



# Better Factories Cambodia Transparency Database Report, 9th Cycle

---



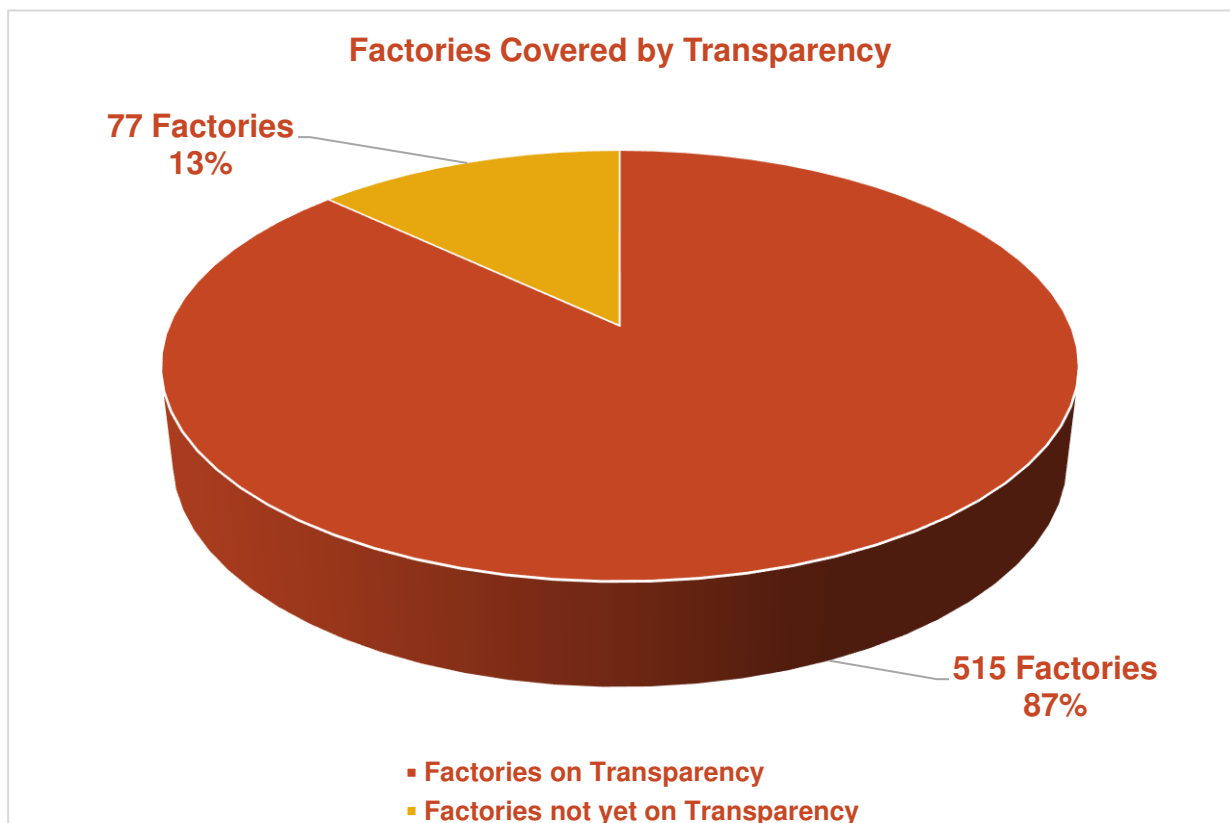
International  
Labour  
Organization



International  
Finance  
Corporation  
WORLD BANK GROUP



Better Factories Cambodia (BFC)'s public reporting initiative discloses factory compliance on key legal requirements and information related to strikes. With the release of its ninth cycle report, BFC's Transparency Database now contains information on 1194 assessments covering 515 factories, approximately 87% of the garment factories in Cambodia possessing export licences.



Graph 1: Number of factories covered by Transparency Database

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

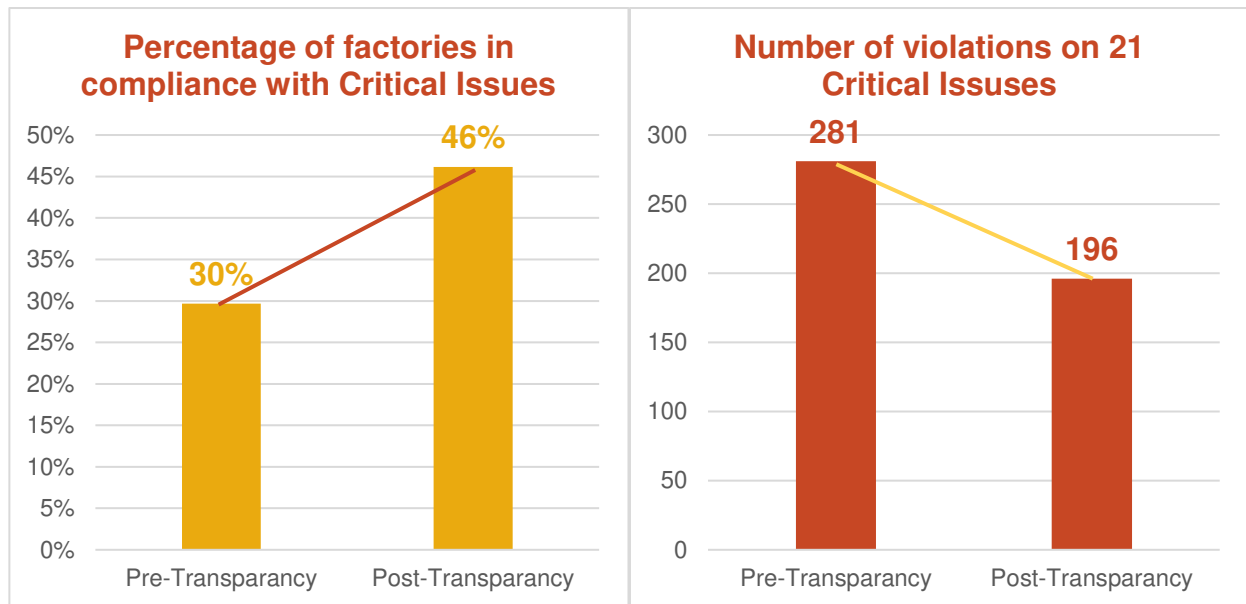


## Critical Issues

The 21 Critical issues selected have been chosen to reflect the fundamental rights of every worker; the 'minimum requirement' of criteria that a factory is required to attain. These were chosen by Better Factories Cambodia and Better Work Global in consultation with recommendations from brands, unions and other vested stakeholders. They are categorised mainly from the Compliance Assessment Tool's Fundamental Rights cluster of compliance points, along with Occupational Safety and Health; Wages, and Contracts clusters.

What we have seen in previous cycles and continues in this cycle, is that transparent and public reporting of factory information on key legal requirements can bring about gradual change and improvement in Factories. In this reporting period (9th Cycle), assessment information on 182 factories has been added to the Transparency database, of which 35 factories are publicly reported on the Transparency database for the first time.

When we compare the data before and after Transparency for the 182 factories, whose information has been updated in this last cycle, we see the number of factories in full compliance with the 21 Critical Issues increasing from 54 (30%) in the previous (8th) cycle to 84 (46%) in the current cycle. This is a 46% increase in the number of factories in full compliance with critical issues since the implementation of transparency reporting. Fifty-four (30%) factories had one or more violation and in total count for 196 non-compliances on critical issues. In terms of the number of violations of Critical Issues, these factories had a total of 196 non-compliances. There has been a noticeable increase in the compliance levels regarding emergency evacuation drills (22%) and dangerous machine parts have safety guards (not needle guards) (19%).



Graph 2: Transparency Cycle 9<sup>th</sup> Factories in Compliance with Critical Issues Pre- and Post- Transparency situation

The positive improvements in a number of Critical Issues from before and after measuring relate to a 19% improvement in the failure to comply with legal requirements on regular emergency evacuation drills (every 6 months) and not complying with legal requirements on emergency exit doors being unlocked during working hours (10%). Table 1 below highlights a number of other Critical Issues that still have high rates of non-compliance.

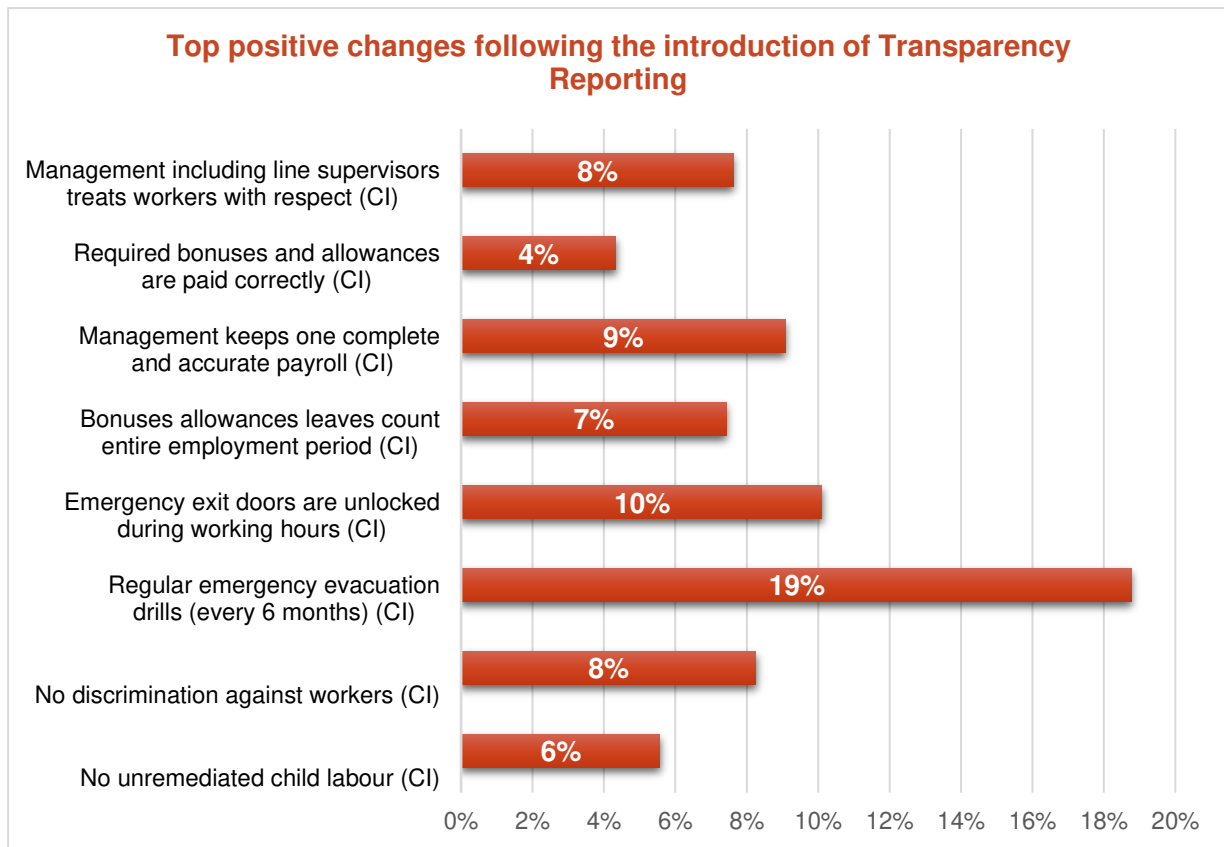
Noticeably, there has been a 5% increase in the non-compliance levels of Critical Issues related to Freedom of Association. In this reporting period, BFC has invested in increasing staff capacity to recognise and detect FOA issues which could explain the increase in non compliance levels.



Critical Issues With High Non-Compliance Rates		
Critical Issues	Number of factories	Percentage
Regular emergency evacuation drills (every 6 months)	39	21%
Dangerous machine parts have safety guards (not needle guards)	24	13%
Emergency exit doors are unlocked during working hours	35	19%
Water for drinking is clean and sufficient	22	12%
Bonuses allowances leaves count entire employment period	11	6%

Table 1: Critical Issues with high non-compliance rates

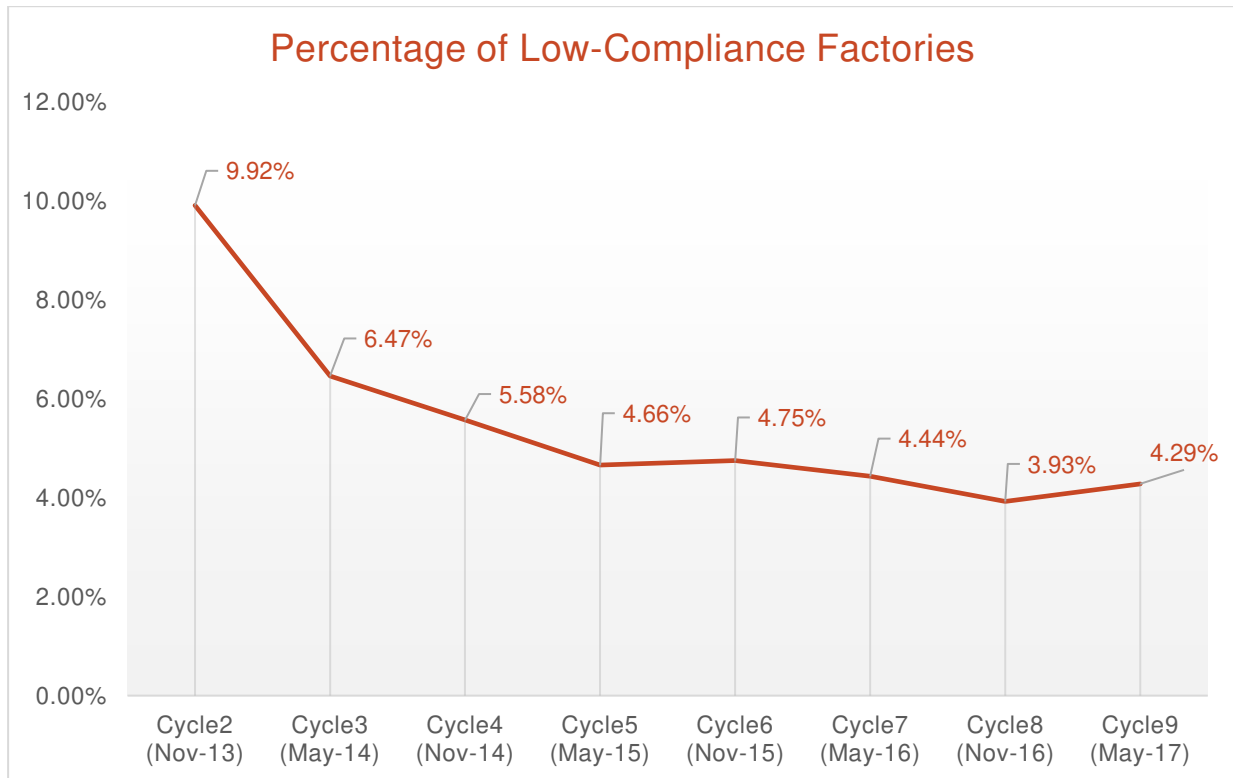
Following the roll-out of BFC's Transparency Database, there have been important positive changes in a range of areas. The graph below presents the results of BFC assessments for the 515 factories in the Transparency database and compares them to the most recent pre-transparency assessments of the same factories, focusing on the issues with some of the highest increases in compliance levels. For instance, there was a 19% increase in the number factories who conducted emergency evacuation drills every six months and a 8% increase in the number of factories who had recorded no discrimination against workers.



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

## Low Compliance Factories

Factories with the lowest compliance levels fall in the Low Compliance category. In this cycle, two Low Compliance factories have been added to the list. A total of 39 out of 515 factories in the Transparency database are now on the Low Compliance list. The latest data shows that the percentage of low compliance factories increased slightly from 3.93% in the 8th cycle to 4.29% in the 9th cycle. During the period, three meetings with Government representatives were held with factories that were new on the low compliance list to discuss the issues and possible solutions. The graph below illustrates the declining trend in the percentage of low compliance factories across Transparency cycles since the early phases of public reporting.



Graph 4: Low Compliance Factories as a percentage of the total factories included in the Transparency database

## Strike Information

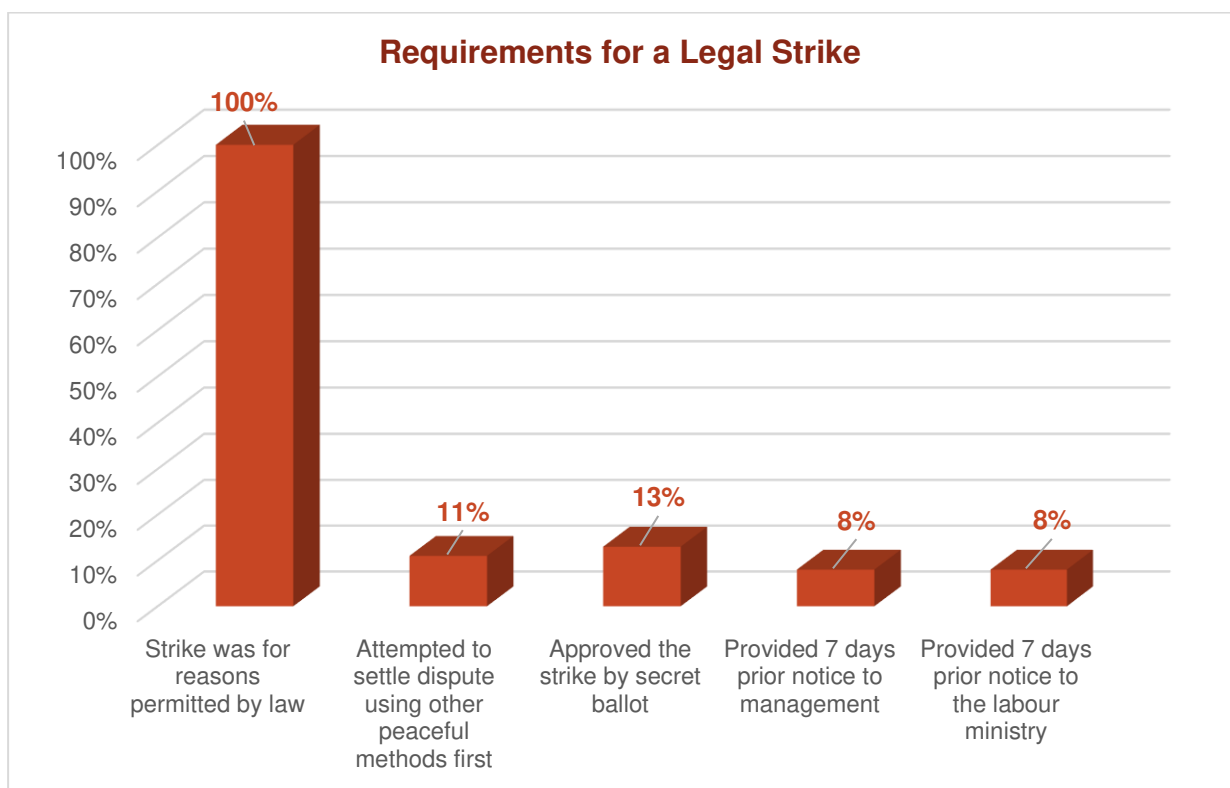
Union and workers' representative compliance with legal requirements for strikes is also disclosed under the Transparency program. A total of 431 strikes are reported on the database since the reintroduction of the transparency reporting. During the 9th Cycle, 38 strikes were reported in factory assessment reports and added into the database. All strikes taking place during the 9th cycle in factories failed to meet at least one of the legal requirements. There are 5 distinct areas which must be in compliance for a strike to follow legal requirements.

Those are that the strike:

1. There were attempts by relevant parties to settle the dispute using other peaceful methods first.
2. was for reasons permitted by law;
3. was approved by secret ballot;
4. provided 7 days prior notice to management; and;
5. provided 7 days prior notice to the Labour Ministry.



The graph below depicts that while 100% of strikes were called for reasons permitted by law, only a relatively small number of the strikes happened after peaceful attempts had been exhausted (11%). 13% of strikes were organised with approved secret ballots among the union members and 8% after the factory management had received seven-day notices. Only 8% of strikes were reported in the database to the Ministry of Labour before they took place.



Graph 5: Legal requirement for strikes

For detailed information about low compliance factories, and the 52 compliance points covered in the BFC's assessment reports, please see the information sheet by clicking on this link: <http://betterfactories.org/transparency/pages/view/18>.





International  
Labour  
Organization



**International  
Finance  
Corporation**  
WORLD BANK GROUP