

Ongoing Monitoring Status Report
Re WRC Assessment of New Wide Garment (Cambodia)
July 16, 2008

The following is an update on the WRC's ongoing monitoring of the New Wide Garment factory in Phnom Penh, Cambodia. The WRC initiated the assessment of New Wide in late 2007 as part of our work on behalf of the City. A public report on the findings, recommendations and status of remediation was issued on March 6, 2008, and is available on the WRC's website [here](#). This update provides information on the WRC's work on this case subsequent to the issuance of this report.

As the City is aware, New Wide Garment committed to take appropriate corrective action with regards to the majority of the violations identified by the WRC's assessment. The WRC has since conducted ongoing monitoring, primarily in the form of off-site worker interviews, for the purpose of verifying the implementation of these commitments. The results of this monitoring are discussed below. In other areas, management had not yet agreed to take all necessary remedial steps at the time of the March report. With regards to these issues, the WRC has continued to engage the factory in an effort to ensure that full remediation is achieved. While action on the part of management is still needed on these outstanding issues, there have been some encouraging developments and we continue to believe progress that can be achieved through ongoing monitoring and engagement on this case.

Verification of corrective action steps

Through off-site worker interviews, the WRC has verified that New Wide management has taken meaningful corrective action in nearly all of the areas where it pledged to do so.

In the area of pregnancy discrimination, a key issue identified by the assessment, workers have testified that the factory has ceased the practice of systematically terminating all employees who become pregnant. Workers have reported a visible increase in the number of pregnant employees in the factory as compared to the period prior to the WRC's assessment and a number of workers have been provided with maternity leave.

In the area of worker access to the toilets and health clinic, workers have also reported notable improvements: the system of toilet cards that prevented workers from accessing the restrooms when they needed to do so has been eliminated and workers report that the process for obtaining permission to use the health clinic in cases of injury or illness has been streamlined and that it is no longer difficult to access the clinic when necessary. Workers report that access to the toilets during the lunch hour, which had previously been restricted, has improved markedly.

The maximum length of the probation period for sewing workers has been reduced from three months to two months, according to worker testimony, bringing the factory's practice in this area into compliance with Cambodian law. The WRC has also verified that the factory has paid back wages to applicable sewing employees, in the amount of

the difference between the probationary wage and the regular minimum wage for the length of time during which they were kept on probationary status in excess of two months.

Outstanding concerns

As of the March 6 report there were two key issues on which New Wide management had not agreed to take corrective action: 1) the misuse of fixed duration contracts, and 2) the reinstatement of Nguon Pov to her elected position as worker representative. The WRC has continued to engage with the factory on both of these issues.

On the issue of the misuse of fixed duration contracts, an area in which the WRC was still awaiting management's corrective action plan as of the March report, New Wide has recently informed the WRC that it does not intend to follow the WRC's recommendation nor will it make any change to its policy with regards to the type of employment contracts used. As a justification for its refusal to use permanent contracts as recommended by the WRC, management cited a meeting with worker representatives in which, according to management, worker representatives and the union expressed a preference for fixed duration contracts rather than permanent (undetermined duration) contracts. However, the WRC determined that management's representation of workers' position on this issue was not correct. First, the WRC reviewed the minutes, supplied to us by management, of the meeting in which this issue was discussed with worker representatives and found that management had not actually proposed the use of undetermined duration contracts. Instead, management had asked worker representatives whether they would prefer fixed term contracts of six months or one year in duration. Second, the WRC has been provided with a copy of the collective bargaining agreement recently proposed by the union at New Wide¹. Chapter Four of this proposed agreement calls for all workers to be employed on contracts of undetermined duration.

The WRC has reiterated to New Wide management that undetermined duration contracts should be used for all permanent production employees. We have also communicated to management that we are aware that the union has proposed a switch to permanent contracts and that we hope this issue to be resolved through the collective bargaining process. Because bargaining has begun only recently, it is not clear at this time whether or not the factory will agree to correct its policy in this regard. However, we are optimistic, given that both the WRC and the union are pressing management on this issue, that the factory will agree to address this problem and begin using proper employment contracts. The WRC will continue to follow up with the factory in this area and will report on progress to the City.

¹ The union in question was formed shortly before the WRC's first visit to New Wide in 2007 and achieved majority status in early 2008. This is not the same union that Ms. Nguon Pov and other workers attempted to organize at the factory earlier in 2007. Rather, this second union is affiliated with a federation that is widely perceived to be more friendly to the interests of employers than is the union for which Nguon Pov and other were recruiting workers earlier last year. As readers of the March 6 report are aware, Nguon Pov suffered unlawful retaliation for her efforts in this regard.

The WRC has also conducted follow up monitoring on the issue of the reinstatement of Nguon Pov. As noted in the March 6 report, the WRC verified that Nguon Pov was reinstated with full back pay and that she returned to work at New Wide on February 22. Given this positive development, the WRC was concerned to learn in March that the position to which the factory assigned Nguon Pov when she was reinstated in February was not equivalent to the position she held prior to being transferred to work in a solitary room in September 2007. The position she held prior to September was that of line leader, which involves overseeing the work of an individual production line in the factory. Although she was technically reinstated to the position of line leader, she was assigned to work in the warehouse, where she did not interact with other workers, rather than in the factory, where she had previously worked. Furthermore, she was not invited to join regular meetings of line leaders and was not provided with the same salary increase and bonuses that other line leaders received. Given the violations of Nguon Pov's associational rights that occurred in 2007, the WRC was very concerned that the factory appeared to be attempting to keep her isolated from other workers and had denied her some of the benefits that should be accorded to her position. Fortunately, this issue was resolved in May when Nguon Pov was assigned new job responsibilities (so that her job duties now resemble those of a line leader) and was provided with the same bonus that all other line leaders had received. The WRC has communicated to management that we are pleased by this change but that we will continue to monitor the situation closely to ensure that New Wide upholds its commitment to fair treatment of Nguon Pov.

The issue of the reinstatement of Nguon Pov to her elected position as worker representative remains outstanding. As explained in the March 6 report, New Wide held elections for worker representatives on February 19, one day before Nguon Pov was scheduled to return to the factory to discuss her reinstatement. It is now the position of New Wide management that the factory has fulfilled its obligations with regards to the election of worker representatives by holding these February elections and that Nguon Pov cannot be reinstated to her position as worker representative (which should run through the end of 2008) because new representatives have been elected and are serving. However, the WRC has determined that New Wide actually failed to elect a sufficient number of worker representatives (as required by law) in February and furthermore that a number of those elected in February have since left the factory. The WRC has therefore asked New Wide to immediately recognize Nguon Pov as a worker representative and to organize by-elections in the near future to replace the worker representatives who have departed the factory.² The WRC is awaiting a response from New Wide on this most recent recommendation, but we are hopeful that management will recognize the current vacant worker representative positions as an opportunity to take corrective action with regards to Nguon Pov's position.

² It is important to note that even if the factory had elected a sufficient number of representatives, it would still bear an obligation to recognize Nguon Pov as a worker representative given that she was elected to a term through December 2008; however, the fact that New Wide also has an insufficient number of worker representatives and therefore must hold elections creates an opportunity for management to reinstate Nguon Pov to her position without displacing any current representatives or creating extra positions.