



**BetterFactories**  
Cambodia

# **Annual Report 2018**

## **An Industry and Compliance Review**

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Organization



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## Summary Findings

This 35th annual report presents compliance data for assessments conducted in 464 factories in Cambodia during the period 1 May 2017 to 30 June 2018. It presents a snapshot of non-compliance rates in a range of areas linked to working conditions and fundamental rights at work. It also provides a short analysis of the correlation between the quality of OSH management systems and levels of non-compliance on legal OSH requirements. In addition, the report also presents data on BFC's transparent reporting initiative.

Assessment results from factories covered in this report are largely consistent with the findings of previous reports, with non-compliance most heavily concentrated in the working conditions clusters, particularly Occupational Safety and Health and Contracts and Human Resources. It should be noted that this is not necessarily specific for Cambodia, but can be seen in many garment factories around the world. In terms of core labour standards, issues around freedom of association and particularly management interference are the leading compliance challenges for factories.

### TRANSPARENCY

The most recent data from the transparency database (11th cycle) continues to suggest that public reporting areas continue to improve. The number of factories in compliance with all critical issues increased from 33 percent to 44 percent since the launch of public reporting and the number of violations on the 21 critical issues decreased from 329 to 234 for the same period. The percentage of low compliance factories in the industry, those factories that score two standard deviations below the average on 52 important issues, has also decreased from almost 10 percent prior to the launch of public reporting to 2.4 percent in this reporting cycle. It should be noted that this number has lowered significantly, which is

mostly due to the fact that many low compliance factories have closed and this was corrected and reflected in the database. This in itself suggests that low compliance is linked to overall poor business performance. BFC have removed 114 closed factories from the database – lessening the overall pool of measured low compliance factories to 10. BFC and its constituents should carefully monitor the results of the next reporting period and continue to collaborate closely to ensure that the remaining low compliance factories improve their performance substantially.

### ILO CORE LABOUR STANDARDS

#### Child Labour

**Child Labour** is one of the zero tolerance issues that BFC monitors in factories. In order to address the issue at the industry level, BFC and the Garment Manufacturers Association of Cambodia (GMAC) signed an agreement on how to investigate and remediate child labour cases (typically workers under the age of 15, who have often used falsified identification documents to get a job). Since the launch of this collaboration in 2014, the number of underage workers found through BFC's assessment process have reduced sharply from 74 cases in the reporting period May 2013 - April 2014 to 10 cases in the current reporting period.

#### Discrimination

Non-compliance relating to **Discrimination** was found in 57 different factories. The majority of non-compliance cases were related to discrimination on grounds of gender. It should be noted that discrimination is an area that is sometimes hard to find evidence of and, as such, BFC might not detect all discrimination issues.

## Forced Labour

Twelve **Forced Labour** related practices were found in 9 of the 464 factories assessed and mostly related to forced overtime. With 11 compliance questions, the Forced Labour cluster is in a similar picture as the last reporting period.

## Freedom of Association and Collective Bargaining

Non-compliance levels within the **Freedom of Association and Collective Bargaining** cluster have gone up slightly, especially around union operations and interference and discrimination. As has been noted in previous annual reports, freedom of association violations are sometimes hard to prove due to the sensitive nature of the issue. BFC has invested in training of staff on investigation of these violations and it can be assumed that the increase in non-compliance levels is a result of stronger capacity of BFC staff to investigate and report on freedom of association violations. Overall, in this reporting period Freedom of Association and Collective Bargaining non-compliance instances were recorded in 155 of the 464 factories assessed.

## WORKING CONDITIONS

### Compensation

It is important to note that within the **Compensation** cluster, non-compliance with minimum wage payment remains low and is mostly related to the incorrect use of number of workdays per month and employers not moving probationary workers over to FDC's after two months. As such, it can be concluded that the increases in the minimum wage have been implemented at factory level. Deterioration in compliance points can mostly be attributed to additional legal requirements that BFC started to assess since 2015, such as correct payment of annual leave. Similar to last reporting period, BFC has previously given factories one year to correct non-compliance on the calculation and payment of various types of leave. Many factories have still not adjusted their practices and as a result have been assessed as non-compliant.

## Contracts and Human Resources

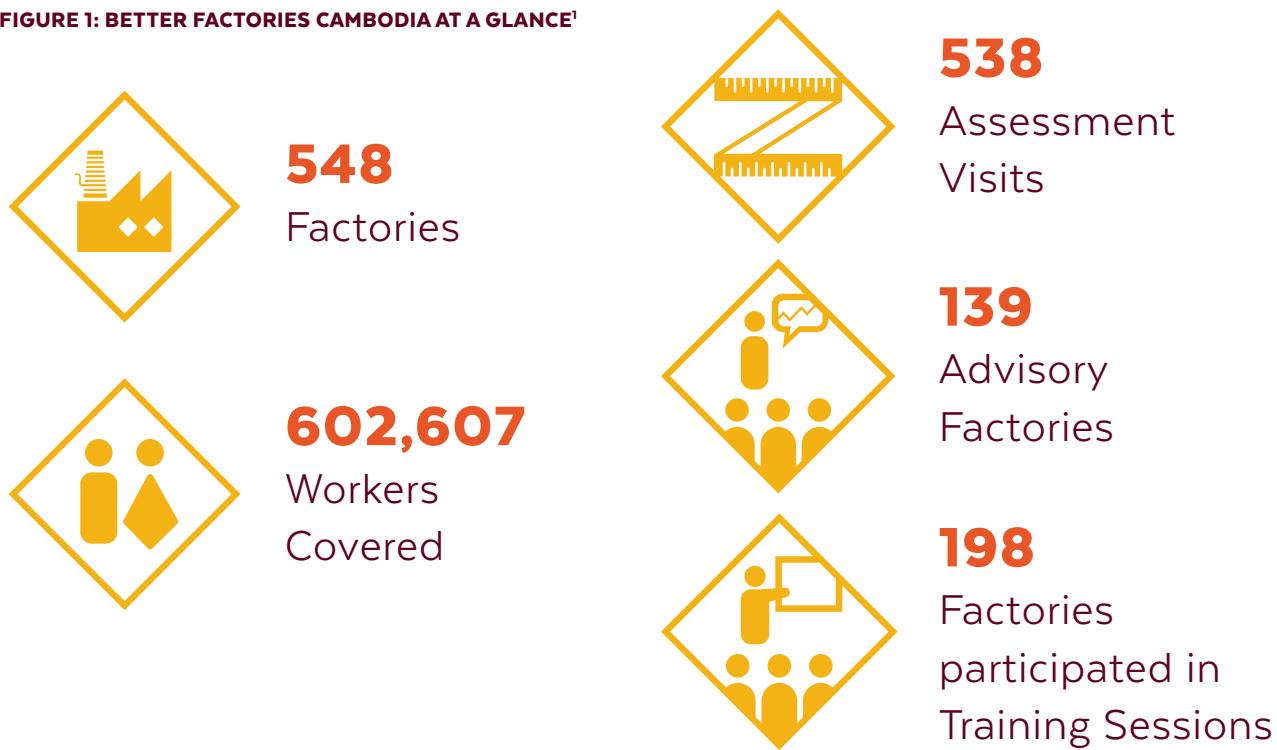
In the **Contracts and Human Resources** cluster, non-compliance centres mainly on mechanisms for employees to understand contracts, and for having appropriate information on terms and conditions in those contracts. These were also the main issues of non-compliance in previous reporting periods.

## Occupational Safety and Health

The cluster covering **Occupational Safety and Health** (OSH) requirements is the largest cluster with eight different compliance points covering a total number of 60 compliance questions. Consistent with last year's findings, many areas related to OSH continue to be a challenge for garment factories and are often the result of a lack of proper policies, procedures and division of roles and responsibilities on OSH. This suggestion is supported by the analysis in this report that links factories' performance on legal OSH matters to the quality of their OSH management systems. This analysis suggest that the better factories do on their OSH management systems, the lower their non-compliance on legal OSH issues. This is not an issue that is typical just for Cambodia, but a general situation in the global supply chain for garment production. Non-compliance levels in the OSH cluster remain high and in general have gone up slightly in most of the compliance points.

## Working Time

The **Working Time** cluster covers Leave, Regular Hours and Overtime. The most common reason for non-compliance within the cluster is that factories allow more than the maximum 2 hours of overtime. During assessment, BFC staff observe that excessive overtime occurs during certain periods of peak production and does not always involve all workers. It should also be noted that overtime is a global garment industry issue that is also related to sourcing practices of the brands (including last minute changes to orders and rush orders) as well as lack of proper production planning.

**FIGURE 1: BETTER FACTORIES CAMBODIA AT A GLANCE<sup>1</sup>**

## Section I: Introduction

The Better Factories Cambodia programme (BFC) is a partnership between the International Labour Organization (ILO) and the International Finance Corporation (IFC). This comprehensive programme is bringing together stakeholders from all levels of the garment industry to improve working conditions and respect of labour rights, and boost the competitiveness of apparel industries. Factories participating in Better Work are monitored and advised through factory assessments, advisory visits and training.<sup>1</sup>

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

BFC started operating in Cambodia in 2001. It was

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

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

ticipating factories can work with BFC to make ongoing improvements to their working conditions.

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

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

This is the 35th Better Factories Cambodia annual report and covers the period 1 May 2017 – 30 June 2018. During this period, the programme carried out 538 assessment visits and produced 451 reports. The purpose of the BFC's Annual Report is to provide an overview of working conditions in the Cambodian garment and footwear industry.<sup>2</sup>

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

## INSTITUTIONAL CONTEXT

### Industry Trends

According to Cambodia's General Department of Customs and Excise (GDCE), the exports of Cambodia's garment and footwear sector continued to grow in 2017. The sector's exports rose by 9.5 percent to US\$8.02 billion in 2017 (up from US\$7.2 billion in 2016). The sector remains the most important component of Cambodia's exports, with garment and footwear exports accounting for 72 percent of the country's total merchandise exports in 2017. The footwear sector demonstrated the strongest growth in 2017, with exports increasing by 14.4 percent to US\$873 million, while exports of garments rose by 9 percent to US\$7.147 billion. After a decline of garment factories between 2015 and 2016, which was largely due to a reclassification of statistical data by the Ministry of Commerce, the number of factories grew from 626 in 2016 to 661 in 2017.

**TABLE 1: GROWTH IN CAMBODIAN GARMENT AND FOOTWEAR SECTOR (YEAR-END)<sup>3</sup>**

	2012	2013	2014	2015	2016	2017
Exports (US\$ bn)	4.57	5.38	5.96	6.82	7.32	8.02
Growth	7.3%	17.8%	10.6%	14.5%	7.2%	9.50%
to US (% of export)	43%	38%	33%	29%	25%	24%
to EU (% of export)	34%	37%	40%	43%	40%	46%
other (% of export)	23%	25%	27%	28%	35%	30%
Factories	436	528	626	699	626	661
Workers	447,852	533,486	580,692	646,869	605,129	641,461

Source:

Export: General Department of Customs and Excise

Number of factories and Workers: Ministry of Commerce

Development in export destinations in 2017 seem to differ from trends that started a few years back; most growth in 2017 was realized in the EU market, which reached a record high of 46 percent after a decline in the year before. Although the percentage of export to the US dropped from 25 percent to 24 percent, absolute value increased for the first time in many years, by approximately US\$ 100 million. On the contrary, exports to other markets (mostly Japan, Australia, Canada and some to other Asian countries, including China) contracted for the first time in many years, from 35 percent to 30 percent.

**TABLE 2: STRIKE ACTIVITY REPORTED BY GMAC MEMBERS (YEAR-END) <sup>4</sup>**

	2012	2013	2014	2015	2016	2017	2018 (As of 31/8/2018)
<b>Strikes</b>	121	147	108	118	47	32	9
<b>Lost Workdays</b>	542,827	888,527	513,444	452,364	203,783	145,907	42,014

Between 1 May 2017 – 30 April 2018 it reported that the:

- ◆ Number of cases registered during this reporting period: 51
- ◆ Number of cases registered that were garment or footwear factory-related: 36
- ◆ Number of cases resolved through mediation: 9 (2 were withdrawn)
- ◆ Three most common issues referred to the AC: 1) food/meal allowance; 2) reinstatement; and 3) suspension payment

The 36 garment or footwear factory-related cases represents a further considerable decline from the 260 and respectively 166 garment and footwear related cases that were brought to the council as reported in BFC's 33rd and 34th annual reports. This decline can be related to a range of issues, including: improved social dialogue to address issues at the factory level; changes that positively improve working conditions, such as rise of minimum wage; as well as the implementation of the Law on Trade Union. Recently, the MoLVT issued the Prakas No. 303 on the Most Representative Status of Worker Unions and Formalities and Procedure to Acquire the Most Representative Status. Recently, the MoLVT issued a PRAKAS stating that non

### Labour disputes

Based on GMAC's data, the number of strikes continued to decrease considerably in the reporting period by 32 percent in 2017, from 47 in 2016 to 32 in 2017 and the number of lost work-days fell by 28.40 percent from 203,783 in 2016 to 145,907 in 2017. During the first semester of 2018, GMAC reported 9 strikes with 42,014 workdays lost.

MRS unions can now also represent collective cases. The most common issues referred to the Arbitration Council during this period were: Food/meal allowance, reinstatement of workers and suspension payments.

### Minimum wage setting process

In April 2014, the ILO convened a workshop for its constituents in Cambodia during which participants recommended a set of principles that should be used by the tripartite Labour Advisory Committee when reviewing Cambodia's minimum wage. In June 2014, the Labour Advisory Committee endorsed and adopted these recommendations. This framework allows for yearly minimum wage reviews where a tripartite Labour Advisory Committee (LAC) negotiates and agrees on a recommended minimum wage and provides that recommendation to the Ministry of Labour and Vocational Training (MoLVT). This has led to annual minimum wage adjustments since October 2014. In October 2017, following tripartite negotiations by the LAC, the government decided to increase the minimum wage in 2018 for regular workers by US\$17 to US\$170 per month. After a tripartite process through member of the Labour Advisory Committee, the new minimum wage for 2019 was announced early October and has been set at US\$177 for probationary workers and US\$182 for regular workers.

**TABLE 3: MINIMUM WAGE SETTING PROCESS**

	2014	2015	2016	2017	2018
<b>Monthly minimum wage regular workers</b>	US\$100	US\$128	US\$140	US\$153	US\$170
<b>Growth</b>	--	28%	9.4%	9.3%	11%

### Legal and institutional developments related to the garment sector

- ◆ The Trade Union Law came into effect in the second quarter of 2016 and the ILO has since been driving forward discussions around Freedom of Association in Cambodia. The ILO's Committee on the Application of Standards (CAS) called upon the Government, among others, to ensure that Freedom of Association can be exercised in a climate free of intimidation and violence, and that acts of anti-union discrimination are swiftly investigated. Upon the CAS's request, the government has submitted a roadmap to address CAS action items. The roadmap was further discussed in 2018 with social partners and endorsed by the National Commission on Reviewing the Implementation of the ILO Conventions ratified by Cambodia and submitted to ILO for further assistance on its implementation in July 2018.
- ◆ A number of Prakas related to the implementation of the Law on Trade Union were issued on 2 July 2018 namely Prakas No. 300 on Procedures for Deducting Membership Dues, Prakas No. 301 on Procedure for Maintaining Financial Records of Worker Unions and Employer Association, Prakas No. 302 on Shop Stewards in an Enterprise or Establishment and Prakas No. 303 on the Most Representative Status of Worker Unions and Formalities and Procedures to Acquire the Most Representative Status.
- ◆ Labour Law Amendment: Eight articles of Labour Law were amended namely Articles 87, 89, 90, 91, 94, 110, 120 and 122. The term "Dismissal Indemnity" is replaced by the term the "Seniority Indemnity". From 2019, following the Prakas No. 443 on Payment of Seniority Indemnity, employers shall pay workers who are still working both the seniority payment from 2019 and the back pay of the seniority payment accrued before 2019. A new Prakas 443/2018 was released on 21 September 2018 which specifies that employers have to pay workers indemnity for seniority of 15 days/year, regardless of their contracts. The PRAKAS also provides for a back-pay arrangement of this indemnity for seniority for workers currently on UDC contracts. The labour law amendment comes into effect on 1 January 2019.

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- ◆ A draft of the universal minimum wage law handed to unions and employers saw the removal of controversial clauses written into earlier versions that penalised individuals for protesting or putting pressure on the wage determination process. After several rounds of tripartite negotiation, the Law on Minimum Wage was promulgated on 6 July 2018. The law aims to ensure a minimum wage for all persons under the provisions of the Labour Law with a procedure for setting a minimum wage based on social and economic criteria through the establishment of a National Minimum Wage Council.
- ◆ According to a Prakas and sub-decree released by the MoLVT, as of 1 January 2018 employers are required to pay 3.4 percent of the employee's average salary into the National Social Security Fund's (NSSF) Healthcare Scheme. This move has been welcomed by unions and provides essential social protection to workers. Employers have stated that the pressure on business will be greater as a result of this measure.
- ◆ An ILO publication on the Cambodian Garment Sector published in June highlighted the impact of increased minimum wages on workers income as well as overtime. The research, completed in close collaboration with BFC (which provided data) concluded that;
  - ◆ Monthly pay for full time workers increased from 225.4 USD in 2016 to 242.8 USD in 2017;
  - ◆ Base pay (approximately 68 percent of workers' monthly take-home pay), was a major contributor to final take-home income; and

- ◆ 2016-2017, the increase in minimum wage did not appear to reduce the attraction of overtime hours amongst employers - data for full-month workers in this study show that their hours increased from 221.80 hours/month in 2016 to 229.99 hours/month in 2017.
- ◆ During the reporting period, according to media reports, groups of workers from various factories fainted, attributed to a variety of reasons. A technical committee with participants from different ministries has been set up to look into the reasons of fainting and develop a set of recommendations on how to avoid fainting. BFC has contributed to this effort through providing its data and in-factory experience on the topic.
- ◆ Boiler Safety: Garment and footwear factory representatives called on all industry players to place greater importance on workplace safety following a string of deaths and injuries related to boilers exploding in factories. In late October 2017, seven workers were injured in boiler explosions at two different factories. Under the coordination of the MoLVT, a team of garment and footwear industry experts have begun a programme to train workers and employers in boiler safety.
- ◆ Following the recommendation of the Prime Minister, a woman who gives birth to one child will receive 400,000 Riel as an additional benefit, 800,000 Riel if delivering twins and 1,200,000 Riel if delivering triplets; as well as pregnant workers being allowed to leave the workplace 15 minutes earlier.

## Transportation

Garment Factory Workers are at risk every day due to inexperienced and dangerous road users, unsafe and overloaded vehicles, increasingly heavy traffic and poor infrastructure. Crashes involving multiple workers illegally transported on the back of overcrowded trucks make media headlines locally and globally with regular frequency. The impact of road crashes affect workers, the two million family members they support, the productivity of factories that rely on their labour and the economy.

Facilitated by BFC, the Transportation Working Group (TWG) has met seven times during the reporting period to discuss the challenges to road safety in Cambodia and

implement a number of strategic initiatives, including: a factory management survey; the design and launch of a Garment Sector Road Safety Strategy; and the launch of a pilot program to test interventions on five factories.

The TWG engaged road safety experts to guide the development of the strategy which will be the guiding document for any future work. This strategy was publicly launched in January 2018 with by His Excellency the Minister of Labour, Ith Sam Heng, along with representatives from Government Ministries including the Ministry of Labour and Vocational Training, and Her Excellency Min Meanvey, the Minister of Public Works and Transport, who also doubles as the head of the National Road Safety Committee. The TWG developed a pilot program to roll out to five factories over three provinces reaching more than 26,000 workers. These factories were selected among those along national roads which were deemed as 'high risk' areas. In this reporting period, the pilot stage is in the development phase and will include surveys (interviews) with workers and collective transport drivers, focus groups with worker representatives, key informant interviews with factory managers, district traffic police and provincial National Social Security Fund representatives. The pilot's interventions and activities will be both in the factories, and in the communities that are nearby these factories. Topics covered include: Road Safety Management and Accountability, Safer Infrastructure & Planning, Safer vehicles and modes of transportation and Safer Road Users.

## BFC HIGHLIGHTS

This section provides an overview of BFC's main outputs and accomplishments during the reporting period. These are presented according to the goals and objectives of BFC's current strategic phase.

## BFC's Quality Standards and Anti-Corruption Policy

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

- ◆ Quality
- ◆ Integrity
- ◆ Neutrality

- ◆ Transparency
- ◆ Respect and dignity
- ◆ Positive change

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

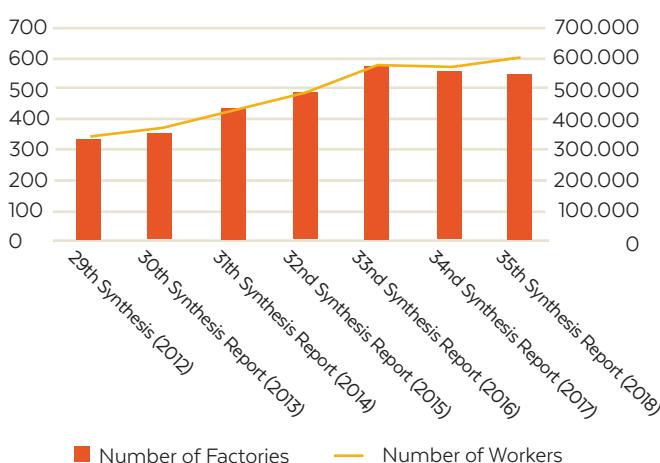
Better Work is committed to recruiting and retaining high-skilled staff to achieve its objectives. Under the ILO's recruitment regulations, merit-based selection based on transparent and credible processes is the key to success. Better Work managers are expected to maintain the highest standards in selection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

During the reporting period, there were 5 occasions where factory managers have attempted to deviate from the BFC anti-corruption policy by offering money or gifts in exchange for a good report. In all cases, staff reported this directly to BFC management who in turn notified management from the factory concerned in writing about the incident and informed factory management about the BFC anti-corruption policy.

### Industry Coverage

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

**GRAPH 1: NUMBER OF WORKERS AND FACTORIES COVERED BY BFC**



The number of factories shown includes all active factories (not closed or suspended) that have registered with BFC. The employment figures are drawn from the list of registered garment and footwear factories with BFC as of 30 June 2018. Female workers represent 88.24 percent among the total workforce in the programme (602,607), while male employees account for 11.76 percent. 38 percent of all 548 factories registered with BFC are owned by Chinese investors, followed by Taiwanese (19 percent), Hong Kongese (13 percent), and Korean (11 percent). Only four percent of the factories are owned by Cambodian nationals. The other owners are from Singapore, Japan, Malaysia, Thailand, the United Kingdom, the United States, Canada, France, Australia, Netherlands, Spain, India, and The Cayman Islands. The number of factories registered with BFC includes four bag factories and one sports glove factory.

### BFC's Strategic Progress

#### OBJECTIVE 1: EXPANDING IMPACT THROUGH FACTORY LEVEL WORK

Improving compliance with labour law to ensure that workplaces are productive while respecting workers' rights, is the overarching goal of the BFC programme. This needs continued work and effort and the first objective of the current strategic phase is to increase the impact of our in-factory work with a continued focus on high quality service delivery on assessment and advisory services as well as training. More specifically, the first 18 months of the strategy, the programme invested heavily in strengthening capacity of staff to assess violations with freedom of association and how to address them through advisory services and training programmes. With these increased capacities, staff have been able to i) gather stronger evidence in factories on FoA violations and ii) better address these violations through training on industrial relations,

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

**TABLE 4: BFC KEY DELIVERY INDICATORS FOR ANNUAL REPORTS 33, 34 AND 35**

	AR 33	AR 34	AR 35	% CHANGE
<b>Factories assessed (including footwear assessments)</b>	422	442	526	19%
<b>Number of workers covered during this assessment</b>	456,285	484,396	553,139	14%
<b>Factories with advisory services</b>	85	89	139	56%
<b>Factory participation in training</b>	157	165	198	20%
<b>Number of training participants</b>	1974	1882	2341	24%
<b>Number of reports purchased by buyers</b>	450	478	882	85%
<b>Number of factories from which buyers purchased reports</b>	267	270	347	29%
<b>Number of brands purchasing reports</b>	48	49	66	35%

A strategic focus in BFC's current strategy has been gender. Emphasis has been given to internal training and understanding of issues of gender equality, stereotyping, discrimination, attitude models, diversity issues and what that means for our work on assessment, advisory and training. In addition, following the publication of the BFC gender strategy, the programme published the gender and compliance report in March 2018. This report highlights gender related issues that are found during the assessment process. BFC has also forged collaborations with other organisations to expand work on gender related issues. This includes collaboration with CARE and several brands and factories to implement a training on preventing sexual harassment in factories, and collaboration with UNWomen on developing a leadership training for women workers.

#### **OBJECTIVE 2: STRENGTHENING INSTITUTIONAL SUSTAINABILITY OF THE PROGRAMME**

A key component of each of the Better Work programmes, including BFC, is to work with national stakeholders to support the creation of a culture of compliance in the entire sector. Under this broader

and long term objective the current strategic phase focusses on increased engagement with national stakeholders, especially the Government, to ensuring that working conditions in Cambodian garment factories meet legal requirements. This particularly includes the formulation and implementation of an action plan between BFC and the MoLVT to gradually strengthen the MoLVT's capacity to prevent and remediate non-compliance and enforce the labour law. The ministry has indicated that it aims to have the same quality, credibility, transparency and trust as BFC and asked the programme to work hand in hand with the ministry on this. The joint action plan was developed in 2016 and some important components have been put in motion. Priority was given to collaborate on expanding the MoLVT's capacity to undertake strategic labour compliance inspection as part of their next inspection plan (2019 - 2023). With support and collaboration from the ILO experts on strategic labour compliance, the ministry is now working through a process of developing sectoral inspection plans that target certain issues and workplaces. Two working sessions have taken place and the next one is planned for Q4 this year. During the working sessions, the different and complementary

roles of the MoLVT inspection services and BFC are often discussed, where the inspection services of the Ministry have the Government's authority to inspect all workplaces and enforce the law, and where BFC as a neutral and independent programme has the mandate to assess and report on compliance with the labour law in all garment exporting factories and support factories in making improvements.

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

The garment sector is the engine of social and economic development in Cambodia. It is by far the biggest contributor to Cambodian's export earnings, it is also the sector that creates formal employment to a large and vulnerable group of mostly young female Cambodians with very limited formal job alternatives. These women workers not only earn income to maintain their own lives, in fact, it is estimated that income of each garment worker also supports three to four of their family members. As such, it is estimated that over 2 million Cambodians depend on the existence of the sector. With important changes in the trade environment in combination with some inherent internal weaknesses, the competitiveness of the Cambodian garment sector is under threat. BFC has used its convening role and its data to support industry stakeholders in developing a vision for future of the Cambodian garment industry. The Supreme National Economic Council (SNEC) received the Prime Minister's mandate to formulate this strategic vision and, as member of the technical team tasked with drafting the vision, BFC has supported the process through facilitating contacts and meetings with unions, brands, manufacturers and industry groups. In addition, the IFC, as partner to the BFC programme funded a large scale survey amongst factory managers and owners on the business environment and BFC brought academic experts on labour economics and one on global supply chains to provide feedback and input during the strategy formulation process.

The draft strategy is being finalized and will be submitted for approval from the Government. Once approved, BFC will continue further support the

implementation, including through bringing partners together in support of the strategy.

#### **OBJECTIVE 4: ENHANCING OUR KNOWLEDGE BASE AND COMMUNICATION OUTREACH**

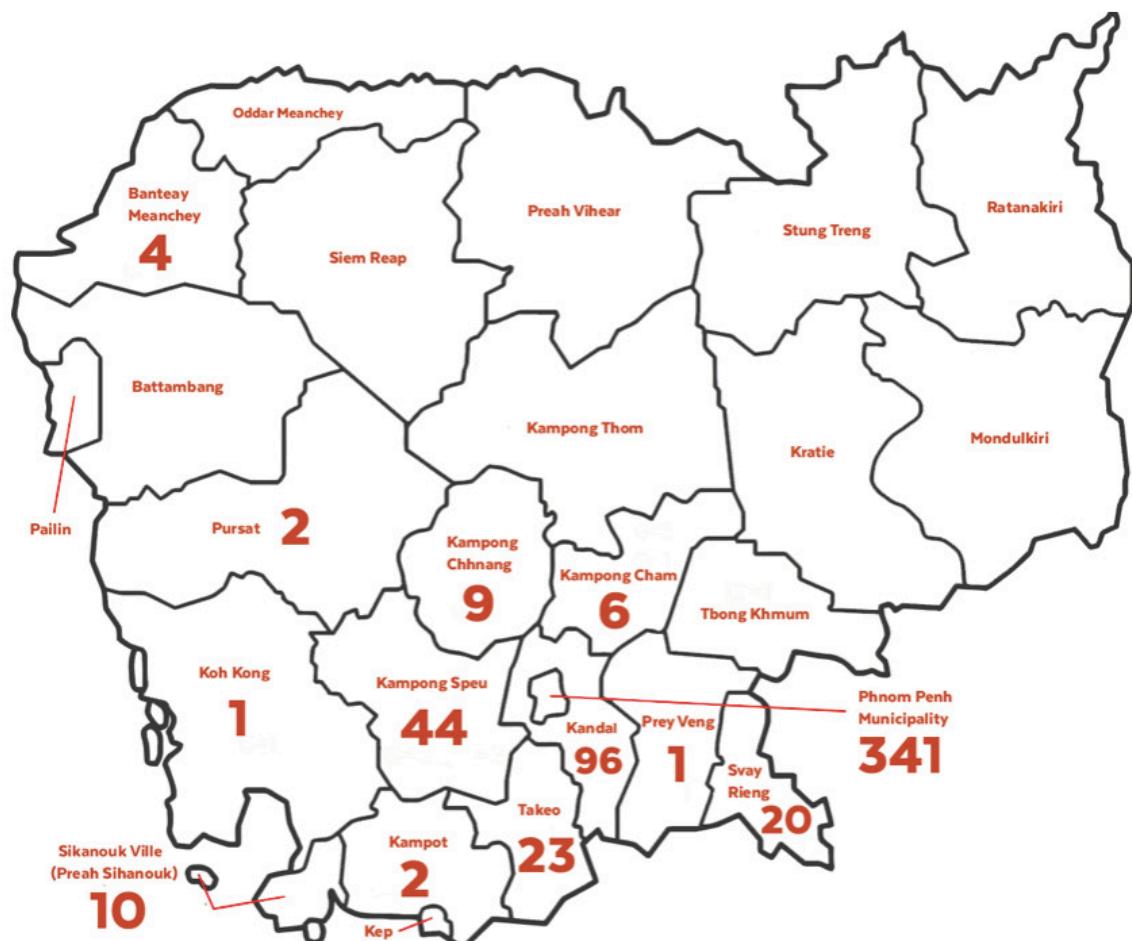
Understanding what leads factory managers to decide to comply with the law, what the role of social dialogue is in this process, and how improved working conditions impact workers, their family members and business outcomes of factories are vital pieces of information that can help transform the culture of compliance in industries and countries. In its current strategy, BFC has committed to use its wealth of data, built up during many years of assessments in every garment exporting factory in the country, to measure the impact of improved working conditions. A local research agency has engaged with the programme and carried out baseline and end line surveys amongst over a thousand workers, around 55 managers in approximately 65 randomly chosen factories. Under the ongoing partnership with the Better Work programme, Tufts University established the baseline early 2016 and is now doing the analysis of the end line. Final results are expected towards the end of 2018.

#### **SIZE OF THE INDUSTRY**

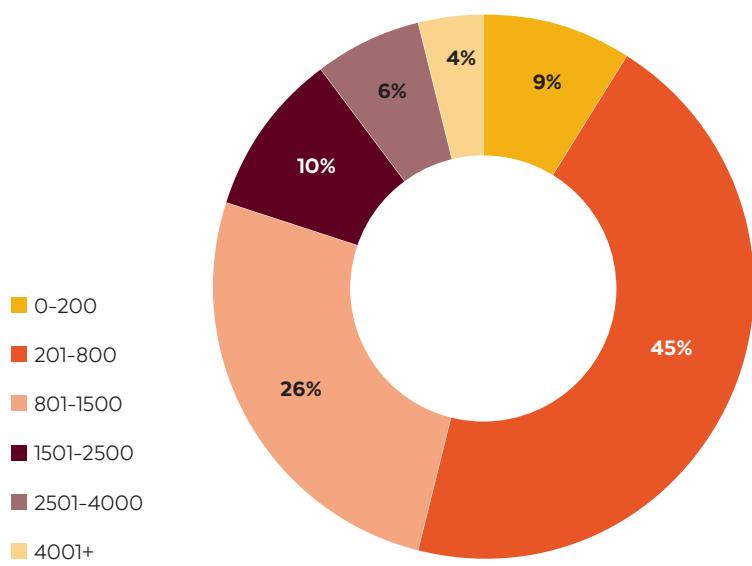
##### **Factories in the sample**

This report presents findings from 464 factories assessed and with a finalized report issued within the reporting period out of a total of 548 registered with the programme. In terms of size, most factories in the programme (71 percent) employ between 200 and 1500 workers. The total number of workers is 602,607 of which 531,742 (88 percent) are women. There were 57 new factories in the programme that finished Cycle 1, and the average Cycle in this reporting period was the 6th Cycle. The majority of the factories (56 percent) finished Cycle 4 and above, indicating the maturity of most factories in the programme.

FIGURE 2: FACTORIES UNDER BFC'S ASSESSMENT PROGRAMME (BY PROVINCE)



GRAPH 2: WORKERS PER FACTORY



## Section II: Compliance overview

### METHODOLOGY

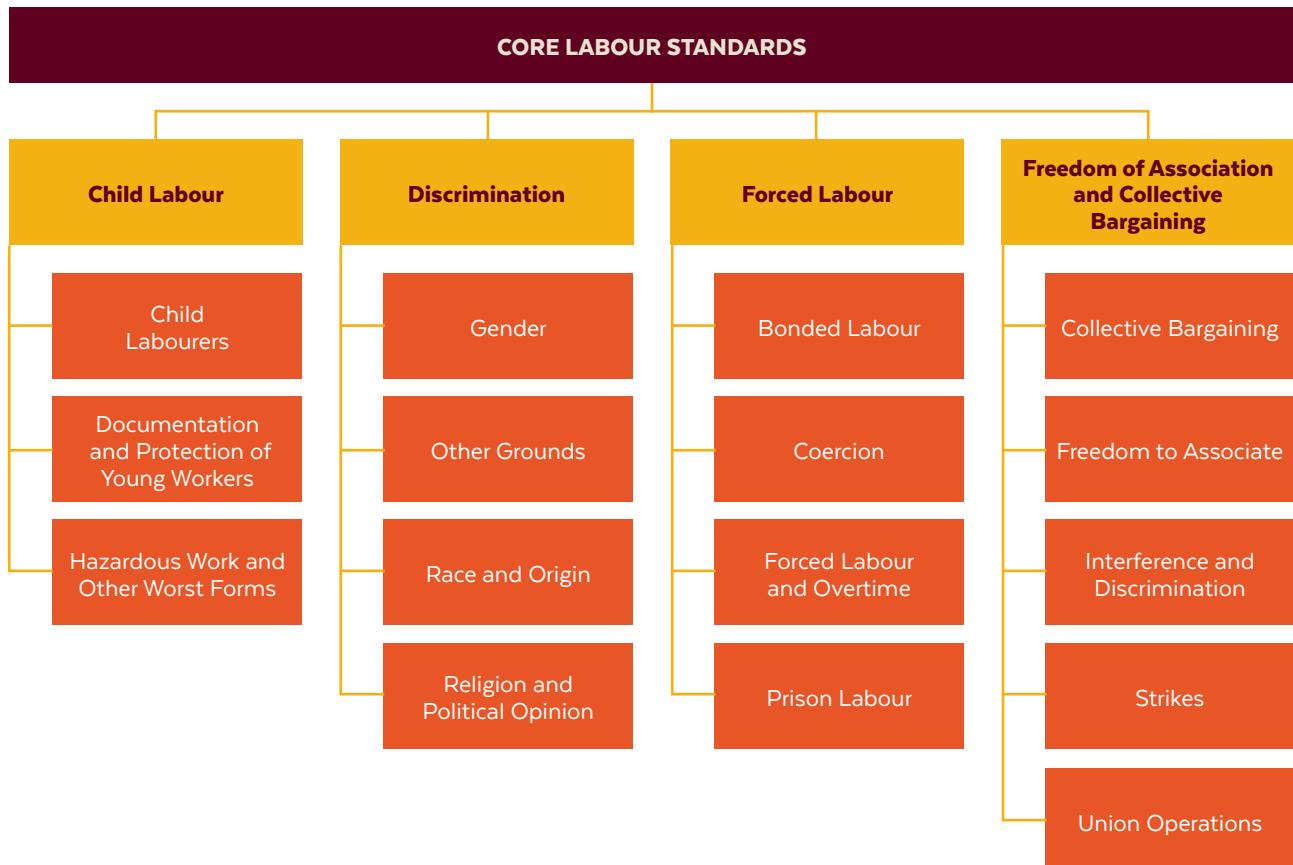
Better Work, including BFC, carries out factory assessments to monitor compliance with international labour standards and national labour laws. In its factory and industry-level reports, it highlights non-compliance findings. Better Work reports these figures to help factories easily identify areas in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

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

With very limited exceptions, the compliance points are standard across all Better Work countries.

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

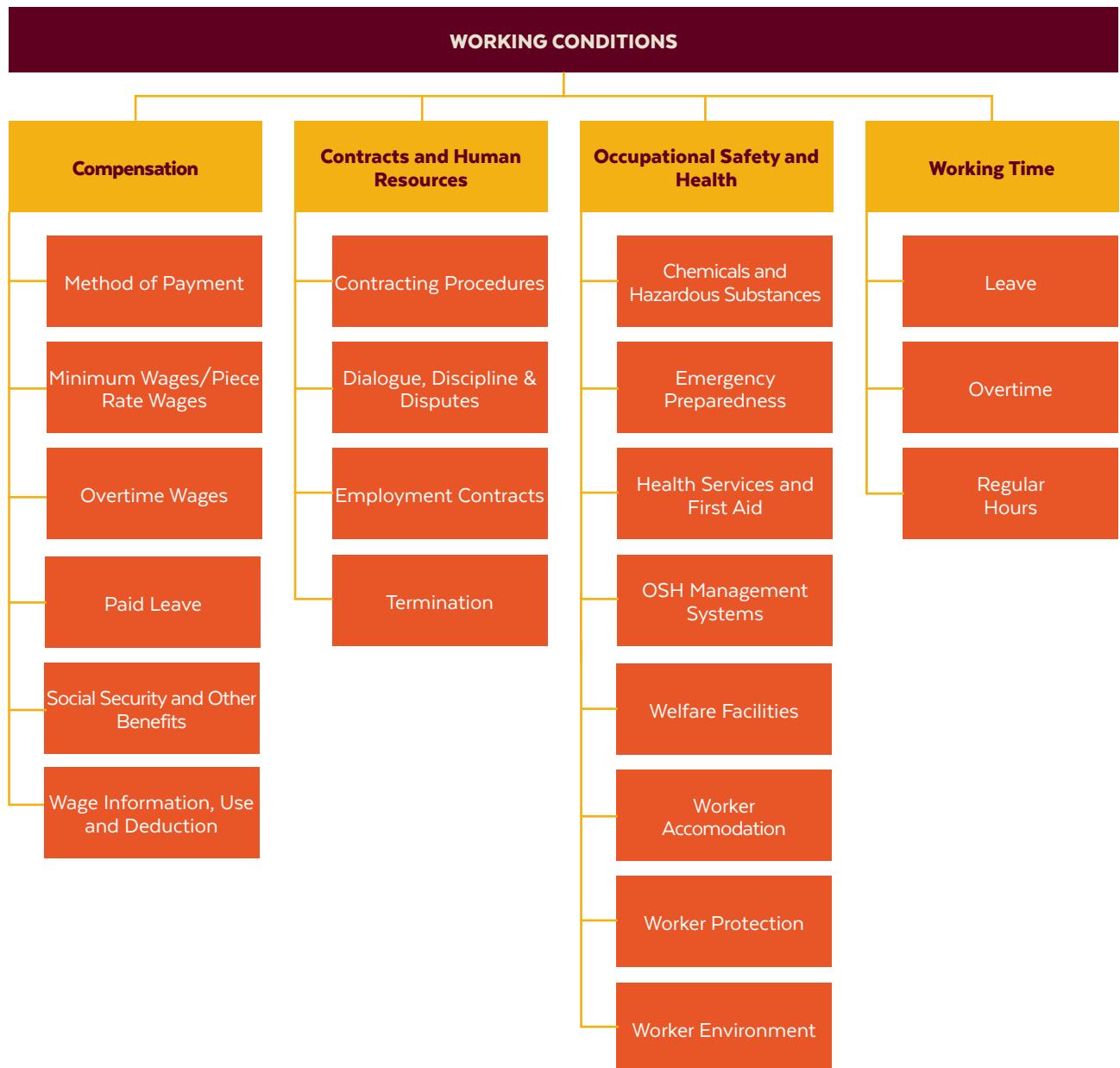
**FIGURE 3: CORE LABOUR STANDARDS**



The four other clusters (see diagram below) assess conditions at work - including Compensation, Contracts and Human Resources, Occupational Safety and Health, and Working Time. The compliance points covered in these clusters are largely consistent across countries; however, each compliance point contains specific questions which are directly related to Cambodia's Labour Law.

**FIGURE 4: WORKING CONDITIONS**

The reporting period covers 14 months, while the reporting period for the 34th annual report was 12 months. The data related to noncompliance findings between the two reporting period largely concerns the same factories, but not entirely. It is therefore important to note that the data reflected in the two reports is not based on two homogeneous groups. BFC has increased the reporting period for AR 35 in order to move towards calendar year reporting (January - December) to align with Better Work Global reporting and programming.



National law is used as a benchmark regardless of whether it is in line with international conventions that have been ratified by the country. In countries where national law fails to address or lacks clarity around a relevant issue regarding conditions at work, Better Work establishes a benchmark based on international standards and good practices.

### LIMITATIONS IN THE ASSESSMENT PROCESS

Better Work calculates non-compliance rates for each factory and reports these in individual factory reports. The factory-level assessments carried out by Better Factories Cambodia follow a thorough checklist of over 260 questions covering the above mentioned labour standards. Information is gathered through a variety of sources and techniques, including document reviews, observations on the factory floor, and interviews with managers, workers and union representatives.

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

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

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

### PROGRESS ON TRANSPARENT REPORTING

BFC reintroduced transparent reporting in 2014 as part of a strategy to accelerate industry progress by publicly reporting on factory compliance with key legal requirements. BFC's public reporting database currently covers 465 active factories – over 80 percent of the garment factories in Cambodia that have export permits.

In this reporting period the 11th cycle of transparency reporting was released in September 2018 (reporting on the period from November 2017 to May 2018) and it continued to demonstrate important improvements at the factory level between before and after implementation of transparent reporting.

The 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. If a factory has had two assessments (conducted annually), then they are subject to being listed in the database. As such, in the reporting period, 42 factories are not yet listed in the transparency database.

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

The number of violations on the 21 critical issues decreased from 281 prior to transparent reporting to 197 violations in May 2017.

The following three tables provide an overview of critical issues with positive changes (Table 5), critical issues that have actually decreased levels of compliance (Table 6) and a total overview of NC levels for this reporting period on all critical issues. We can conclude that, although important improvements are being made as reflected in Table 5, other issues still need attention, see Table 6.

**TABLE 5: POSITIVE CHANGES IN CRITICAL ISSUES COMPLIANCE LEVELS FOLLOWING THE INTRODUCTION OF TRANSPARENCY TO A FACTORY**

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 6: NEGATIVE CHANGES IN CRITICAL ISSUES COMPLIANCE LEVELS FOLLOWING THE INTRODUCTION OF TRANSPARENCY TO A FACTORY**

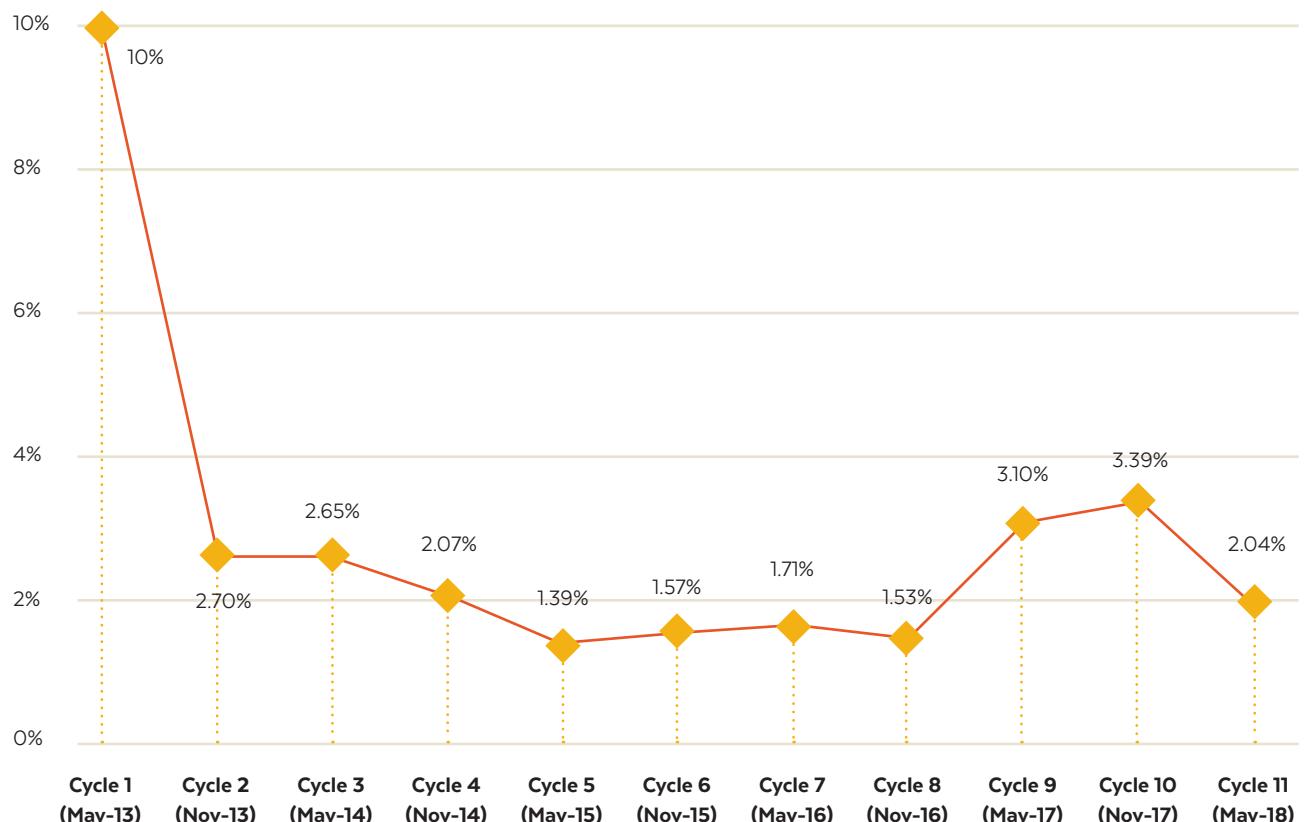
PUBLIC REPORTING CRITICAL ISSUE	% CHANGE IN COMPLIANCE
Water for drinking is clean and sufficient	-7%
Dangerous machine parts have safety guards (not needle guards)	-6%
Workers can join and form unions freely	-5%
No control of union by employer	-3%
No management interference with union	-3%
Workers are free not to join a union	-2%

### Low Compliance Factories

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

with management how to make improvements. An unannounced follow up visit is undertaken by BFC to measure progress.

The number of low compliance factories has reduced substantially since the launch of the transparent reporting, as is demonstrated by the graph below. After a more careful analysis, BFC noted that approximately 30 percent of the low compliance factories closed down operations, about 30 percent improved compliance levels so that they were taken out of the low compliance category and the remainder did not improve sufficiently and continued to appear on the transparent report.

**GRAPH 3: LOW COMPLIANCE FACTORIES**

### Strikes

With respect to the data related to strikes, 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:

1. There were attempts by relevant parties to settle the dispute using other peaceful methods first;
2. The strike was for reasons permitted by law;
3. The strike was approved by secret ballot;

4. Seven days prior notice was provided to management, and;
5. Seven days prior notice to the Ministry of Labour and Vocational Training (MoLVT) was provided.

89 percent of the strikes were called for reasons permitted by law and 11 percent attempted to settle disputes using other peaceful methods first.

### SUMMARY OF SELECTED COMPLIANCE POINTS

The below table gives an overall picture on developments of compliance over a period of six years. While the change over the last year provides a mixed picture, it should be noted that many of the areas have shown improvements over the six year period.

**TABLE 7: PERCENTAGE CHANGES OVER TIME OF INDIVIDUAL TOPICS (7 DISTINCT ANNUAL REPORTS)**

LEGAL REQUIREMENT	SR29	SR30	SR31	SR32	SR33	SR34	SR35	% CHANGE
Payment for maternity leave	23%	25%	24%	18%	17%	15%	15%	0%
Overtime limited to 2 hours per day	88%	85%	82%	76%	66%	70%	72%	↓ -2%
Only one payroll ledger that accurately reflects wages paid to workers	45%	48%	40%	33%	33%	32%	36%	↓ -4%
Payment of \$10 attendance bonus when workers take annual leave	42%	37%	34%	25%	14%	11%	11%	0%
Sufficient soap and water available near the toilets	52%	53%	54%	47%	39%	33%	31%	↑ 2%
Heat level in the factory	68%	73%	65%	69%	69%	71%	66%	↑ 5%
Minimum wage for regular workers	3%	3%	2%	3%	1%	2%	4%	↓ -2%
Minimum wage for probationary and casual workers	8%	8%	2%	2%	3%	2%	4%	↓ -2%
Minimum wage for piece-rate workers	5%	9%	8%	2%	1%	0%	0%	0%
Correct OT rate for regular workers and piece-rate workers	3%	3%	3%	2%	8%	8%	8%	0%
Eighteen (18) days of annual leave	5%	4%	5%	5%	9%	11%	17%	↓ -6%
Paid sick leave	32%	24%	27%	24%	27%	31%	20%	↑ 11%
Voluntary overtime	11%	14%	14%	13%	8%	7%	8%	↓ -1%
Provision of personal protective equipment	52%	59%	51%	47%	58%	74%	68%	↑ 6%
Guards properly installed and maintained on sewing machines and dangerous moving parts of machines and equipment	42%	36%	38%	25%	26%	25%	25%	0%
At least 24 consecutive hours off per week	5%	0%	1%	1%	1%	4%	4%	0%
Weekly time off on Sunday	1%	6%	3%	2%	2%	4%	4%	0%
Health and safety policy written in Khmer	38%	36%	32%	31%	28%	46%	61%	↓ -15%
Safety and health information in Khmer posted in the workplace	5%	8%	8%	8%	3%	5%	4%	↑ 1%
First-aid boxes in the workplace	28%	41%	39%	43%	26%	29%	26%	↑ 3%
No payment to get a job	1%	2%	1%	1%	1%	1%	0%	↑ 1%

## CORE LABOUR STANDARDS

### Child Labour

Under the child labour cluster, six compliance questions are asked to determine if there is child labour, or practices that allow for child labour to go unchecked in a factory. In the reporting period there were 15 individual instances of non-compliance. The table below presents the results related to factories having under aged workers employed. All 10 cases of child labour were confirmed as under age workers aged below 15 years of age and all of them were girls. Four cases accepted GMAC/BFC remediation program and were placed in the vocational training centres. BFC also informed the Ministry of Labour and Vocational Training (MoLVT) and the Ministry of Commerce (MOC)

on the successful remediation of these cases. Two out of 10 cases saw the factory refuse to join BFC's remediation program. These appeared on BFC's transparency data base as un-remediated child labour. BFC also informed the Ministry of Labour and Vocational Training and the Ministry of Commerce as per protocol. One case had identified a child that reached 15 years of age at the time of remediation, however was under age at the moment of hiring. In this particular case the worker is then between the age of 15 and 18 years of age and is allowed to work, although is restricted to certain conditions and limitations and may not engage in overtime, Sunday work, holiday work, night work and work which is hazardous to their health. Three out of 10 cases are in the process of settlement with BFC, and the MoLVT and MOC have been notified to support remediation.

**TABLE 8: CHILD LABOUR CONFIRMED CASES**

REPORTING PERIOD	MAY 2013 - APRIL 2014 (AR 31)	MAY 2014 - APRIL 2015 (AR 32)	MAY 2015 - APRIL 2016 (AR 33)	MAY 2016 - APRIL 2017 (AR 34)	MAY 2017 - JUNE 2018 (AR 35)
	# of confirmed child labour cases (< 15 years)	# of confirmed child labour cases (< 15 years)	# of confirmed child labour cases (< 15 years)	# of confirmed child labour cases (< 15 years)	# of confirmed child labour cases (< 15 years)
Footwear	9	2	0	0	2
Garment	65	28	16	4	8
<b>Total</b>	<b>74</b>	<b>30</b>	<b>16</b>	<b>4</b>	<b>10</b>

The other legal issues under the child labour cluster are presented in the table below. The non-compliance levels in this cluster are very low and most of the issues actually improved in the last reporting period.

**IN FOCUS TABLE 1: CHILD LABOUR**

	NON COMPLIANCE RATE % AR 33	NON COMPLIANCE RATE % AR 34	NON COMPLIANCE RATE % AR 35	% CHANGE
Does the employer reliably verify the age of workers prior to hiring?	2.60%	2.28%	1.72%	0.56%
Are any workers who are under age 18 working at night, or working more than 8 hours per day (including overtime)?	1.80%	1.77%	1.29%	0.48%
Does the employer keep a register and get consent from the guardians of workers under 18 years of age?	1.30%	2.03%	1.08%	0.95%
Have you found any workers under the age of 15?	2.09%	0.50%	0.65%	-0.15%
Do workers who are under age 18 perform work that is hazardous by nature?	0.00%	0.50%	0.00%	0.50%
Does the employer subject any workers under age 18 to the unconditional worst forms of child labour?	0.00%	0.00%	0.00%	0.00%

## Discrimination

When reporting on discrimination, BFC monitors discriminatory practices against workers by asking 39 compliance questions to determine if there are practices during hiring, employment or termination based on their race, colour, gender, or political opinion. The programme also checks whether management either dismisses or changes workers' employment status due to maternity leave, pregnancy or differing pay or contract offerings for men

and women. Overall, non-compliance are very low, but increased slightly over the previous year. As per previous report cycles, the highest non-compliance rate under Discrimination was that 7.11 percent of factories assessed were found to have discriminated by hiring factors on the basis of gender, see In Focus Table 2: Discrimination - Gender below. For further detailed in relation to Religion or Political Opinion, Race and Origin and Other Grounds Data, please refer to In Focus Tables 15-17 in Annex A.

**IN FOCUS TABLE 2: DISCRIMINATION - GENDER**

	NON COMPLIANCE RATE % AR 33	NON COMPLIANCE RATE % AR 34	NON COMPLIANCE RATE % AR 35	% CHANGE
Is an applicant's gender a factor in hiring decisions?	4.97%	6.58%	7.11%	-0.53%
Does the employer terminate workers who are pregnant or force them to resign?	3.92%	1.01%	2.16%	-1.15%
Do job announcements refer to the applicant's gender?	1.30%	0.50%	1.08%	-0.58%
Does the employer terminate workers who are on maternity leave or force them to resign?	0.00%	0.50%	0.86%	-0.36%
Is gender a factor in decisions regarding conditions of work?	0.26%	0.25%	0.86%	-0.61%
Does the employer change the employment status, position, wages, benefits or seniority of workers during maternity leave?	0.00%	0.25%	0.65%	-0.40%
Does the employer require pregnancy tests or the use of contraceptives as a condition of employment?	0.26%	1.01%	0.65%	0.36%
Is gender a factor in decisions regarding opportunities for promotion or access to training?	0.00%	0.00%	0.00%	0.00%
Is gender a factor in decisions regarding pay?	0.00%	0.00%	0.00%	0.00%
Is gender a factor in the employer's decisions regarding termination or retirement of workers?	0.26%	0.00%	0.00%	0.00%
Is maternity leave excluded from workers' period of continuous service?	0.00%	0.00%	0.00%	0.00%
Is there sexual harassment of workers in the workplace?	0.00%	0.50%	0.00%	0.50%

The majority of these findings are related to different contracts and or hiring practices based on gender, with the majority of the 34 cases of non-compliance having to do with males being required to have a letter of guarantee from an existing relative who is an employee that they won't make 'trouble' or in some cases, factories stating that males can be more troublesome employees than female employees. Findings in this cluster also relate to employers either not hiring pregnant workers or not extending contracts of pregnant workers. There are also discriminatory practices mainly regarding offering casual contracts to male workers, whereas probationary and then fixed or undetermined contracts are being offered to female workers who are hired to complete the same tasks.

### Forced Labour

Under the Forced Labour cluster, 11 compliance questions are asked to determine if there is forced labour, or practices that allow for forced labour to go unchecked in a factory. In the reporting period, there were 11 instances of non-compliance, over 8 factories, a small increase over the previous year. As per previous reports, the most common non-compliance issue was around not allowing workers to leave the premises at the end of normal working hours under threat of penalty on seven occasions (usually due to requiring overtime). Restrictions requiring written permission to leave from a supervisor would occur, otherwise the security guards would not let them out of the factory. This would often lead to workers quitting their job, so they were unable to receive their last payment as a result. In addition there were issues around not allowing pregnant workers to leave during working hours also. For further detailed data regarding Coercion, Bonded and Prison Labour please refer to In Focus Table 18 in Annex A.

**IN FOCUS TABLE 3: FORCED LABOUR**

	NON COMPLIANCE RATE % AR 33	NON COMPLIANCE RATE % AR 34	NON COMPLIANCE RATE % AR 35	% CHANGE
<b>Are workers forced to work overtime under threat of penalty?</b>	1.30%	0.76%	1.29%	-0.53%
<b>Are workers free to terminate their employment with reasonable notice, and to leave their jobs when their contracts expire?</b>	0.26%	0.00%	0.43%	-0.43%
<b>Does the employer delay or withhold wage payments in order to coerce workers to work?</b>	0.00%	0.25%	0.22%	0.03%
<b>Does the employer use violence or the threat of violence to intimidate workers?</b>	0.00%	0.00%	0.22%	-0.22%

### Freedom of Association and Collective Bargaining

Under the Freedom of Association and Collective Bargaining cluster, 25 compliance questions are asked under the following compliance points: Interference and Discrimination (10 questions); Freedom to Associate (3 questions); Collective Bargaining (5 questions); Strikes (4 questions) and Union Operations (3 questions).

Non-compliance was registered on 243 distinct occasions at 155 different factories which is an increase compared to the previous reporting period (184 distinct occasions at 116 different factories). One reason for this increase could be attributed to the investment into training Enterprise Assessors completed in the previous reporting period being more embedded in BFC's regular programme, showing the real impact that intensive skills training can have on the overall efficacy of sensitive topic detection. It shows that Enterprise Assessors are better able to sensitively handle and detect topics, and to ask the right questions to workers and management.

Most non-compliance findings are within the compliance point of interference and discrimination. More specifically, there were 26 occasions where it was reported that the employer has taken steps to bring the union under its control, with non-compliance levels increasing to more than double the previous reporting period to 8.87 percent. Often there were multiple issues within the same factory, where employer influence was shown to be of an interfering or discriminatory nature, affecting impartiality of union representation. These reasons involved issues such as administration staff assisting with union dues collection or providing new worker lists to the union (23 times), a union leader given or acting in a leadership or supervisory role (12 times), The employer contributing funds to the union (eight times), or a union leader being paid to turn up to work only occasionally, or not at all, while being paid full salary (six times). The details are presented in the table below. More information on compliance levels within Freedom of Association and Collective Bargaining; Union Operations, Strikes and Freedom to Associate can be found in In Focus tables 19 - 22 in Annex A.

**IN FOCUS TABLE 4: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING INTERFERENCE AND DISCRIMINATION**

	NON COMPLIANCE RATE % AR 33	NON COMPLIANCE RATE % AR 34	NON COMPLIANCE RATE % AR 35	% CHANGE
Does the employer interfere with workers or unions when they draw up their constitutions and rules, hold elections, or organize their activities, administration or finances?	2.90%	4.05%	4.21%	-0.16%
Has the employer taken steps to bring the union(s) under its control?	2.90%	4.30%	8.87%	-4.57%
Has the employer terminated a union official without getting permission from the Ministry?	1.60%	4.30%	2.66%	1.64%
Has the employer terminated any worker or not renewed their contract due to the worker's union membership or activities?	1.60%	1.01%	0.65%	0.36%
If there is more than one union, does the employer treat them equally?	N/A	N/A	1.04%	New Question
Does the employer punish workers for joining a union or engaging in union activities?	0.26%	0.50%	0.43%	0.07%
Does the employer threaten, intimidate, or harass workers who join a union or engage in union activities?	0.26%	0.00%	0.43%	-0.43%
Is a job applicant's union membership or union activities a factor in hiring decisions?	0.00%	0.00%	0.43%	-0.43%
Are workers free to meet without management present?	0.26%	0.00%	0.00%	0.00%
Does the employer provide incentives to workers to keep them from joining a union or engaging in union activities?	0.26%	0.00%	0.00%	0.00%

## WORKING CONDITIONS

### Compensation

The cluster around compensation measures compliance with respect to national legislation on wages, pay, and information on compensation and benefits. The highest non-compliance rates were recorded under the Paid Leave, Social Security and Other Benefits and Wage Information, Use and Deduction compliance points.

### PAID LEAVE

Similarly to the previous annual report, non-compliance under the Paid Leave compliance point was cited at a high rate due to employers not correctly calculating paid sick leave or annual leave as required. When the employer paid annual leave to workers, the calculation used was usually paid based on the basic wage only, whereas the correct calculation should be paid based on the average monthly earnings for each day of leave that they are entitled to. The majority of factories assessed during the previous reporting period, however, were

provided with a 'grace period' as a new methodology for assessing compliance was introduced. This grace period allowed a period of one year to install correct practices around the right payment of leave. 125 factories that were provided a grace period for annual leave and 49 factories that were provided a grace period for special leave did not improve, leading to an increase in non-compliance of 46.48 percent for incorrectly paying special leave and 47.52 percent for annual leave.

The rules around suspensions from work are clear. The labour law requires the employer to pay 100 percent of wages during a suspension of work when the employer fails to notify or to get permission from the Ministry of Labour and Vocational Training. When suspending work, for factories, the main reason that non-compliance happens is generally for not obtaining permission to suspend operations in the first place. In this data, we see that this occurred in 15.08 percent of factories assessed. Employers providing the correct leave entitlement for breastfeeding during the first year of the child's life (one hour of paid time off) has seen non-compliance drop, an improvement of 6.41 percent, decreasing non-compliance to 14.86 percent.

### IN FOCUS TABLE 5: COMPENSATION PAID LEAVE

	NON COMPLIANCE RATE % AR 33	NON COMPLIANCE RATE % AR 34	NON COMPLIANCE RATE % AR 35	% CHANGE
Does the employer pay workers correctly during special leave?	7.10%	10.63%	57.11%	-46.48%
Does the employer pay workers correctly during suspensions of work?	3.20%	10.13%	15.08%	-4.95%
Does the employer pay workers correctly for annual leave?	7.30%	22.53%	70.05%	-47.52%
Does the employer pay workers correctly for maternity leave?	17.10%	14.94%	15.30%	-0.36%
Does the employer pay workers correctly for paid public holidays?	0.80%	1.27%	2.66%	-1.39%
Does the employer provide paid sick leave as required by the factory's Internal Regulations, or if there are no Internal Regulations, according to the Ministry's practice?	26.50%	31.14%	20.40%	10.74%
Does the employer provide workers one hour of paid time off per day for breast-feeding?	25.90%	21.27%	14.86%	6.41%

### SOCIAL SECURITY AND OTHER BENEFITS

Workers should be paid a US\$ 10 attendance bonus if they show up regularly for work on the days they are supposed to. If workers take unauthorized leave or show up late for work, the entire attendance bonus for that month can be deducted. Otherwise, the attendance bonus should be paid in proportion to the amount of leave taken. In addition, they should also be paid an additional US\$ 7 as a housing and transportation allowance. For further detailed data on Premium Payments, Social Security and Other Benefits, and Overtime Wages please refer to the In Focus Tables 23 and 24 in Annex A.

### WAGE INFORMATION, USE AND DEDUCTION

In this year's report, as previously, the issue of maintaining one payroll for all wages continues to be an issue with 36.36 percent of factories non-compliant. This has increased by almost 5 percent in comparison to the previous reporting period. Employers can

be seen to use this process as a way to not disclose overtime that is over two hours, and/or occurs either on a public holiday or a Sunday. These times other than regular hours require permission from labour inspectors, and have issues with mandated rest days (usually on a Sunday). Unauthorized deductions had consistently high rates of non-compliance, with issues including, amongst others: the employer penalizing workers on FDC contracts for not providing 7 days' notice for termination of their employment; Unions not providing appropriate consent for union dues to be deducted, usually without the knowledge of workers; 'tools of production' (spools, scissors etc.) were purchased and deducted by the employer; and fines issued for supposed breaches of behaviour, for reasons like not walking in a row or going to the wrong toilet. In some instances, portions of salary were withheld for two weeks when workers took leave at the beginning of the month. The Labour Law does not allow management to deduct wages from workers, in any form, as a fine.

### IN FOCUS TABLE 6: COMPENSATION WAGE INFORMATION, USE AND DEDUCTION

	NON COMPLIANCE RATE % AR 33	NON COMPLIANCE RATE % AR 34	NON COMPLIANCE RATE % AR 35	% CHANGE
Does the employer properly inform workers about wage payments and deductions?	12.10%	17.22%	19.51%	-2.29%
Has the employer made any unauthorized deductions from wages?	20.20%	24.81%	23.06%	1.75%
Does the employer keep only one accurate payroll record?	33.60%	31.90%	36.36%	-4.46%

### MINIMUM WAGES/PIECE RATE WAGES

In this year's report, the area of minimum wages / piece rate wages highlighted that there were 20 factories that did not pay minimum wage for all types of workers other than regular workers – these workers, mostly casually employed were usually paid a daily rate that was not the minimum (US\$6.538 per day). There was also a small but noticeable increase in non-compliance for regular workers too, which

increased by approximately the same margin. 11 instances of non-compliance were recorded, mostly due to incorrectly calculating the number of days when calculating minimum wages. It should be noted that in none of the cases there seems to be a deliberate attempt from employers to pay below the minimum wage, rather is it seems to be the result of incorrect formulae used when calculating the minimum wage.

### IN FOCUS TABLE 7: COMPENSATION MINIMUM WAGES/PIECE RATE WAGES

	NON COMPLIANCE RATE % AR 33	NON COMPLIANCE RATE % AR 34	NON COMPLIANCE RATE % AR 35	% CHANGE
<b>Does the employer pay at least minimum wage for all types of workers other than regular workers?</b>	2.60%	1.52%	3.77%	-2.25%
<b>Does the employer pay regular workers at least minimum wage for ordinary hours of work?</b>	1.10%	1.52%	4.21%	-2.69%
<b>Is the piece rate set at a level that permits workers of average ability working normal hours to earn minimum wage?</b>	28.60%	26.08%	23.73%	2.35%

### Contracts and Human Resources

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

### CONTRACTING PROCEDURES

Similar to previous reporting periods, the highest rate of non-compliance in the cluster was found on the

two-year limit on the use of Fixed Duration Contracts (FDCs). While almost 35 percent of the factories were out of compliance in the previous reporting period, this has increased to almost double at 67.89 percent in the current reporting period. The timing of assessing the question of the two-year limit on the use of fixed term contracts occurred halfway through the previous annual reporting period, a grace period of one year was provided for this, and in this reporting period the grace period expired, causing the large spike in non-compliance. See the reasons for this in the table below.

**IN FOCUS TABLE 8: CONTRACTS AND HUMAN RESOURCES CONTRACTING PROCEDURES**

	NON COMPLIANCE RATE % AR 33	NON COMPLIANCE RATE % AR 34	NON COMPLIANCE RATE % AR 35	% CHANGE
Does the employer comply with the two-year limit on the use of fixed term contracts?	27.80%	34.68%	67.89%	-33.21%
Does the employer include the entire period of continuous employment when determining workers' entitlements to maternity leave, attendance bonus, seniority bonus, and/or annual leave?	12.90%	10.13%	11.31%	-1.18%

**TABLE 9: REASONS GIVEN FOR NOT CHANGING WORKER CONTRACTS FROM FIXED DURATION TO UNDETERMINED DURATION CONTRACTS AFTER TWO YEARS**

	NUMBER OF FACTORIES
No agreement made with employer	284
Agreement with employers and employee representatives	51
Agreement with employers and individual employees	30
Collective Bargaining Agreement made	10

Based on BFC's assessment, where agreements for continued use of FDC beyond two years exist, employers normally calculate seniority allowance as of the start date of the initial contract.

In accordance with numerous consistent rulings of the Arbitration Council on this issue and after a careful review of the matter by ILO legal experts, it was decided to report non-compliance on factories with agreements between management and worker representatives for continued use of FDC since these agreements do not meet the minimal requirements of the law.

#### DIALOGUE, DISCIPLINE AND DISPUTES

The highest non-compliance in last year's annual report, "Does the employer comply with requirements

regarding shop stewards?" is still one of the highest at 78.71 percent, even though there has been a decrease in non-compliance since the previous reporting period of 9.39 percent. This result is typical for this question as legally there are many specific requirements to be compliant, and when one is not completed correctly, this is marked as non-compliant.

To comply with legal requirements regarding shop stewards, the factory should have followed all requirements included in the law for legal elections: i) Have shop stewards validly elected by secret ballot to serve; ii) consult with worker representatives before organizing the election, and representative unions (if any) should be able to nominate the candidates; iii) separate electoral bodies for manual workers and skilled workers; iv) organize a new election at least 15 days before the mandate expires; v) submit the minutes of the election to the labour ministry, and; vi) provide shop stewards two paid hours per week to perform their tasks, a meeting room, office supplies, a place to display information, and a copy of the labour law if requested.

There were 10 instances where employers did not implement awards and 17 instances of final conciliation agreements being agreed upon, and then not being implemented by agreed dates or when the factory was being assessed by BFC. This is an incremental improvement from the previous reporting period for both questions. For further detailed data on Termination and Dialogue, Discipline and Disputes please refer to the In Focus Tables 25 and 26 in Annex A.

## EMPLOYMENT CONTRACTS

**IN FOCUS TABLE 9: CONTRACTS AND HUMAN RESOURCES EMPLOYMENT CONTRACTS**

	NON COMPLIANCE RATE % AR 33	NON COMPLIANCE RATE % AR 34	NON COMPLIANCE RATE % AR 35	% CHANGE
<b>Do the employment contracts comply with Cambodian labour law and with the factory's internal regulations?</b>	23.10%	18.73%	19.29%	-0.56%
<b>Do the employment contracts specify the terms and conditions of employment?</b>	2.60%	12.41%	24.14%	-11.73%
<b>Do the internal regulations comply with legal requirements?</b>	20.20%	16.20%	14.41%	1.79%
<b>Does management have a system to ensure that workers understand the terms and conditions of employment?</b>	33.10%	43.00%	51.72%	-8.72%

Appropriate systems to make sure that employees understand the contracts that they sign have progressively worsened in comparison to previous reporting periods. With over 50 percent of employers assessed having no mechanism to clearly disseminate what provisions in contracts mean, is of concern. Included in this also are the contracts themselves, which show that the relevant information, like the period of employment, hours of work, the amount of pay, benefits, and procedures for resigning from work should all be clearly written into the employment contract, this reporting period there has been an 11.73 percent increase in non-compliance, doubling the non-compliance since the previous period. It is also concerning that contracts in 19.29 percent of factories assessed do not comply with Cambodian Labour law, and internal regulations. This is often due to factories having outdated information recorded in contracts that has since been usurped by new legislation.

## Occupational Safety and Health

Safe and healthy working conditions for workers are an important legal requirement that employers need to comply with. It helps ensure workers' health so that they can do their jobs safely and productively. Healthy workers that work in clean environments where they have access to medical services and sufficient clean water, where they can protect themselves against workplace risks and have a voice in improving the factory are key requirements for more productive workplaces. Under the Better Work programme, BFC assesses the extent to which factories meet legal requirements on Occupational Safety and Health (OSH). The programme looks at different compliance points that all have a range of questions. The compliance points are i) Chemicals and Hazardous Substances, ii) Emergency Preparedness, iii) Health Services and First Aid, iv) OSH Management Systems, v) Welfare Facilities, vi) Worker Protection and vii) Working Environment.

In total, BFC covers 68 questions that are related to OSH:

- ◆ 13 questions that relate to Emergency Preparedness;
- ◆ 7 questions that relate to Health Services and First Aid,
- ◆ 9 questions that relate to general Occupational Safety and Health,
- ◆ 6 questions that relate to OSH Management Systems,
- ◆ 7 questions on Welfare Facilities;
- ◆ 3 questions on Work Accommodation,
- ◆ 19 questions on for Worker Protection,
- ◆ 4 questions on Working Environment.

#### **HIGH RATES OF NON-COMPLIANCE**

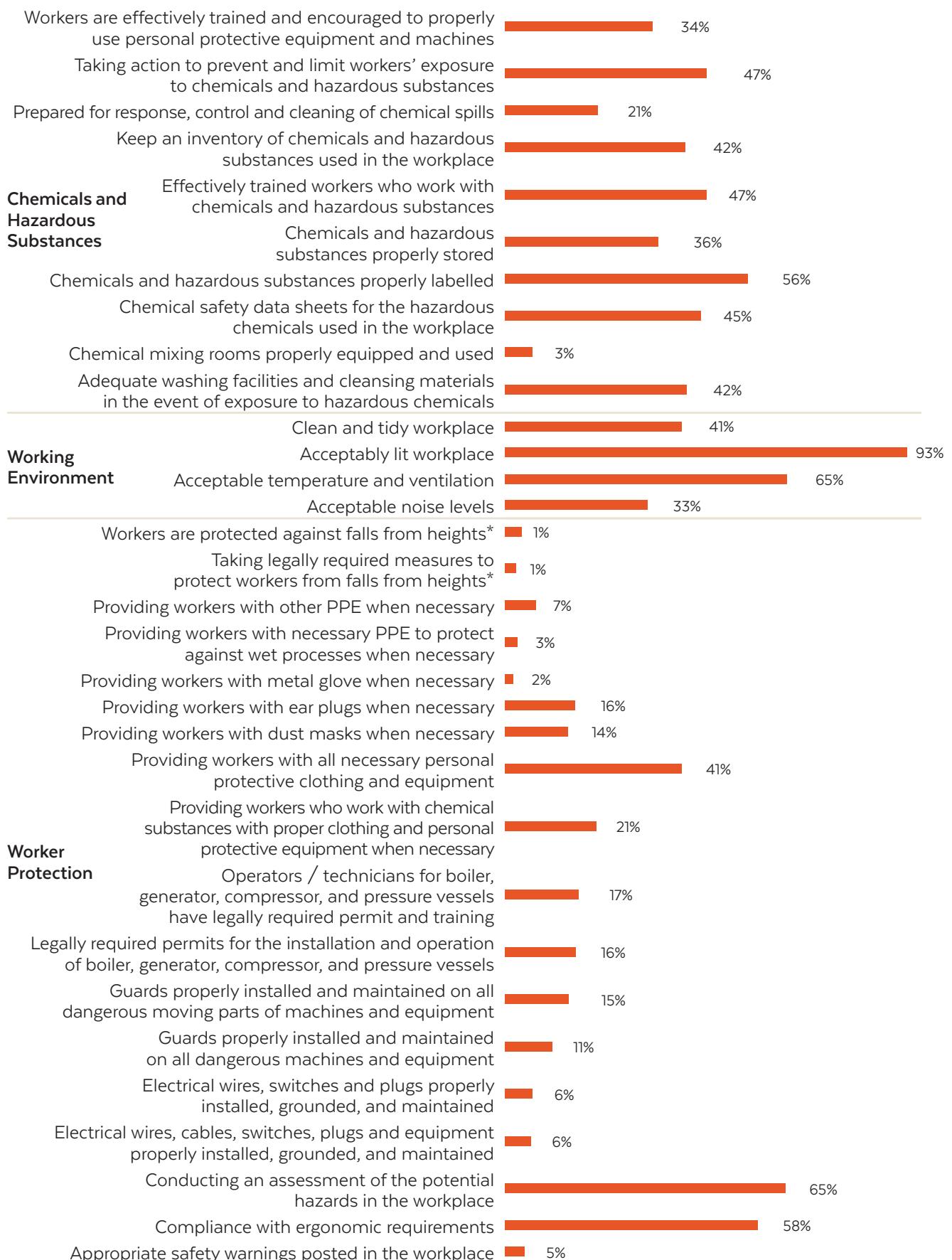
During the reporting period, BFC found the following issues to have the highest levels of NC: Compliance with lighting levels; 93 percent (433 factories) did not have adequate lighting in the workplace. The law foresees different lighting levels for different sections and many factories struggle to comply with all provisions. By way of example, the Cutting section averages only 316 lux (legal requirement 750 lux); sewing section average is only 516 lux (legal requirement 1000 lux) and the Quality Control section averages 475 lux (legal

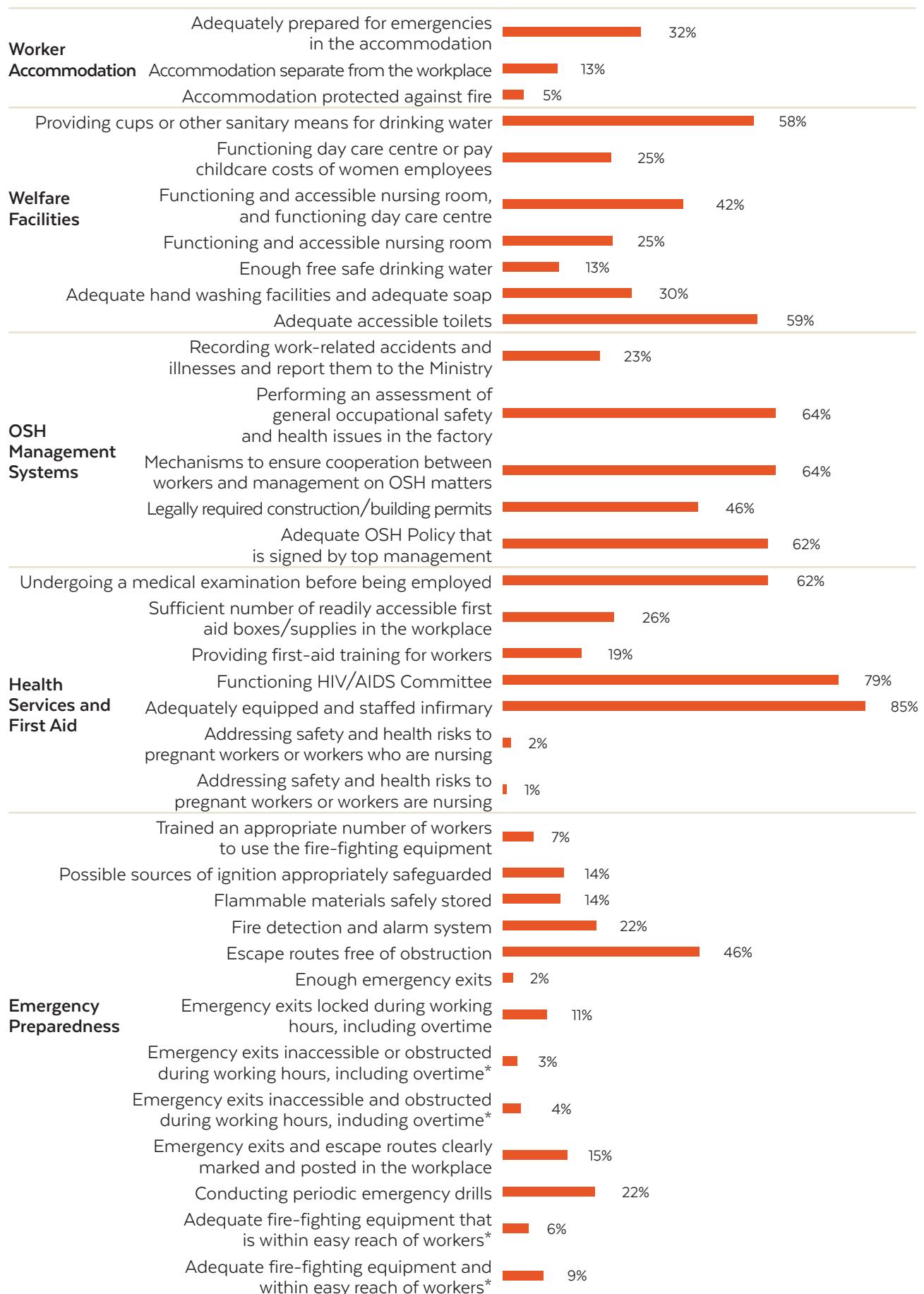
requirement 1000 lux).

Eighty five percent (394 factories) did not have an adequately equipped and staffed infirmary. When a factory has 50 or more workers, they should set up an infirmary. It must be nearby workers and accessible, well-ventilated, free from noise, providing privacy for female workers, with a required number of doctor and nurses based on the number of workers, and have sufficient equipment and supplies. While most factories do have an infirmary, many factories don't have nurses or doctors on duty during overtime hours, or have insufficient number of beds, or don't have the required medicines available.

More than 50 percent of factories out of 464 assessed factories did not comply with the requirements for proper labels of chemicals (56 percent), ergonomics requirements (58 percent), providing cups or other sanitary means for drinking water (58 percent), adequate OSH Policy (62 percent), medical exams before being employed (62 percent), conducting an assessment of general OSH issues (64 percent), mechanisms to ensure cooperation between workers and management on OSH matters (64 percent), conducting an assessment of the potential hazards in the workplace (65 percent), and acceptable temperature and ventilation (65 percent).

The table below provides a complete overview of industry performance on each of the OSH related questions.

**GRAPH 4: OVERVIEW OF NON COMPLIANCE PERCENT ON OSH**



\* During the reporting period, these Compliance Assessment Tool questions were updated, as such the information is duplicated here

### CHEMICALS AND HAZARDOUS SUBSTANCES

Garment factories normally work with different sets of chemical substances, some of which are hazardous. These include thinners, Rust-Go, spot remover, spot lifter, and cleaner spray which, if not handled properly, can be both a direct and indirect risk to worker health and safety. Handling these substances properly means that factories store them safely, label them in languages that workers understand, keep records, use them in separate areas with proper ventilation and that workers are well trained to handle the chemicals. To make all of this operate consistently, factories should have clear and proper policies and procedures in place that both management as well as workers understand and follow. BFC notes that factories often perform inconsistently on the safe use of chemicals and hazardous substances. This is often an indication of the lack of proper policies and procedures that support safe practices every moment, every day. It should also be noted that compliance performance on this topic has actually gone down in the last couple of years. This strengthens the argument for the need of robust OSH management systems to ensure that workers are employed in safe conditions and that they know how to mitigate and avoid hazardous circumstances, including those that relate to chemicals and hazardous substances.

The highest non-compliance levels were found on:

- ◆ Properly labelling chemicals, where 56 percent (261 factories) were non-compliant. The labels should identify the chemical, show their chemical

classification, and highlight any hazards and safety precautions. The labels should also be written in Khmer and easy for workers to understand. Some of the common report findings indicated that the chemical containers such as thinner, spot remover, Rust Go, and spot lifter were not properly labelled in Khmer. This issue is of course very important since workers dealing with these substances are mostly Khmer. With the right systems in place, the issue is very straightforward to fix.

- ◆ Limiting workers' exposure to chemicals, where 47 percent (217) of factories did not comply. Exposure to hazardous substances can be mitigated by alternating the substances that eliminate or reduce risk to workers for instance, using detergent instead of spot lifter or Rust Go. The exposure can also be limited by shielding or isolating the use of chemicals in an area that is separated from the workplace. The report findings revealed that workers used spot lifter for cleaning old stains on the garment directly in the sewing line, and workers used some types of chemical substances (thinner, ink and spot lifter) in the open space of the packing section.
- ◆ Effectively training workers who work with chemicals has seen 46 percent of the factories non-compliant. With effective training programmes in place and clear responsibilities for regularly implementing the training programme, this area can be improved and this directly reduces risks to workers safety.

**IN FOCUS TABLE 10: OCCUPATIONAL SAFETY AND HEALTH CHEMICALS AND HAZARDOUS SUBSTANCES**

	NON COMPLIANCE RATE % AR 33	NON COMPLIANCE RATE % AR 34	NON COMPLIANCE RATE % AR 35	% CHANGE
Are chemical mixing rooms properly equipped and used?	5.75%	3.29%	3.02%	0.30%
Are chemicals and hazardous substances properly labelled?	48.30%	53.16%	56.25%	-3.10%
Are chemicals and hazardous substances properly stored?	24.60%	30.38%	35.56%	-5.20%
Does the employer have chemical safety data sheets for the hazardous chemicals used in the workplace?	37.00%	42.28%	45.47%	-3.20%
Does the employer keep an inventory of chemicals and hazardous substances used in the workplace?	30.40%	38.48%	41.81%	-3.30%
Does the employer provide adequate washing facilities and cleansing materials in the event of exposure to hazardous chemicals?	33.10%	36.20%	42.24%	-6.00%
Has the employer effectively trained workers who work with chemicals and hazardous substances?	40.10%	45.32%	46.55%	-1.20%
Has the employer prepared for response, control and cleaning of chemical spills?	12.60%	18.48%	21.34%	-2.90%
Has the employer taken action to prevent and limit workers' exposure to chemicals and hazardous substances?	N/A	45.57%	46.77%	-1.20%

**EMERGENCY PREPAREDNESS**

Ensuring that workers know what to do in case of emergencies and are able to get out of the factory easily can have a direct impact on the lives of workers. Having the right and functioning alarm systems in place, ensuring that exits paths and doors are free and unlocked, ensuring that sources of ignition are safe and particularly ensuring that workers are trained regularly and so know exactly what to do in case of emergencies are critical. That is why some of the emergency preparedness issues are included in BFC's transparent reporting. While overall NC's rates are lower than in other OSH related clusters, there is still scope for much improvement, notably in the following areas:

1. Ensuring that escape routes are not free of obstruction, still 46 percent of the factories don't have all escape paths free. Obstruction can be boxes, cars, materials and are normally a lack of proper systems and practices, or sometimes lack of workspace.
2. Having functioning fire detection and alarm systems in place, with still 22 percent of factories not compliant; often due to expired fire extinguishers, a lack of alarm system or one that is not fit for purpose (home style rather than commercial systems).
3. Conducting periodic emergency drills to ensure that workers know what to do and where to go in case of emergency, 22 percent of the factories don't regularly do these drills, and;

4. Ensuring that sources of ignition are appropriately safeguarded. This includes electrical safety, safely storing other inflammable material as well as restricted areas for boilers, generator and air compressors. 11 percent of the factories are non-compliant on this issue.

It should be noted that those emergency requirements that are reported on publicly show improvement, while other areas have not improved much, or have actually deteriorated.

**IN FOCUS TABLE 11: OCCUPATIONAL SAFETY AND HEALTH EMERGENCY PREPAREDNESS**

	NON COMPLIANCE RATE % AR 33	NON COMPLIANCE RATE % AR 34	NON COMPLIANCE RATE % AR 35	% CHANGE
Are emergency exits and escape routes clearly marked and posted in the workplace?	4.97%	10.13%	15.09%	-4.96%
Are escape routes free of obstruction?	43.50%	47.34%	45.90%	1.44%
Are flammable materials safely stored?	2.09%	12.66%	13.58%	-0.92%
Are possible sources of ignition appropriately safeguarded?	0.26%	3.29%	14.44%	-11.15%
Are the emergency exits inaccessible and obstructed during working hours, including overtime?	3.92%	6.58%	7.76%	-1.18%
Are there enough emergency exits?	0.79%	1.77%	2.37%	-0.60%
Does the employer conduct periodic emergency drills?	28.60%	24.81%	21.77%	3.04%
Does the workplace have a fire detection and alarm system?	3.60%	14.94%	21.98%	-7.05%
Does the workplace have adequate fire-fighting equipment and within easy reach of workers?	8.60%	15.44%	15.52%	-0.07%
Has the employer trained an appropriate number of workers to use the fire-fighting equipment?	9.40%	9.37%	7.32%	2.05%

## WELFARE FACILITIES

Welfare facilities relate to giving workers access to clean services, specifically regarding regulation for working mothers being able to nurse their children and employer's support for adequate child care facilities. These two issues have an immediate impact on the ability of female workers to combine their job with caring for their children. If these issues are well taken care of in factories, this can immediately impact the wellbeing of the child and as such have a knock-on effect on Cambodia's development indicators. In addition, it helps facilitate the transition period from maternity leave back to work and reduce turnover.<sup>5</sup> For further detailed data on Welfare Facilities, OSH Systems, Worker Protection, Worker Accommodation, Working Environment or Health Services and First Aid, please refer to the In Focus Tables 27-32 in Annex A.

## Management Systems and OSH Compliance

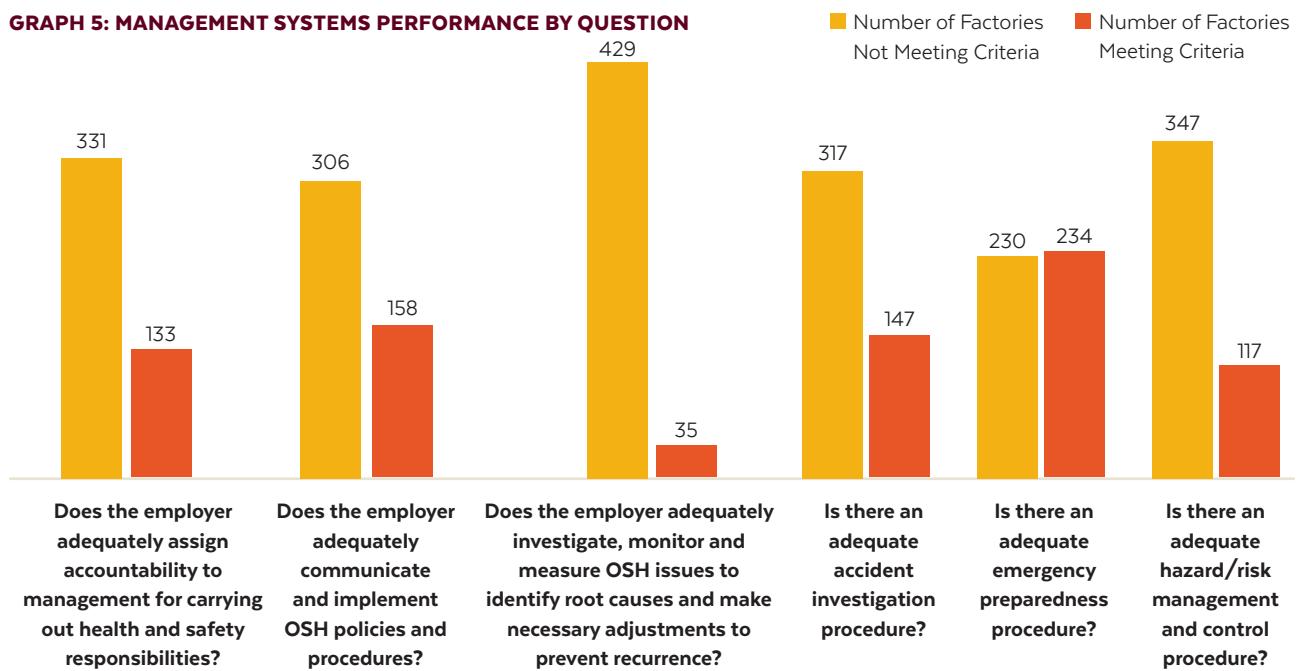
Better Work has in-depth experience in assessing occupational safety and health in hundreds of garment factories in different countries. This experience has taught us that factories struggle to sustainably improve their performance on occupational safety and health since often improvements made are 'quick fixes' that are not necessarily supported with proper management systems and training of those involved in ensuring safe and healthy workplaces. As a result, Better Work has started to look at the quality of management systems relating to OSH in factories. All Better Work programmes, including BFC, have introduced factories performance on management systems in 2015 as a way to link compliance with the quality of their systems. For factories to do well on occupational safety and health, they should have proper policies and procedures in place that are known and understood to all management and workers so that they can be applied every moment, every day. Although management systems are not legal requirements, there is a strong correlation between performance on OSH

management systems and performance on legal OSH related issues. This confirms that proper OSH management systems uphold compliance. This section provides an analysis that underpins those findings. There are six OSH management system questions that BFC looks at during its assessment as an information question:

1. Does the employer adequately assign accountability to management for carrying out health and safety responsibilities?
2. Does the employer adequately communicate and implement OSH policies and procedures?
3. Does the employer adequately investigate, monitor and measure OSH issues to identify root causes and make necessary adjustments to prevent recurrence?
4. Is there an adequate emergency preparedness procedure?
5. Is there an adequate hazard/risk management and control procedure?
6. Is there an adequate accident investigation procedure?

## MANAGEMENT SYSTEMS PERFORMANCE BY QUESTION

In general, many factories struggle to perform well on the management system questions; on only one out of the six Management System Questions has 50 percent of the factories performing well. On average only 30 percent of the factories perform well for each of the different OSH management system questions. Factories find it difficult to meet the standards in question that asks if the employer "adequately investigates" an OSH issue and the question "adequate hazard/risk management and control procedure" with only 8 percent and 25 percent respectively of the factories having these systems in place. The graph below presents these findings in more detail.

**GRAPH 5: MANAGEMENT SYSTEMS PERFORMANCE BY QUESTION****MANAGEMENT SYSTEMS PERFORMANCE BY FACTORY**

The table below provides an overview of industry performance on the six OSH systems questions. The table shows that 163 factories or 35 percent of factories assessed did not meet any of the OSH management systems questions, which highlights an immediate need for factories and

industry partners to develop and implement proper systems, while only five percent of the factories perform well on all six questions. A lack of proper management systems strongly correlates with worse overall compliance with the labour law, while good performance is also strongly related to higher levels of compliance with the labour law. This is demonstrated in the table below:

**TABLE 10: MANAGEMENT SYSTEMS PERFORMANCE ANALYSIS BY FACTORY**

NUMBER OF FUNCTIONING MANAGEMENT SYSTEMS QUESTIONS PER FACTORY	NUMBER OF FACTORIES	PERCENTAGE OF MANAGEMENT SYSTEMS PERFORMANCE	PERCENTAGE OF FACTORIES NON COMPLIANCE ON THE OSH CLUSTER QUESTIONS	PERCENTAGE OF FACTORIES OVERALL NON COMPLIANCE
0	163	35%	31.88%	21.68%
1	92	20%	23.69%	16.10%
2	62	13%	21.58%	14.67%
3	56	12%	17.12%	11.64%
4	38	8%	15.36%	10.44%
5	30	6%	12.79%	8.70%
6	23	5%	11.00%	7.48%
<b>Total</b>	<b>464</b>	<b>100%</b>		

### **CORRELATION OF MANAGEMENT SYSTEM PERFORMANCE AND OVERALL NONCOMPLIANCE FROM ASSESSMENT REPORTS**

The above table show that there is a direct correlation between factories that do well on OSH management system questions and the rate of overall non-compliance on legal occupational safety and health requirements for the factories assessed by BFC. BFC has also looked at the link between factory performance on OSH management systems and overall non-compliance. This analysis, also demonstrated in table 10, teaches us that the better factories do on their management system questions, the lower the overall average non-compliance rate. As shown in Table 10, for each additional management system question that factories perform well on, there is a reduction in average non-compliance. This proves the importance of well developed and implemented management systems in factories to ensure that workers health and safety is protected and safeguarded every moment of every day.

The analysis on the correlation between performance on Occupational Safety and Health (OSH) systems, non-compliance on OSH and overall non-compliance of factories, clearly demonstrates that the better factories do on their OSH systems, the lower their non-compliance rates on OSH and overall non-compliance. This demonstrates the need for factories to ensure that they have the right capacity and skills in their teams to ensure that proper systems are developed, that workers and other factory staff have been trained to use the systems and to continuously measure effectiveness of the systems through a cycle of 'plan-do-check-act'. It also demonstrates the need to move away from audits and inspections that point out only whether factories comply with the legal regulations, but to ensure that compliance performance on OSH issues is linked to OSH systems. It also identifies a need for industry actors: The Royal Government of Cambodia, GMAC, unions, employers, brands and BFC to work together to support the overall industry in the development and implementation of proper OSH systems. BFC has started work on this in very close collaboration with the Department of Occupational Safety and Health (DOSH) from the Ministry of Labour through a new approach called Building Bridges. This is a methodology that brings together staff responsible for OSH inspections from the

Ministry of Labour and Vocational training, representatives from GMAC and the union movement as well as representatives from factories for joint training on OSH with a focus on OSH management systems supported by mechanisms of workplace cooperation and social dialogue. The first training has taken place in August 2018 and follow up face to face training will happen in 2019. In the meantime, joint factory visits will also take place to jointly learn from good practices.

### **Working Time**

The working time cluster represents compliance related to Leave, Regular Hours and Overtime. Leave, and the ability to access it according to the labour law is a crucial part of balancing work and being able to take time off where able. Enabling regular hours (48 hours per week, usually over 6 days, and most commonly between the hours of 7am-4 pm with a one hour break) allows certainty and consistency of work, to enable workers to properly plan their lives with adequate rest.

Consistent with previous reporting periods through to this period, issues around providing appropriate paid time off for breast-feeding during working hours was the single biggest non-compliance issue, increasing by 8.78 percent to 47.01 percent non-compliance.

This occurred for two main reasons, that women that had children of breastfeeding age were not told by their employer that they were entitled to this particular benefit, and secondly, that they took the leave to breastfeed, but did not breastfeed in the nursing room as the facilities to do so were not adequate.

The provision of 18 days annual leave per year and an extra day of annual leave for every three years of service worsened to 16.81 percent non-compliance. The reason for this are consistent through reporting periods, mainly due to workers not being allowed to use their annual leave and being forced to use unpaid leave; and workers not being provided with the additional one day of leave after 3 years of service - sometimes as a result of only being offered Fixed Duration Contracts which never allow for a 'extra day' to be accrued; or pathways to request paid leave being blocked by employers or supervisors as workers are fearful for their jobs if they ask.

**LEAVE****IN FOCUS TABLE 12: WORKING TIME LEAVE**

	NON COMPLIANCE RATE % AR 33	NON COMPLIANCE RATE % AR 34	NON COMPLIANCE RATE % AR 35	% CHANGE
Does the employer give workers at least 18 days of annual leave per year and an extra day of annual leave for every three years of service?	8.90%	11.39%	16.81%	-5.42%
Does the employer give workers up to 7 days of time off for special leave per year?	6.30%	5.82%	8.20%	-2.38%
Does the employer provide workers at least 90 days of maternity leave?	2.10%	0.51%	1.77%	-1.26%
Does the employer provide workers up to six months of time off for sick leave for an illness certified by a qualified doctor?	1.80%	3.54%	8.84%	-5.30%
Does the employer provide workers with paid time off for breast-feeding during working hours as required by law?	26.20%	38.23%	47.01%	-8.78%

**REGULAR HOURS**

Working time records not reflecting the hours actually worked is a common non-compliance point, increasing to 25.43 percent for the period. This is mainly due to the practice of keeping more than one payroll

record. This means that the employer will have a second ledger that records weekend, public holiday and other overtime including Sundays also. This contravenes the Labour law, which states that one payroll only is mandatory to record wages to employees.

**IN FOCUS TABLE 13: WORKING TIME REGULAR HOURS**

	NON COMPLIANCE RATE % AR 33	NON COMPLIANCE RATE % AR 34	NON COMPLIANCE RATE % AR 35	% CHANGE
Do regular daily or weekly working hours exceed the legal limit?	0.80%	2.78%	2.16%	0.62%
Do the working time records reflect the hours actually worked?	8.90%	14.94%	25.43%	-10.49%
Does the employer provide required weekly rest periods?	0.79%	3.80%	3.66%	0.14%

### OVERTIME

Overtime continues to be a compliance point that is difficult to adhere to, with both internal and external factory pressures in most instances requiring workers to undertake overtime. The process to obtain permission from the ministry and following the correct process continues to be a source of non-compliance (32.59 percent) among factories. This is shown

by pressures of changing orders at the last minute causing overtime to breach the regulated two hours per day, as 71.62 percent have done in this reporting period. This inability, by a large percentage of factories, is a troubling and consistent issue for factories when managing staff time and for using overtime as an exception rather than the norm. This is not unique to Cambodia, but is a general observation in garment sectors across the globe.

**IN FOCUS TABLE 14: WORKING TIME OVERTIME**

	NON COMPLIANCE RATE % AR 33	NON COMPLIANCE RATE % AR 34	NON COMPLIANCE RATE % AR 35	% CHANGE
Does the employer get permission from the Labour Inspector before suspending weekly rest days?	37.80%	35.70%	32.59%	3.11%
Does the employer get permission from the Labour Inspector before workers work overtime?	15.20%	13.67%	8.87%	4.80%
Is overtime voluntary?	8.40%	6.84%	8.43%	-1.59%
Is overtime work limited to two hours per day?	66.10%	69.87%	71.62%	-1.75%

## Section III: Conclusion

As last year, the assessment data presented in this 35th Annual Report shows no big shifts in compliance. It should be noted that violations of core labour standards related to forced labour, child labour and discrimination remain low and important issues such as compliance with the minimum wage is almost universally applied across the sector. The Royal Government of Cambodia has also taken some important measures to support improved working conditions both in and beyond the sector, such as the issuing of the law on minimum wage, additional measures to protect and support pregnant workers, and revised legislation that define seniority payments to all workers on UDC and FDC contracts to ensure that UDC contracts also give regular seniority payments to workers.

That being said, the compliance data gathered in recent years seems to suggest that, based on current practices and systems in place, the industry has reached a plateau in its performance related to compliance with core labour standards and Cambodian labour law. BFC and its core partners – the Royal Government of Cambodia, GMAC and the Unions – have signalled this before and launched the transparent reporting initiative in 2014 in response to this challenge. Results from this initiative to date show that public reporting is driving more and faster change. Partners are now looking at options to strengthen public reporting and possibly include additional compliance topics.

Assessing and inspecting workplaces to determine compliance with labour law and ensure that workers work in safe and healthy workplaces under decent conditions allows for issues to be flagged. It has also ensured that compliance levels in the Cambodian garment sector as a whole have been lifted to a higher level. This is recognised by all partners in the industry. To bring the sector to the next level, further steps are needed, in addition to assessments and inspections. New initiatives are required at the factory- and the sector-level to drive fundamental change and this involves all partners. As pointed out in the previous re-

port, new approaches are at the heart of BFC's current strategy, and will be even more prominent in BFC's next strategy which starts on 1 January 2019.

In addition to the transparent reporting initiative, BFC has also started looking at the root causes of non-compliance as they are often linked to a lack of proper processes, procedures and capacity. For instance, this report demonstrates the close correlation between factories' performance ensuring effective OSH management systems and their levels of non-compliance with legal OSH requirements. Non-compliance levels on OSH have always been relatively high and we can now show that factories with higher levels of non-compliance typically lack strong OSH management systems. BFC has already begun working with its factories in advisory services, supporting them with efforts strengthen their systems and will continue these efforts.

Other important initiatives that BFC is spearheading, in close collaboration with its partners, include:

- ◆ The formulation and implementation of a joint action plan with the Ministry of Labour and Vocational Training (MoLVT) to help improve working conditions in factories and workplaces. It should be noted that this action plan is based on the different roles of the Ministry and BFC, where the Ministry has the mandate to inspect all workplaces, support improvements and use its enforcement powers where necessary, and BFC's role is to assess garment factories on compliance with core labour standards and national labour law and support factories to make changes through mechanisms of social dialogue. The joint action plan focuses on areas such as building up systems for inspection, reporting and quality assurance as well as the development of strategic approaches towards when and where to inspect.
- ◆ Supporting the formulation of a strategic vision for the industry under the leadership of the Supreme

National Economic Council (SNEC). This vision aims to create an environment in which higher value-add products can be made under decent working conditions in a more integrated supply chain, by Cambodian workers with increased capacity and productivity.

- ◆ Joint visits and inspection of low compliance factories with teams composed of representatives from the MoLVT, the Ministry of Commerce (MoC), GMAC and BFC to drive change.
- ◆ Joint work with buyers and other partners on the empowerment of women workers involved in the factory improvement processes. This includes supporting factories with setting up systems to deal with sexual harassment, as well as factory and policy work with brands and national partners around transportation safety issues.
- ◆ Work with manufacturing groups on OSH and IR leadership through tailored programmes across different factories that belong to the same manufacturing groups.
- ◆ Research on the impact of improved working conditions on workers and management and the role that BFC has played in this (forthcoming).

The garment sector remains at the heart of the Cambodian economy with 73 per cent of export earnings generated by the sector and more than 650,000 Cambodians formally employed in the sector, the majority of them women. Workers don't only earn a living for themselves, but also support others, helping to ensure improved living conditions, health and education for their family members. It is estimated that

each garment worker supports another three to four family members and as such two million Cambodians depend on the garment sector for their livelihoods.

Ensuring that there is a culture of compliance in the sector, where workers feel safe, healthy and respected, is vital for productive workplaces and for the overall social and economic development of Cambodia. Creating this culture of compliance will be what BFC will work with its partners on during its next strategic phase.

Partnerships will be essential to drive further change. Strong, open and transparent collaboration between BFC, the Royal Government of Cambodia, GMAC, Trade Unions, international buyers and manufacturers is essential to further lift compliance levels in the industry. This will not only immediately impact the lives of hundreds of thousands of Cambodian workers and many more of their family members, but it will also drive the profitability of individual factories and – equally important – the reputation and the competitiveness of the sector as a whole.

Better Factories Cambodia is uniquely placed to use its data to inform policies and practices, to convene stakeholders, and act as a facilitator of dialogue and a knowledge hub on the labour issues and the impact of improving working conditions on workers, factories and sectors. The programme looks forward to strengthening its engagement with key partners, the Royal Government of Cambodia, the Cambodia Trade Union movement, the Garment Manufacturers Association of Cambodia and buyers to further transform the industry into one that is known both for respect for labour standards and strong competitiveness.

## ANNEX A: IN FOCUS TABLES

### IN FOCUS TABLE 15: DISCRIMINATION RACE AND ORIGIN

	NON COMPLIANCE RATE % AR 33	NON COMPLIANCE RATE % AR 34	NON COMPLIANCE RATE % AR 35	% CHANGE
Do recruitment materials such as job announcements or job application forms refer to the applicant's race, colour or origin?	0.00%	0.00%	0.00%	0.00%
Is an applicant's race, colour or origin a factor in hiring decisions?	0.26%	0.00%	0.00%	0.00%
Is race, colour or origin a factor in decisions regarding conditions of work?	0.00%	0.00%	0.00%	0.00%
Is race, colour or origin a factor in decisions regarding opportunities for promotion or access to training?	0.00%	0.00%	0.00%	0.00%
Is race, colour or origin a factor in decisions regarding pay?	0.00%	0.00%	0.00%	0.00%
Is race, colour or origin a factor in the employer's decisions regarding termination or retirement of workers?	0.00%	0.00%	0.00%	0.00%
Is there harassment of workers on the basis of race, colour or origin?	0.00%	0.00%	0.00%	0.00%

### IN FOCUS TABLE 16: DISCRIMINATION RELIGION OR POLITICAL OPINION

	NON COMPLIANCE RATE % AR 33	NON COMPLIANCE RATE % AR 34	NON COMPLIANCE RATE % AR 35	% CHANGE
Do recruitment materials such as job announcements or job application forms refer to the applicant's religion or political opinion?	0.00%	0.00%	0.00%	0.00%
Is an applicant's religion or political opinion a factor in hiring decisions?	0.00%	0.00%	0.00%	0.00%
Is religion or political opinion a factor in decisions regarding conditions of work?	0.00%	0.00%	0.00%	0.00%
Is religion or political opinion a factor in decisions regarding opportunities for promotion or access to training?	0.00%	0.00%	0.00%	0.00%
Is religion or political opinion a factor in decisions regarding pay?	0.00%	0.00%	0.00%	0.00%
Is religion or political opinion a factor in the employer's decisions regarding termination or retirement of workers?	0.00%	0.00%	0.00%	0.00%
Is there harassment of workers on the basis of religion or political opinion?	0.00%	0.00%	0.00%	0.00%

**IN FOCUS TABLE 17: DISCRIMINATION OTHER GROUNDS**

	NON COMPLIANCE RATE % AR 33	NON COMPLIANCE RATE % AR 34	NON COMPLIANCE RATE % AR 35	% CHANGE
Are HIV/AIDS tests required at hiring or at any time during employment?	0.00%	0.00%	0.22%	-0.22%
Are disabled persons who apply for work evaluated according to their ability to perform the job?	0.00%	0.00%	0.00%	0.00%
Has the employer taken steps to reasonably accommodate physically disabled persons?	0.00%	0.00%	0.00%	0.00%
Is a worker's real or perceived HIV/AIDS status a factor in the employer's decisions regarding termination or retirement?	0.00%	0.26%	0.00%	0.00%
Is an applicant's real or perceived HIV/AIDS status a factor in hiring decisions?	0.00%	0.00%	0.00%	0.00%
Is disability a factor in decisions regarding conditions of work?	0.00%	0.00%	0.00%	0.00%
Is disability a factor in decisions regarding opportunities for promotion or access to training?	0.00%	0.00%	0.00%	0.00%
Is disability a factor in decisions regarding pay?	0.00%	0.00%	0.00%	0.00%
Is disability a factor in the employer's decisions regarding termination or retirement?	0.00%	0.00%	0.00%	0.00%
Is HIV/AIDS status a factor in decisions regarding conditions of work?	0.00%	0.00%	0.00%	0.00%
Is HIV/AIDS status a factor in decisions regarding opportunities for promotion or access to training?	0.00%	0.00%	0.00%	0.00%
Is HIV/AIDS status a factor in decisions regarding pay?	0.00%	0.00%	0.00%	0.00%
Is there harassment of workers on the basis of disability?	0.00%	0.00%	0.00%	0.00%
Is there harassment of workers on the basis of real or perceived HIV/AIDS status?	0.00%	0.00%	0.00%	0.00%

**IN FOCUS TABLE 18: FORCED LABOUR AND OVERTIME, COERCION, BONDED LABOUR, PRISON LABOUR**

	NON COMPLIANCE RATE % AR 33	NON COMPLIANCE RATE % AR 34	NON COMPLIANCE RATE % AR 35	% CHANGE
Does the employer deny workers access to their personal documents (such as birth certificates, passports, work permits and ID cards) when workers need them?	0.00%	0.00%	0.00%	0.00%
Does the employer force workers to work to discipline them or as punishment for participation in a strike?	0.00%	0.25%	0.00%	0.25%
Does the employer restrict workers' freedom to come and go from the dormitories and/or the industrial park or zone in which the factory is located?	0.00%	0.00%	0.00%	0.00%
Does the employer restrict workers from leaving the workplace?	0.00%	0.25%	0.00%	0.25%
Does the employer use threats such as deportation, cancellation of visas or reporting to the authorities in order to force workers to stay in their job?	0.00%	0.00%	0.00%	0.00%
Can workers who owe debts to the employer and/or a third party freely leave their jobs?	0.00%	0.00%	0.00%	0.00%
Are workers free to terminate their employment with reasonable notice, and to leave their jobs when their contracts expire?	0.00%	0.00%	0.00%	0.00%
Does the employer force workers to work to discipline them or as punishment for participation in a strike?	0.00%	0.00%	0.00%	0.00%
Does the employer deny workers access to their personal documents (such as birth certificates, passports, work permits and ID cards) when workers need them?	0.00%	0.00%	0.00%	0.00%

**IN FOCUS TABLE 19: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING FREEDOM TO ASSOCIATE**

	NON COMPLIANCE RATE % AR 33	NON COMPLIANCE RATE % AR 34	NON COMPLIANCE RATE % AR 35	% CHANGE
Can the union(s) freely form and join federations and confederations of their choice?	0.00%	0.25%	0.22%	0.03%
Can workers freely form and join a union?	5.20%	5.57%	5.17%	0.40%
Does the employer require workers to join a union?	2.40%	2.78%	6.65%	-3.87%

**IN FOCUS TABLE 20: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING UNION OPERATIONS**

	NON COMPLIANCE RATE % AR 33	NON COMPLIANCE RATE % AR 34	NON COMPLIANCE RATE % AR 35	% CHANGE
Do union representatives have access to workers in the workplace?	0.52%	0.50%	0.22%	0.28%
Does the employer deduct union dues from wages when workers request this in writing?	2.09%	2.02%	2.16%	-0.14%
Does the employer provide a place to post the names, positions, and activities of the union leaders?	2.09%	9.36%	9.53%	-0.17%

**IN FOCUS TABLE 21: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING STRIKES**

	NON COMPLIANCE RATE % AR 33	NON COMPLIANCE RATE % AR 34	NON COMPLIANCE RATE % AR 35	% CHANGE
Has the employer punished any workers for participating in a strike?	0.52%	1.27%	0.43%	0.84%
Has the employer tried to prevent any workers from participating in a strike?	0.26%	0.51%	0.00%	0.51%
Has the employer hired new workers to replace striking workers during a strike?	0.00%	0.25%	0.22%	0.04%
Were security guards, the police or armed forces called by the employer to break up a peaceful strike or arrest striking workers?	0.00%	0.00%	0.00%	0.00%

**IN FOCUS TABLE 22: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING**

	NON COMPLIANCE RATE % AR 33	NON COMPLIANCE RATE % AR 34	NON COMPLIANCE RATE % AR 35	% CHANGE
If there is a collective bargaining agreement, are the provisions at least as favorable for workers as the law?	1.83%	3.04%	3.02%	-3.02%
Has the employer failed to implement any of the provisions of the collective bargaining agreement(s) in force?	0.26%	0.51%	0.43%	-0.43%
Does the employer consult with unions where legally required?	0.00%	0.00%	0.00%	0.00%
Does the employer provide workers access to the collective bargaining agreements?	0.52%	0.00%	0.00%	0.00%
Does the employer refuse to bargain collectively or refuse to bargain in good faith with the union, shop stewards, union federations or confederations?	0.00%	0.00%	0.00%	0.00%

**IN FOCUS TABLE 23: COMPENSATION PREMIUM PAYMENTS, SOCIAL SECURITY AND OTHER BENEFITS<sup>6</sup>**

	NON COMPLIANCE RATE % AR 33	NON COMPLIANCE RATE % AR 34	NON COMPLIANCE RATE % AR 35	% CHANGE
Does the employer pay all workers the correct mandatory wage supplements (including transportation and housing allowances)?	7.30%	10.89%	10.42%	0.47%
Does the employer pay all workers who work regularly the correct attendance bonus during leave legally required by law?	N/A	N/A	19.18%	New Question
Does the employer pay the correct attendance bonus to all new workers who start after the first of the month and to casual workers who work regularly?	32.00%	42.53%	34.59%	7.94%
Does the employer pay the required employer contribution to the National Social Security Fund?	1.60%	1.52%	2.66%	1.14%
Does the employer pay workers their wages for the first day they miss work due to work-related accidents or illnesses?	3.70%	3.79%	2.66%	1.13%
Does the employer provide transport home or a place to sleep for workers who finish work between 22:00 and 05:00?	3.14%	7.59%	8.65%	-1.06%
Does the employer pay workers 130% of their normal wage for regular working hours worked at night?	0.79%	0.51%	0.86%	-0.36%

**IN FOCUS TABLE 24: COMPENSATION OVERTIME WAGES**

	NON COMPLIANCE RATE % AR 33	NON COMPLIANCE RATE % AR 34	NON COMPLIANCE RATE % AR 35	% CHANGE
Does the employer pay all workers correctly for work on public holidays?	3.90%	6.58%	3.10%	3.48%
Does the employer pay all workers the correct meal allowance or give them a reasonable free meal when they work overtime?	19.40%	31.39%	32.37%	-0.98%
Does the employer pay workers 150% of their normal wage for all ordinary overtime hours worked?	8.60%	8.10%	7.54%	0.56%
Does the employer pay workers double their normal wage for all hours worked on weekly rest days?	8.60%	9.11%	9.98%	-0.87%
Does the employer pay workers double their normal wage for all overtime hours worked at night?	2.80%	1.77%	1.55%	0.22%

**IN FOCUS TABLE 25: CONTRACTS AND HUMAN RESOURCES TERMINATION**

	NON COMPLIANCE RATE % AR 33	NON COMPLIANCE RATE % AR 34	NON COMPLIANCE RATE % AR 35	% CHANGE
Does the employer compensate workers for unused paid annual leave when they resign or are terminated?	41.50%	60.00%	68.75%	-8.75%
Does the employer comply with legal requirements before suspending workers or reducing the size of the workforce due to changes in operations?	10.50%	7.59%	6.21%	1.38%
Does the employer only terminate workers for valid reasons?	6.00%	7.85%	6.43%	1.42%
Does the employer pay all outstanding wages and indemnities within 48 hours of termination?	44.60%	47.85%	46.34%	1.51%
Does the employer pay workers the correct severance pay?	27.80%	26.84%	27.27%	-0.43%

**IN FOCUS TABLE 26: CONTRACTS AND HUMAN RESOURCES DIALOGUE, DISCIPLINE AND DISPUTES**

	NON COMPLIANCE RATE % AR 33	NON COMPLIANCE RATE % AR 34	NON COMPLIANCE RATE % AR 35	% CHANGE
Does the employer comply with requirements regarding shop stewards?	93.20%	88.10%	78.71%	9.39%
Has the employer complied with arbitration awards?	3.40%	3.04%	2.00%	1.04%
Has the employer complied with final conciliation agreements?	4.20%	5.32%	3.55%	1.77%

**IN FOCUS TABLE 27: OCCUPATIONAL SAFETY AND HEALTH OSH SYSTEMS**

	NON COMPLIANCE RATE % AR 33	NON COMPLIANCE RATE % AR 34	NON COMPLIANCE RATE % AR 35	% CHANGE
Does the employer have legally required construction/building permits?	27.00%	34.00%	46.00%	-11.80%
Does the employer record work-related accidents and illnesses and report them to the Ministry?	29.60%	25.00%	23.00%	2.50%
Has the employer developed mechanisms to ensure cooperation between workers and management on OSH matters?	54.10%	63.00%	64.00%	-1.50%
Has the employer performed an assessment of general occupational safety and health issues in the factory?	47.20%	56.00%	64.00%	-7.80%
Is there an adequate OSH Policy that is signed by top management?	23.60%	46.00%	62.00%	-16.50%

**IN FOCUS TABLE 28: OCCUPATIONAL SAFETY AND HEALTH WORKER ACCOMMODATION**

	NON COMPLIANCE RATE % AR 33	NON COMPLIANCE RATE % AR 34	NON COMPLIANCE RATE % AR 35	% CHANGE
Has the employer adequately prepared for emergencies in the accommodation?	3.40%	10.00%	32.00%	-21.70%
Is the accommodation protected against fire?	N/A	2.00%	5.00%	-3.20%
Is the accommodation separate from the workplace (even though it may be in the same compound/industrial park)?	2.09%	4.00%	13.00%	-8.40%

**IN FOCUS TABLE 29: OCCUPATIONAL SAFETY AND HEALTH WORKING ENVIRONMENT**

	NON COMPLIANCE RATE % AR 33	NON COMPLIANCE RATE % AR 34	NON COMPLIANCE RATE % AR 35	% CHANGE
Are noise levels acceptable?	47.00%	37.00%	33.00%	4.00%
Are the temperature and ventilation acceptable?	68.84%	71.00%	65.00%	5.60%
Is the workplace adequately lit?	87.00%	92.00%	93.00%	-0.90%
Is the workplace clean and tidy?	33.77%	38.00%	41.00%	-3.20%

**IN FOCUS TABLE 30: OCCUPATIONAL SAFETY AND HEALTH WELFARE FACILITIES**

	NON COMPLIANCE RATE % AR 33	NON COMPLIANCE RATE % AR 34	NON COMPLIANCE RATE % AR 35	% CHANGE
Does employer provide cups or other sanitary means for drinking water?	58.80%	60.76%	58.31%	2.45%
Does the employer provide workers enough free safe drinking water?	11.00%	14.94%	13.08%	1.86%
Does the workplace have a functioning and accessible nursing room, and a functioning day care centre at or near the workplace?	72.90%	71.65%	74.72%	-3.07%
Does the workplace have adequate accessible toilets?	35.70%	77.22%	61.64%	15.58%
Does the workplace have adequate hand washing facilities and adequate soap?	38.80%	32.66%	30.60%	2.06%

**IN FOCUS TABLE 31: OCCUPATIONAL SAFETY AND HEALTH WORKER PROTECTION**

	NON COMPLIANCE RATE % AR 33	NON COMPLIANCE RATE % AR 34	NON COMPLIANCE RATE % AR 35	% CHANGE
Are appropriate safety warnings posted in the workplace?	2.09%	5.00%	5.00%	0.00%
Are electrical wires, cables, switches, plugs and equipment (e.g. transformer, generator, electrical panel, circuit breakers) properly installed, grounded (for equipment), and maintained?	N/A	N/A	6.00%	New Question
Are electrical wires, switches and plugs properly installed, grounded, and maintained?	6.28%	15.00%	6.00%	8.60%
Are guards properly installed and maintained on all dangerous machines and equipment?	N/A	N/A	11.00%	New Question
Are guards properly installed and maintained on all dangerous moving parts of machines and equipment?	25.70%	25.00%	26.00%	-1.10%
Are workers effectively trained and encouraged to properly use personal protective equipment and machines?	23.03%	31.00%	34.00%	-3.40%
Are workers protected against falls from heights?	0.79%	3.00%	1.00%	2.00%
Do the operators / technicians for boiler, generator, compressor, and pressure vessels have legally required permit and training?	N/A	N/A	17.00%	New Question
Does the employer comply with ergonomic requirements?	59.10%	61.00%	58.00%	2.60%
Does the employer have the legally required permits for the installation and operation of boiler, generator, compressor, and pressure vessels?	N/A	N/A	16.00%	New Question
Does the employer provide workers with all necessary personal protective clothing and equipment?	58.63%	74.00%	41.00%	33.40%
Has the employer provided workers who work with chemical substances with proper clothing and personal protective equipment when necessary?	N/A	N/A	21.00%	New Question
Has the employer provided workers with dust masks when necessary?	N/A	N/A	14.00%	New Question
Has the employer provided workers with ear plugs when necessary?	N/A	N/A	16.00%	New Question
Has the employer provided workers with metal gloves when necessary?	N/A	N/A	2.00%	New Question
Has the employer provided workers with necessary PPE to protect against wet processes when necessary?	N/A	N/A	3.00%	New Question
Has the employer provided workers with other PPE when necessary?	N/A	N/A	7.00%	New Question
Has the employer taken legally required measures to protect workers from falls from heights?	N/A	N/A	1.00%	New Question
Has the factory conducted an assessment of the potential hazards in the workplace?	46.40%	57.00%	65.00%	-8.10%

**IN FOCUS TABLE 32: OCCUPATIONAL SAFETY AND HEALTH HEALTH SERVICES AND FIRST AID**

	NON COMPLIANCE RATE % AR 33	NON COMPLIANCE RATE % AR 34	NON COMPLIANCE RATE % AR 35	% CHANGE
Does the workplace have a functioning HIV/AIDS Committee?	83.20%	81.27%	77.38%	3.89%
Does the workplace have an adequately equipped and staffed infirmary? <sup>7</sup>	78.70%	82.53%	84.26%	-1.73%
Has the employer ensured that there is a sufficient number of readily accessible first aid boxes/supplies in the workplace?	24.90%	28.61%	25.72%	2.89%
Has the employer provided first-aid training for workers?	20.90%	20.00%	17.74%	2.26%
Does the employer address safety and health risks to pregnant workers or workers are nursing?	0.00%	1.01%	2.88%	-1.87%
Do workers undergo a medical examination before being employed? <sup>8</sup>	75.91%	69.62%	62.28%	7.34%

**ANNEX B: ACTIVE FACTORIES REGISTERED WITH BETTER FACTORIES CAMBODIA**

Nº	FACTORY NAME
1	8 Star Sportswear Ltd.
2	A.K.M Garment Co., Ltd (formerly K.A.M. Garment Co., Ltd.)
3	ACCASSETTE Garment Co., Ltd
4	Acro Garment Ind Corp
5	Agile Sweater (Cambodia) Co., Ltd
6	Akeentex Pte. Ltd. - Branch No.1 (formerly owned by Kinma)
7	Alim (Cambodia) Co., Ltd.
8	All Wintex Garment Manufacturing Corp Ltd
9	Alpha-FR International Co., Ltd
10	AMM Garment (Cambodia) Co.,Ltd.
11	Anful Garments Factory (Cambodia) Ltd.
12	Apex International (Cambodia) Ltd.(formerly Peace Glory (Cambodia) Manufacturing Co., Ltd)
13	Apple Apparel (Cambodia) Co., Ltd
14	Apsara Garment Co., Ltd.
15	Aqua Performance (Cambodia) Co., Ltd.
16	Asia Dong Run Import Export Co., Ltd
17	Aurora Apparel (Cambodia) Co.,Ltd.
18	B.D (Cambodia) Sport Co., Ltd
19	Bayon Garment Factory Co., Ltd.
20	Beautiful Spring Footwear Co., Ltd
21	Beauty Silk Screen Limited
22	Beauty Silk Screen Limited (Branch 1)
23	Berry Apparel (Cambodia) Co., Ltd.
24	Best Asia Fashion Garment Manufacturing Co., Ltd
25	Bing Win Garment (Cambodia) Co., Ltd.
26	Bo Hua B (Cambodia) Fashion Co., Ltd.
27	Bowker Garment Factory (Cambodia) Company Limited.
28	Broadland Cambodia Garment Industries Co., Ltd. Branch 1
29	C Square Garment Finishing Co., Ltd.
30	C.C.F Shoes Manufactory Co., Ltd
31	Caitac & Wanlin Apparel Co., Ltd
32	Calacam Investment Co., Ltd.
33	Callisto Apparel (Cambodia) Co., Ltd
34	CAM A P I Medical Co., Ltd
35	Cam Forever Co., Ltd.
36	Cam Verna Fashion Co., Ltd.
37	Cambo C-L Upper Garment Co., Ltd
38	Cambo Handsome Ltd.
39	Cambo Handsome Ltd. #1
40	Cambo Handsome Ltd. #2
41	Cambo Handsome Ltd. #3
42	Cambo Hong Xing International Knitting Co., Ltd.
43	Cambo Kotop Ltd # 1
44	Cambo T.D.G Co., Ltd
45	Cambo Unisoll Ltd
46	Cambodian Chan Shin Household Products Co., Ltd.
47	Cambodian Gateway Underwear Co., Ltd.
48	Cambodian Pacific Home Fashion Co., Ltd
49	Cambodian Red Sun Clothing Co., Ltd
50	Cambodian Textiles Worldwide Phnom Penh Works Co., Ltd.

51	Canfull Apparel Industry Ltd (formerly Fullway (Cambodia) Garment Ltd. (formerly Cambodia Apparel))	76	CPCG International Co., Ltd
52	Canteran Apparel (Cambodia) Co., Ltd.	77	Crystal Martin (Cambodia) Limited (7NG)
53	Capital Island (Cambodia) Co., Ltd	78	Crystal Martin (Cambodia) Limited.
54	Cerie (Cambodia) Garment Co., Ltd	79	CS Goldway Textile (Cambodia) Co., Ltd
55	Chea Sinat Garment Co., Ltd.	80	Cu Cu (Cambodia) International Co., Ltd
56	Cheng Hao (Cambodia) Fashion Co., Ltd	81	CWKH Garment (Cambodia) Limited
57	Chia Ho (Cambodia) Garment Industrial Co., Ltd	82	D & Blue (Cambodia) Co., Ltd.
58	Choung Hao Garment Co., Ltd	83	D & J (Cambodia) Co., Ltd.
59	Chu Hsing Garment Co., Ltd.	84	Daeseung-Cambo Co., Ltd (formerly Mir Apparel World Co., Ltd)
60	Chuan Mei Sporting Goods (Cambodia) Co., Ltd.	85	Dai Young Cambodia Co., Ltd.
61	Chun Hing Knitting International Co., Ltd.	86	Dali Garment International (Cambodia) Limited
62	Chun Xue (Cambodia) Cashmere Textile Co., Ltd	87	Dali Garment International (Cambodia) Limited. (Branch 1)
63	Chung Yick Textile Factory Limited (formerly Full Fortune Knitting Ltd.)	88	Daqian Textile (Cambodia) Co., Ltd.
64	Churi Garment Co., Ltd.	89	Dayup Global Co., Ltd.
65	Chuwa (Cambodia) Co., Ltd	90	Denim Avenue (Cambodia) Garment Co., Ltd.
66	CIK Cambo Co., Ltd.	91	Denim Concept Co., Ltd
67	Cinkamp Apparel Corporation Co., Ltd.	92	Dequan International (Cambodia) Co., Ltd.
68	CJ Graphic Art Printing Studio Co., Ltd.	93	Deuck Woo (Cambodia) Co., Ltd.
69	Cocovol Apparel (Cambodia) Inc	94	Dewhirst (Cambodia) Co., Ltd.
70	Cocovol Apparel (Cambodia) Inc. (Branch 2)	95	Dignity Knitter Limited (formerly River Rich Textile Ltd.)
71	Colour Apparel Garment (Cambodia) Co., Ltd.	96	Din Han Enterprise Co.,Ltd.
72	Columbus Apparel (Cambodia) Inc.	97	Din Shen (Cambodia) Co., Ltd.
73	Complete Honour Footwear Industrial (Cambodia) Co., Ltd	98	Dishang Huawei (Cambodia) Garments Co., Ltd
74	Copious (Cambodia) International Inc	99	DK Inc
75	Cosmo Textile Co., Ltd.	100	Dongbu Summit (Cambodia) Co., Ltd.
		101	Dongdu Textile (Cambodia) Co., Ltd.
		102	Dragonwind Shoes M.F.G Ltd.
		103	E Garment Co., Ltd.

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104 E M B Jeilkovi (Cambodia) Co., Ltd.

105 E-Z International Garment Factory Co., Ltd.

106 Easetex (Cambodia) Co., Ltd

107 Eastern Industrial Enterprise Inc.

108 Eastex Garment Co., Ltd.

109 Eclat Highter International Garment (Cambodia) Co., Ltd. (formerly Highter)

110 Eclat Textile (Cambodia) Co., Ltd

111 ECO Base Factory Ltd.

112 Elite (Cambodia) Co., Ltd

113 Elite Win (Cambodia) Co., Ltd.

114 Eminent Garment (Cambodia) Limited

115 Ever Rising Garment Process Finishing Pte., Ltd. (formerly T & W Garment , Yung Wah Branch 3)

116 Ever Well Knitting Co., Ltd

117 Ever-Glory (Cambodia) Garment Manufacturing Co., Ltd

118 Evergreen Apparel (Cambodia) Co., Ltd.

119 Evergreen Garment Co., Ltd.

120 F.T.E.O Garments Co., Ltd (formerly Fortune Teo Garment Factory Limited)

121 F.U.G Garment (Cambodia) Co., Ltd

122 F.Y. Cambodia Fashions Ltd.

123 Fairdon (Cambodia) Limited

124 Felicity Garment (Cambodia) Corporation Ltd

125 Feng Yi (Cambodia) Co., Ltd

126 Five Stars Cotton Garment (Cambodia) Limited

127 Five Stars Cotton Garment (Cambodia) Limited (Branch 1)

128 Flextime (Cambodia) Apparel Limited.

129 Foot Forward (Cambodia) Socks Co., Ltd

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130 Footmark (Cambodia) Corporation

131 Ford Glory (Cambodia) Manufacturing Limited.

132 Foremart (Cambodia) Co., Ltd (formerly D & L Ultimate (Cambodia) Co., Ltd)

133 Fortuna International (Cambodia) Industry Co., Ltd.

134 Fortune Fashions Limited

135 Fuling Computer Embroidery Co., Ltd

136 Fuma Costume (Cambodia) Co., Limited.

137 Fusuny Garment Co., Ltd

138 FWKK (CAMBODIA) LIMITED

139 G-Evergreen (Cambodia) Knitting Co., Ltd

140 G-Foremost (Cambodia) Co., Ltd

141 G.T.A.M Garment M.F.G Co., Ltd

142 Gang Glory (Cambodia) Garment Co., Ltd

143 Garbotex Trading Company Limited

144 Gartha International Co., Ltd.

145 Gawon Apparel Co., Ltd. (formerly Bumin)

146 GDM Enterprise Co., Ltd.

147 GG Fashion (Cambodia) Co., Ltd.

148 Ghim Li (Cambodia) Pte, Ltd.

149 Gin-Sovann Fashion (Cambodia) Limited

150 Ginwin Industry (Cambodia) Co., Ltd (Branch 2)

151 Ginwin Industry (Cambodia) Co., Ltd.

152 Gladpeer Garments Factory (Cambodia) Ltd.

153 Global Apparel Textile (Cambodia) Manufacturing Pte., Ltd

154 Glory Knitwear Ltd.

155 Golden Apparel (Cambodia) Ltd.

156 Golden Best (Cambodia) Factory Co., Ltd. (formerly Best Sources (Cambodia) Factory Ltd.)

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157	Golden Harbor Garment (Cambodia) Limited	183	Hana Cambodia Inc.
158	Golden Hing (Cambodia) Garment Manufacturing Ltd	184	Hand Seven Apparel Co., Ltd.
159	Golden Plus Textile & Garment Co., Ltd	185	HC Heng Printing Co., Ltd
160	Golden Star Corporate Development (Cambodia) Co., Ltd	186	He Fong Enterprise Co., Ltd.
161	Goldfame Enterprises Knitters Ltd.	187	He Gia Yuan Co., Ltd
162	Goldfame Manufacturing Knitters Ltd.	188	He Li Tuo Knitting Co., Ltd
163	Goldfame Star Enterprises (Cambodia) Limited	189	Head Gar (Cambodia) Garment Factory Co., Ltd.
164	Good People (Cambodia) Ltd.	190	Heart Enterprise (Cambodia) Co., Ltd.
165	Grace Glory (Cambodia) Garment LTD	191	Heng Storia Textile Co., Ltd
166	Graceful (Cambodia) Textiles Co., Ltd	192	Hi-Synergy International Garments Co., Ltd
167	Gracy Wise Textile Co., Ltd	193	Hi-Tech Apparel (Cambodia) Co., Ltd
168	Grand Sky Garment (Cambodia) Co., Ltd.	194	Hirota (Cambodia) Garment Co., Ltd
169	Grand Textiles (Cambodias) Co., Ltd. (formerly Grandtex International Co., Ltd.)	195	HK Luck Company Limited (formerly Camli Luck Enterprise Co., Ltd.)
170	Grand Twins International (Cambodia) Plc.	196	Ho Hsin Tai Limited
171	Great New Talent Factory (Cambodia) Co., Ltd.	197	Hong Kong Winfair Garment (Cambodia) Ltd.
172	Great Union (Cambodia) Garment Co., Ltd	198	Hong Sen Textile (Cambodia) Co., Ltd.
173	Green Meadow Development (Cambodia) Co., Ltd	199	Hongdou International Garment Co., Ltd.
174	Greentree Cam Garment Co., Ltd	200	Hongs One (Cambodia) Garment Co., Ltd.
175	Guang Hua.G.H Garment Co., Ltd	201	Horizon Outdoor (Cambodia) Co., Ltd
176	Guo Tai Hua Sheng Xin Feng Jing (Cambodia) Garment Co., Ltd	202	Hoyear (Cambodia) Garment Ltd.
177	Guowoo (Cambodia) Co., Ltd.	203	Hui Mei Silk Screen Print Co., Ltd
178	H.R Grand Garment (Cambodia) Co., Ltd	204	Hui Yuan Garment Co., Ltd
179	Hai Long Far East Development (Cambodia) Co., Ltd	205	Hulu Garment Co., Ltd.
180	Haitan Garment (Cambodia) Co., Ltd.	206	Hung Wah (Cambodia) Garment Manufacturing Ltd. (Branch 1)
181	Hamon Grand International Co., Ltd.	207	Hung Wah (Cambodia) Garment Manufacturing Ltd. (Branch 2)
182	Hana (Cambodia) I. Inc	208	Hung Wah (Cambodia) Garment Manufacturing Ltd. (Branch 3)

209	Hwashin Print Co., Ltd.	237	Jinchenyuan (Cambodia) Co., Ltd.
210	Hyunwoocam Co., Ltd	238	Jinmyung Garment Development Corp.
211	I Apparel Ltd.	239	Jit Textiles Limited
212	I-Cheng (Cambodia) Corporation	240	Jiun Ye Garment (Cambodia) Co., Ltd.
213	Iberasia Co., Ltd.	241	JOC-J & W Garment (Cambodia) Co., Ltd
214	IK Apparel Co., Ltd	242	Ju Hui Footwear Co., Ltd
215	In Fong Garment Co., Ltd.	243	JVYT Sports Co., Ltd
216	In Jae Garment Co., Ltd.	244	K-22 Knits Co., Ltd.
217	In Kyung Cambodia Co., Ltd.	245	Kada Apparel Corp.
218	Indochine Apparel (Cambodia) Ltd. (formerly Indochine Gawon (Cambodia) Ltd)	246	Kai Yue (Cambodia) Co., Ltd
219	Inter Hopewell Garment Co., Ltd.	247	Kairun Printing Co., Ltd
220	International Fashion Royal Co., Ltd.	248	Kaneju (Cambodia) Co., Ltd
221	J S D Textile (Cambodia) Co.,Ltd.	249	Kang Da Garment Co., Ltd
222	J.M.Bag & Case (Cambodia) Co., Ltd	250	Kaotex Garment Co., Ltd
223	Jacqsintex Industries Cambodia Co., Ltd.	251	Kaoway Sports Ltd.
224	Jade Sun Garment (Cambodia) Co., Ltd	252	Kar Tat Computer Embroidery Sequin Fty
225	Janda(Cambodia) Garment MFG Co., Ltd	253	Keme Garment (Cambodia) Co., Ltd.
226	Japan Rocks.S.E.A (Phnom Penh) Co.,Ltd	254	Kennetex International Co., Ltd.
227	Japana (Cambodia) Co., Ltd	255	Kie & Kie World Co., Ltd.
228	JD & Toyoshima Co., Ltd	256	King Deer (Cambodia) Knitting Co., Ltd.
229	JD & Toyoshima Co., Ltd II	257	King Fashion Garment Co., Ltd.
230	Jechiarng Industrial Co., Ltd	258	King First Industrial Co., Ltd. (Merged King First Industrial I & II)
231	Jei Jom Enterprise Co., Ltd	259	King Way Enterprises (Cambodia) Co., Ltd
232	Ji Hong Yuan (Cambodia) Garment Co., Ltd.	260	Kingmaker (Cambodia) Footwear Co., Ltd
233	Jie Wei (Cambodia) Garment Factory Ltd (No.2)	261	KJPT Best (Cambodia) (formerly Kavotex Cambodia)
234	Jie Wei (Cambodia) Garment Factory Ltd.	262	KKN Apparel Co., Ltd.
235	Jifa S. Ok Garment (Cambodia) Co., Ltd	263	Kunda Footwear Co., Ltd.
236	Jin Yi Hua ( Cambodia) Garment Company Limited	264	Kwei Yang (Cambodia) Co., Ltd.

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**265** Leader's Industrial Co., Ltd.

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**266** Lean Global Textile (Cambodia) Co., Ltd.

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**267** Lecien (Cambodia) Corporation

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**268** Leedar Knitting (Cambodia) Co., Ltd

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**269** Li Chang Sheng (Cambodia) Garment Co., Ltd

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**270** Li Kai (Cambodia) Apparel Manufacturing Co., Ltd.

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**271** Li Qiang Corp

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**272** Lian Hao Garment (Cambodia) Co., Ltd

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**273** Lianfa (Cambodia) Garment Co., Ltd (formerly Kim Sheng Garment Co., Ltd.)

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**274** Lianfa Hengyu (Cambodia) Garment Co., Ltd

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**275** LIKH Enterprises Co., Ltd.

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**276** Lim Line International (Cambodia) Garment Co., Ltd.

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**277** Lin Wen Chih Sunstone Garment Enterprises Co., Ltd

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**278** Lin's Textile Co., Ltd.

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**279** Liu Tan International (Cambodia) Co.,Ltd

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**280** Long Victory International (Cambodia)

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**281** Lu Thai (Cambodia) Co., Ltd

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**282** Lucida (Cambodia) Enterprise Co., Ltd

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**283** Lucky Laurel Investment Co., Ltd.

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**284** Lucky Ly Sunn Long Garment Co., Ltd

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**285** Lucky Sapphire Co., Ltd

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**286** M & V International Manufacturing Ltd. (Kampong Chhnang)

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**287** M & V International Manufacturing Ltd. (No. 1623)

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**288** M & V International Manufacturing Ltd. (No.754)

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**289** Macox Manufacturing Co., Ltd

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**290** Makalot Garments (Cambodia) Co., Ltd.

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**291** Makalot Garments (Cambodia) Co., Ltd. (Branch 1)

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**292** Makalot Garments (Cambodia) Co., Ltd. (Branch 3)

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**293** Man Ou Garment Co., Ltd

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**294** Mars Brothers Garment Manufacturing Co., Ltd

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**295** Master-King Garment Manufacturing (Cambodia) Co., Ltd.

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**296** Mastex Incam (Cambodia) Co., Ltd. (formerly In Kyung 2 Cambodia Co., Ltd.)

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**297** Maurea Garment Corporation.

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**298** Max View Textiles (Cambodia) Co., Ltd.

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**299** Medtecs (Cambodia) Corp. Ltd.

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**300** Meng leng Garment Factory Ltd.

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**301** Meng Tong Garment Manufactory Ltd.

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**302** Meng Yan Garment Manufacturing & Wet Processing Ltd.

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**303** Meridian Fashion (Cambodia) Limited

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**304** Meridian Fashion (Cambodia) Limited. (Head Office)

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**305** Meridian Industries Garment (Cambodia) Limited.

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**306** MEROSON (Cambodia) Co., Ltd.

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**307** Miller (Cambodia) Garment Co., Ltd.

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**308** Min Rong Garment Factory Co., Ltd.

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**309** Minmax Cambodia Co., Ltd

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**310** ML Intimate Apparel (Cambodia) Ltd.

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**311** Moha Garments Co., Ltd.

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**312** Moon Apparel (Cambodia) Co., Ltd.

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**313** Moon Tai KJ (Cambodia) Co.,Ltd.

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**314** Morica Industry Co., Ltd

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**315** Morning Glory Garment Enterprise Co., Ltd (formerly South Bay Enterprise Co., Ltd.)

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**316** Morodok Cheeat Khmer Apparel Limited

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**317** MT. Yeh's Garment (Cambodia) Co., Ltd

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**318** Na Jung Garment Co., Ltd.

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**319** Naga Peace Corporation Limited

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**320** Nagapeace Corporation Limited. (Laundry)

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**321** Nakayama (Cambodia) Co., Ltd

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**322** Nan Kuang Garment (Cambodia) Co., Ltd.

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**323** Nantai Garment Factory Cambodia Ltd. (formerly Moon Star)

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**324** Nasmi Industry Co., Ltd

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**325** Neo-Concept Fashion (Cambodia) Company Limited

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**326** New Archid Garment Factory Ltd.

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**327** New Ascent International Garments Limited

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**328** New Best Global Textile Co., Ltd

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**329** New Evergreen Industrial Co., Ltd

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**330** New Focus Apparel (Cambodia) Co., Ltd

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**331** New Fuma Costume (Cambodia) Co., Ltd.

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**332** New Huamei Knitting & Clothing (Cambodia) Co., Ltd

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**333** New Mingda (Cambodia) Co., Ltd.

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**334** New Orient (Cambodia) Garment Co., Ltd.

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**335** New Rainbow (Cambodia) Co., Ltd.

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**336** New Sky Printing

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**337** New Star Shoes Co., Ltd.

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**338** New Wide (Cambodia) Garment Co., Ltd.

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**339** New Wish Industrial Co., Ltd.

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**340** Nex-T Apparel (Cambodia) Co., Ltd.

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**341** Nice Wear International Co., Ltd. (formerly P.Y. International Co., Ltd.)

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**342** Nissin Lotus Garment Co., Ltd.

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**343** Now Corp.

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**344** Nyan Kids (Cambodia) Ltd.

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**345** Olive Apparel (Cambodia) Co., Ltd

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**346** One Xine Garment Co., Ltd

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**347** Optimum Fashion Manufacturing Co., Ltd (formerly United Apparel (Cambodia) Inc.)

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**348** Orange Manufacturing (Khmer) Co., Ltd

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**349** Orient International Enterprise (Cambodia) Garment Co., Ltd

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**350** Orient Spring (Cambodia) Garment Co., Ltd.

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**351** Pacific Apparel Co., Ltd

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**352** Pak Shun knitting Factory Ltd.

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**353** Paneffort (Cambodia) Garment Co., Ltd.

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**354** Pantessa Garment (Cambodia) Co., Ltd.

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**355** Papillion Textile (Cambodia) Co., Ltd.

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**356** Pemir (Cambodia) Garment Co., Ltd.

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**357** Peninsula Apparel International Limited

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**358** Perfect Growth Private Co., Ltd

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**359** Perfecta (Cambodia) Garment Co., Ltd

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**360** Perform Well Holdings (Cambodia) Limited

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**361** Piang Shing Hong Enterprise Co., Ltd (formerly Sum Sum Enterprise Co., Ltd.)

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**362** Pilot Knit Sport Wear (Cambodia) Co., Ltd

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**363** Plory-Cam Knitting Limited

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**364** Printing Jeil (Cambodia) Co., Ltd.

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**365** Propitious (Cambodia) Garment Ltd

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**366** Quality Textiles Co., Ltd.

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**367** Quantum Apparel (Cambodia) Limited

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**368** Quantum Clothing (Cambodia) Ltd. (formerly New Island Clothing, Ltd.)

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**369** Quint Major Industrial Co., Ltd.

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**370** Qun Ding Printing Co., Ltd

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**371** R.K.T (Cambodia) Co., Ltd.

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**372** Reliable Source Industrial (Cambodia) Co., Ltd

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**373** Ricotex Industrial Co., Ltd

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**374** Ronchester Inc.

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**375** Roo Hsing Garment Co., Ltd (Branch No.1)

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**376** Roo Hsing Garment Co., Ltd.

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**377** S-Wonlabel Co., Ltd.

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**378** S-Yuan (Cambodia) Apparel Manufacturing Co., Ltd

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**379** S.A.C. Co., Ltd.

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**380** S.L.J (Cambodia) Apparel Manufacturing Co., Ltd

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**381** S.P. Brother (Sisophon) Co., Ltd

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**382** S.Y Embroidery Co., Ltd

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**383** Sabrina Garment Mfg Corp.

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**384** Sae Han International (Cambodia) Co., Ltd.

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**385** Samil Cambo Co., Ltd. ((formerly Direct Int'l (Cambodia) Co., Ltd. (Formerly ACE Apparel))

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**386** San Fong International Co., Ltd.

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**387** Sangwoo (Cambodia) Co., Ltd.

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**388** Sanyuan (Overseas) Co., Ltd

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**389** Seduno Cambo Knitting Co., Ltd

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**390** Seduno Investment Cambo Fashion Co., Ltd.

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**391** Seeds Garment (Cambodia) Co., Ltd.

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**392** Sees Global KH Co., Ltd (formerly Cam Taekang Sportech Co., Ltd.)

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**393** Seil (Cambodia) Co., Ltd.

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**394** Seo Rim (Cambodia)Co., Ltd

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**395** Sepia (Cambodia) Garment Co., Ltd

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**396** Shanghai Ch Garment (Cambodia) Co., Ltd

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**397** Sheico (Cambodia) Co., Ltd.

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**398** Sheico (Phnom Penh) Co., Ltd

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**399** Shen Zhou (Cambodia) Co., Ltd.

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**400** Sheng Huang Industries Co., Ltd

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**401** Shin Jitian (Cambodia) Co., Ltd

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**402** Shingchang Tech, Inc.

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**403** Shining Textile Corp. (Formerly Blooming Textile Corporation)

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**404** Shuang Li (Cambodia) Garment Co., Ltd

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**405** Sigil (Cambodia) Garment Manufacturing Co., Ltd

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**406** Sigma Textiles (Cambodia) Co., Ltd

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**407** Silver Age Knitting Co., Ltd.

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**408** Silverasia Manufacturing Co., Ltd

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**409** Sino Garment Industry

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**410** Sinoproud (Cambodia) Garments Co., Ltd

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**411** Sinosky Hejun Garment (Cambodia) Co., Ltd

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**412** Siu Quinh Garment Ltd.

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**413** Six Plus Industry Co., Ltd.

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**414** Sky High (Cambodia) Co., Ltd. (Formerly Wonrex)

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**415** Sky Hill Apparel (Cambodia) Co., Ltd

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**416** Skyline Apparel Co., Ltd

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**417** Skytex Silk Screen Co., Ltd

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**418** SL (2) Garment Processing (Cambodia) Ltd

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**419** SL Garment Processing (Cambodia) Ltd.

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**420** Smart Pea Garment Ltd 1 (formerly Nyan Kids (Cambodia) Ltd. 1)

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**421** Smart Pea Garment Ltd.

**422** Smart Shirts Garments Manufacturing (Cambodia) Co., Ltd (formerly Sunn Lung Garment Co., Ltd.)

**423** Soho Sheng He (Cambodia) Garment Co., Ltd (formerly Fong Yean (Cambodia) Garment Co., Ltd.)

**424** Solamoda (Cambodia) Garments Co., Ltd

**425** Son Keng Garment (Cambodia) Co., Ltd.

**426** Soo Apparel (Cambodia) Co., Ltd

**427** Southland (Cambodia) Co., Ltd. (Formerly Universal Apparel)

**428** Splendid Chance International Ltd.

**429** Splendor Industry Co., Ltd.

**430** Sportex Industry Co., Ltd.

**431** Star Fuyu Garment Company Limited

**432** Starlight Apparel Manufacturing Co., Ltd.

**433** Steps Footsocks Asia Co., Ltd

**434** Strong Health International Limited

**435** Sun Best Garment Co., Ltd.

**436** Sun Grace Sports (Cambodia) Co., Ltd

**437** Sun Hsu Garment Co., Ltd

**438** Sun World Garment Co., Ltd.

**439** Sungin Textile (Cambodia) Co., Ltd

**440** Suntex Pte., Ltd.

**441** Super Link Fashions (Cambodia) Co., Ltd

**442** Swany (Cambodia) Corporation

**443** T & K Garment Industry Co., Ltd.

**444** T & K Garment Industry Co., Ltd. (Branch II)

**445** T.F.G (Cambodia) Garment Co., Ltd.

**446** T.K. Garment Sisophon Co., Ltd

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**447** T.R.C.A Garment Co., Ltd (formerly Winsol Garment (Cambodia) Co., Ltd.)

**448** T.U.W Textile (Cambodia) Co., Ltd

**449** Tae Young (Cambodia) Co., Ltd.

**450** Tai Yar Garment Industry Co., Ltd.

**451** Tai-Rainbow Co., Ltd

**452** Taieasy International Co., Ltd

**453** Tainan Enterprises (Cambodia) Co., Ltd.

**454** Tak Fook (Cambodia) Garment Ltd.

**455** Tak Son (Cambodia) Laundry Ltd.

**456** Tak Sun Enterprise (Cambodia) Co., Ltd (Branch 1)

**457** Team Best (Cambodia) Textile Co., Ltd

**458** Teng Xun Limited

**459** Terratex Knitting & Garment Fty., Ltd.

**460** Texson (Cambodia) Knitting Washing Dyeing & Printing Co., Ltd.

**461** Three Plus Development (MFG) Limited

**462** Tianyan International (Cambodia) Fashion Co., Ltd

**463** Tien Sung Garment (Cambodia) Co., Ltd (formerly Ming Jian (Cambodia) Co., Ltd)

**464** Timbermet (Cambodia) Co., Ltd.

**465** Timeless Fashion Clothing Co., Ltd (formerly Magic Square (formerly Soyeah))

**466** Tiner Fashion (Cambodia) Co., Ltd.

**467** TLCCB Garment (Cambodia) Co., Ltd

**468** Top Centre Manufacturing Ltd.

**469** Top Fame (Cambodia) Garments Co., Ltd (Merged with Top Fame Garments Limited and Magacorp)

**470** Top Form

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**471** Top Silver Limited (Branch 1)

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**472** Top Silver Limited (Head)

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**473** Top Summit Garment Inc.

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**474** Top Yuhu (Cambodia) Co., Ltd.

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**475** Trax Apparel (Cambodia) Co., Ltd.

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**476** Trillion Garment (Cambodia) Co., Ltd. (formerly Windeson Enterprise (Cambodia) Garment Co., Ltd.)

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**477** Triumph World Co., Ltd.

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**478** Tseng Hongyuan Garment (Cambodia) Co., Ltd

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**479** Tung Chao Enterprise (Cambodia) Ltd.

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**480** Tung Choi Fashion Technology Co., Ltd

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**481** TY Fashion (Cambodia) PLC. (formerly No.4 and No.5)

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**482** TY Fashion (Cambodia) PLC. (No.6) (formerly T Y Fashion (Cambodia) Co., Ltd. (Branch 2)

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**483** U-Knits (Cambodia) Co., Ltd

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**484** U.D.S Garment Co., Ltd.

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**485** U.I.C Apparel Manufacturing Co., Ltd

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**486** UFI Tailor Corporation

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**487** Unicorn (Cambodia) Recreation Products Co., Ltd

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**488** Union Mill Boda (Cambodia) Garment Co., Ltd.

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**489** Unity Fashion Cambo Co., Ltd

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**490** V.C.O.F.F Apparel Co., Ltd.

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**491** Vanco Industrial Co., Ltd.

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**492** Vast Apparel (Cambodia) Ltd.

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**493** VG2 Knitting (Cambodia) Co., Ltd

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**494** Violet Apparel (Cambodia) Co., Ltd.

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**495** Vision Glory Knitting (Cambodia) Co., Ltd.

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**496** Vonammy (Cambodia) Garment Co., Ltd

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**497** W & D Cambodia Co., Ltd.

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**498** W Dexing Garment (Cambodia) Co., Ltd

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**499** W. Lingerie & Underwear Factory Co., Ltd.

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**500** W.Embellishment Ltd.

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**501** Wah Fung Garment (Cambodia) Co., Ltd.

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**502** Wai Full Garments (Cambodia) Ltd.

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**503** Wal-Haitai Clothing (Cambodia) Co., Ltd.

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**504** Wanlin-Zongheng (Cambodia) Garment Factory Co., Ltd

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**505** Wanshen Clothing (Cambodia) Co., Ltd

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**506** Whitex Garments (Cambodia) Co., Ltd.

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**507** Willpower Garment Co., Ltd

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**508** Winas Garment Co., Ltd

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**509** Winblem In

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**510** Wincam Corporation

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**511** Wing Star Shoes Co., Ltd.

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**512** Wing Ying (Cambodia) Garment Factory Ltd.

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**513** Winnie Fashion Co., Ltd

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**514** Winsand Garment & Woolen Knitting Factory Co., Ltd.

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**515** Wintai Sock Manufacture Ltd (formerly Blos-som Century (Cambodia) Ltd.)

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**516** Woorie Garments Co., Ltd.

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**517** Xin Fang (Cambodia) Garment Manufacturing Ltd.

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**518** Xin Lan (Cambodia) Garment Company Limited

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**519** Xing Nan Ya Garment Co., Ltd

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**520** Xiong Fong International (Cambodia) Co., Ltd

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**521** Xu Sheng Cam Co., Ltd

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**522** Xue Da (Cambodia) Dongsheng Textile Garments Co., Ltd

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523	Y & W Garment Co., Ltd.
524	Y.L. Labels (Cambodia) Co., Ltd
525	Yakjin (Cambodia) Inc.
526	Yao Hua Print Work
527	Yi Da Manufacturer Co., Ltd
528	Yi Ren Garments (Cambodia) Limited
529	Ying Dong Shoes Co., Ltd.
530	YMG Garment Accessories Co., Ltd.
531	Yong De Wei Garment PTY LTD
532	Yorkmars (Cambodia) Garment MFG Co., Ltd.
533	Yorks (Cambodia) Co., Ltd.
534	You Li International (Cambodia) Garment Co., Ltd
535	Young Dong 1 Co., Ltd
536	Young Inner (Cambodia) Co., Ltd
537	YTC Corporation.
538	Yuan Da & Rong Fong (Cambodia) Textile Co., Ltd.
539	Yubin Service Co., Ltd.
540	YVP Trading Co.,Ltd (formerly Y & P Garment)
541	Zhen Tai Garment (Cambodia) Co., Ltd.
542	Zheng Yong Garment Factory (Branch 1)
543	Zhenyun Hua Co., Ltd
544	Zhong Guo Yun Jin (Cambodia) Garment Factory Co., Ltd
545	Zhong Hua Printing Company Ltd.
546	Zhong Yin (Cambodia) B Textile Co., Ltd
547	Zhong Yin (Cambodia) Textile Co., Ltd. (formerly Gold Flower Knitting Co., Ltd)
548	Zhong Yov Co., Ltd. (former Kun Mao Hsing Co., Ltd)

#### ANNEX C: LIST OF BETTER WORK BUYER PARTNERS WORKING WITH BFC IN CAMBODIA

Nº	BUYER
1	Abercrombie & Fitch
2	American Eagle Outfitters, Inc.
3	ASICS Corporation.
4	ASOS.COM
5	Debenhams Plc
6	Esprit Holdings Ltd.
7	Gap Inc.
8	Global Brands Group
9	H&M Hennes & Mauritz AB
10	Inditex
11	J.Crew
12	John Lewis
13	Kmart Australia Limited
14	Levi Strauss & Co
15	Li & Fung Trading Ltd
16	Marks & Spencer
17	Ryohin Keikaku Co., Ltd
18	New Balance Athletics, Inc.
19	Nike, Inc
20	Nordstrom, Inc.
21	Pentland Brands Limited
22	Primark Stores Ltd.
23	Puma SE
24	PVH Corp
25	Ralph Lauren Corporation
26	Target Corporation
27	Target Australia
28	The Children's Place
29	zLabels

## END NOTES

- 1** Factories participating and the Better Work model are further discussed in the Annex D discussing Methodology and Limitations.
- 2** Footwear factories join Better Factories Cambodia on a voluntary basis for the bundled services of assessment and advisory services. BFC expanded its services to footwear factories based on the Footwear Pilot Program in 2012 and began registering footwear factories from 2013.
- 3** Industry-wide data is provided by the Ministry of Commerce.
- 4** Industry-wide strike data is provided by GMAC. [The ‘Compliance with Fundamental Rights’ section differs as it contains strike data specific to the group of factories assessed during the period covered by this report.]
- 5** One question “Does the workplace have a functioning and accessible nursing room, and a functioning day care centre at or near the workplace” which was used to monitor in 2017 was divided to two separate questions on “functioning day care centre” and “functioning and accessible nursing room”.
- 6** In this reporting period, there were changes to the way that BFC assessors assess whether the attendance bonus is being paid correctly to workers. Previously there were three questions asked relating to correct payment of attendance bonus;
  1. Does the employer pay all workers who work regularly the correct attendance bonus when workers take annual leave?
  2. Does the employer pay all workers who work regularly the correct attendance bonus when workers take sick leave? And;
  3. Does the employer pay all workers who work regularly the correct attendance bonus when workers take special leave?
- 7** Of the 464 factories assessed, non-compliance was mostly due to the laws relating to hours of medical professionals working at the infirmaries, or the correct amount of beds and medicines. Only 24 factories assessed did not have an infirmary.
- 8** A new regulation is currently being developed that will allow medical examinations to also take place after workers have found employment.



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