



Better Factories Cambodia Transparency Database Report, 11th Cycle

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Better Factories Cambodia (BFC)'s public reporting initiative discloses factory compliance on key legal requirements. This report summarises the following: Critical Issues, Low Compliance Factories and Strike information. BFC has been reporting on these issues and releasing the information publicly since 2014. With the release of cycle 11, the Transparency Database has accumulated information gathered from 1,580 assessment reports covering 579 garment factories that possess an export license in Cambodia since 2014. Out of the 579 different factories, 114 factories have since closed, leaving 465 registered, in operation and with BFC. There is a prerequisite to be in the transparency portal. If a factory has had two assessments (conducted annually), then will be subject to the database. As such, 42 factories that are in BFC's assessment programme are not yet in the database.

Disclaimer: When comparing data from one cycle to the next, it is important to note that the data sets are different for each cycle. Over time, BFC measures the same 21 critical issues, acknowledging that the pool of assessed factories in each cycle can be different. This is due to two factors:

- ◆ As the cycle is reported biannually, the data includes factories that are assessed in that time period;
- ◆ Some factories close after the assessment date, but before the release of the transparency report and are included.

As for the BFC assessment methodology, in some occasions, no (or insufficient) evidence is found of non-compliance on specific labour issues that we profile; these might be issues that are difficult to identify and confirm (such as freedom of association and sexual harassment); therefore, non-compliance in these issues could be under-reported.

Types of public disclosure

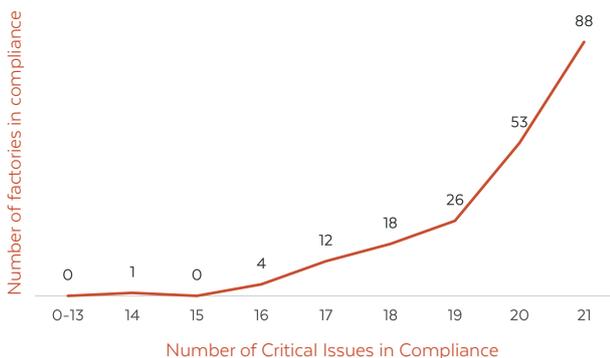
- ◆ **Critical Issues:** BFC measures all factories with two or more assessments against 21 critical issues.
- ◆ **Low Compliance:** Factories with three or more BFC assessments are measured against 52 legal requirements. Factories with the lowest compliance levels - those falling two standard deviations below the mean for compliance - are subject for this second level of public disclosure.
- ◆ **Union Compliance:** BFC findings regarding union compliance with strike requirements are published.

Critical Issues

Twenty-one Critical Issues have been selected to reflect the essential rights of every worker. These were selected by BFC and Better Work Global in consultation with the Royal Government of Cambodia, Garment Manufacturers Association in Cambodia, unions and international brands. They are categorized mainly from the Compliance Assessment Tool’s Fundamental Rights cluster of compliance points, along with Occupational Safety and Health; Compensation; and Contracts and Human Resources clusters.

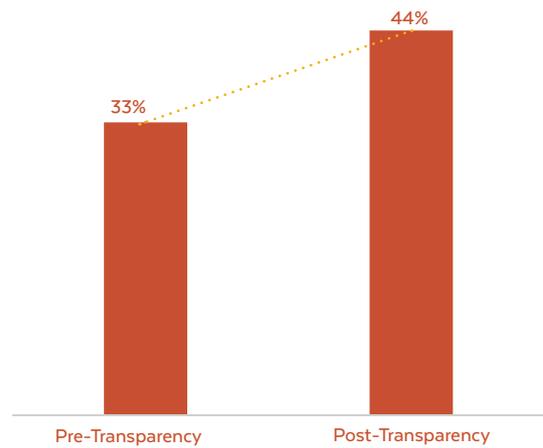
In this reporting period (11th cycle), new assessment information on critical issues of 202 factories, assessed between 3 November 2017 and 2 May 2018, have been added to the Transparency database. Twenty-four of these factories are publicly reported on the database for the first time.

Graph 1: 11th Cycle - Number of factories in compliance by number of Critical Issues



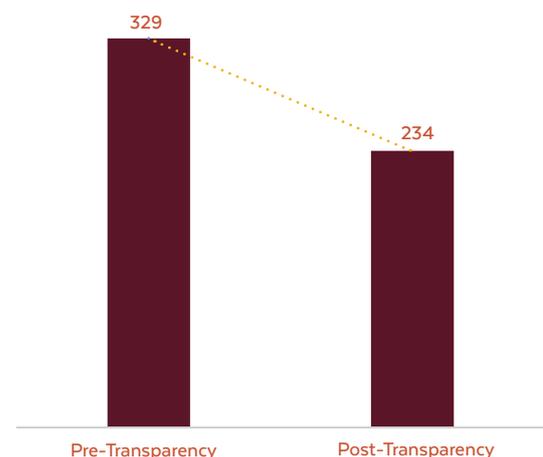
In the graph above, the concentration of “most compliant numbers of factories” sees 91.5% of factories in compliance on the 18-21 critical issues, leaving a minority of factories with higher non-compliance on critical Issues.

Graph 2: 11th Cycle Factories in Full Compliance with Critical Issues (Pre- and Post-Transparency)



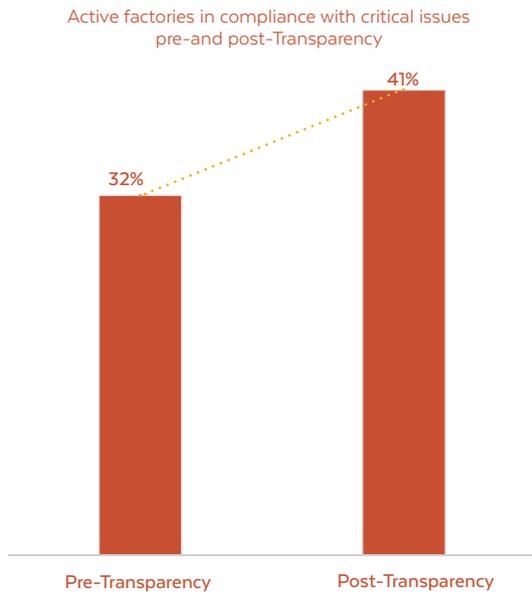
When we compare the data before and after being eligible for the Transparency database on critical issues (factories with two or more BFC assessments) for these 202 factories, it shows that the number of factories in full compliance with 21 Critical Issues increased from 67 factories (33%) to 88 factories (44%) in the current cycle¹. This is a 31% increase in the number of factories in full compliance with critical issues since these individual factories were eligible for transparent reporting.

Graph 3: 11th Cycle - Number of Critical Issues violations (Pre- and Post-Transparency)

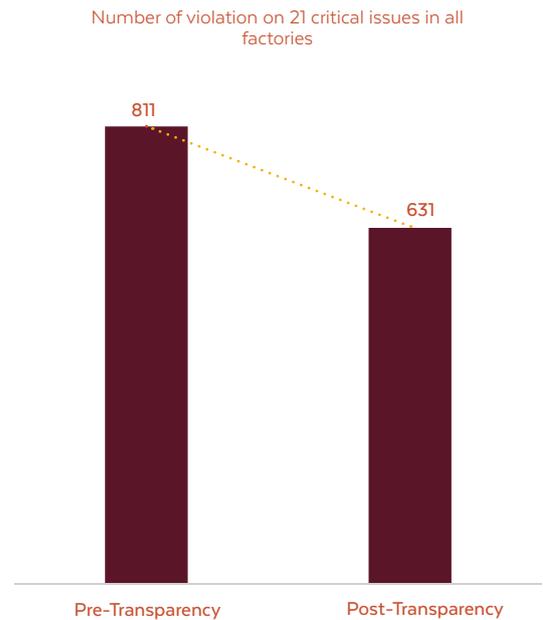


In total, there were 234 instances of non-compliance on critical issues in cycle 11 compared to 329 prior to going onto the transparency portal. One hundred and fourteen (56%) factories had one or more instances of non-compliance on critical issues.

Graph 4: Transparency data on all active factories in compliance with Critical Issues



When we compare the data before and after transparency for all active 465 factories we see the number of factories in full compliance with the 21 critical issues increasing from 147 (32%) prior to going onto the transparency portal to 190 (41%) in the current cycle. This is a 29% increase in the number of factories in full compliance.



Two hundred and seventy-five (59%) factories had one or more issues (in total 631 individual non-compliance violations on critical issues), which is a decrease of 22% since the start of the factory being eligible for the transparency portal.

The following 3 tables provide an overview of critical issues with positive changes (Table 1), critical issues that have actually decreased levels of compliance (Table 2) and a total overview of NC levels for this reporting period on all critical issues (Table 3). We can conclude that, although important improvements are being made as reflected in Table 1, other issues still need attention, see Table 2.

Table 1: Positive changes in critical issues compliance levels following the introduction of Transparency

Public Reporting Critical Issue	% Change in Compliance
Regular emergency evacuation drills (every 6 months)	18%
Emergency exit doors are unlocked during working hours	8%
No discrimination against workers	5%

Correctly paid overtime wages	5%
Unremediated child labour	5%
Bonuses, allowances, leaves count entire employment period	5%
No discrimination against workers based on union membership	2%
No dismissal of pregnant workers	1%

Table 2: Negative changes in critical issues compliance levels following the introduction of Transparency

Public Reporting Critical Issue	% Change in Compliance
Water for drinking is clean and sufficient	-7%
Dangerous machine parts have safety guards (not needle guards)	-6%
Workers can join and form unions freely	-5%
No control of union by employer	-3%
No management interference with union	-3%
Workers are free not to join a union	-2%

Table 3: Compliance on 21 individual Critical Issues points in cycle 11

Critical Issues	Number of Non-compliant factories	% Non-compliant
Unremediated child labour	0	0.0%
No forced labour	0	0.0%
No discrimination against workers	20	9.9%
No dismissal of pregnant workers	1	0.5%
No dismissal of workers during maternity leave	1	0.5%
No sexual harassment	0	0.0%
Equal pay for men and women	0	0.0%
No discrimination against workers based on union membership	2	9.9%
Workers can freely join and form unions	9	4.5%

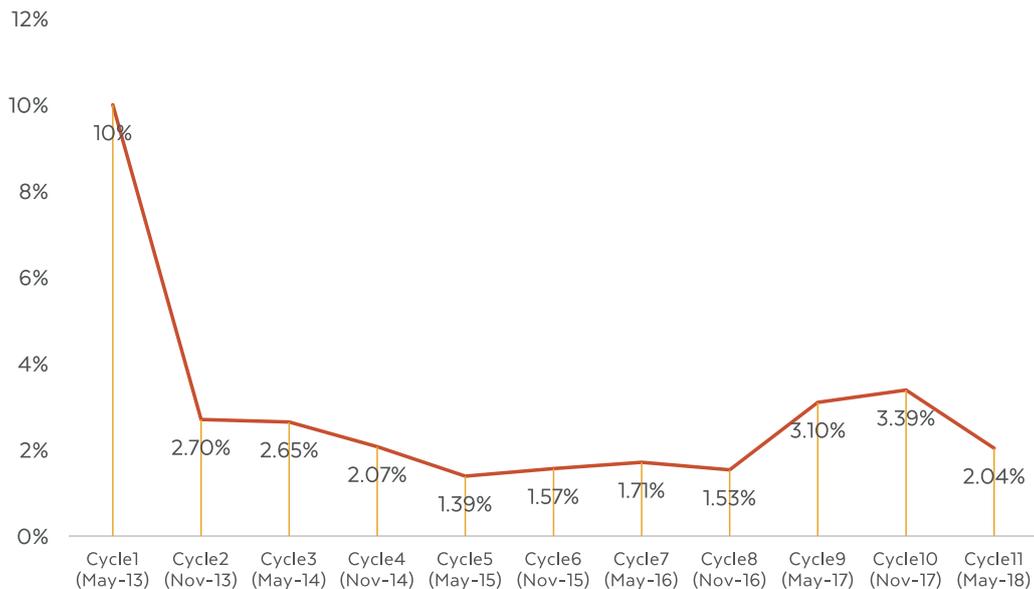
No control of union by employer	19	9.4%
Job is not dependent on union membership	0	0.0%
No management interference with union	12	5.9%
Workers are free not to join a union	10	5.0%
Regular emergency evacuation drills (every 6 months)	35	17.3%
Emergency exit doors are unlocked during working hours	23	11.4%
Emergency exit doors are sufficient	4	2.0%
Dangerous machine parts have safety guards (not needle guards)	39	9.3%
Water for drinking is clean and sufficient	20	9.9%
Correctly paid minimum wages	11	5.4%
Correctly paid overtime wages	10	5.0%
Bonuses, allowances, leaves count entire employment period	18	8.9%

Low Compliance Factories

Factories with three or more BFC assessments are measured against 52 legal requirements. Factories with the lowest compliance levels fall in the Low Compliance category. Those falling two standard deviations below the mean for compliance are eligible for this second level of public disclosure.

In this cycle, two Low Compliance factories have been added to the list. The graph below shows

the low compliance active factories as a percentage of all the active factories included in the transparency list. The latest data shows that the percentage of low compliance factories decreased to 2.04%, representing a total of ten factories. During the period, three meetings with Government representatives were held with factories that were newly added to the low compliance list to discuss the issues and possible solutions.

Graph 5: Percentage of low-compliance factories (cycle 1-11)

Union Compliance - Strike Information

Union and worker representatives' compliance with legal requirements for strikes is also disclosed under the Transparency initiative. A total of 217 strikes are reported on the database since the reintroduction of the transparency reporting in 2013. During the 11th cycle, 9 strikes were reported in factory assessment reports and added into the database. All strikes that took place during the 11th cycle in factories failed to meet at least one of the legal requirements. There are five distinct legal requirements which must be in compliance for a strike to be legal. Those criteria are:

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

89% of the strikes were called for reasons permitted by law and 11% attempted to settle dispute using other peaceful methods first. However, none of the strikes met with the other legal requirements such as trying to use peaceful methods, organizing secret ballots among the union members, providing a seven-day notice to factory management, and notifying the Ministry of Labour before they took place.

For detailed information about low compliance factories, the requirements for a legal strike and the 52 compliance points covered in the BFC's assessment reports, please see the information sheet by clicking on this link: [Factsheet](#)

End Note

1. This is an average percentage of the compliance of all individual factories in this cycle.



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