum wage for private sector employees from EGP 3,000 to EGP 3,500 (US\$ 113), effective January 1, 2024, as announced in a Cabinet statement in October 2023^{vi}. In April 2024, the NWC raised the minimum wage for private sector employees through decree no. 27 of 2024, which sets the new minimum wage for private sector employees at EGP 6,000 (US\$ 127), effective 1 May 2024.

Textile production accounts for 34 per cent of Egypt's industrial output and 11 per cent of its exports. The sector employs around 1.5 million people^{vii}. From January to November 2023, Egypt's garment sector performed robustly, with exports totalling US\$ 2.2 billion^l. The US is the largest market for RMG exports from Egypt, valued at US\$ 776 million, while the EU is the second-largest market for RMG exports. Notably, exports to EU countries surged by 6 per cent, reaching a record US\$ 467 million during this period, compared to US\$ 439 million in the corresponding period in 2022^{viii}. However, despite the notable increase in exports to EU countries, Egypt's overall exports have experienced a decline from US\$ 2.5 billion in 2022 to US\$ 2.2 billion in 2023.

In November 2023, Houthis launched a series of attacks in the Red Sea^{ix}. The impact of these attacks on international ships in the Red Sea significantly affected Egypt, particularly due to a decrease in vessel traffic through the Suez Canal. This decline has resulted in a substantial loss of revenue for the Egyptian government. The impact of the attacks was reported by several Better Work Egypt participating factories as having delayed or withheld shipments of raw material, which disrupted production processes and delivery dates. Shipping expenses have soared by 200 per cent due to the ongoing conflict in the Red Sea region, with further increases anticipated. The diversion of ships in the Red Sea has led to a 173 per cent surge in container freight prices. Targeting ships poses a significant threat to trade and navigation, emphasizing the critical importance of securing the Bab El-Mandeb Strait. This

is vital for various economic reasons, including gasoline prices and security services. Insurance companies have played a substantial role in driving up shipping costs for companies using the Red Sea route with rates reaching 2 per cent of cargo value, compared to the typical 0.6 per cent. Additionally, cargo insurers impose war risk taxes, further elevating shipping costs for goods utilizing the Suez Canal route^x.

As an alternative to the Red Sea route, diverting ships around the Cape of Good Hope extends travel time between Europe and Asia by 30 to 50 per cent. This shift in route has immediate economic repercussions and poses logistical challenges for shipping companies in the medium term. The redirection of ships has severely affected Egypt's Suez Canal revenues, with a significant drop of 40 per cent by January 12, 2024, compared to the previous year. Compounding the issue is the fact that canal fees are denominated in foreign currency, presenting challenges for the Egyptian government amid rapid inflation^{xI}. Additionally, ship traffic from January 1 to 11 decreased by 30 per cent compared to the same period in 2023, with only 544 ships navigating the canal. To mitigate financial losses, Egypt has responded to the evolving security situation by increasing transit fees by 5 per cent to 15 per cent. The enforcement of the adjusted fee schedule began in January 2024^{xII}.

High tariffs increase the cost of imported goods, making them more expensive for consumers. This can lead to decreased purchasing power and reduced consumption, which can negatively affect businesses that rely on imports for raw materials or finished products. Shipping turbulence, such as delays, port congestion, or disruptions due to geopolitical tensions, can disrupt global supply chains. This can result in delays in receiving necessary inputs, production slowdowns, and increased inventory costs for companies. In some cases, companies may need to find alternative shipping routes or suppliers, which can be more costly and time-consuming. This results in a decrease in international trade as countries impose barriers to protect domestic industries. This reduction in trade can limit market access for companies, particularly those that rely heavily on exporting their products. Uncertainty surrounding trade policies and shipping conditions can deter investment and business expansion. Companies may hesitate to make long-term investments or commit to new projects if they are uncertain about future trade conditions or if they anticipate continued shipping disruptions. This can slow economic growth and job creation.

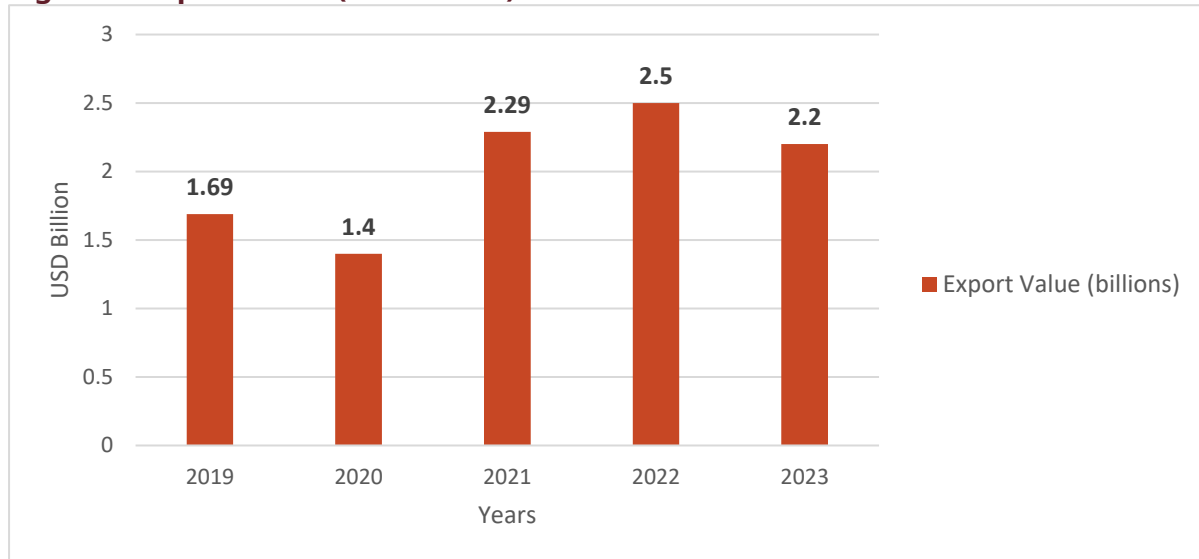
The World Bank forecasted that during FY2023/24, Egypt's macroeconomic landscape is anticipated to face challenges stemming from both global shocks and internal macroeconomic disparities. However, improvements are forecasted over the medium term as the Egyptian government persists in its efforts toward stabilization and structural reforms. It is imperative to prioritize the creation of fiscal space to bolster Egypt's human capital. The World Bank recommended that the key to this endeavour is the sustained

pursuit of reforms, encompassing enhancements in trade policies and facilitation, the effective implementation of the State Ownership Policy, the promotion of competition, the reinforcement of governance and the rule of law, and enhancements in the overall business environment. It highlighted these measures as essential for unlocking the private sector's potential to engage in higher value-added and export-driven activities, which are vital for job creation and elevating living standards^{XIII}.

Garment Industry Overview

The ready-made garment (RMG) sector stands as one of the cornerstones of the Egyptian economy, representing one of its five key industries. Accounting for 3 per cent of the GDP and 27 per cent of industrial output, the apparel segment demonstrates significant economic influence. Notably, the textile industry is predominantly public sector-driven, commanding 50 per cent in spinning, 60 per cent in hemming, and 60 per cent in weaving, while the garment industry is primarily privately owned, with 90 per cent ownership. Approximately 6,500 companies operate within Egypt's RMG sector, employing around 2.5 million people, with only 352 of these companies engaged in export activities, according to available data.

Textile production contributes substantially to Egypt's industrial output, comprising 34 per cent, and constitutes 11 per cent of the nation's exports, employing approximately 1.5 million people. The period from January to December 2023 saw a robust performance in Egypt's garment sector, with exports reaching US\$ 2.2 billion, primarily propelled by shipments to the United States, valued at US\$ 776 million, and the European Union (EU), valued at US\$ 377 million. Exports to EU countries surged by 6 per cent during this period, however despite this surge, Egypt's overall exports experienced a decrease from US\$ 2.5 billion in 2022 to US\$ 2.2 billion in 2023 (See Figure 1 Export value 2019-2023).

Figure 1: Export Value (2019 - 2023)

While the sector underwent nationalization in the 1950s, Egypt transitioned to a free economic policy in the 1970s and has since encouraged foreign investment, particularly since the 1990s. In 1997, legislation was enacted allowing foreign investors full ownership rights. Additionally, tax incentives were provided, with exemptions offered for up to five years, or even twenty years for projects established outside the Cairo area. Subsequently, Egypt is engaged in numerous bilateral agreements with various nations.

The most prominent trade agreements are the Qualified Industrial Zones (QIZ)^{xiv}; Established in 2004, the QIZ agreement involves Egypt, the United States, and Israel. Under this agreement, certain designated industrial zones in Egypt produce goods that receive preferential treatment in the US market. To qualify, products must contain a minimum percentage of Israeli input. Additionally, Egypt is a signatory to the African Continental Free Trade Area (AfCFTA), which aims to create a single market for goods and services across Africa, fostering intra-African trade^{xv}. By reducing tariffs and other trade barriers, AfCFTA seeks to promote economic integration and development within the continent. In the South African region, Egypt has been exploring trade relations with Mercosur, a South American trade bloc comprising Argentina, Brazil, Paraguay, and Uruguay. Negotiations aim to enhance bilateral trade and cooperation between Egypt and Mercosur member states. Moreover, the Greater Arab Free Trade Area (GAFTA) is a pan-Arab free trade area agreement aiming to eliminate tariffs and other barriers to trade among Arab League member states, including Egypt^{xvi}. The agreement promotes economic integration and cooperation within the Arab region.

Engagement with the EU is represented in the Egypt-EU Association Agreement, signed in 2001. This agreement established a free trade area between Egypt and the European Union (EU)^{xvii}. It aims to facilitate trade, promote investment, and foster economic cooperation between Egypt and EU member states. In 2005, Egypt signed the Egypt-Turkey Free Trade Agreement (FTA) which aims to liberalize trade between Egypt and Turkey^{xviii}. It eliminates tariffs on many goods traded between the two countries, facilitating bilateral trade and economic cooperation. The Common Market for Eastern and Southern Africa (COMESA) is a regional economic community comprising 21 African countries, of which Egypt is a member^{xix}. COMESA aims to promote economic integration, trade facilitation, and development among its member states. Finally, the Agadir Agreement signed in 2004, fosters economic cooperation and trade liberalization between Egypt, Jordan, Morocco, and Tunisia^{xx}. It aims to create a free trade area among these Mediterranean Arab countries, enhancing regional integration and economic development. Each of these agreements plays a significant role in shaping Egypt's trade relations with various regions and countries, facilitating economic growth, and promoting international cooperation.

Better Work Egypt

Better Work Egypt, initially under the SLARIE programme from March to December 2022, transitioned its efforts into the Better Work Egypt 2022-2027 strategy. This strategy emphasizes promoting social dialogue and collective bargaining rights. By engaging in tripartite meetings and partnering with national stakeholders, it tackles vital concerns such as minimum wage and occupational safety and health. The aim is to foster a unified interpretation and application of labour laws across Egypt. In 2022, the strategy was developed with close consultations with the programme's stakeholders and tripartite constituents. The strategy is fully aligned with national priorities as set in the Government of Egypt's development Plan of the Sustainable Development Strategy (SDS): Egypt Vision 2030, ensuring that *"by 2030, the new Egypt will achieve a competitive, balanced, diversified and knowledge-based economy, characterized by justice, social integration and participation, with a balanced and diversified ecosystem, benefiting from its strategic location and human capital to achieve sustainable development for a better life to all Egyptians"*. It specifically focuses on the economic and social integration pillars of the vision.

By 2027, Better Work Egypt aims to realize three outcomes:

- ▶ **Outcome 1:** Compliance and business outcomes will have improved in registered factories through applying Better Work's factory engagement model in collaboration with social partners.

- ▶ **Outcome 2:** Quality, gender transformative social dialogue at the enterprise and sectoral levels – including through workplace committees, unions, and sectoral meetings – will be achieved and sustained.
- ▶ **Outcome 3:** Increased transparency and knowledge of issues through data and evidence sharing and convening around results will improve evidence-based policymaking.

Better Work Egypt will continue to offer its factory engagement model (assessment, advisory, training) to participating factories and improve social dialogue at the factory and national levels. Increasingly, the programme will focus on stakeholder engagement and data sharing.

- ▶ **Factory Engagement.** In 2023, Better Work Egypt reached a total number of 60 active factories registered in the Better Work Egypt programme. The programme's impact extends to 55 garment factories, four printing factories, and one food manufacturing factory, with a total workforce of 56,063 workers (45 per cent women). Better Work Egypt operates in 11 industrial governorates, namely Cairo, Giza, Qalyoubia, Sharkeia, Menofia, Behira, Alexandria, Ismailia, Port Said, Bani Suef, and Menia. Throughout the reporting period, Better Work Egypt's Enterprise Advisors (EAs) conducted 347 virtual and on-site advisory visits to 60 participating factories. The EAs utilized thematic advisories ensuring each factory received at least one visit on gender and inclusion related topics, two visits on social dialogue, and one visit on grievance mechanisms. Additionally, the programme extended its training services to over 1,005 participants (45 per cent women), ranging from workers, OSH personnel, and management. The diverse training topics covered key themes relevant to OSH, leadership and skills, and legal awareness. Better Work Egypt delivered eight industry seminars on three topics, covering clarification of minimum wages, fundamental principles and rights in the workplace, and the worst forms of child labour, in collaboration with ILO's project, Accelerating Action for the Elimination of Child Labour in Supply Chains in Africa (ACCEL), and a human trafficking industry seminar in collaboration with the ILO Combating Human Trafficking in Egypt project. A total of 149 factory representatives (50 per cent women) from Better Work and non-Better Work enterprises attended the seminars.
- ▶ **Improving Social Dialogue.** Social dialogue continues to be a core focus for Better Work Egypt's work at both the factory and national levels. Better Work's EAs collaborate with OSH committees at the factory level to identify the root causes of identified issues of non-compliance, as well as opportunities for sustainable improvements. According to the program's factories improvement plan for 2023, enterprise advisors (EAs) reported a 35 per cent completion rate for OSH areas of improvement, with 38 per cent in progress and 27 per cent pending non-compliance issues, as observed during advisory visits to the factories. In 2023, Better Work Egypt provided training on effective grievance and

dispute handling through its in-class Workplace Communication module for 36 participants. Additionally, the programme engaged with Better Work Global in the development and piloting of the digital Workplace Communication module in one factory. The digital training was offered to 22 middle management level participants. The blended training model allowed participants to undertake four self-learning sessions that were later complemented by Better Work Egypt's EAs through in-person training. The programme recognizes the existing gaps in factory-level and national-level grievance and dispute-handling mechanisms, which have directly impacted the project's goal of establishing effective grievance mechanisms at the factory level. Through advisory follow-ups and observations during compliance assessments, Better Work Egypt noted that industry seminars and training sessions alone cannot have an impact without an enabling environment for effective grievance handling, as well as commitment and interest from stakeholders. Accordingly, Better Work Egypt opted to strengthen its approach to a continuous analysis of grievance mechanisms during advisory visits to a selected number of factories.

- ▶ **Data Sharing and Stakeholder Engagement.** Better Work Egypt engaged in comprehensive data sharing and stakeholder engagement activities. The first annual report, disseminated in Q2 and published in Q3, 2023, provided a thorough overview of the garment sector in Egypt, including the country and labour market context, the main activities of the programme, and key findings from advisory visits. Moreover, Better Work Egypt conducted a study exploring gendered challenges for women in the garment industry, covering various issues such as access to promotions, sexual harassment, and health concerns, with recommendations aimed at improving working conditions and promoting gender equality. Additionally, Better Work Egypt facilitated a study on road safety in collaboration with the International Labour Organization's Vision Zero Fund, evaluating commuting safety for garment and footwear workers. This research identified factors contributing to commuting accidents and proposed measures to enhance safety, emphasizing the collective responsibility of stakeholders.

Furthermore, Better Work Egypt played a vital role in providing input for advocacy and policy research, leveraging data from assessment reports to analyse factory practices regarding the legal minimum wage. This effort culminated in the organization of the Second Tripartite Ready-Made Garment and Textile Sectoral Meeting, where Better Work Egypt's observations on minimum wage payments were discussed, leading to the preparation of a note offering recommendations to the government and constituents for better enforcement of minimum wage regulations in the garment sector.

Overall, Better Work's initiatives reflect a concerted effort to improve working conditions, promote gender equality and enhance policy enforcement in Egypt's garment industry through collaborative engagement and data-driven interventions.

- ▶ **Increased Gender Mainstreaming.** Better Work Egypt made notable progress towards mainstreaming gender across its services by addressing the four pillars of the gender strategy, in the areas of discrimination, voice and representation, paid work and care, and leadership and skills development.

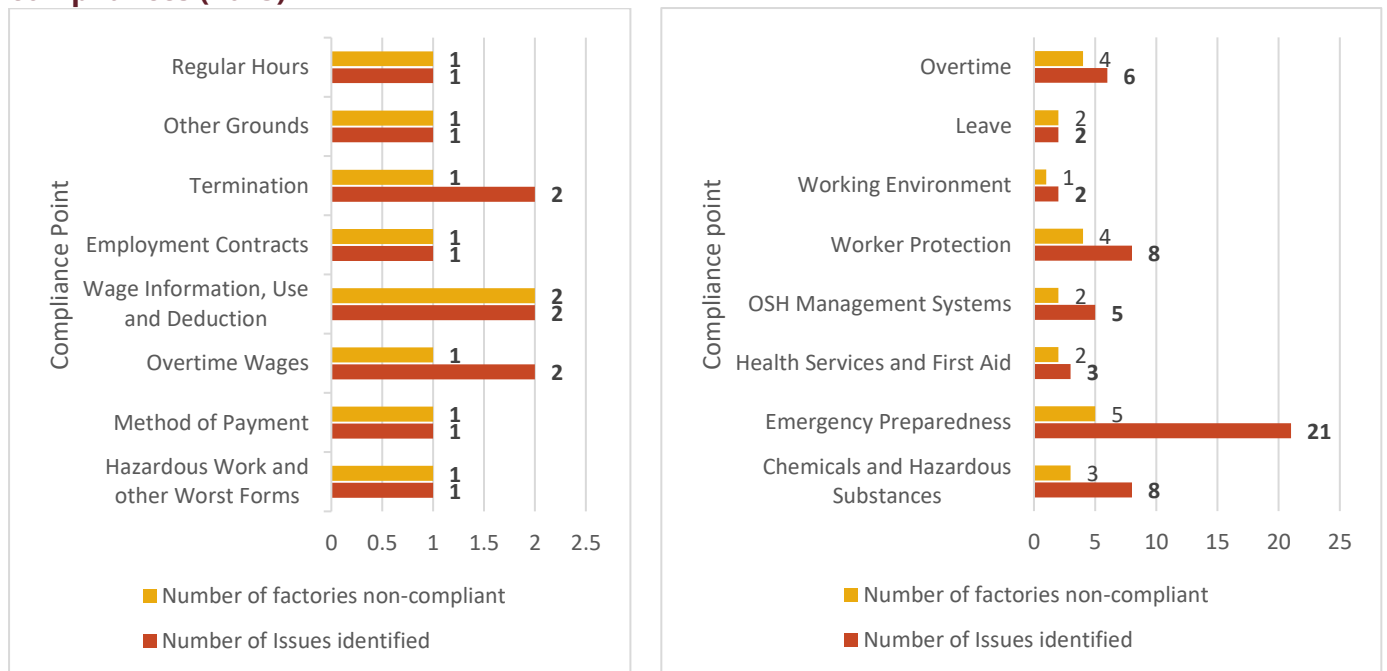
In 2023, Better Work Egypt undertook several initiatives to address discrimination and promote gender equality in the workplace at the national level. This included organizing three workshops on fundamental rights at the workplace, covering key areas such as discrimination, child labour, forced labour, and freedom of association, to raise awareness and tackle discrimination issues. Moreover, Better Work Egypt analyzed the baseline survey data to assess the representation of women in the workforce, supervisory positions, and participation in OSH committees. These findings were disseminated to all factories, and Better Work Egypt Enterprise Advisors (EAs) actively discussed gender and inclusion topics during advisory visits, advocating for equal representation and opportunity. In efforts to support women's access to paid work and care, Better Work Egypt monitored women workers' access to care facilities and maternity benefits. Better Work Egypt found that 70 per cent of factories provided nursery services, however, only 43 per cent of factories had women utilizing the service. Finally, Better Work Egypt, together with the ILO RBSA Project "Promoting care economy to support women economic empowerment in Egypt" participated in a workshop with UNICEF, the Ministry of Solidarity and Social Services (MOSS), and the MoL to explore different models of care facilities, subsequently disseminating this information through advisory visits. Better Work Egypt also developed training materials on women workers' rights in labour law, training over 107 women during advisory visits, and emphasized women's leadership and skills development. In terms of training participation, the programme saw significant progress in women's involvement in training activities, with women accounting for 45 per cent of participants in 2023, compared to 33 per cent in 2022. Notably, women's participation in various training programs, such as Supervisory Skills Training and General Fire Safety and Evacuation, exceeded 50 per cent. Additionally, almost all women participated in the women's rights in labour law awareness activities. These efforts underscore Better Work Egypt's commitment to promoting gender equality, combating discrimination, and empowering women in the workplace.

Non-Garment Sector

Better Work Egypt continued its engagement with five factories that operate in the printing, food manufacturing, and packaging industries. The five companies receive the full better work factory engagement model and have a total of 16 published assessment reports on Better Work’s portal. Better Work Egypt’s impact extends to over 1400 workers (1 per cent women), through training and social dialogue. The noticeably low percentage of women employment in these factories drove conversations with the decision makers in these companies to address the low participation rates. Among the key factors were working hours, which are usually shift-based and extend until late- night hours, and are inconvenient for women. The second reason is the nature of these industries, which involve chemical hazards that pose a special threat to women’s health and, accordingly, limit their employment. Finally, some departments in these industries may be suitable for women; however, employers fear that they may be uncomfortable working in a predominantly male environment. However, the five factories are actively engaging women in administrative and management positions.

The average non-compliance rate in non-garment factories stands at 20 per cent. Common non-compliance issues are related to payment methods, overtime wages, and wage information, in addition to employment contracts, final resignation settlements, and OSH (See figure 2 for detailed segmentation of the findings in the non-garment sector).

Figure 2: Number of issues identified/number of non-garment factories with non-compliances (2023)



The compliance situation differs from one factory to another. All factories, except two, were compliant with all elements of the ILS. The two factories were cited as non-compliant for violating one aspect of discrimination, namely failing to meet the 5 per cent quota for hiring works with disabilities and for involving workers under 18 in hazardous work. Most issues were identified under the OSH cluster, representing 72 per cent of the total non-compliances reported for non-garment factories. All five factories were non-compliant with elements of emergency preparedness, four were non-compliant with elements of workers' protections, and three factories were non-compliant with elements of chemicals and hazardous substances. In addition, two factories were in violation for each of the OSH management systems, and health services and first aid, while one factory was in violation of the working environment CP.

To improve compliance in non-garment factories, it is crucial to focus on enhancing the understanding and implementation of proper payment methods, contractual obligations, and health and safety measures. By conducting targeted capacity building activities, the aim is to facilitate the necessary improvements in these key areas of non-compliance.

Box I. Strengthening Constituent Engagement

In 2023, Better Work Egypt focused its engagement with the Ministry of Labour (MoL) on two key objectives: activating the joint technical committee and ensuring uniform interpretation and application of labour laws and regulations. These goals were established through ongoing consultations between Better Work Egypt and the MoL, based on findings from the 2022 annual report.

Better Work Egypt facilitated six meetings and workshops with MoL officials to foster information sharing and consensus-building. These efforts included workshops on Better Work methodology and international labour standards (ILS) involving 115 participants, as well as specialized workshops for occupational safety and health (OSH) inspectors for 113 participants. Through these workshops, Better Work Egypt identified qualified OSH inspectors who later underwent training to support future activities, including co-facilitating training sessions at the factory level.

Moreover, Better Work Egypt collaborated with national stakeholders, including the MoL, employers' organizations, and workers' representatives, to address key issues in the garment sector. Initiatives included establishing a joint technical committee, organizing online seminars to discuss the Minimum Wage decree, conducting capacity development programmes for over 200 stakeholders, and providing joint training sessions for Better Work Egypt registered factories' OSH and compliance officers. The outcome of the sessions necessitated further activities to mainstream best practices in applying OSH and labour laws. Accordingly, Better Work Egypt is working closely with MoL to produce OSH and HR leaflets aiming to address the existing gaps in participating factories.

Additionally, Better Work Egypt facilitated two Tripartite Ready-Made Garment and Textile Sectoral meetings, bringing together relevant stakeholders to discuss industry challenges and opportunities. Overall, Better Work Egypt's collaborative efforts with the MoL and tripartite stakeholders aimed to enhance compliance with labour laws, improve occupational safety and health standards, and promote dialogue on key issues affecting the garment sector in Egypt.

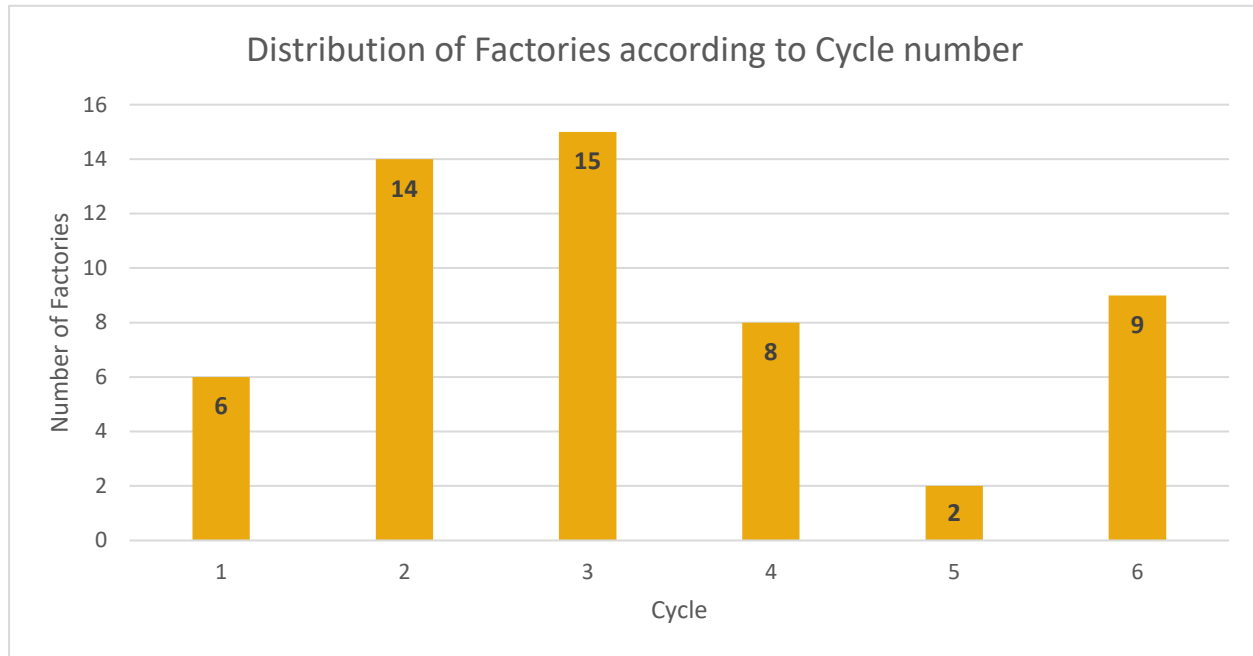
▶ Working Conditions in the Garment Sector

The following section focuses on working conditions in the garment sector. This information is based on triangulating data from assessment visits with other data and information collected during the course of advisory visits in the field.

Methodology and Data

The primary focus of the Better Work Egypt Annual Synthesis Report lies in utilizing non-compliance data to provide an overview of working conditions within the registered Egyptian garment factories over the past year. A fundamental aspect of the programme's core services is the enterprise assessment conducted by Better Work. During these assessments, factories are categorized as non-compliant if evidence demonstrates their failure to adhere to specific components outlined in Egyptian labour laws or core international labour standards. The compliance data is categorized into eight clusters, with four aligning with core labour standards assessed against international benchmarks, and the remaining four focusing on working conditions assessed in accordance with national laws and regulation^{XXI}. While individual assessment reports serve to pinpoint and foster understanding of non-compliance within factories, the annual report offers an opportunity to examine sector-wide trends and contextualize them appropriately.

This report covers assessment findings from 60 factories. Six factories in the sample completed the 1st Cycle of the Better Work model and the average Cycle was 3.2 (see **Figure 3**). Better Work defines the cycle as a one-year period during which the program provides services to a factory.

Figure 3: Distribution of Factories per Cycle in 2023

In addition to the non-compliance data, this report draws on data from the following sources:

- ▶ **Data gathered by EAs over the course of advisory visits.** The advisory log has rich information, such as how many visits occurred and the topic of discussion.
- ▶ And finally, **team observations from factory visits** and conversations with tripartite stakeholders and buyers.

For more information on the data presented in this report and limitations of the various sources, see Annex C.

DEMOGRAPHICS OF THE WORKERS EMPLOYED

Better Work registered companies employ a total of 55,752 (43 per cent women) garment workers and 1,686 non-garment workers (1 per cent women). Women employment in garment factories in Egypt remains lower than the global average of 60 per cent. However, it is higher than the overall employment rate for women estimated at 12.8 per cent (CAPMAS). 98.5 per cent of workers are Egyptians, with a minority of migrants employed in 13 factories.

Better Work factories vary in their size and scale of operations. The programme engages three manufacturing groups employing a total of 20,000 workers, operating in upper Egypt, Alexandria, Cairo, Ismailia, and Port Said. The remaining factories vary between small and medium-sized, employing between 25 and 500 workers. Better Work factories employ a total of 4,054 supervisors with 25 per cent women and 3 per cent migrants. While the findings from the assessments are given the same weight, the impact of these non-compliance rates vary according to the size of the workforce.

Figure 4. Total workers Employed in BW Factories

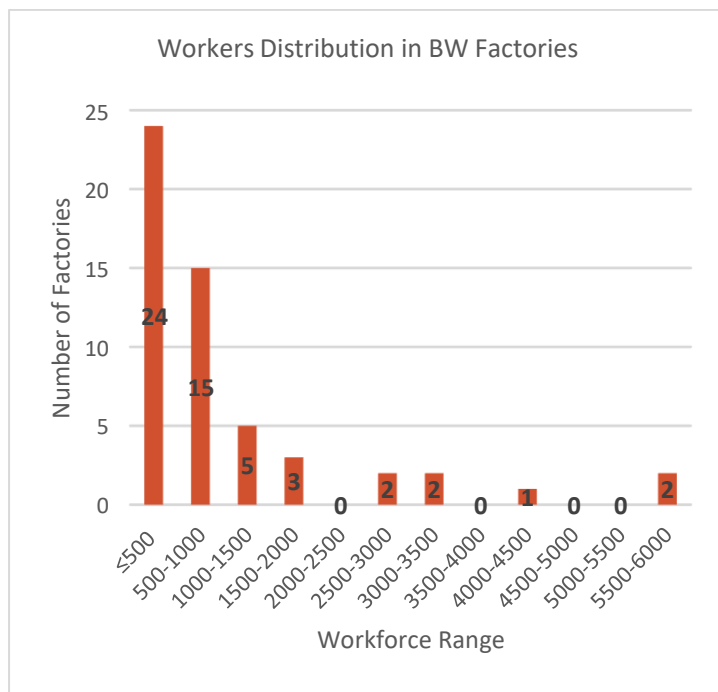
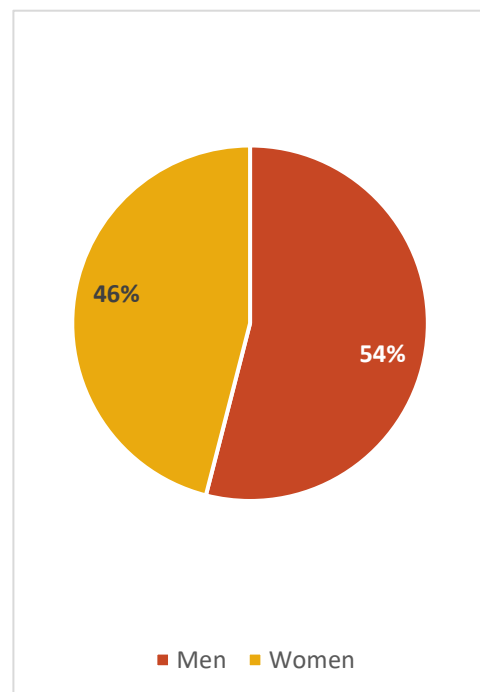
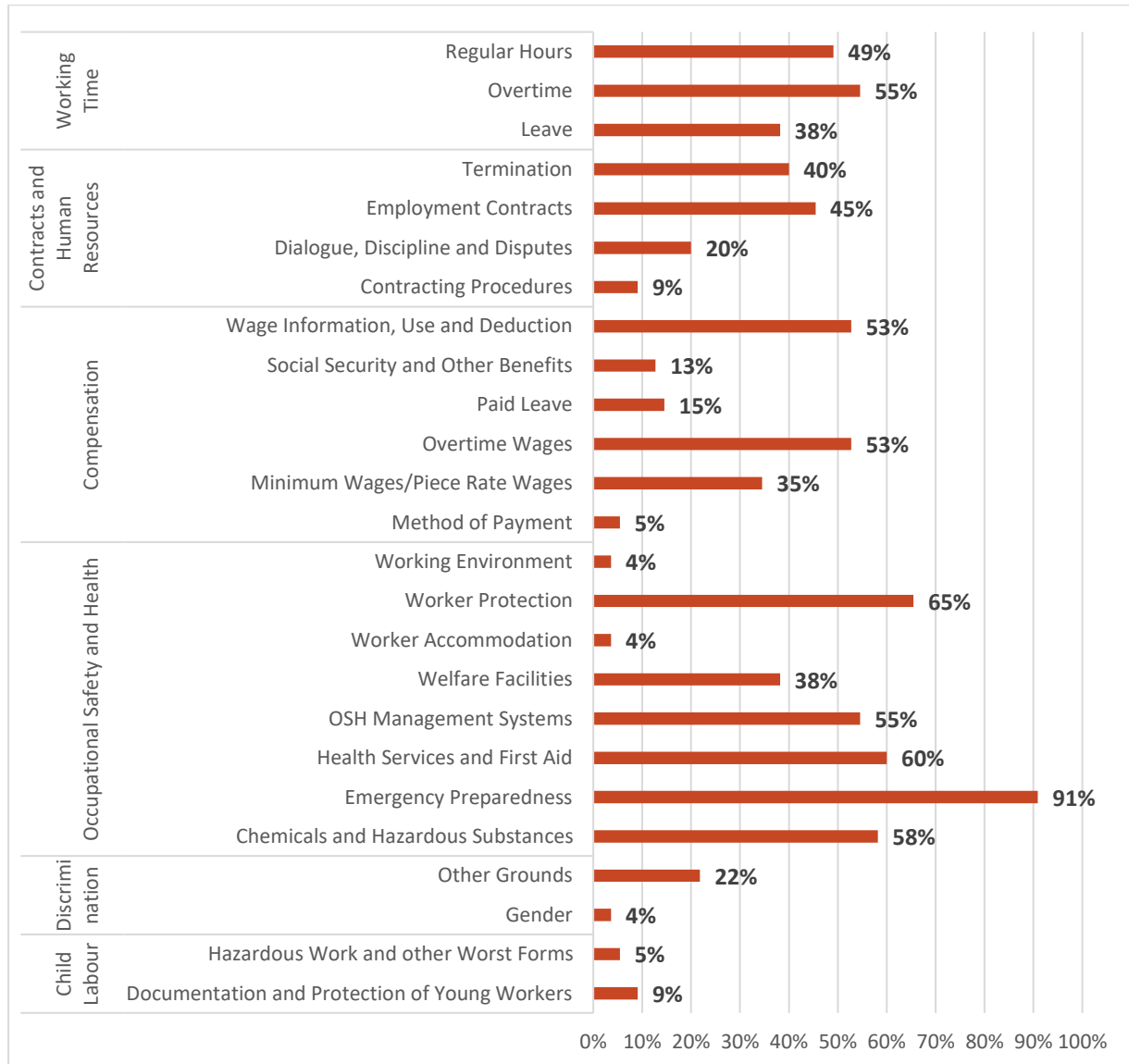


Figure 5: % of men and women workers in BWEg factories



Non-compliance Situation

Figure 6 summarizes the non-compliance rate for the 60 assessed factories. Non-compliance rates are reported for each compliance point (CP) under the eight Core Labour Standards and Working Conditions clusters, followed with detailed observations.

Figure 6: Garment Factories Non-compliance % per cluster (2023)


Detailed Findings

The following section presents detailed findings by cluster using key non-compliance rates and changes in non-compliance over the course of participation in the Better Work Egypt programme.

CHILD LABOUR

Egypt has ratified ILO Convention, 1999 (No. 182) concerning Prohibition of Worst Forms of Child Labour and Convention, 1973 (No. 138) of concerning Minimum Age, which sets the minimum age for employment at 15 and training or apprenticeship at 14. Egypt made some progress at the national level with respect to legislation and policies. The Egyptian constitution prohibits the exploitation of children and mandates the provision of free compulsory education. In 2021, the MOL issued Ministerial Decree 215 for regulating employment and training of children. The Decree stipulates that the minimum age for employment and apprenticeship is 15 and 14 respectively, to be in full conformity with ILO aforementioned Convention No. 138. In addition, the decree emphasized that children, under the age of 18, are prohibited from working for more than six hours a day, and the working hours shall include one or more period for meals and rest, totalling not less than one hour. This/these period/s shall be determined so that the child shall not work for more than four continuous hours. Furthermore, children are prohibited from working overtime, and from working during the weekends or official holidays. In all cases, children shall not work between 7 p.m. and 7 a.m. Employers must document and keep records for workers under the age of 18 and follow the above guidelines. According to the decree, official documents proving the age of all working children, and their health status shall be kept at the employer's workplace, to be presented when requested, and it becomes the employer's responsibility to confirm the age of the children working for him/her.

The decree also determines the economic activities in which children cannot be employed under the age of 18 years. The so-called hazardous list results directly from the ratification of ILO Convention No. 182.

Better Work Egypt found no non-compliances regarding child labourer (workers under the age of 15). However, six factories were non-compliant with some regulations for young workers (under 18). A total of 11 issues were identified in the areas of documentation and protection of young workers and performing hazardous work. Better Work Egypt identified lack of documentation, apprentices working long hours, and hazardous work for workers under the age of 18, including long working hours and work on rest days, as the main challenges for factories employing children under 18.

DISCRIMINATION

Discrimination is defined as any distinction, exclusion or preference made on the basis of prohibited grounds (i.e., race, colour, sex, religion, political opinion, national extraction or social origin), which has the effect of nullifying or impairing equal opportunity or treatment in employment and occupation by the ILO Discrimination (Employment and Occupation) Convention, 1958 (No. 111).^{xxii} Additionally, Egypt ratified ILO Convention No. 159 dealing with Vocational Rehabilitation and Employment, which aims to promote vocational

rehabilitation and employment opportunities for people with disabilities across all economic activities.

Better Work Egypt factories have low reoccurrences of non-compliance under the discrimination cluster. Only two factories were found non-compliant under gender discrimination, while 12 out of 55 factories were non-compliant for failing to meet the legal quota of 5 per cent of workers with disabilities. While identifying and investigating issues of discrimination remains a challenge, Better Work Egypt carefully assesses factories compliance with anti-discrimination policies and regulations through its triangulation methods.

Gender

Gender-based discrimination manifests in various ways, whether formally integrated into a factory's regulations or occurring informally through individual actions. Detecting informal gender-based discrimination is challenging, leading Better Work Egypt to primarily focus on identifying instances of non-compliance related to formal discrimination in hiring practices and workplace policies. Measures perceived as safeguarding women based on stereotypes, such as imposing curfews solely on female workers, are considered discriminatory. Although this issue surfaced in previous evaluations, factories have since revised their policies and procedures.

During assessments, two factories were found to engage in discriminatory practices regarding the hiring and termination of pregnant workers. One factory was observed to exclude pregnant women from the recruitment process. Although the factory did not mandate pregnancy tests for female applicants, management demonstrated a bias against hiring pregnant women, citing concerns about potential risks posed by workplace hazards. In the second factory, non-compliance was noted when two workers were instructed by their supervisor to resign due to their pregnancies. Management clarified that the supervisor requested resignations because the workers refused enrolment in the legally mandated social insurance scheme, opting for other governmental incentives. Following an investigation during the assessment period, the workers were reinstated, with the company covering their salaries from the date of resignation until re-employment. Additionally, management took steps to prevent future discrimination by displaying an anti-discrimination policy in the local language on departmental dashboards. However, comprehensive training on this policy for all workers and managers is needed. Better Work advisors collaborated closely with factory management to ensure the sustainability of these actions, urging the company to enhance the effectiveness of existing grievance systems, raise awareness among women workers about their maternity rights, and enhance supervisors' sensitivity to diversity.

Furthermore, Better Work continues to monitor other forms of non-legally binding gender discrimination, particularly in non-garment factories with predominantly male workforces or departments operating on shift rotations. Enterprise advisors are ensuring that companies are informed about updated legal regulations lifting restrictions on women working night shifts, as per Ministerial Decree No. 44 of 2021 issued by the Ministry of labour. This decree allows women to voluntarily work night shifts at any establishment, provided that necessary measures are in place to protect their health, support their family responsibilities, and ensure access to healthcare to prevent work-related health issues. However, cultural barriers and safety concerns still pose challenges to engaging women in overnight work.

Better Work Egypt did not identify any factories as non-compliant regarding sexual harassment. However, it is recognized that sexual harassment continues to be a pervasive issue in the global apparel industry and across all Better Work countries^{xxiii}. The programme is actively working to ensure women and men have access to effective reporting channels through the delivery of factory-level trainings that address gaps in communication and grievance handling, social dialogue, and awareness of appropriate workplace behaviour. It also aims to increase awareness among workers and managers of common incidents of harassment and violence, as well as their access to the reporting channels for sensitive and non-sensitive issues.

Better Work Egypt recognizes the challenge of detecting and substantiating cases of sexual harassment within the limited timeframe of a two-day assessment visit, particularly in ensuring the confidentiality and protection of workers' identities.

Other Grounds

Better Work Egypt continues to highlight persistent issues in the hiring of workers with disabilities. According to regulations, employers with 20 or more workers are mandated to employ a minimum of 5 per cent of persons with disabilities, selected from a labour authority registry containing details of disabled workers and their qualifications. In 2023, twelve factories were found to be non-compliant, failing to meet the required quota, compared to 46 factories reported in 2022. A common challenge faced by all factories was the process of receiving candidate names from the labour office to fulfil the 5 per cent requirement. Better Work Egypt EAs recommend that factories explore alternative channels to recruit workers with disabilities. Additionally, the programme acknowledges the gap in having specialized institutions facilitating the access of people with disabilities to the labour market, as well as service providers offering specialized technical and skills training for this demographic.

Box II. Towards addressing the Gender gap

Better Work Egypt has made significant strides in integrating gender considerations across its services. In 2023, Better Work Egypt launched several initiatives aimed at combating discrimination and advancing gender equality on a national scale. This included the organization of three workshops focused on fundamental workplace rights, covering crucial topics like discrimination, child labour, forced labour, and freedom of association. These workshops were instrumental in raising awareness and addressing discrimination issues. Additionally, Better Work Egypt conducted an analysis of baseline survey data to evaluate the representation of women in the workforce, supervisory roles, and participation in Occupational Safety and Health (OSH) committees. The findings were shared with all factories, and Better Work Egypt EAs actively engaged in discussions about gender and inclusion during their advisory visits, advocating for equal representation and opportunities.

To support women's access to paid work and care, Better Work Egypt monitored access to care facilities and maternity benefits for women workers. Although 70 per cent of factories provided nursery services, only 43 per cent of factories had women utilizing the nursery services. Better Work Egypt also collaborated with UNICEF, the Ministry of Solidarity and Social Services (MOSS), and the Ministry of Labour (MoL) in a workshop to explore different care facility models, subsequently sharing this information during advisory visits. Furthermore, Better Work Egypt developed training materials on women workers' rights in labour law, training over 100 women during advisory visits, and emphasized women's leadership and skills development. Notably, there was significant progress in women's participation in training programmes, with 43 per cent of participants being women in 2023, compared to 33 per cent in 2022. Moreover, women's participation in various training programs, including Supervisory Skills Training and General Fire Safety and Evacuation, exceeded 50 per cent. Additionally, almost all women participated in awareness activities focused on women's rights in labour law. These efforts highlight Better Work Egypt's dedication to promoting gender equality, combating discrimination, and empowering women in the workplace.

Finally, Better Work Egypt commenced a study entitled 'Exploring the gendered challenges for women's work in the Egyptian garment industry between December 2021 and December 2022'. The aim of the study was to better understand the current challenges that female workers face at work and at home, and to support the design of interventions to address the gendered impact of women's work. The study covered 10 factories in five governorates with over 150 focus group participants and 64 survey participants, and 10 interviews with management. The study covered areas, such as access to promotions, sexual harassment, ability to utilize leave, prioritizing health wellbeing with relevance to employer's OSH responsibilities, challenges for women workers with families, with an emphasis on the double burden, and financial stability. The study's recommendations include the importance of factories establishing clear promotion policies, prioritizing safe work environments, and adhering to labour laws in the Egyptian garment industry. It also emphasizes the necessity for improving workers' access to healthcare and addressing safety and health concerns. Additionally, the study suggests providing training on gender equality, responsibility-sharing, conflict management, and communication, which could benefit workers both inside and outside factories.

FORCED LABOUR

The ILO Forced Labour Convention No. 29 provides a definition of forced labour as "any work or service extracted from an individual under the threat of penalty, where the individual has not voluntarily offered themselves for such work". During assessment visits, Better Work examines evidence of forced labour, bonded labour, forced overtime, prison labour, and coercive practices, like threats of violence, wage withholding, and retention of personal documents.

In 2023, none of the 55 participating factories were found to have cases of forced labour. Better Work Egypt assessors did not observe significant indications of potential issues during their assessments.

FREEDOM OF ASSOCIATION & COLLECTIVE BARGAINING

Freedom to Associate

No non-compliance issues were identified under the FoA cluster. Unionization rates in factories participating in Better Work Egypt are notably low. As of 2023, only one factory had an active union, with 24 per cent of workers being members.

Egypt has ratified two fundamental conventions pertaining to Freedom of Association and Collective Bargaining: The Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87) and the Right to Organise and Collective Bargaining Convention, 1949 (No. 98). Egypt had a history of impeding union formation and suppressing efforts to organize workers. In 2017, the Trade Union Organization and Protection of the Right to Law was adopted and included some progress. However, the International Labour Organization's Committee of Experts on the Application of Conventions (CEACR) has identified shortcomings in Egypt's adherence to the aforementioned conventions. In 2019, the Law underwent an amendment by Law No. 142 of 2019, which aimed to: 1) lower the minimum membership threshold required for enterprise-level and general union formation from 150 to 50 workers, and 2) replace penalties of imprisonment for certain activities with fines. Upon reassessment of the country's progress in 2020, the CEACR acknowledged some positive changes in the Trade Union Law but called for further enhancements to eliminate excessive registration requirements, including the need for employer approval and stamps for registration.

In January 2023, the MOL, issued a Standard Operating Procedures for Trade Union Registration (SOPs) with ILO technical support. However, there is room for improvement in putting the Trade Union Law, its bylaw and this SOPs into practice.

COMPENSATION

The first minimum wage in the private sector in Egypt went into effect on January 1, 2022. It was originally set at EGP 2,400 monthly; however, establishments could apply for an exemption if they were “exposed to economic conditions that make it impossible to meet the minimum wage”. The exemption request was widely used by companies at the time of its application. In January 2023, the possibility of applying for exemptions was removed and the minimum wage was raised to 2,700 EGP. Subsequently, in July 2023, the minimum wage was further revised to EGP 3,000 and on 27 October, the National Wages Council (NWC) announced its revision to EGP 3,500, effective on 1 January 2024. Finally, the NWC increased the minimum wage to EGP 6,000, effective 1 May 2024. However, similar to the January 2022 regulations, companies can apply for an exemption from applying the new minimum wage requirements if they are exposed to economic conditions that prevent them from meeting the minimum wage.

The regular increases along with the lack of clarity regarding the definition of the minimum wage and its components have led to challenges for employers and workers across various sectors, including in the ready-made garment sector which is actively monitored by Better Work Egypt. The programme plays a crucial role in supporting, advising, assessing, and addressing issues related to workers' compensation as part of decent working conditions (See box III).

Sixty-nine per cent of Better Work Egypt's participating factories were found non-compliant with elements of the compensation cluster. Common issues include failing to pay workers their legal minimum wage, incorrect overtime calculations, lack of accurate payroll records, lack of leave compensation, as well as failing to adhere to social protection measures. With the two MW adjustments of January and July 2023, Better Work Egypt observed new practices implemented by factories, such as adding new wage items to the payroll structure, including in-kind benefits (such as transportation) or food allowances, and the introduction of non-pensionable bonuses, such as attendance and production bonuses.

Figure 7: Non-compliance % per compliance point

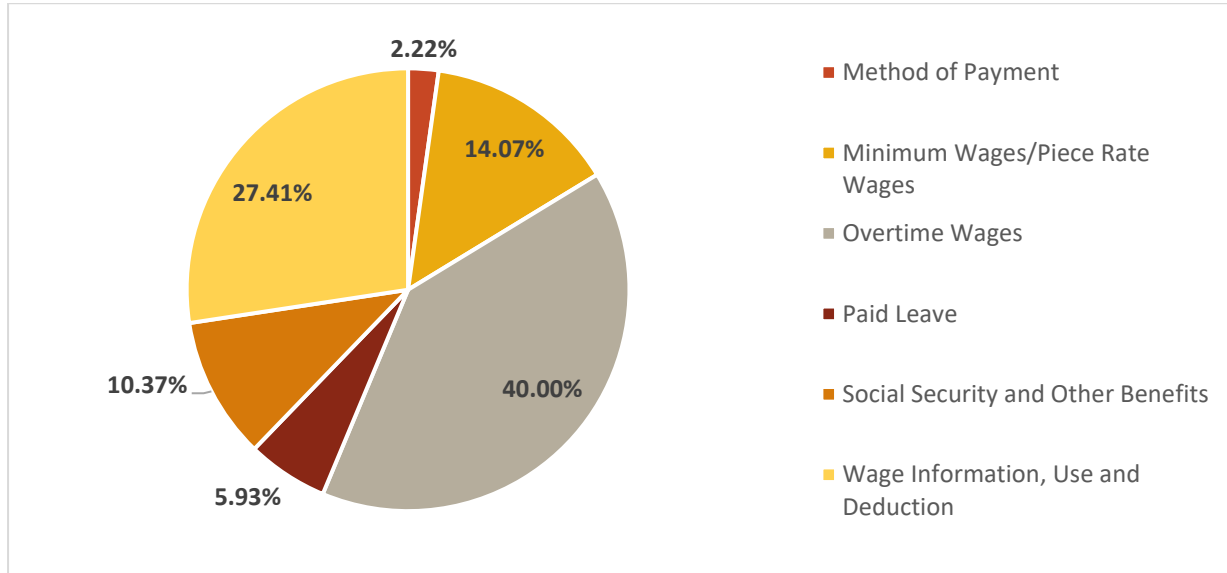
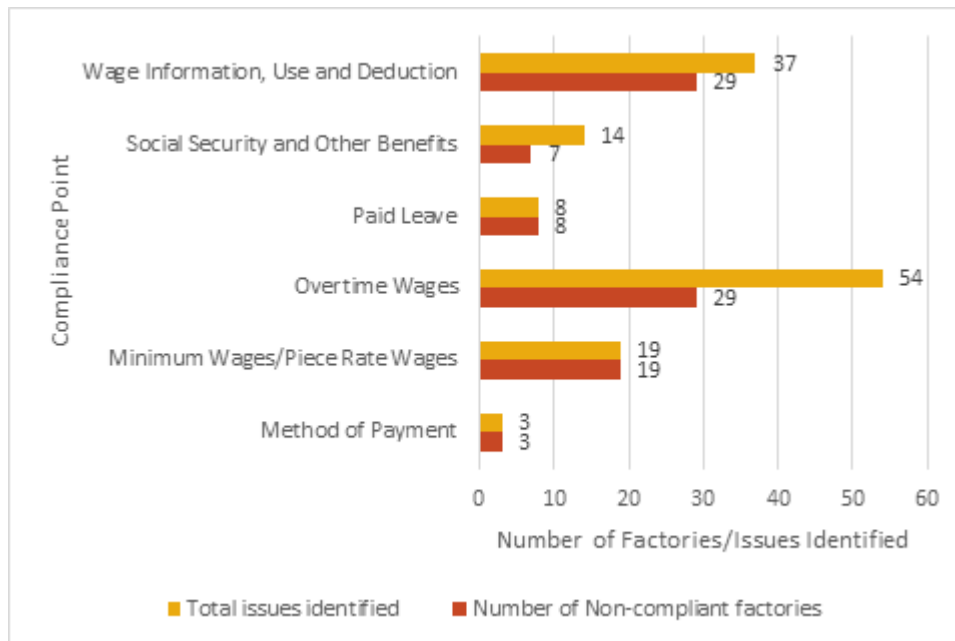


Figure 8: Non-compliant factories under the compensation cluster



Box III. Application of minimum wage regulations

Throughout 2022 and 2023, Better Work Egypt EAs observed factories' practices and trends regarding the minimum wage requirements. With subsequent increases in the minimum wage, new practices emerged in factories, such as including different wage items to meet the minimum wage requirements. Factories maintained unchanged bonus policies, resulting in compensation deductions for workers failing to meet production targets or who were absent. Furthermore, the incorporation of in-kind benefits, like transportation, lacked transparency in allocation, posing challenges to fair compensation practices. Additional challenges identified by Better Work Egypt included overtime compensation falling below legal standards, unspecified wages in worker contracts, and a general lack of awareness among workers regarding salary deductions.

The private sector in Egypt witnessed significant changes in minimum wage regulations. Initially set at EGP 2,400 per month in January 2022, establishments could apply for exemptions due to economic constraints. By January 2023, exemptions were discontinued, and the minimum wage rose to 2,700 EGP. Subsequently, in July 2023, it increased to 3,000 EGP. On October 27, the National Wages Council announced a further revision to 3,500 EGP, effective January 1, 2024, followed by another increase to EGP 6,000 from May 1, 2024. However, exemptions have been re-introduced in the legislation where establishments could apply for an exemption from applying the new minimum wage if economic conditions prevented them from meeting the new minimum wage requirements.

In 2023, 35 per cent of Better Work Egypt factories were found to be non-compliant with the minimum wage rates of EGP 2700 in January 2023 and EGP 3000 in July 2023. During 2022, Better Work Egypt observed that 57 per cent of the companies did not pay the minimum wage of EGP 2,400. If a large share of them (39 per cent) had submitted an exemption request and were consequently considered compliant, (18 per cent) had not submitted this exception and were considered non-compliant.

In response to these challenges, the ILO together with Better Work Egypt, developed a comprehensive position paper on minimum wage application. The document provided recommendations for the MoL aimed at clarifying minimum wage components, limiting variable payments, setting boundaries for in-kind benefits, and ensuring transparency in payment methods. The ILO also emphasized the need for clear rules regarding overtime payment for minimum wage earners, highlighting the importance of fair and consistent wage practices for sustainable labour relations. However, the ILO notes that these recommendations have not been integrated in the last MW decree and circular, indicating that these practices will continue in the coming year.

Minimum Wages

In 2023, 35 per cent of Better Work Egypt factories were found to be non-compliant with the minimum wage rates of EGP 2700 in January 2023 and EGP 3000 in July 2023. In response to the escalating minimum wage standards, these factories opted to integrate bonuses and in-kind benefits, such as transportation benefits into their compensation packages. Notably, policies regarding attendance and production bonuses remained unchanged after incorporating them into the minimum wage structure.

Consequently, workers failing to meet individual or collective production targets, or those absent for short durations, faced a deduction in their overall compensation due to the forfeiture of bonuses. Furthermore, in-kind benefits, primarily for transportation expenses, were incorporated into workers' wage structures. However, a prevailing issue arises from the lack of precise documentation and transparency in the assessment and dissemination of these benefits by factories. In many instances, fixed amounts for transportation benefits were allocated to workers' wages, irrespective of the actual distance travelled.

Method of Payment

Only a low number of factories, totalling three, were found to be in violation of aspects of payment methods. These instances were due to a shared failure to disburse wages promptly. Egyptian Labour Law mandates that wages must be disbursed at least once monthly. The assessments showed that these factories consistently reported delays in wage disbursement, with periods extending up to 10 days beyond the prescribed timeframe. These delays were primarily attributed to underlying cash flow challenges encountered within the operations of these factories.

Overtime Wages

Overtime compensation is regulated by Egyptian labour law which dictates that when performing overtime work, workers should be paid their regular wage increased by at least 35 per cent for morning overtime hours and at least 70 per cent for night overtime hours. Overtime rates should apply after eight hours of work, including one-hour break, or 42 hours in a week, excluding breaks (for more information on overtime hours see *Working Time*). **53 per cent of factories were non-compliant with some aspect of overtime payment.** These included issues with ordinary overtime (35 per cent), public holiday overtime (20 per cent), and overtime hours worked at night (33 per cent). As several factories are not applying the minimum wage correctly, they are, as a result, paying overtime using an illegal base wage. While this was one reason for inaccurate payment of overtime wages, there were additional problems. For example, workers should be paid double their wage for working on public holidays. However, this was not always implemented, and some factories granted additional

rest days instead. Other common issues were related to the lack of proper documentation of working hours, which made it impossible to verify correct payments.

Social Security and Other Benefits

In 2023, 13 per cent of Better Work factories were reported non-compliant with issues related to social security and other benefits. Despite the significant decrease from 25 per cent in 2022, the common issues remain mostly similar, with factories delaying enrolling workers under the required insurance schemes until their probation period is concluded and failing to present complete documentation of their insurance payments. Additionally, factories report that some workers reject social and health insurance coverage due to their entitlement to other government support or pensions.

Compliance Question	NC Rate by Question
Does the employer collect and forward workers' contributions to social, health and unemployment insurance funds?	11%
Does the employer pay contributions to the fund for social, health and cultural services for every worker?	4%
Does the employer pay the legally required employer contributions to social, health and unemployment insurance funds?	11%

Wage Information, Use and Deduction

52 per cent of factories were found in violation of adhering to the necessary measures to effectively inform workers about their wage entitlements and benefits. Better work assessments showed that workers were not aware of their wage and overtime calculation, as well as deductions, Unclear payslips were also an issue, while some companies failed to present accurate payroll and attendance records. The management often identified the changing wage requirements as the root cause for these issues.

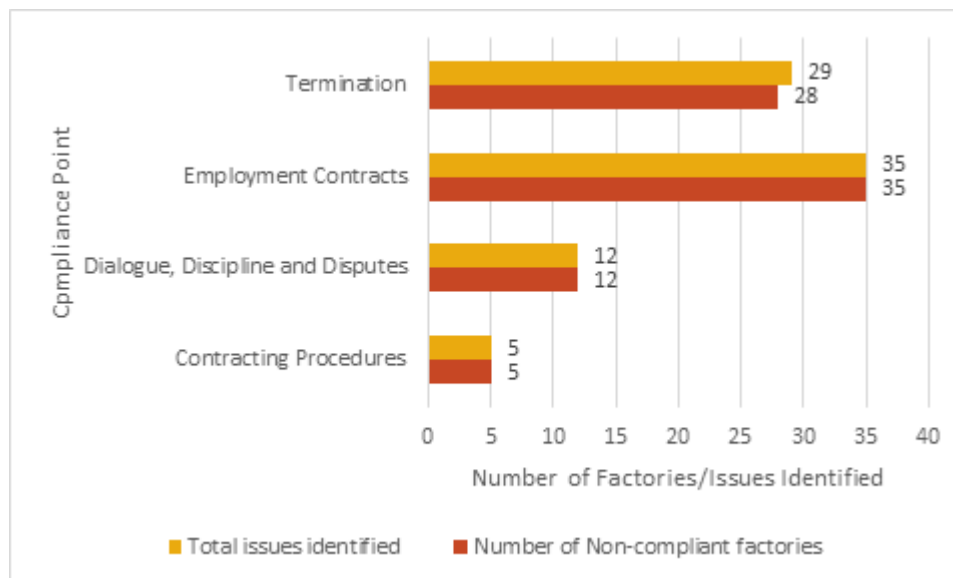
Compliance Question	NC Rate by Question
Does the employer properly inform workers about wage payments and deductions?	47%
Does the employer keep one accurate payroll record?	16%
Has the employer made any unauthorized deductions from wages?	4%

CONTRACTS AND HUMAN RESOURCES

Several elements of working conditions are contained within the framework of Contracts and Human Resources cluster. These include the formulation and enforcement of employment contracts, the dynamics of worker-management relationships, and the policies governing termination. Employers are obligated not only to craft contracts that align with fundamental legal statutes, but also to actively ensure that employees comprehend their terms. Moreover, the communication channels between workers and managers, along with the treatment of workers within the factory setting, significantly impacts working conditions. Inadequate dialogue between workers and management can precipitate additional issues and instances of non-compliance. Conversely, facilities equipped with robust communication channels and mechanisms for addressing grievances can pre-emptively tackle worker concerns, fostering an improved work environment.

In 2023, 73 per cent of Better Work Egypt factories violated some aspects under the contracts and HR cluster. These violations are related to exceeded or repeated probationary periods in the employment contract, migrants' documentation, delivery of work contracts to workers, contracts not reflecting updated wages, incorrect calculations for either the final settlement or unused annual leave, as well as delays in payment for workers who had resigned.

Figure 9: Total non-compliant factories under the contracts cluster



Employment Contracts and Contracting Procedures

Better Work assessments revealed that a significant percentage of its participating factories were found to be in violation of employment contracts provisions, with over 9 per cent showing violations of contracting procedures. The primary issue stems from workers' lack of awareness regarding their contractual terms, 33 per cent of factories were reported as they often do not provide workers with copies of their employment agreements. Additionally, 5 per cent, were reported to have employees working on-site without formal contracts or operating under expired contractual agreements.

Furthermore, 5 per cent of the factories were found to be non-compliant in implementing appropriate probationary period limits for their employees. Moreover, two factories were flagged for non-compliance with legal recruitment standards for migrant workers, with several individuals in the factory found to be working with expired work permits.

Dialogue, Discipline and Disputes

In 2023, increased issues of non-compliance violations were identified within the "Dialogue, Discipline, and Disputes" compliance category, which encompasses the adherence to legal requirements regarding disciplinary actions, the prevention of verbal abuse towards workers, and the resolution of grievances and disputes by legal standards. 15 per cent of Better Work factories were found to be non-compliant due to instances of verbal abuse. Better Work Egypt assesses whether workers have been subjected to bullying, harassment, or degrading treatment, utilizing interviews and observations conducted on the factory premises.

In the factories where verbal abuse occurred, it was predominantly perpetrated by supervisors who resorted to shouting at and publicly humiliating workers for their failure to meet production targets. This behaviour was corroborated through worker interviews and direct observations.

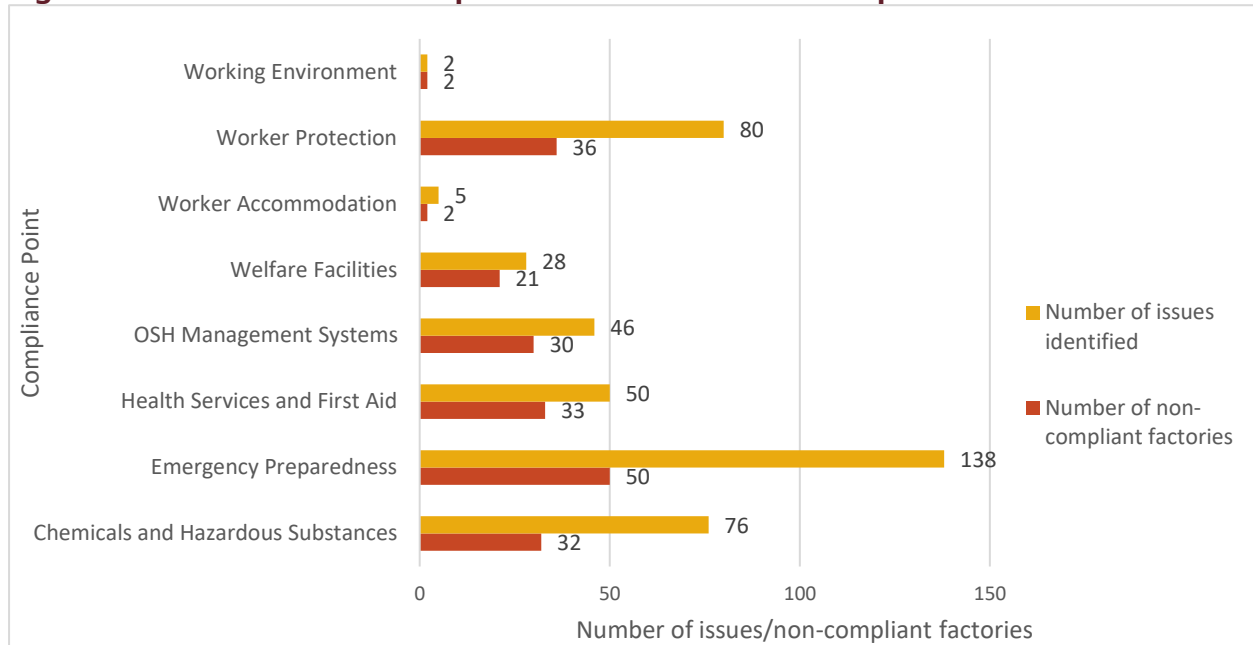
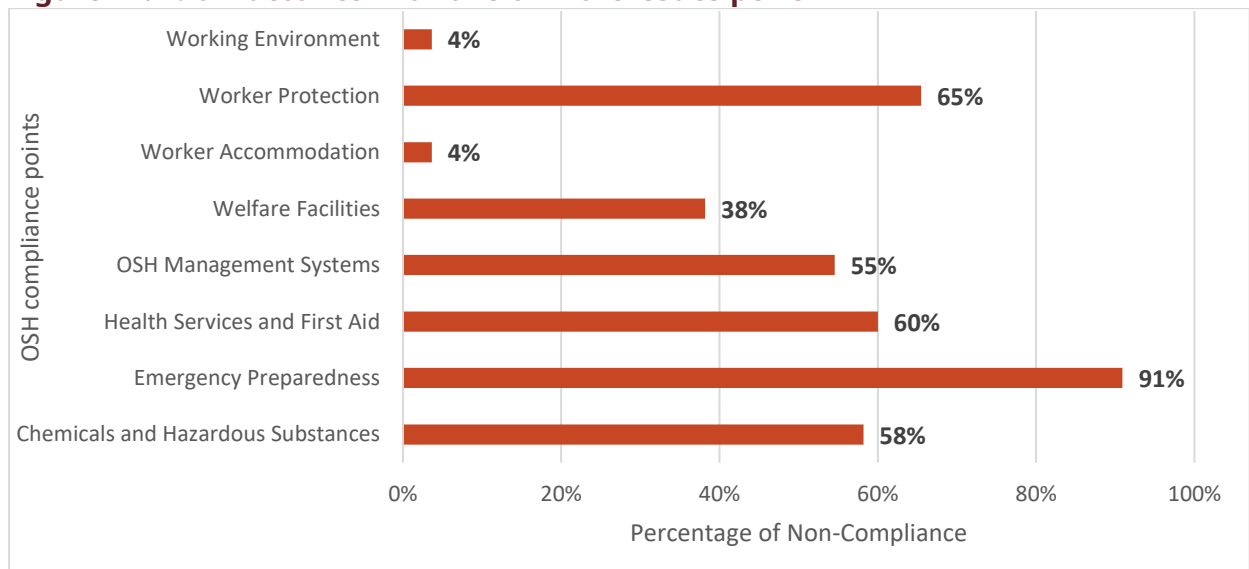
Termination

Lastly, concerns arose regarding termination policies and procedures. The predominant violation related to the accurate disbursement of pay after resignations, noted in 31 per cent of factories. Additionally, some factories were found to be non-compliant in appropriately compensating unused paid annual leave upon termination, with a non-compliance rate of 22 per cent. No other issues were identified, including those concerning valid termination, adequate notice, and the opportunity for workers to present their case before termination based on their behaviour or performance.

OCCUPATIONAL SAFETY AND HEALTH

Occupational Safety and Health (OSH) occupies the largest segment in Better Work Egypt's Compliance Assessment Tool (CAT), featuring 73 inquiries across eight compliance points covering Emergency Preparedness, Worker Protection, Health Services and First Aid, Chemicals and Hazardous Substances, OSH Management Systems, Welfare Facilities, and Worker Accommodation. OSH exhibits some of the highest rates of non-compliance among assessed factories. Each compliance point encompasses a set of questions that range between four and fourteen, the observed non-compliance rates for each category are illustrated in Figure 8. The synthesis report shows a pattern of frequent compliance violations in emergency preparedness, worker protection, and health services and first aid, while lower non-compliance rates are reported under Working Environment and Worker Accommodation. Despite generally few violations in the working environment, aspects like noise, temperature, lighting, and cleanliness are evaluated against Egyptian labour laws and regulations using annual environmental tests and direct observations. Worker Accommodation violations are rare, attributed to the sector's low migrant worker population, although some factories provide monetary allowances for migrant workers to arrange their own accommodations.

According to the findings, 91 per cent of Better Work Egypt factories have violations in the area of emergency preparedness, accounting for 32 per cent of the total non-compliance issues identified under the OSH cluster, making it the most frequently cited violation compared to other non-compliance areas. The second highest violation relates to worker protection, representing 19 per cent of the total non-compliance issues. Following closely, is non-compliance regarding chemical and hazardous substances, accounting for 18 per cent of the identified violations. Lastly, violations related to health services and first aid constitute 12 per cent of the total non-compliance issues, compared to other non-compliance points within the OSH cluster.

Figure 10: Number of non-compliant factories and non-compliance issues – OSH

Figure 11: % of Factories with one or more issues per CP


Emergency Preparedness

91 per cent of the factories assessed were reported to have key violations under emergency preparedness in the areas of adequate accessibility and marking of emergency exits, adherence to fire safety measures, such as effective and functioning fire alarm and firefighting equipment, and the development and implementation of emergency plans.

Factories often meet some of the requirements but not others. For example, while most factories have emergency exits, the majority (38 per cent) demonstrated violations in workers access to these exits, as well as the marking of the exits (51 per cent). Additionally, 35 per cent of factories have failed to develop and implement emergency plans.

Fire safety is also an issue in many factories, which can be particularly hazardous given the nature of work and layout of buildings. Nearly half of factories are missing adequate fire-fighting equipment and 33 per cent do not have a proper fire detection and alarm system. Better Work Egypt will continue working at the factory level through OSH committees and safety officers to equip them to address these issues and to identify the actual root causes to ensure the sustainability of the remediated actions.

The programme will also work at the national level to take a collective approach in coordination with the Ministry of Labour.

Worker Protection

In ensuring workers' safety, when hazards cannot be removed or controlled adequately, the provision and proper usage of Personal Protective Equipment (PPE) like masks, metal gloves, glasses, and hearing protection are vital, with employers mandated to provide the required PPE and adequately train workers in their usage. Responsibility for effective PPE usage lies with both workers and employers. Sixty-five per cent of factories were found to be non-compliant in some aspect of worker protection, with the highest non-compliance observed in providing effective training and encouragement for PPE usage, as outlined in Table 2. Better Work evaluates whether employers have taken significant measures to ensure proper PPE usage and safe operation of machinery and equipment. Addressing this shared responsibility for protective equipment and adherence to safety standards is a focal point for Better Work through OSH committees recognizing that behavioural change may require time, and workers may perceive PPE as hindering efficient work. While proper use of PPE is a common violation, 18 per cent of factories failed to provide proper guards on dangerous machines and 22 per cent failed to provide workers with adequate PPE. These are basic issues that a factory must address before tackling the more difficult issue of worker compliance with safety measures.

Table 2. In Focus: Worker Protection

Compliance Question	NC Rate by Question
Are workers effectively trained and encouraged to properly use personal protective equipment and machines?	45%
Does the employer provide workers with all necessary personal protective clothing and equipment?	22%
Are proper guards installed and maintained on all dangerous machines and equipment?	18%

Health Services and First Aid

Many violations were identified within the health services and first aid compliance point, encompassing medical issues, first aid, and rights for pregnant and nursing workers, with 60 per cent of factories found to be non-compliant in some aspects of the compliance point. Nearly half of the assessed factories (49 per cent) failed to meet legal requirements concerning medical checks for workers, a complex issue with ambiguity in Egyptian labour law, compounded by factors like governmental facility capacity and worker-paid pre-employment medical checks. Regarding onsite health services, 16 per cent of factories lacked the required facilities and staff, while 4 per cent failed to provide first-aid training, and 9 per cent lacked sufficiently accessible first aid boxes. Thirteen per cent of factories neglected safety and health risks for pregnant and nursing workers, with all non-compliance instances related to working hours, contravening Egyptian law mandating reduced working hours and overtime restrictions during pregnancy and postpartum periods.

Chemicals and Hazardous Substances

Non-compliance is notably high within the chemicals and hazardous substances compliance category, with various violations observed, particularly concerning proper storage and labelling of chemicals, with 40 per cent and 24 per cent of factories respectively, found to be non-compliant on these aspects (refer to Table 3). Additionally, 35 per cent of factories lacked the required chemical safety data sheets, with some inaccuracies noted in those available, failing to meet the comprehensive requirements, including chemical identification, supplier information, classification, hazards, safety precautions, and emergency procedures. Furthermore, 22 per cent of factories have been cited for inadequate provision of washing facilities and cleaning materials following exposure to hazardous chemicals.

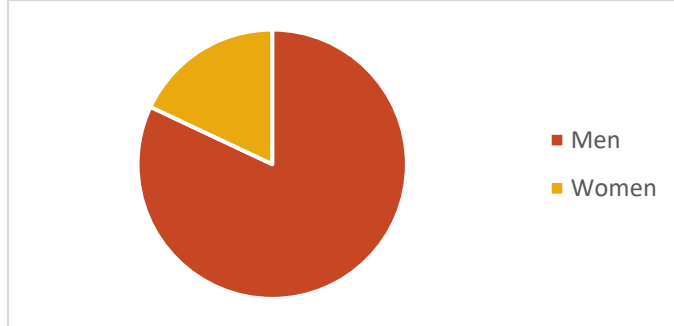
Table 3. In Focus: Chemicals and Hazardous Substances

Compliance Question	NC Rate by Question
Are chemicals and hazardous substances properly labelled?	40%
Does the employer have chemical safety data sheets for the hazardous chemicals used in the workplace?	35%
Are chemicals and hazardous substances properly stored?	24%
Does the employer provide adequate washing facilities and cleansing materials in the event of exposure to hazardous chemicals?	22%

OSH Management Systems

OSH management systems offer a pathway to enhance occupational safety and health conditions and compliance, incorporating technical OSH teams, internal assessments, and collaborative mechanisms between workers and management. However, there are significant challenges within these systems, with 55 per cent of factories exhibiting non-compliance in various areas. Notably, 25 per cent of factories lack effective worker-management cooperation mechanisms mandated by Egyptian labour law, which requires OSH committees in factories with 50 or more employees to evaluate and develop OSH regulations. While all qualifying factories have committees, 30 of them fail to meet one or more committee requirements, resulting in non-compliance. Better Work Egypt dedicates considerable attention to OSH issues, with two of its six yearly advisory visits focused on OSH, often addressed through OSH committee meetings, which serve as crucial platforms for workplace communication improvement. Improvement efforts are tracked through factory improvement plans, revealing a 35 per cent completion rate, 38 per cent in progress, and 27 per cent pending for OSH improvements in 2023. However, female representation in OSH committees remains low, with most factories having less than 20 per cent female representation, highlighting the need for gender diversity to address various perspectives and concerns effectively.

Apart from the OSH committees, a significant portion of factories fail to meet the required staffing levels of OSH technicians and specialists, with 35 per cent found to be non-compliant. Additionally, 18 per cent of factories have not conducted sufficient assessments of general occupational safety and health issues within their premises. While most factories maintain records of workplace accidents, 4 per cent are non-compliant in this regard.

Figure 12: Percentage of women in OSH committees

Welfare Facilities

According to Egyptian labour regulations, factories employing over 50 workers must provide them with equipped eating facilities, while those with 100 or more women workers should offer access to nursery services for children up to six years old (refer to Box 6). However, 15 per cent of factories lack at least one welfare facility, with the most common deficiency being the absence of nurseries. Some factories, despite contracting nurseries, face non-compliance issues as workers are unaware of their availability. Furthermore, compliance issues exist regarding other welfare facilities such as eating areas, restrooms, and access to drinking water, as indicated in Table 4.

Table 4. In Focus: Welfare Facilities

Compliance Question	NC Rate by Question
Does the workplace have adequate accessible toilets?	20%
Does the workplace have all required facilities?	15%
Does the workplace have an adequate eating area?	13%
Does the employer provide workers enough free safe drinking water?	4%

WORKING TIME

Better Work examines three aspects of working time: regular hours, overtime work, and leave. Approximately half of the factories exhibit non-compliance in some aspects of both regular hours and overtime, whereas there are notably fewer violations in properly providing leave.

The regulations governing regular working time under Egyptian labour law vary by industry. According to the unified Labour Law 12/2003, the maximum daily working hours are eight hours or 48 hours per week in the case of a six-day work week. However, for industrial establishments, regular working hours are restricted to 42 hours per week, excluding meal and rest periods. These hours should incorporate one or more break periods totalling at least one hour, with workers not being required to work continuously for more than five hours. Occasionally, employees may be mandated to work additional hours based on necessity, but such hours are capped at 10 actual working hours per day, including overtime. Furthermore, the law permits establishments to operate on the weekly rest day and public holidays, provided that a compensation is paid for these additional working days.

Non-compliance issues related to regular working time are diverse, encompassing practices concerning break periods (36 per cent non-compliance), daily or weekly working hours surpassing legal limits (18 per cent non-compliance), and inaccurate working time records (9 per cent non-compliance). Additionally, 11 per cent of factories neglected to reduce working hours for employees with disabilities, as mandated by Egyptian labour law, which requires a reduction of one hour per day for individuals with disabilities or those caring for disabled relatives of second degree.

Regarding overtime work, 51 per cent of the factories failed to adhere to legal limits on overtime hours. Most violations pertaining to overtime work do not originate from the sewing sections, which typically adhere to guidelines limiting overtime to no more than 10 hours per day.

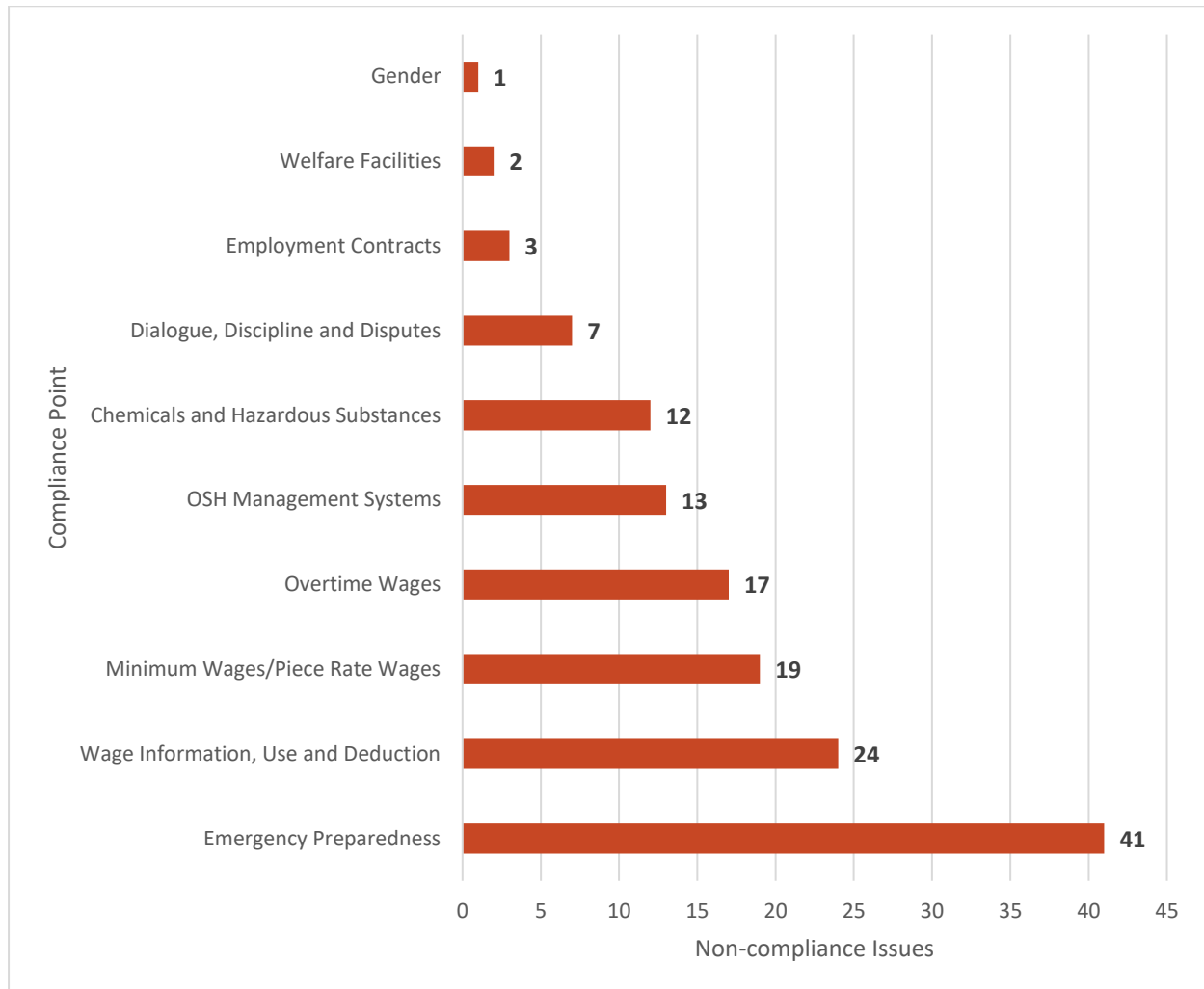
Public Reporting

By making assessment results publicly available, the Transparency portal encourages continuous improvement for factories that have been found 'non-compliant' on issues such as occupational safety and health, child labour, discrimination, forced labour, worker compensation, contracts, freedom of association and collective bargaining.

Better Work Egypt is committed to enhancing transparency in the data shared with both buyers and registered factories. This commitment is underscored by the introduction of a Transparency Portal to all registered factory management teams. Internally, Better Work Egypt focused on closely monitoring the 26 key compliance issues that are subject to public reporting. These issues are systematically tracked during advisory visits, allowing for continuous follow-up and intervention where necessary. The sections that follow provide an overview of the average non-compliance rates for these 26 key areas, offering a preliminary insight into what the public reporting outcomes may reveal for Egypt's garment industry.

Only 11 per cent of factories are fully compliant with all publicly reported issues. Most factories only had one non-compliance finding, but some factories had more. The highest issues of non-compliance are observed under emergency preparedness as 41 issues were reported from 38 per cent of factories, noting the lack of adequate emergency exit accessibility and marking, and adequate fire detection and alarm mechanisms. The second highest violations are observed in 44 per cent of the factories for failing to properly inform workers of their wage information and calculations. Finally, Better Work Egypt is noting increased non-compliance rates due to companies applying changing wage regulations, which often impact overtime compensation entitlements. 35 per cent of the assessed companies failed to provide workers with the correct wage premium resulting in 19 non-compliance issues, whereas 31 per cent fell short in dispensing legal overtime compensation. Further details on non-compliance are provided in Annex D.

Figure 13: Number of non-compliance violations on publicly reported issues



► Next Steps

In addition to the broad focus on improving working conditions through increased compliance with national labour laws and international labour standards, Better Work Egypt will focus on four thematic areas during 2023. Many of these areas go beyond typical compliance and the traditional core service delivery. These thematic areas include:

- **Labour and OSH inspection:** Building on the series of workshops and meetings with the MoL and the OSH and labour inspectors, Better Work Egypt will roll out the second phase, with factory-level joint activities with the inspectors (training). Better Work Egypt will

continue to engage in discussions with the MoL on minimum wage clarifications to address the practice gaps observed during assessments. The programme will also bridge information gaps in its participating factories through joint industry seminars with the MoL. In addition, Better Work Egypt will work closely with the OSH and labour inspection departments to develop and disseminate labour and OSH leaflets that aim to address the common gaps in the application of OSH and labour regulations. The programme will also continue to advocate for changes in minimum wage implementation. This involves ongoing discussions with the MoL to clarify wage requirements and address observed practice gaps.

- ▶ **Gender and Inclusion:** Better Work Egypt activities will continue to contribute to increasing women's voice and representation by advocating for equal representation and opportunities for women in OSH committees, capacity development activities, and promotions. Better Work Egypt will continue to assess and encourage more effective care at-work initiatives by raising management's awareness of the different models of care facilities. The programme targets a 50 per cent participation rate of women in its training activities, with an emphasis on skills training (Leadership Development programme). Better Work Egypt's EAs will utilize gender-responsive advisory tools that address violence and harassment in the workplace. Gender mainstreaming is regarded as a crosscutting aspect in all of Better Work Egypt interventions, and a particular focus will be given to equitable representation of women and special groups in training, advisory activities, committee representation, and meetings at the factory level.
- ▶ **Social dialogue:** Better Work Egypt continues to recognize multiple gaps in the OSH committees, which serve as the legally mandated joint worker-management committee for factories with 50 or more workers. Accordingly, the programme will prioritize the design, and delivery of OSH leaflets to support company management in enhancing their OSH management system. Better Work Egypt will continue to strengthen OSH management systems at the factory level through a comprehensive set of tools, including checklists, guidelines, and best practices, to strengthen OSH management systems. Additionally, Better Work's EAs will continue their engagement with the OSH committees through at least two meetings per cycle and mainstream gender and VH in OSH management through printed materials and capacity-building programme.
- ▶ **Data and evidence:** The programme will continue to ensure the cultivation and dissemination of data through various channels. Better Work Egypt aims to bridge the information disparities among participating factories through joint industry seminars with the MoL. Additionally, Better Work Egypt aims to enhance transparency reporting within the garment sector. The new portal, set to launch in 2024, will include Egypt's public reporting findings. Better Work Egypt will also build on progress in laying the groundwork for the Zero Tolerance Protocol (ZTP) and continue to advance discussions

with the MoL, raising awareness among factory management and gathering insights from the factories.

▶ Annexes

Annex A. Garment factories covered in this report.

ACE APPAREL EGYPT	Inheritors of Mohi El Din Mohamed Hashem El Ulabi and Partners Tricot Morinella
AL MASREYA AL SAUDIA FOR READY MADE GARMENTS & TEXTILES – MERGHEM	Jade Apparel Industries 2
ALAGOUR TEX	Jade Apparel Industries 1
Alex Apparels 11, Laundry & FGWH	Jade Textile Egypt
Alex Apparels 7, Centralized Cutting & Materials Warehouse	Jade Textile Ismailia
Alpha Textile	Kazareen Textile Company - 6th of October
Ask Clothing Company	Kazareen textile company -10th of Ramadan
Beauty N for Readymade Garments	Lakers for Manufacture Garments
CANON GLOBAL INDUSTRIES	Lotus Garments Co.
Delta International Textiles Manufacturing (DITEM)	Lotus High Fashion Garments Co.
Delta textile Egypt-Cairo	Lotus High Tech Garments Co.
Delta Textile Shamal El Saeed	Mass for Ready-made Garments



Egyptian Textiles for Dyeing and Finishing	Milteks Textile Egypt
El Helal Company for Knitting, Dyeing & Readymade Garments	Nazmy CO. For Tricot & Fit-Out
El Rawda for Spinning and Knitting and Ready-made Garments	RAMSES FOR INDUSTRY AND DISTRIBUTION S.A.E
El Safwa Garment	Sabrina For Ready Made Garments
El Shamy Textile for Readymade Garment	Sheeba International Garments Company
Elite Merchandising Corp.	Sheng Da Egypt International Textile
Embee International Industries	Sweet Girl Egypt
ENVA TEXTILE Group for Socks Production	T&C Garments SAE
FABULOUS KNIT WEAR	Three Stars Fashion
Firestone Apparel	TIE
Giza Co. For Upper Egypt Development	Timeline Egypt Free Zone
GIZA SPINNING AND WEAVING CO.	TMI EGYPT
Giza Spinning and Weaving Co. (Matriya Branch)	Trans Africa Garments
Golden stars textile	Velocity Apparelz for Readymade Garments ESC
Hela Clothing Egypt	Velocity Jeans Egypt for Readymade Garments ESC
ACE APPAREL EGYPT	Inheritors of Mohi El Din Mohamed Hashem El Ulabi and Partners Tricot Morinella

Annex B. List of participating buyers

Abercrombie & Fitch
American Eagle Outfitters, Inc.
Ascena Retail Group Inc.
Bel Egypt Expansion for Cheese Production S.A.E (licensee account)
Bentex Group Inc.
Bernardo Mfg.
Bravado, a division of Universal Music GmbH
C&A
Children's Apparel Network
Columbia Sportswear
Difuzed BV
Disney Worldwide Services
El Ulabi and Partners for Trade (vendor account)
Fanatics Apparel
GAP Inc
Hybrid Promotions LLC
Inditex
Isaac Morris Ltd
Jerry Leigh of California
Kidz Concepts LLC
LC Waikiki Mağazacılık Hiz. Tic. A.Ş.
Levi Strauss & Co
Li & Fung (Trading) Limited
Marks and Spencer
Nahdet Misr Journalism
New Balance Athletics, Inc.
NIKE, Inc
PUMA SE
PVH Corp
Ralph Lauren Corporation
Sahinler SAS
Target Corporation
Terramar Sports
The Children's Place
Under Armour, Inc.
Wiesner Products

Annex C. Methodology and limitations

Factory Assessments: Better Work conducts factory assessments to monitor compliance with core International Labour Standards and the national labour law. Assessment reports highlight non-compliance findings, which are then used to help factories identify areas in need of improvement. Collecting and reporting these data over time help factories demonstrate their commitment to improving working conditions.

Better Work organizes reporting into eight clusters. The first four clusters comprise the core labour standards – Child Labour, Discrimination, Forced Labour, and Freedom of Association and Collective Bargaining. These standards protect the fundamental rights at work under the ILO's eight Core International Labour Conventions, and International Labour Standards are used as a baseline for compliance in these four clusters. The remaining clusters – Compensation, Contracts and Human Resources, Occupational Safety and Health, and Working Time – fall under Working Conditions. The compliance points for these areas incorporate differences in national legislation depending on the country of operation. Better Work establishes a benchmark based on international standards and good practices in areas where national laws do not cover or sufficiently address an issue regarding working conditions. The eight clusters are then divided into compliance points, and each CP includes a number of questions, which may vary by country.

Limitations of Better Work Assessment: Detailed factory assessment reports are based solely on what is observed, investigated, and analysed during assessment visits. Before the reports become official, factories are given five working days to provide feedback and clarifications, which in some cases impacts the language in the final report. Certain issues remain difficult to assess and verify independently. The low literacy level of a large percentage of workers can affect the integrity of documentation related to workers' consent for overtime work, storing personal documents, disciplinary procedures, and employment rights. To overcome such limitations to some extent, information provided by workers and management are crosschecked through representative interview samples and various documents maintained at the factory.

Calculating Non-Compliance: Better Work calculates non-compliance rates for each factory and reports them in individual factory reports. The non-compliance rate is reported for each compliance point, and a CP is reported as non-compliant if one or more of its questions show evidence of non-compliance. In public annual reports, Better Work uses the average compliance rates across all participating factories within the reporting period. For instance, an average non-compliance rate of 100 per cent under a question indicates that all participating factories had violations in that area.

Limitations of Calculating Non-Compliance: The binary 'yes or no' structure of the answers to compliance limits the ability of Better Work to numerically present the severity of non-compliance and is not conducive to capturing the 'levels of non-compliance'. For example, a factory may significantly improve in a particular area but may still not qualify as compliant. While an aggregate and strict indicator, the non-compliance rate is useful for Better Work to compare data across countries and have a general idea of areas of non-compliance in the industry. It is often beyond the capacity of such numbers to fully capture the specific issues observed during factory assessments. Accordingly, it is important to examine the Clusters and CPs in further detail to create a more comprehensive understanding of the industry and the overall non-compliance rates, and to understand the specific reasons for violations (as presented).

Annex D. Public reporting non-compliance rates

Table 5. Publicly reported issues - core labour standards

Compliance point	Question Label	NC Rate (N:55)
Child Labourers	Have you found any workers under the age of 15?	0%
Gender	Is gender a factor in decisions regarding conditions of work?	0%
	Does the employer terminate workers who are pregnant or on maternity leave or force them to resign?	2%
	Are workers subject to sexual harassment?	0%
Coercion	Does the employer restrict workers from leaving the workplace?	0%
Forced Labour and Overtime	Are workers forced to work overtime under threat of penalty?	0%
Freedom to Associate	Does the employer require workers to join a union?	0%
	Can workers freely form and join the union of their choice?	0%
Interference and Discrimination	Has the employer tried to interfere with, manipulate, or control the union(s)?	0%
	Does the employer punish workers for joining a union or engaging in union activities?	0%
	Has the employer terminated workers or not renewed their contract due to the worker's union membership or activities?	0%
Collective Bargaining	Has the employer failed to implement any of the provisions of the collective agreement(s) in force?	0%
Strikes	Has the employer punished any workers for participating in a strike?	0%

Table 6. Publicly reported issues - working conditions.

Compliance point	Question Label	NC Rate (N:55)
Minimum Wages/Piece Rate Wages	Does the employer pay at least minimum wage for ordinary hours of work to regular full-time workers?	35%
Overtime Wages	Does the employer pay workers correctly for all ordinary overtime hours worked?	35%
Paid Leave	Does the employer pay workers correctly for maternity leave?	0%
Wage Information, Use and Deduction	Does the employer properly inform workers about wage payments and deductions?	48%
Dialogue, Discipline and Disputes	Have any workers been bullied, harassed, or subjected to humiliating treatment?	15%
Employment Contracts	Do all persons who perform work for the factory, both on the premises and offsite, have a contract?	6%
Chemicals and Hazardous Substances	Are chemicals and hazardous substances properly stored?	24%
Emergency Preparedness	Are the emergency exits accessible, unobstructed and unlocked during working hours, including overtime?	43%
	Are there enough emergency exits?	2%
	Does the employer conduct periodic emergency drills?	4%
	Does the workplace have a fire detection and alarm system?	33%
OSH Management Systems	Has the employer developed mechanisms to ensure cooperation between workers and management on OSH matters?	26%
Welfare Facilities	Does the employer provide workers enough free safe drinking water?	4%

ENDNOTES

- I. At its 110th Session in June 2022, the International Labour Conference expanded the ILO's framework of fundamental principles and rights at work by including "a safe and healthy working environment," thereby designating the Occupational Safety and Health Convention, 1981 (No. 155) and the Promotional Framework for Occupational Safety and Health Convention, 2006 (No. 187) as fundamental Conventions. This decision mandates all ILO Member States, irrespective of their ratification status of these conventions, to uphold, promote, and fulfil the principles regarding the fundamental right to a safe and healthy working environment, as outlined in the ILO Constitution, in a manner consistent with good faith and international obligations.
- II. The first minimum wage in Egypt of EGP 2,400 went into effect on 1 January 2022 until January 2023. Enterprises and businesses could apply for an exemption from applying the new minimum wage if they were "exposed to economic conditions that make it impossible to meet the minimum wage".
- III. <https://mped.gov.eg/singlenews?id=4949&lang=en>
- IV. <https://www.reuters.com/world/africa/egypts-annual-urban-consumer-price-inflation-slows-dec-capmas-2024-01-10/>
- V. <https://www.reuters.com/world/africa/egypt-raise-minimum-wage-113-month-january-2023-12-11/>
- VI. <https://english.ahram.org.eg/News/511157.aspx>
- VII. <https://www.al-monitor.com/originals/2023/05/egypt-leading-textile-executive-pushes-low-interest-loans-save-industry>
- VIII. <https://trendsnafrica.com/garment-exports-from-egypt-increased-by-6/>
- IX. The Red Sea is a vital conduit for East-West trade, especially in the oil industry, due to its strategic location. Ships traverse the Suez Canal, positioned north of the Red Sea, to access Western destinations via the Mediterranean, offering the quickest and most efficient maritime route between Asia and Europe. Handling approximately 12 per cent of global trade, the Suez Canal plays a pivotal role in international commerce. Furthermore, the Bab el-Mandeb Strait, located in the southern part of the Red Sea, connects to the Indian Ocean and the Arabian Sea, facilitating 40 per cent of international trade. Consequently, disruptions in the Red Sea pose significant risks, as approximately 52 per cent of global trade relies on this crucial waterway.
- X. <https://economymiddleeast.com/news/red-sea-disturbances-impact-shipping/>
- XI. <https://economymiddleeast.com/news/red-sea-disturbances-impact-shipping/>
- XII. <https://www.dw.com/en/red-sea-houthi-attacks-put-pressure-on-cairo/a-68088065>
- XIII. <https://www.worldbank.org/en/country/egypt/overview>
- XIV. <https://aecegy.com/Media/TradeAgreementGuides/12.pdf>
- XV. <https://aecegy.com/Media/TradeAgreementGuides/11.pdf>
- XVI. <https://aecegy.com/Media/TradeAgreementGuides/10.pdf>
- XVII. <https://aecegy.com/Media/TradeAgreementGuides/9.pdf>
- XVIII. <https://aecegy.com/Media/TradeAgreementGuides/8.pdf>
- XIX. <https://aecegy.com/Media/TradeAgreementGuides/6.pdf>
- XX. <https://aecegy.com/Media/TradeAgreementGuides/5.pdf>
- XXI. At its 110th Session in June 2022, the International Labour Conference expanded the ILO's framework of fundamental principles and rights at work by including "a safe and healthy working environment," thereby designating the Occupational Safety and Health Convention, 1981 (No. 155) and the Promotional Framework for Occupational Safety and Health Convention, 2006 (No. 187) as fundamental Conventions. This decision mandates all ILO Member States, irrespective of their ratification status of these conventions, to uphold, promote, and fulfil the principles regarding the fundamental right to a safe and healthy working environment, as outlined in the ILO Constitution, in a manner consistent with good faith and international obligations. However, this is yet to be reflected on Better Work Egypt CAT.
- XXII. For more information on International Labour Standards on Equality of opportunity and treatment, see: <https://www.ilo.org/global/standards/subjects-covered-by-international-labour-standards/equality-of-opportunity-and-treatment/lang--en/index.htm>.
- XXIII. Sexual harassment at work: Insights from the global garment industry," Better Work Thematic Brief, June 2019, <https://betterwork.org/wp-content/uploads/2020/01/SHP-Thematic-Brief.pdf>

Better Work programme is supported by the following development partners:

- ▶ Australia (Department of Foreign Affairs and Trade)
- ▶ Denmark (Ministry of Foreign Affairs)
- ▶ European Commission (International Partnerships)
- ▶ Germany (Federal Ministry for Economic Cooperation and Development)
- ▶ The Netherlands (Ministry of Foreign Affairs)
- ▶ Switzerland (State Secretariat for Economic Affairs)
- ▶ United States (Department of Labor)



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