

KINGDOM OF CAMBODIA
INTERNATIONAL LABOUR ORGANIZATION
BETTER FACTORIES CAMBODIA

TWENTY EIGHTH SYNTHESIS REPORT ON WORKING CONDITIONS IN CAMBODIA'S GARMENT SECTOR



Publication date : 20 June 2012
Report period : 1 Nov 2011 – 30 Apr 2012

Copyright © International Labour Organization (ILO) and International Finance Corporation (IFC) (2012)
First published (2012)

Publications of the ILO enjoy copyright under Protocol 2 of the Universal Copyright Convention. Nevertheless, short excerpts from them may be reproduced without authorization, on condition that the source is indicated. For rights of reproduction or translation, application should be made to the ILO, acting on behalf of both organizations: ILO Publications (Rights and Permissions), International Labour Office, CH-1211 Geneva 22, Switzerland, or by email: pubdroit@ilo.org. The IFC and ILO welcome such applications.

Libraries, institutions and other users registered with reproduction rights organizations may make copies in accordance with the licences issued to them for this purpose. Visit www.ifrro.org to find the reproduction rights organization in your country.

Better Factories Cambodia: Twenty eighth synthesis report on working conditions in Cambodia's garment sector / International Labour Office; International Finance Corporation. - Geneva: ILO, 2012

1 v.

Better Work Synthesis Reports: ISSN 2227-958X (web pdf)

International Labour Office; International Finance Corporation
clothing industry / textile industry / working conditions / workers rights / labour legislation / ILO Convention / international labour standards / comment / application / Cambodia

ILO Cataloguing in Publication Data

The designations employed in this, which are in conformity with United Nations practice, and the presentation of material therein do not imply the expression of any opinion whatsoever on the part of the IFC or ILO concerning the legal status of any country, area or territory or of its authorities, or concerning the delimitation of its frontiers.

The responsibility for opinions expressed in signed articles, studies and other contributions rests solely with their authors, and publication does not constitute an endorsement by the IFC or ILO of the opinions expressed in them.

Reference to names of firms and commercial products and processes does not imply their endorsement by the IFC or ILO, and any failure to mention a particular firm, commercial product or process is not a sign of disapproval.

ILO publications can be obtained through major booksellers or ILO local offices in many countries, or direct from ILO Publications, International Labour Office, CH-1211 Geneva 22, Switzerland. Catalogues or lists of new publications are available free of charge from the above address, or by email: pubvente@ilo.org

Visit our website: www.ilo.org/publns



Synthesis Report 01/11/2011 - 30/04/2012 136 Factories Monitored

1. About *Better Factories Cambodia*

Better Factories Cambodia (BFC) aims to improve working conditions in Cambodia's export garment factories through independent assessments, training and advisory services provided to factory management. Since 2001, BFC staff has conducted assessments that include management interviews, union and worker interviews, document reviews and factory observation.

Assessment information is entered into BFC's Information Management System (IMS), which makes it possible to produce reports in Khmer, English and Chinese. Because the system is web-based, accessing information is quick and easy for factories and their buyers.

2. Executive Summary

This report covers the period from 1 November 2011 – 30 April 2012.

During this period, 136 factories have been monitored by BFC's staff. The lower than normal coverage is due in part to unusually high levels of industrial action during the reporting period (see page 3, Institutional Context), and BFC's investigation of such incidents, which diverts staff time from routine work. In addition, BFC staff participated in several training programmes related to the organization's expansion into footwear monitoring and a new factory assessment protocol.

Following on events reported in the 27th Synthesis Report, the garment sector experienced 16 fainting incidents in 9 factories¹ throughout this reporting period. In most cases, the exact reasons for the incidents remain unclear. Poor worker nutrition continues to be named as a contributor, despite the government's institution of a \$5/month health allowance beginning in 2012. It is commonly understood that the benefit of the allowance was not fully realized, as vendors and landlords serving garment industry workers subsequently increased their prices. In an effort to address this issue, Hagar Catering Facilities Management, a Cambodian social enterprise, conducted a study on factory managers' perceptions of worker nutrition and the feasibility of establishing factory canteens.² The report, issued in June 2012, may provide information helpful for factory managers and buyers that are considering establishing canteens and providing meals in the workplace as a worker benefit.

As the fainting incidents have been explored in greater depth, more focus has been placed on Mass Psychogenic Illness (MPI) as one potential cause. Studies have demonstrated that MPI has affected workers in many countries in settings not unlike that found in the Cambodian garment industry:

¹ Source: Ministry of Labour and Vocational Training, Committee for Fainting Research and Prevention of Work Related Accidents.

² Hagar Catering Facilities Management, "Study on the Perceptions of Garment Factory Owners on Nutrition and the Feasibility for Pursuing Canteen Services in the Garment Sector in Cambodia," June 2012. Available at www.betterfactories.org



enterprises employing large numbers of workers in crowded enclosed spaces, involving long working hours, often with poor communication channels between workers and management. An Australian expert on MPI has stated that MPI has largely disappeared in industrialized nations due to “an increasing emphasis on worker rights, improved worksite conditions, occupational legislation, and greater union influence.”³

This report thus continues to focus on worker rights and workplace conditions that have been deemed by researchers to be possible contributors to the fainting incidents, such as excessive overtime, sufficient soap and water available near toilets, factory health and safety systems and committees, and unacceptable heat levels in the factory. For further details about the efforts of BFC to address fainting incidents in collaboration with a variety of industry stakeholders, see Section 7.

Assessment results for this Synthesis Report period demonstrate the following:

- No significant improvement or deterioration related to many indicators thought to contribute to fainting incidents, such as the factory having a written health and safety policy (62% compared to 65% previously), consultations with workers when developing a health and safety policy (57% compared to 56% previously), and acceptable heat levels in the factory (no change at 38%). Slight improvement was observed on some measures such as sufficient soap and water being made available near toilets (54% compared with 48% previously).
- No significant change in measures related to working hours from the last report, suggesting that working hours remains an intractable challenge in Cambodia, as in other countries. Overtime was not limited to two hours per day in 86% of factories assessed. 20% of factories worked on at least one Sunday during the period although in 71% of the cases Sunday work was voluntary and exceptional. (See sections 5.3 and 7 for additional commentary on overtime.)
- Nearly one in five factories (19%) engaged in discrimination, an all-time high. Discrimination in the sector typically involves unfair treatment of pregnant workers (for example, dismissal or non-renewal of contracts when they become visibly pregnant), or unfair treatment of men (for example, failure to hire men because they are perceived as more likely to lead workers to strike).
- Another trend negatively impacting women is the significant drop in compliance with the requirement to pay proper maternity leave benefits, when compared with the previous Synthesis Report. While some variation is expected from one report to another given that each report measures a different subset of factories, the 11% drop in compliance with this requirement, to 54 % full or partial compliance, is worrisome.
- Of significant concern is the number of underage workers in the factories assessed (30 underage workers), which exceeds that seen in all other IMS synthesis reports dating back to October 2006. A related issue that saw a significant drop in compliance when compared with the previous Synthesis Report is management using reliable documents to verify the age of workers prior to hiring. While compliance is relatively high at 87%, this still represents an 11% drop from the previous period, and may underlie to some extent the increase in underage

³ Julia Wallace and NeouVannarin, “Ghost in the Machine,” Phnom Penh Post, March 24 – 25, 2012, page 8.

- workers. These issues are related to the current labour shortage facing the industry, as well as the capabilities of factory recruitment staff, and the prevalent use of fake identification documents by workers applying for jobs. (See section 5.2 on Limitations in Detecting Underage Workers and section 7 on industry growth and labour shortage.)
- Included in the list of top non-compliance issues is the failure of management to pay severance pay equal to at least 5% of the wages paid under the contract. Non-compliance currently is at 52%, up from 49% in the last report. This corresponds with drops in compliance in two related areas:
 - o management paying wages through the end of a contract when management terminates a contract before it expires and there is no serious misconduct (drop of 6%), and
 - o employment contracts complying with Cambodian labour law (drop of 7%).

The interpretation of Cambodian labour law on the issue of Fixed Duration Contracts (FDCs) continues to be one of the most contentious in the sector, and relates to the abovementioned compliance measures.

- There was slight improvement in the requirement to keep only one payroll ledger that accurately reflects the wages actually paid to workers. The 61% compliance on this issue may reflect fewer attempts by management to hide overtime work by not including all working hours in one payroll ledger. Compliance with regular and overtime payments remains high, even though payroll documents may not reflect all overtime hours worked.
- There was virtually no change (61% compared to 62% previously) in compliance with the legal requirement not to deduct the attendance bonus when workers take annual leave, meaning that in 39% of the factories monitored, workers lost all or part of the \$7 attendance bonus when availing themselves of their legal right to paid annual leave.⁴
- It is encouraging to note that there is significant increase (17%) in the number of factories paying workers the attendance bonus of \$7 per month, health bonus of \$5 per month, and other mandatory wage supplements.

During the reporting period, 5 factories offered gifts, services or cash to BFC monitors. The offers were refused and recorded into BFC's incident tracking system. 13 factories refused entry to BFC monitors claiming overlapping audits with other organizations or individuals, the absence of administrative or compliance staff, or the visit falling on a pay day.

BFC received 115 calls from unions, workers, HR and administrative staff from factories. The calls pertained to alleged termination of union leaders without approval from the Ministry of Labour and Vocational Training, involuntary OT, incorrect payment of 5% severance pay, not receiving the mandatory \$5 health allowance, restriction on taking annual leave, and workers being paid by factory management to make positive statement about the factory during the BFC assessment. In addition, callers asked BFC monitors to explain the legal entitlement to annual leave, special leave, and sick leave; the benefits or detriments of FDC or UDC contracts, the dispute resolution procedure and proper prior notice for resignation.

⁴Cambodian Labour Law, Article 168.

3. Institutional Context

The reporting period was marked by a large number of strikes and a high profile case in which workers demonstrating for increased benefits were fired upon by a government official.

- The **Cambodian garment industry grew** by 33% in 2011.⁵ In the first quarter of 2012 this trend continued with an additional 15% growth.⁶
- During the reporting period garment factories experienced 27 **strikes** involving 36,053 workers.⁷ This represents approximately a doubling of the number of strikes and the number of workers involved as compared to the last reporting period. Common reasons for strikes were calls for increased wages and benefits and allegations of union discrimination.
- In this regard, it is notable that the landmark **Memorandum of Understanding (MOU) between the Garment Manufacturers Association in Cambodia (GMAC) and unions** expired in September 2011 and has not been renewed. The sector thus lacks the moderating influence of the MOU which, among other provisions, called for binding arbitration in cases of rights and no strikes prior to arbitration. The period when the MOU was in force was marked by a decrease in strike activity.
- After positive comments early in 2012 from both employers and workers on the revisions to the country's **draft Trade Union Law**, it is unclear when the law will be promulgated. Observers speculate that it will not be adopted until after Cambodia's Commune Council elections in June.
- On February 20, 2012, workers of the Manhattan Special Economic Zone in eastern Svay Rieng province demonstrated to secure increased benefits, causing damage to the building and equipment of a footwear factory located in the zone. During the melee three female workers were shot by a man later identified as the governor of Bavet city, Mr. Chhouk Bandith. Following the shootings, international brands and local and international NGOs called upon the Royal Government of Cambodia to apply the rule of law in a full, transparent and equitable manner. The governor was eventually removed from his post and charged with the crime of causing "unintentional injury." The injured workers have filed individual cases against him, requesting financial compensation for their pain and suffering. All cases are currently pending in the courts.
- The **Arbitration Council (AC)**⁽⁸⁾ heard 117 garment factory-related cases during the reporting period, 41% of which were resolved through mediation before going to arbitration. The top six issues referred to the AC during this period were:
 - o Reinstatement of union leaders/union members
 - o Transportation or accommodation allowance
 - o Leave with permission/attendance bonus
 - o Overtime meal allowance (Sunday & holidays)

⁵ Ministry of Commerce

⁶ Ministry of Commerce, quoted in Cambodia Daily, "Garment Exports Grow 15% in First Quarter," Thursday, May 31, 2012.

⁷ Source: American Center for International Labor Solidarity (ACILS), Cambodia.

⁸ The Arbitration Council is an independent, national institution with quasi-judicial authority derived from the Labour Law of Cambodia. Established in 2003 with the support of the Ministry of Labour, employers and unions, the Arbitration Council is empowered to assist parties in resolving collective labour disputes in Cambodia. <http://www.arbitrationcouncil.org/>



- Payment for maternity leave and pregnant workers' rights and benefits
- Demand for dismissal of staff
- The issue of **prison labour** was addressed in an Inter-Ministerial Consultation on Prison Administration and the Employment of Prisoners on March 2, 2012. Following the meeting, an Inter-Ministerial Prakas on Prison Labour was issued by the Royal Government of Cambodia that bans the export of goods made in Cambodia's prisons.

3.1 Factory Data Reflected in this Report

Most of the graphs and charts in this report reflect current monitoring data from factory reports posted during the past six months. If a factory has two monitoring reports posted during that time, only the most recent monitoring data is included. Conversely, if a factory did not have a monitoring report posted during the past six months, no data for that factory is included in this report. The graphs and charts that reflect this set of monitoring data are labeled "6 Months to Date."

Other graphs and charts display industry-wide information. They draw data from the most recent report for every active factory (not closed or suspended) with monitoring data in the Better Factories Cambodia Information Management System (IMS). The graphs and charts designed in this way are labeled "Industry-Wide."

All percentage figures shown in this report are rounded to the nearest whole number.

4. Industry Update

4.1 Number of Active Exporting Factories and Workers (Ministry of Commerce Data)

	30-Apr-2012	01-Nov-2011
Number of Active Factories	330	300
Number of Workers	338, 021	326,751

Note: These figures are based on data provided by the Ministry of Commerce. The number of active exporting factories includes all exporting factories that the ministry has indicated are effectively operating.

4.2 Number of Visits to Factories

During the previous six months, **136** factories were monitored. The data from those monitoring visits is reflected in this report. Better Factories Cambodia visits factories as they register with the project. Some factories have been registered for a number of years and have had multiple

visits. The table below shows the number of factories grouped according to the visit number that took place in the last 6 months.

Table 1
Factories Grouped by Visit Number
(6 Months to Date)

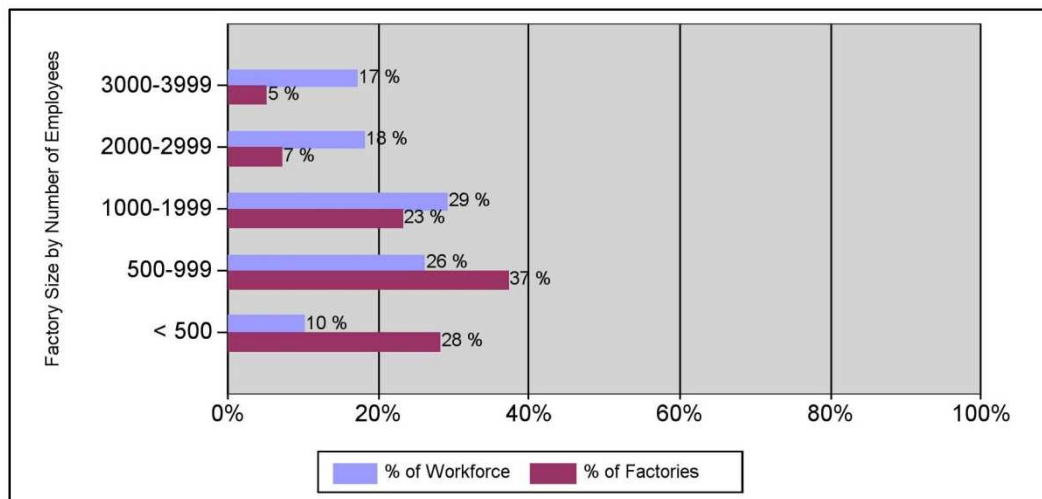
Visit Number	Number of Factories	% of Factories Visited
1 st Visit	23	17%
2 nd Visit	18	13%
3 rd Visit	3	2%
4 th Visit	5	4%
5 th Visit	11	8%
6 th Visit	7	5%
7 th Visit	7	5%
8 th Visit	11	8%
9 th Visit	10	7%
10 th Visit	9	7%
11 st Visit	15	11%
12 nd Visit	8	6%
13 rd Visit	7	5%
14 th Visit	2	1%
Total	136	100%

The large proportion of factories visited for the first or second time may be a reflection of the recent growth in the sector.

4.3 Factory Size

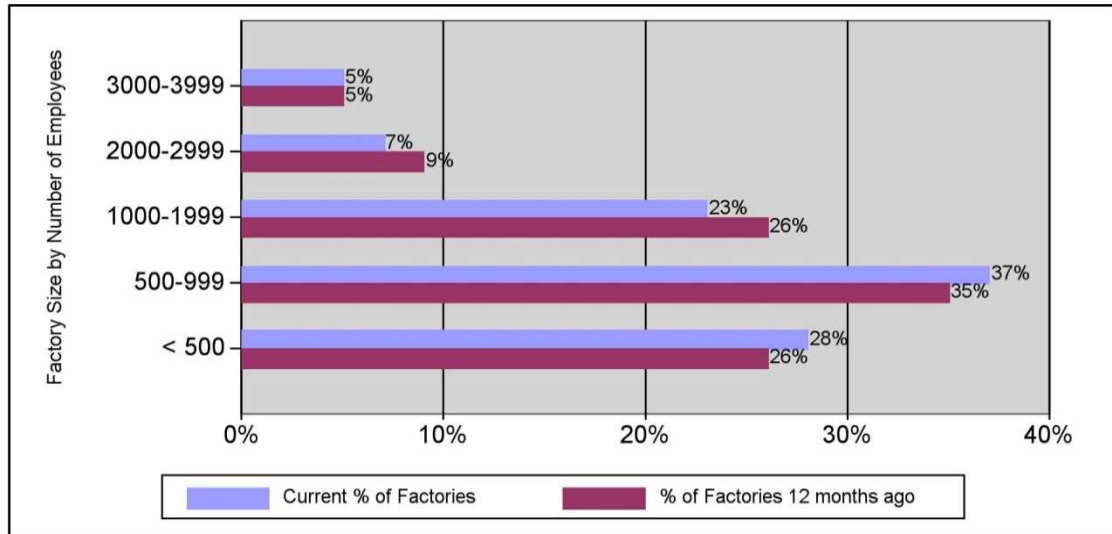
Graph 1

Comparison of the percentage of Factories and Workforce by Factory size (number of employees)
(6 Months to Date)



4.4 Changes in Factory Size Over Time

**Graph 2
(6 Months to Date)**

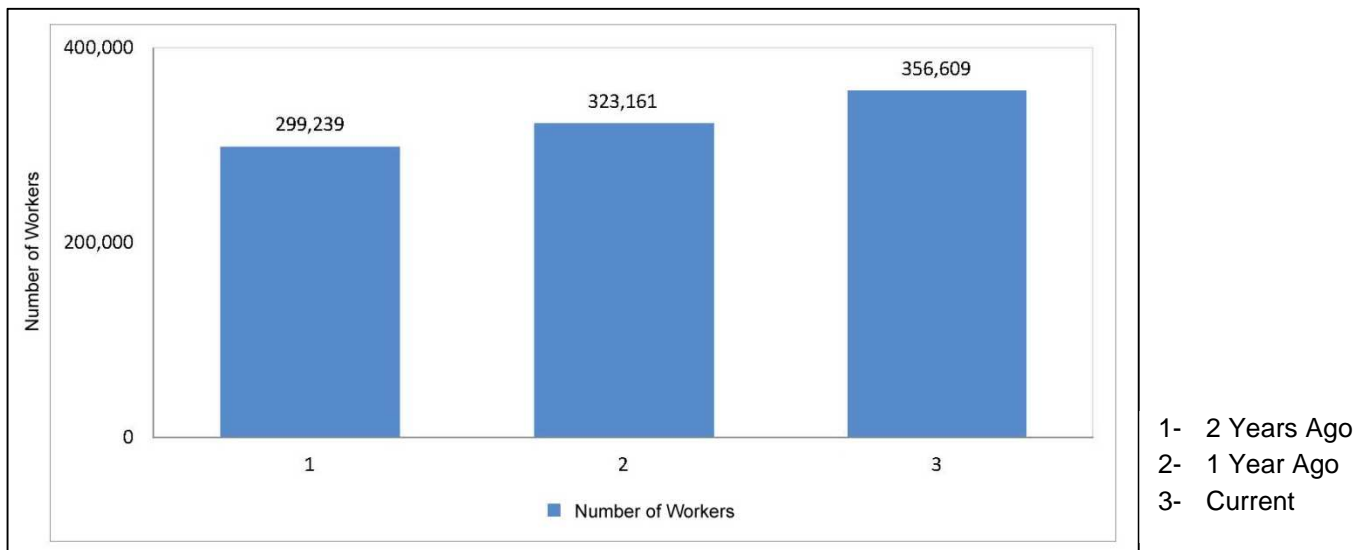


Although the industry has been expanding overall, there has not been a significant shift in the distribution of factories based on their size.

4.5 Workers Employed in Factories Monitored by *Better Factories Cambodia*

This graph shows the number of workers employed currently, one year ago, and two years ago in the factories monitored by Better Factories Cambodia, based on information collected during monitoring visits.

**Graph 3
(Industry-Wide)**





The current percentage of women workers in the active factories monitored by the project is 90%.

Employment is at its highest level since that seen in the 20th Synthesis Report, dated 30 April 2008, when 361,871 workers were employed in the factories monitored by BFC.

4.6 Number of Active Factories Monitored by Better Factories Cambodia (Industry-Wide)

	30-Apr-2012	01-Nov-2011
Number of Factories	320	300
Number of Workers	356,609	345,364

Note: The number of factories shown above includes all active factories (not closed or suspended) that have registered with and been monitored by *Better Factories Cambodia*. The employment figures are drawn from the most recent monitoring report for every active factory with monitoring data in the IMS on the relevant date. The data reflected in this table has been collected over a period of several months. Changes in factory size (number of workers) or status (e.g., closure) that occurred after the most recent monitoring visit are not reflected in this table. The number of workers may also differ from the number of workers cited by the Ministry of Commerce because Better Factories has monitored a number of embroidery, printing and subcontract factories that do not possess export licenses.

A complete list of the active factories monitored by *Better Factories Cambodia* is available on our website at: <http://www.betterfactories.org/monitoring.aspx?z=5&c=1>

Growth over the past year is at 8 % for the number of factories, and 6 % for the number of workers.

5. Compliance Status

5.1 Findings on Selected Working Conditions (6 Months to Date):

Compliance levels are below 50% for several requirements that are relevant to the group fainting episodes (exceptional overtime, overtime limited to 2 hours per day, and acceptable heat levels in the factory). Other relatively low levels of compliance (deduction of attendance bonus when workers take annual leave) have an impact on workers’ wages and thus may also have an impact on their health and nutrition. These findings emphasize the need for action by the industry to ensure workers’ health and safety, to keep overtime within legal limits, and to pay workers in accordance with legal requirements.

Legal Requirement	% of Factories in Compliance (6 Months to Date)
Payment for Maternity Leave ⁽¹⁾	54%
Exceptional Overtime	3%
Overtime Limited to 2 Hours per day	14%
Only one payroll ledger that accurately reflects the wages actually paid to workers	61%
Voluntary and exceptional work on Sundays ⁽²⁾	71%
Payment of \$7 attendance bonus when workers take annual leave	61%
Sufficient soap and water available near the toilets	54%
Written health and safety policy	62%
Consultations with workers when developing the health and safety policy	57%
Acceptable heat levels in the factory	38%

(1) This figure is the sum of two compliance questions: payment of half of wages and benefits, and payment of only half wages during maternity leave. This figure includes both types of maternity leave payments.

(2) 20% of the factories assessed during this period had worked on Sundays.

5.2 Compliance with Fundamental Rights at Work

Child Labour	10 factories had underage workers (7%) 30 underage workers confirmed.
Forced Labour	0 factories used forced labour (0%)
Discrimination ⁽¹⁾	26 factories engaged in discrimination (19%)
Unions ⁽²⁾	100 factories had at least one union (73%) 169 total unions were present
Unionization Rate	58%, according to Cambodia Institute of Development Study, Tracking Study of Cambodian Garment Sector Workers Affected by the Global Economic Crisis, Benchmarking Survey Report (2010)
Freedom of Association	8 factories interfered with freedom of association (6%)



Anti-union Discrimination	4 factories engaged in anti-union discrimination (3%)
Strikes ⁽³⁾	15 factories had strikes 16 strike(s) took place
Strikes for which workers failed to comply with one or more legal requirements ⁽⁴⁾	15 factories 16 strikes (100%)

- (1) Discrimination typically involves unfair treatment of pregnant workers (for example, dismissal or non-renewal of contracts when they become visibly pregnant), or unfair treatment of men (for example, failure to hire men because they are perceived as more likely to lead workers to strike).
- (2) The number of unions reflects only unions that are active and registered at the time of the monitoring visit.
- (3) These figures represent strikes occurring only in factories assessed by BFC during the reporting period and do not reflect all strikes in the garment sector during this period. As noted above, according to information provided by the American Center for International Labor Solidarity (ACILS) in Cambodia, there were 27 strikes in the sector during the reporting period.
- (4) The legal requirements for commencing a strike include striking for reasons permitted by law; attempting to settle the dispute using other peaceful methods first; union members' approving the strike by secret ballot; and providing 7 working days prior notice to the employer and the Labour Ministry. If workers failed to comply with any one (or more) of these requirements, the strike is included in the figure above. Under Cambodian law, only a court has the authority to declare a strike illegal.

Limitations in Detecting Underage Workers:

The lack of a universal birth registration system in Cambodia and falsification of age-verifying documents significantly impede the detection of underage workers. In checking for underage workers, monitors perform a visual check for workers in the factory who appear to be under age 15. Monitors also conduct targeted and random checks of employment records to see whether those records indicate that the factory employs underage workers. A similar process is undertaken to determine whether the factory employs workers under age 18, because factories that employ workers under age 18 are subject to additional requirements (e.g., maintaining a register of workers under age 18, getting consent from their guardians for them to work, and protecting workers under age 18 against the worst forms of child labor).

Monitors cross-check information obtained from documents and detailed worker interviews to make a preliminary judgment on whether the worker is underage or not. If it is determined that the worker's information is accurate and the worker is at least 18 years of age, no further investigation is



undertaken. If age-verifying documents appear not to be reliable and/or do not match the information obtained through the worker interview, monitors may extend their investigation to the suspected underage worker's birthplace. 71 investigations were conducted in workers' birthplaces during the reporting period. It is very difficult for Better Factories Cambodia to detect underage workers who have obtained valid age-verifying documents through corrupt payments or to detect underage workers who impersonate someone of legal age using their valid documents.

If an underage worker is confirmed, the Garment Manufacturers' Association in Cambodia (GMAC) and the ILO have agreed on a process through which the worker is removed from the workplace and referred to vocational training. The factory continues to pay the worker's wages and also bears the cost of the vocational training until the worker reaches age 15. Upon reaching age 15, the worker has the option of returning to work in the factory. If a factory does not comply with this process, the case is referred to the labour ministry's Child Labour Department. In all of the cases of child labour cited above, the factory agreed to support vocational training and make minimum wage payments for the child workers.

Monitoring of Freedom of Association and Anti-Union Discrimination:

Anti-union discrimination can be difficult to detect, since workers who have been terminated as a result of their union membership or leadership are no longer working at the factory during the monitoring visit and thus the data collected does not always reflect their unlawful termination. Freedom of association violations and anti-union discrimination incidents are more easily determined in high profile cases or when complaints are received during monitoring visits. It is also important to note that data on freedom of association and anti-union discrimination represents the number of factories involved in such incidences rather than the number of incidences overall. Very often, multiple cases of union-related discrimination occur within individual factories.

5.3 Top Non-Compliance Issues

This graph shows ten of the twenty most common non-compliance findings in Cambodian garment factories. These findings are deemed to have a bearing on the issue of fainting. For the remaining top ten non-compliance findings, please see Annex 3.

Studies and investigations have concluded that there is no one cause for fainting, rather there are several environmental, economic and social triggers that can make fainting more likely to occur. These include but are not limited to heat stress, excessive working hours, inadequate nutrition, and lack of ventilation. The faintings are often spread by Mass Psychogenic Illness (MPI), whereby one worker becomes ill, and this distresses other workers, causing them to physically feel the same symptoms and become ill.

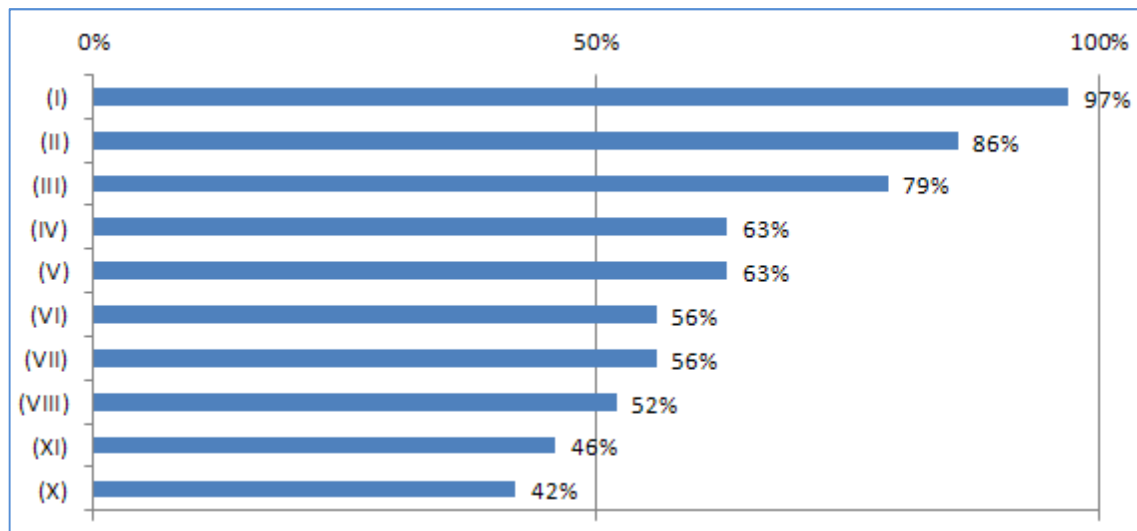
Several of the top non-compliance issues relate to these causes, such as excessive overtime (I, II), unacceptable heat levels (IV), inadequate access to drinking water (due to lack of cups)

(VI), inadequate soap and water near the toilets (IX), and failure to form joint worker/management OSH committees (VII).

The faintings and the concern for workers' welfare that they have generated from industry actors have not resulted in greater compliance in terms of limiting overtime to the legal limit of two hours per day. In this report, 86% of factories were noncompliant in this area. The 27th Synthesis Report cites 84% non-compliance and the 26th synthesis report (one year before the current monitoring period) cites 75% non-compliance. The 11% deterioration in overtime compliance in a one-year period can most likely be attributed to the sudden industry expansion that occurred in 2011, where a rise in the number of workers has not been sufficient to meet a much greater demand in orders. For further analysis on this topic, see Section 7.

Some of the other top twenty non-compliance issues shown in Annex 3 also are relevant to this issue of fainting, including the lack of chairs for standing workers to rest on and failure to provide masks. For further details on BFC's interventions to combat fainting, see Section 7.

Graph 4
% of factories not in compliance (6 Months to Date)



Assessment findings:

- (I) Overtime is not exceptional
- (II) Overtime is not limited to 2 hours per day
- (III) The infirmary does not have medical staff working the required number of hours (including overtime)
- (IV) Heat levels in the factory are not acceptable
- (V) The factory does not have a functioning and accessible nursing room

- (VI) Management does not provide workers with cups or other sanitary means for drinking water
- (VII) Management failed to form a functioning joint management/worker OSH committee
- (VIII) Management does not pay workers severance pay equal to at least 5% of the total wages paid under the contract when workers' contracts expire or are terminated
- (IX) There is not enough soap and water available near the toilets
- (X) Workers do not understand the calculation of wages

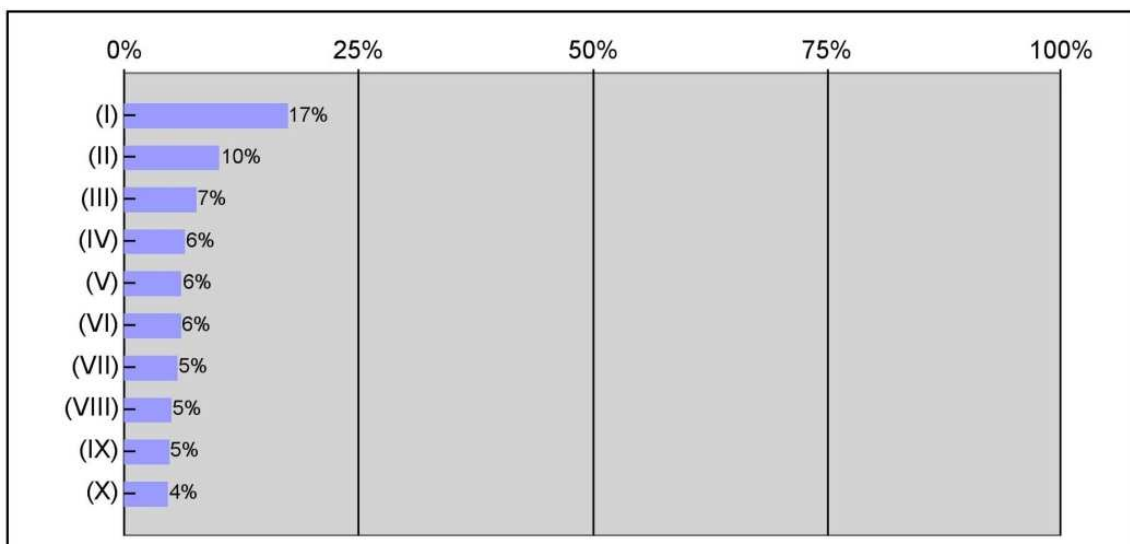
6. Progress

6.1 Top Areas of Improvement

This graph shows the top ten areas of improvement in Cambodian garment factories. The graph compares current data (6 months to date) with data from six months ago (6 months to date). The level of improvement is measured by comparing the current level of compliance (%) with the level of compliance 6 months ago for each individual issue. The ten issues that saw the greatest positive change in percentage compliance are reflected in the graph.

There are encouraging improvements to be seen in some areas related to group fainting. The number of factories posting safety and health information in Khmer has continued to increase slightly (95%). This was 94% at the time of the 27th synthesis report and 90% at the time of the prior report. Although there remains much room for improvement, workplace cleanliness is also gradually improving. A majority of factories (54%) now have sufficient soap and water available near the toilets, an increase of 6% from the previous report.

Graph 5
(6 Months to Date)





Top 10 areas of improvement:

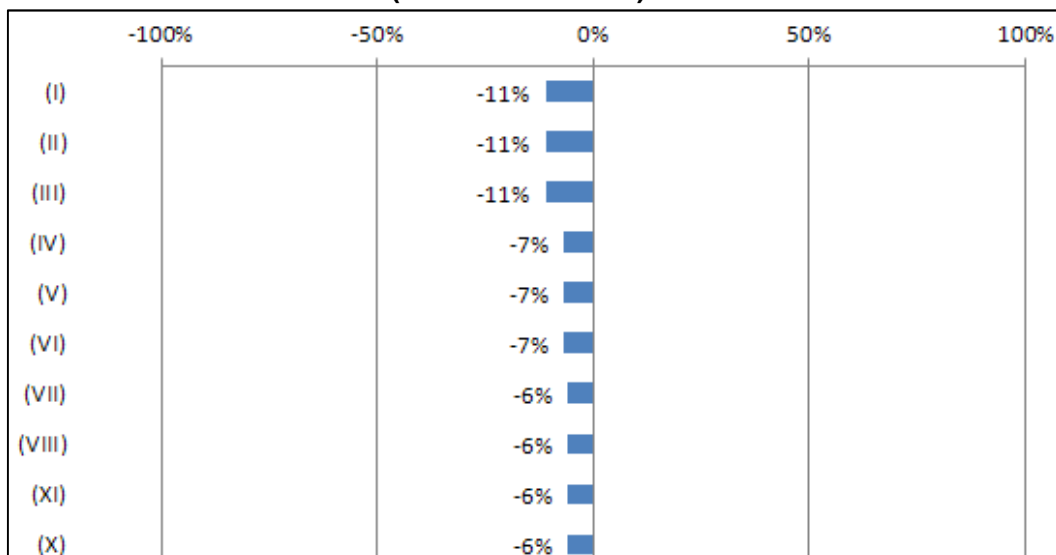
- (I) The factory pays workers who work regularly the attendance bonus of \$7 per month when workers take annual leave, and any other mandatory wage supplements, Please note that this suggestion may pertain to incorrect payment of the attendance bonus or \$5 health allowance.
- (II) The factory appoints a liaison officer.
- (III) The factory trains and encourages workers to use protective clothing and equipment.
- (IV) The factory repairs broken toilets.
- (V) The factory ensures that sufficient soap and water is available near the toilets.
- (VI) The factory gets permission from the Labour Inspector before suspending the weekly break
- (VII) The factory develops specific written safety and health rules and communicates them to workers
- (VIII) The factory provides shop stewards with:
 - 2 paid hours per week to perform their functions
- (IX) The factory ensures that workers and supervisors understand the health and safety policy.
- (XI) The factory posts the health and safety policy in the workplace.

6.2 Top Areas of Least Improvement or Negative Change

This graph shows ten of the top twenty least improved issues in Cambodian garment factories. The graph compares current data (6 months to date) with data from six months ago (6 months to date). The level of improvement (or negative change) is measured by comparing the current level of compliance (%) with the level of compliance 6 months ago for each individual issue. Many of these issues are deemed to have a bearing on the fainting phenomenon. For the remaining ten areas of least improvement, please see Annex 4.

It is critical that the negative trends evidenced in Graph 6 are reversed, particularly those that directly impact on workers’ health and safety, including excessive overtime.

**Graph 6
(6 Months to Date)**





Assessment findings:

- (I) Paying for Maternity Leave (at least partial compliance)
- (II) Medical staff in the infirmary working the required number of hours (including overtime)
- (III) Using reliable documents to verify the age of workers prior to hiring
- (IV) Ensuring that employment contracts comply with Cambodian labour law
- (I) Providing for paid sick leave (100% pay for month 1; 60% pay for month 2; 40% pay for month 3; no pay for months 4-6, or better) in factory internal regulations
- (II) Ensuring that Workers understand the terms and conditions of employment
- (III) Placing fire extinguishers within easy reach of workers
- (IV) Paying workers their wages owed through the end of the contract when management terminates contracts before they expire (if no serious misconduct and no agreement to terminate)
- (V) Paying correctly the wages for work missed due to work-related accidents or illnesses
- (VI) Regularly cleaning the toilets

7. Conclusion and Next Steps

The data compiled for the purposes of this Synthesis Report allows the BFC programme to further refine its tools and approaches to working with stakeholders across Cambodia's garment industry.

While the data suggest that improvement has been made by factories participating in the BFC programme in some areas, many challenges remain. It is important to contextualize the information presented, noting that the garment industry is increasingly globalised and many of the challenges detailed in this report demonstrate the impact of the competitive global environment on Cambodia's working conditions. Some of the problem areas illustrated in this report are systemic of overall industry trends and practices. In particular, the issue of overtime, where there has been an 11% increase over a one-year period in the number of factories who do not restrict overtime to the legal limit of two hours per day (see Section 1 and Section 5.3 for details) is often rooted in the factory's challenge to meet deadlines, specifications and demands of international buyers. These issues may be beyond the ability of individual factories and buyers to improve on their own. Improving compliance in these areas will require a comprehensive, industry-wide approach.

Another area of note is the issue of underage workers. BFC notes that the problem arose partially as a result of rapid growth of the garment and footwear industries in Cambodia occurring in 2011, which placed stress on factories to quickly meet the expansion amid an environment of labour shortage. The issue has been further exacerbated by poor documentation verification systems and an increased usage of false documentation.

BFC took immediate action by developing guidance materials for factories equipping them with the knowledge needed to create improved recruitment procedures. These materials were used



in a training course for export garment factories. More than 300 participants from 193 factories participated in the training. In addition, BFC is convening discussions with key government partners, the Ministry of the Interior, the Ministry of Commerce, the Ministry of Labour and Vocational Training, in addition to trade unions and employers on this issue in order to examine potential long-term solutions.

Another focus of BFC's work for the next reporting period and beyond is the issue of fainting. As noted above, throughout this reporting period, there has been no significant progress nor has there been significant deterioration in the indicators that contribute to fainting incidents in factories.

In addition to monitoring these indicators, providing training in related areas and guiding and advising factories, BFC, with the support of five international brands, Better Work, GMAC and two factories is implementing activities to encourage behaviour change among workers and factory management with the aim of creating conditions where fainting is less likely to occur. These include:

- The 'One Change' Campaign which encourages factories to make changes from a specialised list in order to combat the known causes of fainting.
- The Cambodia Television Network comedy which is broadcasting four episodes of a live dramas in garment factory settings containing messages on how to prevent fainting from occurring as well as how to respond to fainting incidents,
- A worker helpful hints calendar designed to increase worker awareness on issues related to fainting, among others.
- The 'Experts by Experience' initiative which is equipping ten garment factory workers with the skills to advocate and speak publicly about fainting and how it can be prevented.

It is important to note that although the data in this report presents a varied landscape with factories at different levels in the improvement process, one of the key features of Cambodia's garment sector is the young and vibrant trade union climate. Although the trade union movement is still in its infancy and faces many obstacles, the democratic right of workers to establish and join trade unions advocating on their behalf is upheld in Cambodia.

The coming period will see BFC continuing efforts to tackle urgent non-compliance issues and long-term industry problems. In addition to strengthening the programme's monitoring, training and advisory services, BFC will continue to experiment with innovative approaches to improve working conditions, uphold workers' rights and strengthen workers' livelihoods.

Annex 1

Comparative Findings on Selected Working Conditions (6 Months to Date):

Legal Requirement	% of Factories in Compliance		
	Current (28 th)	31/10/11 (27 th)	30/04/11 (26 th)
Payment for Maternity Leave ⁽¹⁾	54%	65%	73%
Exceptional Overtime	3%	5%	7%
Overtime Limited to 2 Hours per day	14%	16%	25%
Only one payroll ledger that accurately reflects the wages actually paid to workers	61%	58%	72%
Voluntary and exceptional work on Sundays	71%	70%	64%
Payment of \$7 attendance bonus when workers take annual leave	61%	62%	68%
Sufficient soap and water available near the toilets	54 %	48%	47%
Written health and safety policy	62%	65%	63%
Consultations with workers when developing the health and safety policy	57%	56%	60%
Acceptable heat levels in the factory	38 %	38%	42%
Minimum Wage for Regular Workers	97%	98%	97%
Minimum Wage for Casual Workers	90%	84%	83%
Minimum Wage for Piece-Rate Workers	98%	93%	98%
Correct OT Rate for Regular Workers	100%	99%	100%
Correct OT Rate for Casual Workers	100%	100%	98%
Correct OT Rate for Piece-Rate Workers	87%	93%	91%
18 Days of Annual Leave	97%	98%	97%
Paid Sick Leave	73%	78%	78%
Voluntary Overtime	86%	87%	87%
Provide Personal Protective Equipment	54%	51%	52%
Install Needle Guards on Sewing Machines	66%	66%	64%
Management gives workers at least 24 consecutive hours off per week	100%	100%	99%
- Weekly time off is given on Sunday (tick N/A if factory rotates shift workers)	99%	98%	97%
The factory works on Sundays	20%	22%	30%
Management does not unreasonably restrict workers from taking sick leave	89%	88%	90%
The health and safety policy is written in Khmer	62%	65%	63%
Management has posted safety and health information in Khmer (e.g., posters and signs) in	95%	94%	90%



the workplace			
There are enough properly stocked first-aid boxes in the workplace that are easily accessible to workers	72%	72%	65%
Workers do not have to pay someone to get a job	99%	98%	98%
Management does not use rotating short-term contracts as a way to avoid providing workers' entitlements to maternity leave, attendance bonus, seniority bonus, and/or annual leave	66%	67%	62%
Management considers all workers who are employed for longer than two years total to be employed under an unspecified duration contract	74%	77%	74%
Management does not unreasonably restrict workers from taking annual leave	76%	72%	81%

(1) This figure is the sum of two compliance questions: payment of half of wages and benefits, and payment of only half wages during maternity leave. This figure includes both types of maternity leave payments.

Annex 2

Comparative Key Findings on Fundamental Rights (6 Months to Date)

Fundamental Right	Current (28 th)		31/10/11 (27 th)		30/04/11 (26 th)	
	#	%	#	%	#	%
Child Labour (factories with underage workers)	10	7%	5	8.5%	0	0%
(underage workers confirmed)	30	-	7	-	0	-
Forced Labour (factories that used forced labour)	0	0%	0	0%	0	0%
Discrimination ¹ (factories that engaged in discrimination)	26	19%	30	18%	25	13%
Unions ² (factories that had at least one union)	100	73%	113	66%	142	76%
(total unions were present)	169	-	201	-	259	-
Unionization Rate (according to CIDS Garment Workers Survey)*	-	58%	-	58%	-	58%
Freedom of Association (factories that interfered with freedom of association)	8	6%	8	5%	4	2%
Anti-union Discrimination ³ (factories that engaged in anti-union discrimination)	4	3%	6	4%	5	3%
Strikes ⁴ (factories that had strikes)	15	11%	14	-	39	21%
(strikes that took place)	16	-	14	-	48	-
Strikes for which workers failed to comply with one or more legal requirements ⁵ (factories)	15	-	14	100%	39	-
(strikes)	16	100%	14	100%	48	100%

- (1) Discrimination typically involves unfair treatment of pregnant workers (for example, dismissal or non-renewal of contracts when they become visibly pregnant), or unfair treatment of men (for example, failure to hire men because they are perceived as more likely to lead workers to strike).
- (2) The number of unions reflects only unions that are active and registered at the time of the monitoring visit.
- (3) These figures represent interference and discrimination occurring only in factories assessed by BFC during the reporting period. Often factories where interference or discrimination occurs have multiple cases of such action during the reporting period. For purposes of this report, BFC reports on the number of factories with this finding, not the number of incidents.



- (4) These figures represent strikes occurring only in factories assessed by BFC during the reporting period and do not reflect all strikes in the garment sector during this period.
- (5) The legal requirements for commencing a strike include striking for reasons permitted by law; attempting to settle the dispute using other peaceful methods first; union members' approving the strike by secret ballot; and providing 7 working days prior notice to the employer and the Labour Ministry. If workers failed to comply with any one (or more) of these requirements, the strike is included in the figure above. Under Cambodian law, only a court has the authority to declare a strike illegal.

*Previously, the unionization rate was drawn from a 2006 survey of 1000 garment factory workers commissioned by Better Factories Cambodia and performed by CARE International in Cambodia. In this report, the unionization rate is drawn from a 2009-2010 survey of 2000 garment workers commissioned by BFC and performed by the Cambodia Institute of Development Study.



Annex 3

Top Non-Compliance Issues (6 Months to Date)

The findings below represent the remaining ten of the top twenty non-compliance issues found in factories during the Synthesis Report period and not cited in section 5.3.

Assessment findings	% of Factories in Non-Compliance
The workplace was not well lit	96%
Workers who work sitting down do not have adjustable chairs with backrests	89%
Workers who work standing up do not have chairs near the workstation to rest on	73%
Management failed to provide an office	57%
Management does not pay workers within 48 hours after they stop working for the factory	56%
Management does not pay the childcare costs of women employees	55%
Management failed to give workers a 2-hour break to consider the candidate	54%
Workers do not undergo a medical examination before being employed	50%
The infirmary does not have enough beds	48%
Workers need masks, but management does not provide	44%



Annex 4

Top Areas of Least Improvement (6 Months to Date)

The findings below represent the remaining ten out of the twenty least improved issues found in factories during the Synthesis Report period and not cited in section 6.2.

Assessment findings	% of Factories in Non-Compliance
Management deducts disciplinary fines	-9%
The factory does not have a functioning and accessible nursing room	-9%
The payslips does not accurately reflect the hours actually worked and the wages actually paid to the workers	-8%
The infirmary does not have enough beds	-7%
All emergency exit doors are not unlocked during working hours, including overtime	-6%
Management failed to form a functioning joint management/worker OSH committee	-6%
Management failed to elect the correct number of assistant shop stewards	-6%
Management failed to elect the correct number of shop stewards	-6%
Management does not get consent from the guardians of workers who are under age 18	-6%
Management failed to provide an office	-6%