

<b>FLA Audit Profile</b>	
Country	Indonesia
Factory name	36023381C
IEM	BVCP5 Indonesia
Date(s) in facility	October 6-7, 2004
PC(s)	Adisa Salabang, Puma
Number of workers	482 (Male: 86, Female: 396)
Product(s)	Activewear
Production processes	Cutting, Sewing, Finishing, Packing, Embroidery

FLA Code/Compliance Issue	Country/Legal Reference	FLA Benchmark	Findings					Remediation								
			Monitor's Findings	Documentation (If Finding Corroborated Via Through Multiple Sources, List All)	Was Finding Corroborated?	If Not Corroborated, Explain Why	Best Practice	PC Internal Audit Findings (Optional)	Company Remediation Plan	Target Completion Date	Factory Response (Optional)	Company Follow Up (May 2, 2005)	Documentation	Company Follow Up (July 11, 2005)	Documentation	
<b>1. Code Awareness</b>																
Workermanagement awareness of Code		FLA Principle of Monitoring, Obligation of Companies: Ensure that all Company factories as well as contractors and suppliers inform their employees about the workplace standards orally and through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and undertake other efforts to educate employees about the standards on a regular basis.	None of workers have ever been provided formal training informing about code of conduct / The workplace standard by the Companies (Puma & Adidas). The workers only aware about the posting. Except new hired workers interviewed, all workers have provided Buku Saku, a pocket book containing summary information adopted from the company regulation. Some workers ever had briefing by personnel manager informing about 'Buku Saku' and at their employment explained slightly about the factory regulation and their rights in general (salary, annual leaves, etc).	All interviewed workers and managements.	Yes					Provide training to management representatives and workers immediately on all items covered by the Code of Conduct (CoC) including the applicable laws of the country. develop program such that all present workers shall eventually be trained on this; include as one of the topics in the briefing/orientation of new workers	Start of implementation will be in January 2005; will be a continuing program		Training started in November 2004. Factory will develop a training program that will be conducted regularly to ensure that workers are aware of the Code of Conduct and workplace standards.	Management and workers' interview	Training regarding CoC has been conducted covering all workers on January 10-14, 2005. Briefing on COC now included in pre-employment orientation. Completed and Ongoing	Training attendance records, management and workers' interview
Confidential noncompliance reporting channel		FLA Principle of Monitoring, Obligation of Companies: Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable Company employees and employees of contractors and suppliers to report to the Company on noncompliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so.	None of workers have ever seen or informed secure communication channel contact information posted in the factory area.	All interviewed workers and managements.	Yes				a) Include on every CoC poster information of the PC's contact person, address and phone number for reporting of noncompliance issues; b) provide suggestion boxes with system on the frequency of opening the boxes and time period for management reply; c) create Workers' Committee to handle complaints / suggestions from workers (members of the committee to be chosen by workers); d) formulate non-retaliation policy and post it next to CoC posters, regularly evaluate grievance system in order to make sure of its effectiveness.	Start of implementation will be in January 2005; will be a continuing program		a) PC's contact information already posted on CoC posters b) The suggestion box System has been developed. The boxes will be opened weekly and management response will be provided within a week. c) Workers' Committee composed of 20 persons already organized with officers selected by workers. d) A non-retaliation policy has been developed and posted next to CoC posters.	a) inspection; b) Written Procedure of suggestion box system; c) pictures and other documents	Suggestion box procedures and forms have been developed and explained to workers. Currently factory has only one suggestion box located near the dining area. Additional suggestion boxes need to be stationed near the toilet and production area.	Inspection and workers interview. Copy of documents.	
<b>2. Forced Labor</b>																
There will not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise.																
Employment Records	Labour Act No. 13/2003, article 57 stated (1) A work agreement for a specified time shall be made in writing and must be written in the Indonesian language with Latin alphabets (2) A work agreement for a specified time, if not made in writing is against what is prescribed under subsection (1), shall be regarded as a work agreement for an unspecified time.(3) If a work agreement is written in both the Indonesian language and a foreign language and then differences in interpretation arise, then the Indonesian version of the agreement shall prevail.	Employers will maintain sufficient hiring and employment records to demonstrate and verify compliance with this Code provision	This workers employed as specified period of time contract and hired in last September 2004 have not received and signed yet their employment contract.	Sewing workers, personnel manager and documentation	Yes				Provide written contract based on the requirements of the law to all existing workers according to the nature of their employment; provide written contract to incoming workers not later than their first day of employment, include the above requirements into the written hiring procedures.	Feb. 28, 2005		a) All personnel files are filed with the relevant documents such as signed employment contract, copy of employee ID, school certificate & etc. b) All employees have received their employment contract respectively.	Document review, worker interviews	Completed.	Employee file, documentation review	
Employment Records		Employers will maintain sufficient hiring and employment records to demonstrate and verify compliance with this Code provision	Personnel file belong to one selected worker could not be find on the filing cabinet.	Personnel manager and documentation.	Yes, incriminating				Provide individual employment records (with copy of the contract and age documentation) for each worker and keep in central file.	Feb. 28, 2005		- All personnel files are filed with relevant documents & individually kept in a central file cabinet. - All employees have received their employment contract respectively.	Document review, employee interviews	Completed	Employee file, documentation review	
Other: Appointed letter of permanent worker	Labour Act No. 13/2003, article 63 stated (1) If a work agreement for an unspecified time is made orally, the entrepreneur is under an obligation to issue a letter of appointment for the relevant worker/ labourer (2) The letter of appointment as mentioned under subsection(1) shall at least contain information concerning: a. The name and address of the worker/ labourer; b. The date the worker starts to work; c. The type of job or work; and, d. The amount of wages.		The factory did not provide appointed letter of permanent worker to the workers who has been raised up the status to the permanent one, while most of permanent worker at production employed initially from specified period of time contract.	Personnel manager and documentation.	Yes				Provide appointment letter for any change in employment status (such as permanency or promotion) or transfer of employee; make 2 copies of the appointment letter, one copy for the worker and the other copy for the worker's personnel file.	Feb. 28, 2005		- Appointment letter has been provided to workers that has change in employment status. A copy has filed in the respective workers personal files, the other copy is provided to the worker. - All personnel files are filed with relevant documents & individually kept in a central file cabinet. - All employees have received their employment contract respectively.	Document review	If workers will be appointed as permanent, they will fill form of permanent employment agreement. (Completed)	Employee file, documentation review	
Other: Unlawful employment agreement practice	Labour Act No. 13/2003, article 58 (1) work agreement for specified time cannot stipulate probation.(2) If work agreement mentioned under subsection 1 stipulates probation, it shall then be declared null and void by law. Article 59, 1) work agreement for specified time can only be made for certain job, which, due to type and nature, will finish in specified time, that is: a. Work to type and completed at once or work temporary by nature; b. Work whose completion is estimated time too long and no longer than 3 years; c. Seasonal work; or Work related to new product, new activity or additional product still in experimental stage or tryout phase.2) work agreement for specified time cannot be made for (jobs permanent by nature.3) work agreement for specified time can be extended or renewed.4) work agreement for specified time may be made for period of no longer than 2 years and only extended 1 time no longer than 1 year.5) Entrepreneurs who intend to extend work agreement for specified time shall notify workers of intention in writing within no later than 7 days prior to expiration of work agreement.(6) renewal of agreement for specified time can only be made after grace period of 30 days is over since agreement for specified period comes to end; renewal of agreement for specified time can only be made once no longer than 2 years. 7) Any agreement for specified time that does not fulfill requirements mentioned under subsections 1, 2, 4, 5 and 6 shall, by law, become work agreement for unspecified time.8) Other matters that have not been regulated under this article shall be further regulated with a Ministerial Decision.		Most of workers employed at the factory under status as specified periods of time contract, while they are doing permanent work by nature and another terms and condition applied for them by law shall be under status as permanent worker. In addition, some of the worker's contract has been extended more than 2 times with and without 30 days break time (grace period). In some cases, the factory applied for them 3 months period of contract as probation period.	Interviewed workers, personnel manager and documentation.	Yes				Each worker should be given appointment letter for his/her permanent status at the end of the probationary period as prescribed by law and should be accorded the full benefits under the law; stop the practice of extending contract without observing the grace period required by law. According to Indos. Act No. 13 year 2003 article 59, those contract workers must automatically be employed as permanent workers; observe the conditions of employment of contract workers in accordance with Act No. 13 Year 2003 Article 66-69) and The Decree of Minister of Manpower and Transmigration KEP. 100/Min-V/2003.	Feb. 28, 2005		Appointment letter has been provided to workers that have had change in employment status. A copy has filed in the respective workers personal files. Factory policy is to provide appointment letter at the end of probationary period.	Document review			

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Other: Unlawful outsourcing practice	Labor Act No. 13/2003, article 64. An enterprise may subcontract part of its work to another enterprise under a written agreement of contract of work or written agreement for provision of worker. Article 65. 1) subcontract of part of work to another enterprise shall be performed under a written agreement of contract of work. 2) Work that may be subcontracted as mentioned under subsection 1) must meet the following requirements: a) work to be done separately from main activity; b) work to be undertaken under either direct or indirect order from party commissioning work; c) work is an entirely auxiliary activity of enterprise; and d) work does not directly inhibit production process. 3) other enterprise as mentioned under subsection 1 must be in form of a legal entity.  4) protection and working conditions provided to workers at other enterprises as mentioned under subsection 2 shall at least be same as protection and working conditions provided at the enterprise that commissions contract or in accordance with prevailing laws and regulations. 5) Any change and/or addition to what is required under subsection 2 shall be regulated further with Ministerial Decision. 6) employment relationship in undertaking work as mentioned under subsection 1 shall be regulated with written employment agreement between other enterprise and worker. 7) employment relationship as mentioned under subsection 6 may be based on employment agreement for unspecified time or an employment agreement for specified time if meets requirements under Article 59.  8) If what is stipulated under subsection 2, and subsection 3, is not met, enterprise that contracts work to contractor shall be held legally responsible by law to be employer of worker employed by contractor. 9) In event of change of employer from contractor to contracting enterprise as mentioned under subsection 8, employment relationship between worker and contracting enterprise shall be subjected to employment relationship as mentioned under subsection 7. Article 66. 1) Workers from labor suppliers must not be utilized by employers to carry out their enterprises' main activities or activities directly related to production process except for auxiliary service activities or activities indirectly related to production process. 2) Labor suppliers which provide labor for auxiliary service activities or activities indirectly related to production process must fulfill the following requirements:  a) There is employment relationship between the worker and labor provider; b) applicable employment agreement in employment relationship as mentioned under point a above shall be employment agreement for specified time which fulfills requirements under Article 59 and/or work agreement for an unspecified time made in writing and signed by parties; c) labor provider shall be responsible for wages and welfare protection, working conditions and disputes that may arise; and d) agreements between enterprises serving as labor providers and enterprises using labor they provide shall be made in writing and shall include provisions as mentioned under this act. 3) Labor providers/suppliers shall take form of a legal entity business with license from government agency responsible for manpower affairs. 4) If what is stipulated under subsection 1, points a, b, c, d of subsection 2, and subsection 3 not fulfilled, enterprise that utilizes service of labor provider shall be held legally responsible by law to be employer of workers provided to it by labor provider.	Outsourcing cutting workers. Finance & admin manager, factory manager, personnel manager	Yes				All employees working within the factory premises and doing work of the same nature required by the factory's operation must be registered and considered as employees of the factory; provide appointment letters and maintain individual employment files. Factory to refer to provision of the Act No. 13 Year 2003 Article 64-65 in regards to the conditions of outsourcing practice.	Feb. 28, 2005		All cutting workers have been made permanent as part of the plan to convert the employment of contractual workers to permanent status. Factory policy is to provide appointment letters to all workers working on premises.	Management interview, document review	Completed.	Employee file, documentation review		
<b>3. Child Labor</b>	<b>No person will be employed at an age younger than 15 (or 14 where the law of the country of manufacture allows) or younger than the age for completing compulsory education in the country of manufacture where such age is higher than 15.</b>														
Age Documentation	Employers will maintain proof of age documentation for all workers, such as a birth certificate, which verifies date of birth.	The factory does not keep record of security workers (outsourcing; 26 workers); therefore, the auditor cannot review for age verification for 3 security workers out of all 26 sampled workers. In addition, 4 other files out of 27 worker personal files sampled are not completed with age documentation (e.g. copies of ID card, copies of school certificate). Based on files reviewed and interview, those 4 workers employed in this facility in range of 16 - 22 years ago. Based on observation, no child labor employed in this facility.	Management interview, record review.					Provide individual employment records with copy of the contract and age documentation for each worker and maintain in central file.	Feb. 15, 2005		- All personal files are filed with relevant documents such as employment contract, copy of employee ID, age, documentation, school certificate & etc and maintain in central file. - All employees have received their employment contract respectively.	Document review	Completed	Documentation review, acknowledgment list and a sample of employment contract	

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<b>4. Harassment or Abuse</b>																
Every employee will be treated with respect and dignity. No employee will be subject to any physical, sexual, psychological or verbal harassment or abuse.																
Training of Management in Disciplinary Practices		Employers will provide training to managers and supervisors in appropriate disciplinary practices.	No training about harassment and abuse policy and procedure to the management and also the workers.							Formulate implementing guidelines for the policy on harassment or abuse; pre briefing to management staff and workers and post on the bulletin boards; make the policy and implementing guidelines part of topics for briefing new workers; post notice at suggestion boxes that encourages workers to use suggestion box also for reporting cases of harassment or abuse.	Feb. 28, 2005		A training session was provided in November 2004 to all employees. The policy has been posted next to the suggestion box.	Management and workers interview	New policy document formulated. Workers training conducted in June 2005. Policy on non-harassment now included in orientation of new workers.	Documentation review, policy document posted in bulletin board, workers training record, workers interview.
<b>5. Nondiscrimination</b>																
No person will be subject to any discrimination in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin.																
Hiring Discrimination Practices		Employment decisions will be made solely on the basis of education, training, demonstrated skills or abilities. All employment decisions will be subject to this provision. They include hiring, job assignment, wages, bonuses, allowances, and other forms of compensation, promotion, discipline, assignment of work, termination of employment, provision of retirement.	There is no specific standard applied on how evaluation / base decisions measured on training, pay, job assignment, promotion and demotion. In addition, the factory has made job description of each function. However, it has not conveyed yet to all workers, it was just keeping on the file. They just applied procedure based on the common practice.	Workers, payroll staff, factory manager and personnel manager.	Yes				Formulate policy and guidelines that employment decisions, such as hiring, job assignment, promotion, transfer, wages and benefits, discipline, termination, and retirement will be made on the basis of ability to do the job rather than personal circumstances, orientation or beliefs; make known the said policy and guidelines to management and supervisory staff and to all workers.	Feb. 28, 2005		A Training session was provided in November 2004 to employees. The policy has been posted next to the suggestion box.	Document review	New policy document formulated. Workers training conducted in June 2005.	Policy document posted in bulletin board, workers training record, workers interview.	
Hiring Discrimination Practices		Employment decisions will be made solely on the basis of education, training, demonstrated skills or abilities. All employment decisions will be subject to this provision. They include hiring, job assignment, wages, bonuses, allowances, and other forms of compensation, promotion, discipline, assignment of work, termination of employment, provision of retirement.	From factory organization chart, exhibited are 4 persons positioned the same level as sewing production supervisor. 3 of them are expatriates from China and other 1 Indonesia (non-Chinese ethnic). Wage structure belonging to Indonesian expatriate supervisor showed up on payroll system given while other 3 production supervisors did not (paid directly and kept by factory manager). In addition, confirmed by worker and factory manager, monthly incentives/bonus for all staff including all production supervisors (for Chinese only) will be provided directly by factory manager through person by person in every payroll. Since payment is separated from general monthly wage, amount of incentive payment not exhibited on column "incentives" of payroll. Details payment document is kept by factory manager only, which showed at glance to auditor (not allow for full access and review). On contrary, all monthly incentives/bonus and wage structure for all production workers exhibited on payroll. Additionally, most of management staff and production supervisor level occupied with Chinese ethnic. This might be due to language communication factor, as most of them are able to speak Mandarin.	Documentation, payroll staff, factory manager	Yes & Indicator				Formulate policy and guidelines that employment decisions, such as hiring, job assignment, promotion, transfer, wages and benefits, discipline, termination, and retirement will be made on the basis of ability to do the job rather than personal circumstances, orientation or beliefs; make known the said policy and guidelines to management and supervisory staff and to all workers.	Feb. 28, 2005		A Training session was provided in November 2004 to employees. The policy has been posted next to the suggestion box.	Document review	Briefing on subject now included in new workers' orientation. Quarterly performance rating being used as basis for promotion or transfer. Completed.	Policy document, workers performance evaluation guide, workers interview.	
Marital Discrimination		Employers will not prohibit the employment of married women	One personnel files belong to female worker is completed with statement letter from worker's parent which stated that guaranteed her child will not get married during 2 years period of employment as contract worker. It is also mentioned that if his child get resignation before end of time employment, the parent would agree to pay any compensation occurred. Management mentioned it was old policy that no longer to used.	Documentation, personnel manager	Yes				Remove this provision from any written documents that are still in use by the factory and inform all employees, especially those involved in the recruitment process, about the discontinuance of this practice.	Jan. 31, 2005		A written announcement signed by factory manager stated that there is no restriction for married women to apply for a job in the factory and no prohibition or guarantee for not being married during the first 2 years period of employment.	Document review, management interview	Completed	Announcement document, workers interview	
Hiring discrimination practices		Employment decisions will be made solely on the basis of education, training, demonstrated skills or abilities. All employment decisions will be subject to this provision. They include hiring, job assignment, wages, bonuses, allowances, and other forms of compensation, promotion, discipline, assignment of work, termination of employment, provision of retirement.	Several questions on the employment application found are regarding as follows: Single or Married: According to management beside as general information, this is required for income tax calculation and family member participation for healthcare security of Jamsostek (social security scheme). If married, pregnant or not pregnant: According to management, beside for general information, this is required for job assignment to make sure it would not danger her condition. Religion: According to management, this is only for general information need.	Documentation, personnel manager, some workers	Yes				Remove in the employment application such questions regarding marital status, pregnancy status, religion, medical history, union membership or other information that could be discriminatory against the applicant; inform all people involved in the recruitment process about the change.	Jan. 31, 2005		This statement has been deleted. The existing application form does not have these clauses. Training provided to hiring staff on the non-discriminatory policy and procedures for hiring.	Document review	Completed (Note: The marital status of women workers is vital information for the factory for purpose of social insurance, medical benefits and for other legal requirements; this question is asked AFTER hiring and recorded solely for use to determine and verify benefits.)	New employment form, documentation review	
<b>6. Health and Safety</b>																
Employers will provide a safe and healthy working environment to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of employer facilities.																
Evacuation Procedure	Labor Minister Regulation No. 7 of 1964 regarding Condition of Health, Cleanliness and lighting in workplaces, article 13, stated (4) Exits, such as doors, corridors, elevators, must be provided with luminous lighting equipment and with signs, painted with emergency, reflecting or fluorescence material.	All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, unobstructed aisles/ways, employee education, evacuation procedures, etc.) shall be complied with and workers shall be trained in proper safety, first aid, and evacuation procedures	There is no borderline and arrow marking leading to outside at cutting checking, accessories warehouse and embroidery of "" factory). Additionally, most of borderline and arrow marking at production area has been blurred.	Observation	Yes				Provide lines to mark the aisles together with arrow marking leading to exits; repair those that have been blurred; explain to all employees the meaning of lines and arrows and the importance of observing/following them; use in conjunction with a fire drill.	Feb. 28, 2005		Lines are marked and explanation has been given to employees in Nov 04.	Inspection, photo	Completed	Inspection, photos.	
Safety Equipment	Labor Minister Regulation PER DAMEN/1980 regarding the use and maintenance of fire extinguishers, article 11, stated: Fire extinguisher shall be checked twice a year; it could be in every six months and every 12 months. Article 14, stated: Instructions of using fire extinguisher shall be read clearly. Article 22, stated: Date, month and year of refilling shall be recorded on fire extinguisher.	All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be in place, maintained as prescribed and accessible to the employees	There is no marking and using instruction in local language as well as checklist for all fire extinguishers in accessories warehouse and embroidery of "" areas.	Observation	Yes				Provide location indicator signs, restriction boxes, and inspection tags at all units of fire extinguishers in local language; educate all workers about the importance of proper maintenance and easy accessibility of the units; arrange actual use of fire extinguisher during training which should be done on specific periodic intervals.	March 15, 2005		Location indicator signs, restriction boxes and inspection tags at all units of the fire extinguishers in local language are provided. All employees are educated about the importance of proper maintenance and easy accessibility of the units. Actual use of fire extinguisher was arranged in the last fire drill exercise.	Inspection, photo, document review, worker interview	Completed	Inspection, Photos. New fire drill and fire fighting training conducted in March, 2005.	
PPE	Labor Minister Regulation No. PER-01/ME/1981 regarding obligation to report work related diseases, article 4, stated: (3) Employer shall provide free personal protective equipment needed, which are obliged to be used under his management to prevent sickness caused by accidents during working hours.	Workers shall wear appropriate protective equipment (such as gloves, eye protection, hearing protection, respiratory protection, etc.) to prevent unsafe exposure (such as inhalation or contact with solvent vapors, noise, dust, etc.) to hazardous elements including medical waste.	Workers are provided with masks at once (not in regularly). They were not sure whether or not it could be asked for the new one at anytime, but most of them do not like to use it. Additionally, there is no training to explain workers the importance of using Personal Protective Equipment conducted in the factory.	workers, management and documentation	Yes				Provide training to workers on the importance and proper use of protective equipment; consistently enforce the proper usage; formulate guidelines on the frequency of replacement.	Feb. 28, 2005		- Training on the correct use of PPE was part of the initial training done in October 2004. - PPE training session was conducted on Nov 04 to the relevant employees.	interview, review of training records	Completed.	Inspection. Correct PPE now provided to embroidery and cutting personnel.	
Ventilation/Electrical/facility maintenance	Labor Minister Regulation No. 7 of 1964 regarding Condition of Health, Cleanliness and lighting in workplaces, article 13, stated: (1) A work place in use at nighttime must be provided with emergency lighting equipment. (2) Emergency lighting equipment must have a power source which is independent from the public lighting system. (3) Emergency lighting must be so installed that it is impossible to cause danger.	All ventilation, plumbing, electrical, and lighting equipment shall be provided and maintained in accordance with applicable laws and prevent hazardous conditions to employees in the factory	There are at least 2 emergency lights found at exits nearby office and cutting section and at accessories warehouse. Beside, there is no emergency light provided at starwell accessories warehouse.	Observation, maintenance worker	Yes				Provide emergency lights at all working areas nearby office and cutting section; formulate procedures on regular maintenance; provide inspection tags at each unit to record regular inspection.	Jan. 31, 2005		- Inspection checklist for fire extinguishers has been developed. As the location of the emergency lights is too high, the checklists are kept by the safety inspectors and completed when regular inspection is undertaken. - Faulty emergency lights have been replaced and are now functioning. Adequate emergency light has been installed at the starwell nearby accessories warehouse.	Inspection, document review	Completed.	Inspection.	

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Sanitation in Facilities	Labor Minister Regulation No. 7 of 1964 regarding Condition of Health, Cleanliness and lighting in workplace, article: 13, stated: (1) Lavatories, which are constructed of strong materials must be provided for workers (2) Separate lavatories must be provided for men and women in order to avoid moral disturbances (3) Lavatories must not directly communicate with the workplace and their location must be clearly indicated (4) Lavatories must always be cleaned by designated workers (5) Lavatories must be properly illuminated and ventilated (6) The scale of lavatories must be as follows: for 1-10 workers = 1 lavatory, 10-30 workers = 2 lavatories, 31-45 workers = 3 lavatories, 46-50 workers = 4 lavatories, 61-80 workers = 5 lavatories, 81-100 workers = 6 lavatories, and additionally for every 100 workers is 6 lavatories.  (7) Walls of lavatories must be 1.5 meter high from the floor and must be constructed of materials which can easily be cleaned (larned or marbled floors)(8) Floors and walls of lavatories must always have a clean appearance.(9) A clean lavatory is a lavatory which fulfills the following conditions: a. does not smell; b. is not dirty; c. does not have flies, mosquitoes or other insects; d. is provided with sufficient clean water for use; e. can be easily cleaned; f. is cleaned at least 2-3 times a day.(10) Doors of lavatories shall easily close.	All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws	There are a total of 13 toilets (for about 476 workers) on site. Also no gender marking found for some toilet, which dedicated for workers and staff. Beside, all workers toilets were not provided with soap and towel for drying hand.	Observation	Yes					Provide gender markings for toilet; allocate 4 toilets for men and 12 for women; provide regular schedule to clean and disinfect the toilets.	Jan. 31, 2005		- Gender marking for toilets already provided, additional toilets will be provided if necessary and to be determined after consultation with the bi-partite committee; management obtained waiver from Mangrove District Office stating that "for time being number of toilet in the factory is sufficient. However factory needs to further add number of toilet based on workers' need". - PC will continue to monitor number of employees in factory to ensure that there are adequate number of toilets for ratio of employees. - Regular cleaning and disinfecting of toilets performed by housekeeping staff.	Inspection, interview, Waiver from Mangrove District Office	Factory totally has 16 toilets which enough for 500 workers based on local regulation (Health Dept. act. No.1405 year 2002). Completed.	Inspection, Waiver document.
Other: Posting of legal requirement	The safety act UU No.1/1970, regarding the obligation of the employer, chapter X article 14 (a) stated that employer must display clear and legible written notices and safety posters describing all statutory health and safety requirements, including a copy of the Safety Act of 1970 and consequent regulations.		No posting of the safety act No.1/1970.	Observation	Yes					Factory to post copy of the Act. No. 1/1970 on the notice board at the production areas.	January 31, 2005		Act. No. 1/1970 has been posted on the bulletin board.	Inspection	Completed.	Inspection.
Other: Seating Facilities	Labor Minister Regulation No. 7 of 1964 regarding Condition of Health, Cleanliness and lighting in workplace, article: 5, stated: (1) Workers who work seated shall be provided with seating facilities (2) Seating facilities shall fulfill the following requirements: a. correspond with the physical attributes of the average Indonesian person and be otherwise suitable for use by the worker; b. Be comfortable and not give rise to muscle strain; c. Facilitate work movements; have a back rest for support(3) A worker, who work standing, walking, crawling, squatting or lying shall be provided with seating facilities for occasional use (4) Work as meant in paragraph 3 must be arranged so as not to cause muscle strain, over fatigue or other health hazards (5) An undertaking in which many women workers are employed must be furnished with several well lit and spacious rest rooms and toilets for use whenever necessary, which fulfill the cleanliness, lighting, and ventilation requirements of this regulation.		There is no chair available for occasional use for worker working in standing position.	Observation	Yes					Make chairs available for occasional use of workers working in standing position.	Feb. 28, 2005		Chairs are available for occasional use of workers working in standing position.	Inspection	Completed.	Inspection.
Other: Locker	Labor Minister Regulation No. 7 of 1964 regarding Condition of Health, Cleanliness and lighting in workplace, article: 7 stated: Lockers shall be provided on a scale of one for each worker. The employer shall be responsible for the safety of locker contents.		The factory has not provided locker for all workers to put their belonging during working hour.	Observation	Yes					Factory to provide locker for every single worker as required by Labor Regulation No.7 of 1964 regarding Condition of Health, Cleanliness and lighting in workplace, article 7.	June 1, 2005		Lockers have been provided to workers to put their belongings during working hours.	Inspection, management interview	Completed	Inspection.
Other: Fire Alarm	Labor Minister Decree No. KEP-186/ME/1999 regarding fire preventive unit at workplace, article: 2, stated: (2b)As preventive of fire, employer is responsible to provide instrument of detection, alarm, fire extinguisher and evacuation map.		There is no fire alarm available on site.	Observation	Yes					Install fire alarm with sound that is different from break time; regularly check and use in conjunction with a fire drill.	Feb. 28, 2005		Additional fire alarm was installed with switches at strategic locations. The fire alarm's sound is different from break time; factory to regularly check and use in conjunction with a fire drill.	Inspection, checklist	Completed.	Inspection.
<b>7. Freedom of Association and Collective Bargaining</b>																
Employers will recognize and respect the right of employees to freedom of association and collective bargaining.																
Other: Policy, procedure, implementation and oversight mechanism			None of workers have ever been informed or trained about policy and procedure regarding freedom of association and collective bargaining as well as about worker's right protection on this. The factory has made the policy and procedure since May 2004 and still kept them on the file.	All interviewed workers, managements and documentation.	Yes					Formulate implementing guidelines of the policy already on hand; inform all employees about the policy and implementing guidelines.	Feb. 28, 2005		A Training session was provided in Nov 04 for all employees, guidelines were posted next to the suggestion box.	management and workers' interview, training records	A Worker-Management Bipartite Committee has been created, its membership elected by workers, and the team certified by the local labor bureau.	Bipartite Committee Organization, manning and Government certification.

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Other: Suggestion Boxes			The factory is using suggestion box as one of their effective communication for their workers, besides direct reporting. There are 2 suggestion boxes with the procedure and guideline posted on site. However, there is no back and forth communication on this. There was no record about any issues that has been voiced on the suggestion boxes.	Workers, personnel manager and factory manager.	Yes				Develop a system fixing the day and frequency (at least once a week) of opening the suggestion box and the period within which to reply to the complaint. Workers' complaints and management replies to be kept on file. Inform all employees about the system; post non-retaliation policy as well as management responses on the bulletin board close or next to the suggestion boxes.	Feb. 15, 2005		A suggestion box is provided at a designated area; a system has been set up on the frequency of opening the boxes and time period for management reply. A non-retaliation policy has been developed and posted next to the suggestion box.	Suggestion box system and copy of non-retaliation policy.	Completed and on going process.	Policy documents and procedures; inspection, workers interview.
Other: Bipartite cooperation institution (Union workers and management committee)	Labor Act No. 13/2003, article: 106, stated: (1) Every enterprise employing 50 workers or more is under an obligation to establish a bipartite cooperation institution. (2) The bipartite cooperation institution as mentioned under subsection (1) shall function as forum for communication and consultation on labor issues at an enterprise. (3) The membership composition of bipartite cooperation institution as mentioned under subsection (2) shall include entrepreneur's representatives and workers' representatives who are democratically appointed by workers to represent interests of the worker in relevant enterprise. (4) The provisions concerning procedures for establishing membership of the bipartite cooperation institution as mentioned under subsection (1) and subsection (3) shall be regulated with a Ministerial Decision.		The factory has formed a bipartite cooperation institution consists of workers representative and management. However, it has not legalized yet by labor dept. Additionally, most of workers didn't know exactly about the existence or even know whom it has been selected as their representative. Also no procedure about the selection as well as the function.	Workers, personnel manager and factory manager.	Yes				Register the bi-paritite cooperation with the labor bureau; inform all workers about its existence and allow them to choose their representatives; the group should meet regularly with minutes of meeting properly recorded and disseminated to all workers.	Jan. 31, 2005		Election of officers involving all workers already done; a system has been legalized by the Manpower Department on January 3, 2005.	Interview, legalized letter	Completed.	Government verification document.
<b>B. Wages and Benefits:</b>															
Employees recognize that wages are essential to meeting employees' basic needs. Employers will pay employees, as a base, at least the minimum wage required by local law or the prevailing industry wage, whichever is higher, and will provide legally mandated benefits.															
Deduction for Services		Deductions for services to employees will not exceed the cost of the service to the employer. If questioned, employees will demonstrate the reasonableness of these charges	The deduction for fee of excessive water use at sometimes is not recorded on the payroll system and worker's pay slip. The workers are only aware of this deduction after received the payment that does not match with the total amount of wage on the pay slip.	Payroll staff, worker interviews	Yes				Provide guidelines on how charges for water are computed and the channels for complaints regarding the charges; include the item on payroll; the limit for free water supply shall be set after discussing with the workers.	Feb. 28, 2005		A guideline of the limit for free water supply has been provided to workers. Workers understand water charges and know channels for voicing complaints.	Document review, worker interview	Completed.	Copy of guidelines
Payroll Reporting		Accurate and reliable payroll reporting, including pay stubs will be provided	The monthly bonus/incentives payment given to all staff is not recorded on the payroll system and worker's pay slip, while it did for all production workers. The top management usually gives them directly person by person of each staff in cash every month. The worker only signed on the record kept by the management only. Additionally bonus target for the 10% only for sewing leader is stated in the pay slip, but the additional allowance would be given directly by the factory manager.	Documentation, payroll staff, finance & admin manager and factory manager	Yes				Provide clear guidelines on how bonuses or incentives are computed and inform all workers about the guidelines; while said bonuses or incentives may not be included in the regular payroll, a separate payroll should be prepared for this and reported.	Jan. 31, 2005		Factory has provided clear guidelines on how bonuses or incentives are computed and informed all workers about it and the said bonuses or incentives may not be included in the regular payroll, a separate payroll has been prepared for this.	Document review	Production piece wage of workers are computed as base for computing productivity bonus and performance rating. Completed	Copy of guidelines
Payroll Reporting		Accurate and reliable payroll reporting, including pay stubs will be provided	There is no payroll and time card record for all outsourcing cutting workers.	Documentation, payroll staff, finance & admin manager and factory manager	Yes				All employees working within the factory premises and doing work of the same nature required by the factory's operation must be registered as employees of the factory; provide all required documentation of working hours and wages.	Feb. 15, 2005		Cutter has been converted to permanent staff. Thus, the treatment on working hours and wages is the same as other workers.	Copy of payroll & time card	Completed.	Time card, payroll record.
Pay statements		Employees will provide workers a pay statement each pay period, which will show earned wages, regular and overtime pay, bonuses and all deductions	Payroll record kept by the factory and pay slip provided to workers did not state complete information regarding the way overtime calculation and the total overtime hour done. It is only stated the total amount of overtime payment.	Documentation, payroll staff, finance & admin manager and factory manager	Yes				Payroll and pay slip should include details of earnings including regular and overtime hours, paid leaves and public holidays.	Feb. 15, 2005		Factory to include those information in to pay-slip. Since the factory is in process of upgrading its payroll system, it will be made ready within the next 3 months.	Payroll and pay slip	Overtime hours and corresponding amount now included in the pay slip. Detailed overtime computation is explained in the employee handbook.	Pay slip, Employee handbook, Factory Policies and Procedures Manual.
Time-recording system		Time worked by all employees, regardless of compensation system, will be documented by time cards or other accurate and reliable recording systems such as electronic swipe cards	No time recording system applied for all outsourcing cutting workers.	Documentation, payroll staff, finance & admin manager and factory manager	Yes				All employees working within the factory premises and doing work of the same nature required by the factory's operation must be registered as employees of the factory; provide all required documentation of working hours and wages.	Feb. 15, 2005		Cutter has been converted to permanent staff. Thus, the treatment on working hours and wages is the same as other workers.	Copy of payroll & time card	Completed.	Time card, payroll record.
Other: Company Regulation	Labor Act No. 13/2003, article: 111, stated: (3) The company regulations is valid for 2 (two) years and shall be renewed upon its expiration.		The company regulation has been expired (initially issued in 2001). It was also noted some in formations (e.g. mandatory casual leave, calculation & overtime payment, employment relationship, etc) were not in accordance with the regulation applied.	Personnel manager and Documentation	Yes				The company regulations must be updated to conform with the latest government laws applicable workers to be informed about the new regulations; copies of revised regulations to be posted on bulletin boards; make the revised regulations as part of the briefing of newly hired/incoming workers.	Feb. 15, 2005		The company regulations are updated to conform with the latest government laws application; workers are informed about the new regulations; copies of revised regulations has been posted on bulletin boards. An orientation / briefing on related regulations will be given to the incoming and existing worker.	Copy of updated company regulation.		

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<b>B. Hours of Work</b>															
Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country will not limit the hours of work, the regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least one day off in every seven day period															
Overtime Limitations		Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country will not limit the hours of work, the regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least one day off in every seven day period. An extraordinary business circumstance is a temporary period of extra work that could not have been anticipated or alleviated by other reasonable efforts	The auditors only could verify consecutive days occurred from the one White time card found through factory walkthrough; one worker at sewing has worked on Sunday dated October 3, 2004.	Documentation, worker interviews, payroll staff, finance & admn manager, factory manager	Yes				Determine causes of delays or factors that require extended working hours and institute corrective measures to avoid excessive overtime and work on rest days. Improve production planning and implement measures to increase production efficiency.	Feb. 28, 2005		With immediate effect, causes of delays or factors will be determined for extended working hours and institute corrective measures to avoid excessive overtime and work on rest days. Improve production planning and implement measures to increase production efficiency. Factory will further explain what are the root causes and will improve the condition.		Workers get inform one week in advance for working overtime.(Completed)	
Overtime Limitations		Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country will not limit the hours of work, the regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least one day off in every seven day period. An extraordinary business circumstance is a temporary period of extra work that could not have been anticipated or alleviated by other reasonable efforts	From the broken needle record found, it was noted the following Sunday working, at minimum--Several workers worked overtime on Sunday dated in August 26, September 12 & 26, 2004. Some workers worked overtime on Sunday dated in September 26 and October 3, 2004. Some workers worked overtime on Sunday, September 19, 2004.	Documentation, worker interviews, payroll staff, finance & admn manager, factory manager	Yes				Determine causes of delays or factors that require extended working hours and institute corrective measures to avoid excessive overtime and work on rest days. Improve production planning and implement measures to increase production efficiency.	Feb. 28, 2005		With immediate effect, causes of delays or factors will be determined for extended working hours and institute corrective measures to avoid excessive overtime and work on rest days. Improve production planning and implement measures to increase production efficiency. Factory will further explain what are the root causes and will improve the condition.		Workers get inform one week in advance for working overtime.(Completed)	Overtime form being signed by workers. Workers interview.
Reduce Mandated OT		The employer will demonstrate a commitment to reduce mandated overtime and to enact a voluntary overtime system to meet unforeseen situations	From personnel file reviewed, the factory has been issued warning letter to one cutting worker for several times, because the worker had refused to work overtime either up to 18:00 PM and after 18:00 PM on 2 consecutive days and straight went home after normal working hour finished. In associated with this, the factory enforced to sign a statement letter stated that will no disobey the superior and undertake well discipline work. Additionally, interviews reveal that the worker would be allowed for not doing overtime or going home on time if they take permission by informing reasonable/certain reason (urgent matter) only, for instance, being illness, one of family member was death or sick, etc.	Worker interviews, personnel manger and documentation.	Yes				Determine causes of delays or factors that require extended working hours and institute corrective measures to avoid excessive overtime and work on rest days. Improve production planning and implement measures to increase production efficiency.	Feb. 28, 2005		With immediate effect, causes of delays or factors will be determined for extended working hours and institute corrective measures to avoid excessive overtime and work on rest days. Improve production planning and implement measures to increase production efficiency. Factory will further explain what are the root causes and will improve the condition.		Workers get informed one week in advance for working overtime. (Completed)	Workers interview.
Other: Voluntary overtime order form maintained for overtime		Labor minister decree No.Kep-102/MEN/V/2004, article 6.3 stated that the factory shall maintain overtime voluntarily form completed with list of workers who work overtime and total hours of overtime performed.	No voluntarily overtime order form maintained for overtime working on Sunday, holiday and more than 18:00 PM.	Worker interviews, personnel manager, payroll staff and documentation.	Yes				Formulate a "voluntary overtime policy" along with its implementing guidelines; devise a "voluntary overtime" form for workers to sign before working overtime; same form to use when work on Sunday or holiday cannot be avoided.	Feb. 28, 2005		A voluntary overtime policy along with its implementing guidelines has been formulated; worker needs to sign on overtime form before working overtime, same form to use when work on Sunday or holiday cannot be avoided.		Copy of consent form signed by workers	
Other: Double time card applied for each worker		Employees will not use hidden or multiple payroll records in order to hide overtime, to falsely demonstrate hourly wages, or for any other fraudulent reason.	The factory applied 2 separate time cards for their workers. One time card (Brown color) recorded working hour on regular working days and time as well as overtime work up to 18:00 PM. Another one time card (White color) recorded working hours on Sunday, holiday and overtime work done more than 18:00 PM. During audit the factory only provided the Brown time card only, it thus the exact maximum total working hours could not be further verified. Additionally the auditor only had a change to take and review one set time card (the brown and white) of one worker from the time card place at the time factory walkthrough.	Documentation, worker interviews, payroll staff, finance & admn manager, factory manager	Yes				Discontinue present practice and maintain only one set of records for working hours and payroll; (brands to explain to factory that the present practice is not a good indication of the factory's commitment to comply with the standards).	Jan. 31, 2005		(Factory) has stopped this practice with immediate effect.		All workers have only one time card. (Completed)	Workers interview and inspection.
<b>10. Overtime Compensation</b>															
In addition to their compensation for regular hours of work, employees will be compensated for overtime hours at such premium rate as is legally required in the country of manufacture or, in those countries where such laws will not exist, at a rate at least equal to their regular hourly compensation rate.															
Accurate recording of OT hours worked		Employees will be paid for all hours worked in a workweek. Calculation of hours worked must include all time that the employer allows or requires the worker to work	The payment for overtime on Sunday & more than 18:00 PM is not recorded on the payroll system and worker's pay slip. The factory usually pays it in cash every month and they just need to sign on the management manual record. In addition, sometimes for overtime done more than 18:00 PM, it would be recorded at the column named "XXXX" on the payroll and worker's pay slip record. It thus could not be further verified whether the overtime payment paid is correct or not. Beside, on this column also commonly used to record night shift allowance and previous month wage correction payment.	Payroll staff, worker interviews, documentation, finance & admn manager	Yes				Discontinue present practice and maintain only one set of records for working hours and payroll; (brands to explain to factory that the present practice is not a good indication of the factory's commitment to comply with the standards).	Jan. 31, 2005		(Factory) has stopped this practice with immediate effect.		All workers only have one time card. (Completed)	Workers interview and inspection.

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<b>Miscellaneous</b>															
Unauthorized subcontracting			The factory also has subcontracted work for sewing work to the company named: "" located at "" However, it was not clear whether this is for FLA brands or not, as the factory did not mention at all about this.	Worker interviews, Security Guard	Indicator				Get approval from client for all sub-contractors being used; require sub-contractors to secure necessary business registration and permits; make a written contract with sub-contractors and ensure that they also comply with the standards.	Feb. 28, 2005		The mentioned subcontractor was used for [factory] in-house brand, [""]. If there is a need to use the subcontractor for the FLA brands/PC production the factory will notify the buyers & obtain letter of consent before any sub-contract work is carried out.	management interview	No illegal subcontractor for FLA brands/PC production. Factory engaged limited use of sub-contractor for its in-house brands. (Completed)	Management interviews.
Other: No accurate information of subcontracting used			The factory mentioned that subcontracted work done is for cutting piping, embroidery printing, washing and sewing. For those subcontracted works, the factory cannot show any evidence of subcontracting approval from the both Companies or even the list of subcontracting address information. In addition, for the embroidery, it is subcontracted to "" located in the same location of the factory. No special control applied to ensure that subcontractor used would implement the same standard as per elements of the code of conduct.	Personnel manager and factory manager	Yes				Get approval from client for all sub-contractors being used; require sub-contractors to secure necessary business registration and permits; make a written contract with sub-contractors and ensure that they also comply with the standards.	Feb. 28, 2005		The mentioned subcontractor was used for [factory] in-house brand, [""]. If there is a need to use the subcontractor for the FLA brands/PC production the factory will notify the buyers & obtain letter of consent before any sub-contract work is carried out.	management interview	No illegal subcontractor. Factory produces their own brand and has subcontracted production of their own product, not FLA/PCs production (Completed). It was made very clear to the factory that in the event of any need by the factory to use any sub-contractor for the FLA brands, the former will notify the latter and obtain approval or letter of consent before carrying out any sub-contract work.	Management interviews.
Other: Outsourcing			The factory has been outsourcing some cutting work to one person (not a worker of the factory, but doing the cutting in the factory). This person has his own workers (9 workers observed at the audit day). At the end of the month, the person will receive payment from the factory (depends on the number of piece rate finished), and then he will pay directly to his workers. The factory does not keep either attendance record or payroll document for those workers. So, it could not be verified regarding working hours and payment.	Worker interviews, finance & admin manager and factory manager.	Yes				Get approval from client for all sub-contractors being used; require sub-contractors to secure necessary business registration and permits; make a written contract with sub-contractors and ensure that they also comply with the standards.	Feb. 28, 2005		The mentioned subcontractor was used for [factory] in-house brand, [""]. If there is a need to use the subcontractor for the FLA brands/PC production the factory will notify the buyers & obtain letter of consent before any sub-contract work is carried out.	management interview	No illegal subcontractor. Factory produces their own brand and has subcontracted production of their own product, not FLA/PCs production (Completed). It was made very clear to the factory that in the event of any need by the factory to use any sub-contractor for the FLA brands, the former will notify the latter and obtain approval or letter of consent before carrying out any sub-contract work.	Management interviews.