

Workplace Conditions Assessment Report

Measured Results —Improved Performance



SHENZHEN GREATFAVONIAN ELECTRONIC CO., LTD.

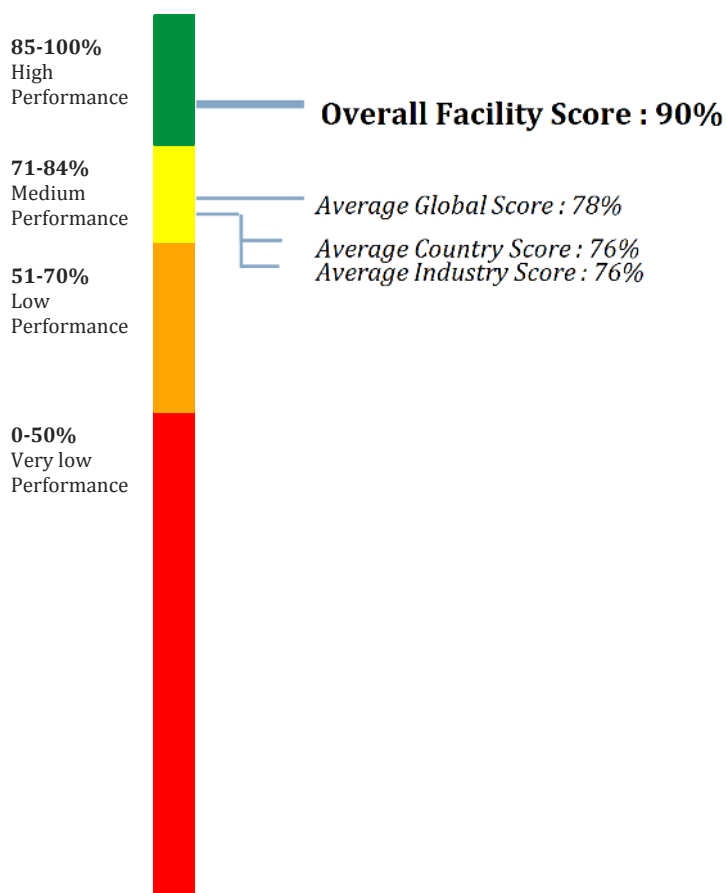
GENERAL INFORMATION

Overall Facility Score : **90%**

Report No :	F_IAR_93650	City :	Shenzhen
Audit Date :	Apr 25, 2023	Country :	China
Last Audit :	NA	Auditors :	Primary: Michelle Zhao
Assessment Stage :	Initial		Secondary: None
Schedule Type :	Semi-Announced	Service Provider:	Intertek

WORKPLACE PERFORMANCE INDEX AND SUMMARY

Participating facilities: 24461



Assessment area	Score results	Number of non-compliances by rating				
		Zero Tolerance	Major	Moderate	Minor	Notscored
Overall	90%	-	-	3	5	-
Labor	100%	-	-	-	-	-
Wages & Hours	74%	-	-	2	-	-
Health & Safety	90%	-	-	1	2	-
Management Systems	90%	-	-	-	3	-
Environment	100%	-	-	-	-	-

A. FACILITY PROFILE

A1. FACILITY INFORMATION

Facility Name:	Shenzhen Greatfavianian Electronic Co., Ltd.	Facility Legal Status:	Privately owned
Facility Legal Name:	Shenzhen Greatfavianian Electronic Co., Ltd.	Year facility began operations:	2011
Audit Location:	5F, Building 6, Tongfuyu Industrial Park, Lezhujiao, Zhoushi Road, Bao'an District,	Located in special economic zone:	No
City:	Shenzhen	Person responsible for overall social compliance issues:	Mr. Li Yong/ Factory Manager
Country:	China	Valid certificate for social compliance certification program:	No such certificate was obtained by the facility.
Contact Name:	Mr. Li Yong	Vendor Name:	ACTIVE ASIA LIMITED
Contact Title:	Factory Manager	Security systems in place:	Yes <i>CCTV monitoring system was installed in the facility to control the access to the facility 24 hours.</i>
Industry:	Electrical and Electronics		
Building Description:	The facility consisted of 2/3 parts of 5th floor of one 6-storey production building (total 1400 square meters for construction area) which was used as production areas, warehouse and office. This building was made up of concrete, brick and steel. No dormitory or kitchen /canteen was provided by this facility.		
Special building type:	Multi-story building shared with other facilities/enterprises under separate ownership <i>The facility consisted of 2/3 parts of 5th floor of one 6-storey production building (total 1400 square meters for construction area) which was used as production areas. The other areas and floors were occupied by other independent facilities with separate business licenses without any sharing observed. No employee commingling was noted in this audit.</i>		

A2. PRODUCTION INFORMATION

Products manufactured/ Services provided:	Glowing glasses	Time record system(s) used:	Finger print system
Production process/ Service elements:	IQC, SMT, Assembly, Inspection, Packing	Chemicals or hazardous materials on-site:	Yes <i>Only soldering tin used by this facility.</i>
Production capacity a week:	12500 pieces	Current production/ Services for client:	NA
Total number of machines:	7 sets.		
Main machine types:	SMT machines, 2 assembly lines		
Shifts and Operating hours:	Only one shift for all employees in this facility. 08:00-12:00, 13:30-17:30		

A3. EMPLOYEE INFORMATION

Range of total number of employees at the facility:	0-100 employees	Female Employees:	42
Union name:	None	Male Employees:	36
Employs juvenile workers:	None	Mgmt Employees:	8
Hires through employment agent:	NA <i>All employees were hired by facility itself.</i>	Production (Non-Management) Employees:	70
Employee nationalities/provinces:	Migrant employees came from other provinces in China, such as Guangxi, Hu Nan, etc.	Local Employees:	10
		Foreign/Migrant Employees:	68
		Languages spoken in the facility:	Chinese
		Management and employees speak same language :	Yes

A4. SUBCONTRACTOR INFORMATION

Subcontractor# :	1		
SubContractor Name:	De Li Jia Silk-screen Printing	Address:	4th Floor of No. 5 Building, Hezhou New District, Xi Xiang, Baoan, Shenzhen City
Contact Name:	Mr. Liu		
Telephone:	135 6076 9660		
Email Address:	Nil		
Process Type:	Subcontractor performs other subcontracting functions (i.e. printing, spraying, injection, dyeing, welding, washing, embroidery)		
Process subcontracted:	Tempo-printing		
Social Audits performed:	No	Type of Social Audits:	No
Private label items:	No		

A5. GENERAL INFORMATION

This was a semi-announced initial audit on behalf of client. At 08:30am on April 25, 2023, one auditor entered the facility then held an opening meeting according to WCA Program. The facility management Mr. Li yong/ Factory Manager was present in the meeting. The facility management stated that the facility would be co-operative with this audit. Most of interviewees were comfortable during interview. All employees were satisfied with the facility and no obvious negative information was raised. The facility gives everybody equal opportunity and salary is good.

Attitude of managers: The facility representatives were cooperative during the whole process. Most documentation requested for the review was provided timely. Locked areas encountered during the audit were unlocked timely. At the end of the audit, all the findings were accepted by the facility management. A signed CIR report was left to the facility management and all findings were confirmed with responsible personnel.

No ZT finding or major finding noted in

Current status: 1. Labour: The salary provided to employee was good in local area, and the facility had established a system to management the labor program, such as: The facility communicates this Code to all employees by training as confirmed by training records and employee interviews, and had a formal procedure for checking ages of employees at application stage.

2. Management system: Responsibility for meeting the requirements is shared between production supervisors and HR manager. Together they are responsible to the top management for ensuring the standards are met. Overall responsibility for meeting the standards is taken by the facility HR Manager, and internal audit team would conduct internal CSR audit annually, all NCs raised during the internal audit were taken effective corrective actions. Implementation of any necessary changes is then given to the individual department heads after agreement with the facility manager, this system is effective.

3. Environment: The facility management maintained all legally required environmental documents in place. Best Practices Observed: Nil.

Emergency Preparedness Summary

The facility has established one written emergency preparedness procedure and appointed one top management representative to be responsible for emergency preparedness. Each production workshop was installed with at least 2 emergency exits and fire facilities such as fire extinguishers, fire hydrants and fire alarms were installed in the facility. Such fire facilities were inspected once per month. All safety exits were equipped with exit signs. Evacuation plans were posted at each emergency exit in the facility and marked "where you are" clearly. Newly coming employees were trained for fire safety during orientation training, refresh training and fire drills were also conducted twice per year for all employees and relevant fire drill records with participation signatures were provided for review.

A6. AUDIT PROCESS

Audit pay period provided for review

Records	From	To
12 Months Payroll	April 1, 2022	March 31, 2023
12 Months Attendance	April 1, 2022	April 25, 2023
Special Comments	N/A	

Employee interview sampling

Individual	8 employees were randomly selected for individual interview
Group	0
Total interviewed	8 employees were randomly selected for interview. (3 males and 5 female)

Payroll and attendance records sampling

Period	From	To	Peak Season	Records Reviewed
Current Period	March 1, 2023	March 31, 2023	No	8
Period 1	December 1, 2022	December 31, 2022	No	3
Period 2	August 1, 2022	August 31, 2022	No	3
Total				14

Other records reviewed

Personnel records

Production records

Employment contracts

Social insurance documentation

Health examination records

Other : First aider certificates

Security log book

Non-Production records

Legal Permits

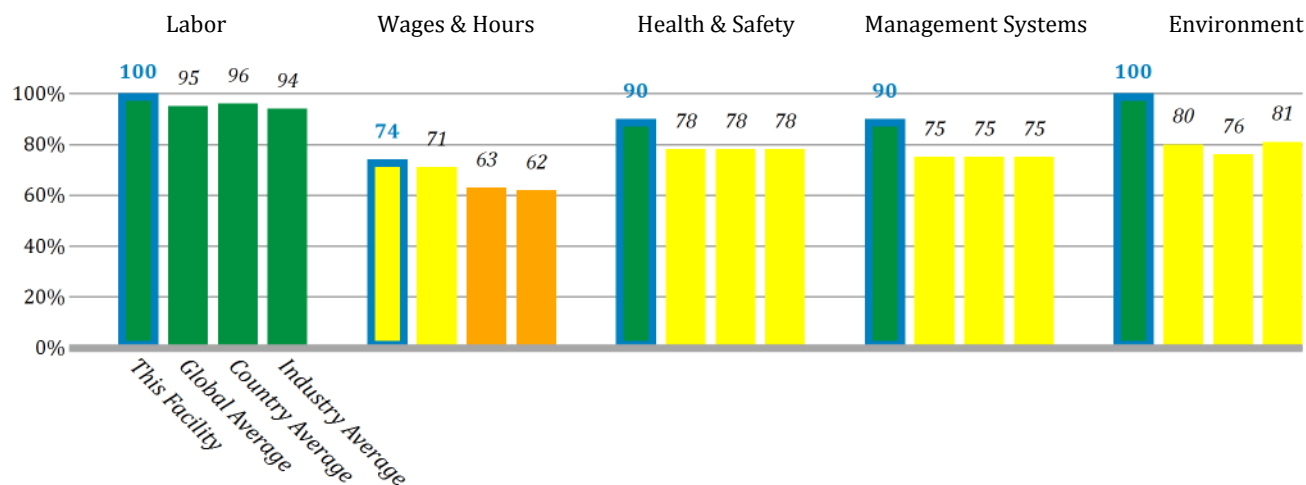
Employee leave register

Machine maintenance records

B. KEY PERFORMANCE METRICS

B1. COMPARISON BENCHMARK

Current performance — Global average, China average, Electrical and Electronics average

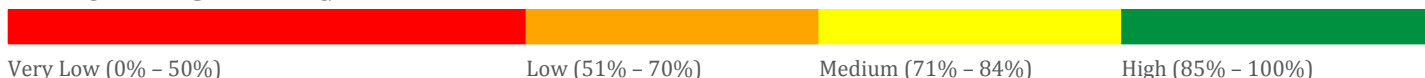


B2. PERFORMANCE TREND ANALYSIS

Section Name	Current (25-Apr-2017)	Last (Not Applicable)	First (Not Applicable)	Change (Current-Last)	Change (Current-First)
Labor	100	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Wages & Hours	74	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Health & Safety	90	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Management Systems	90	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Environment	100	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Overall Score	90	Not Applicable	Not Applicable	Not Applicable	Not Applicable

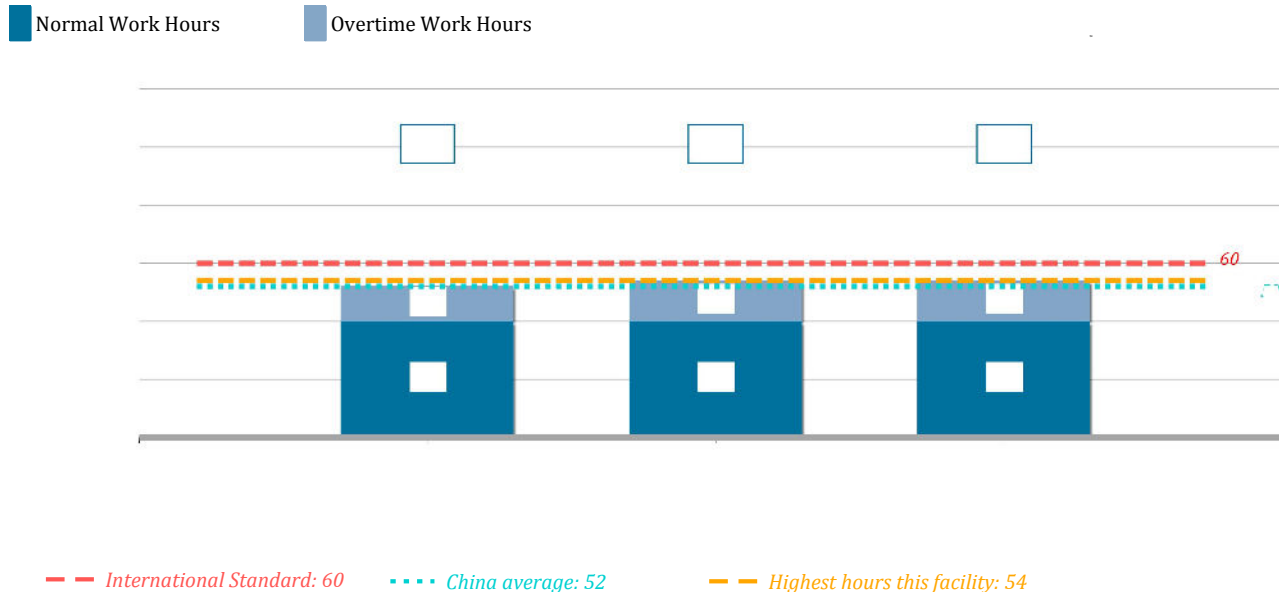
▲ Advancers ■ Constant ▼ Decliner

PERFORMANCE RATING

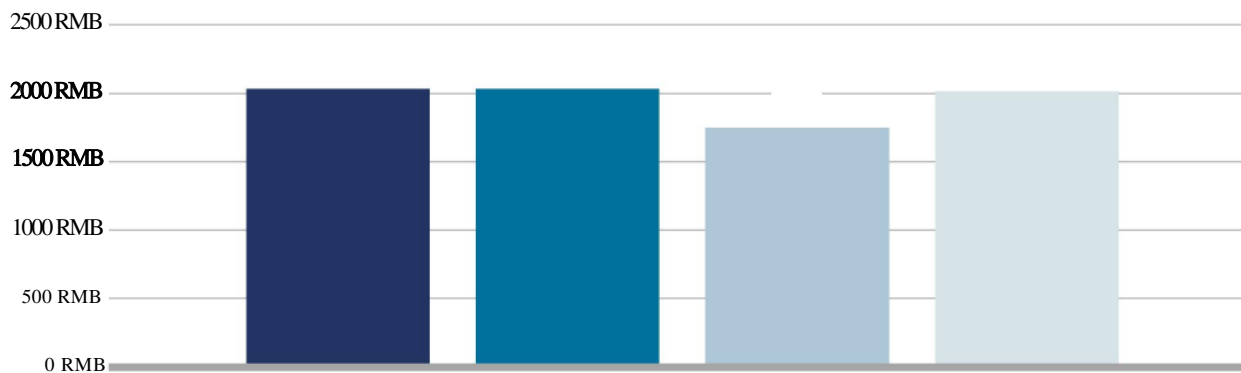


B3. WORKING HOURS AND WAGES

Average total hours worked weekly



Average wages paid in local currency (RMB)



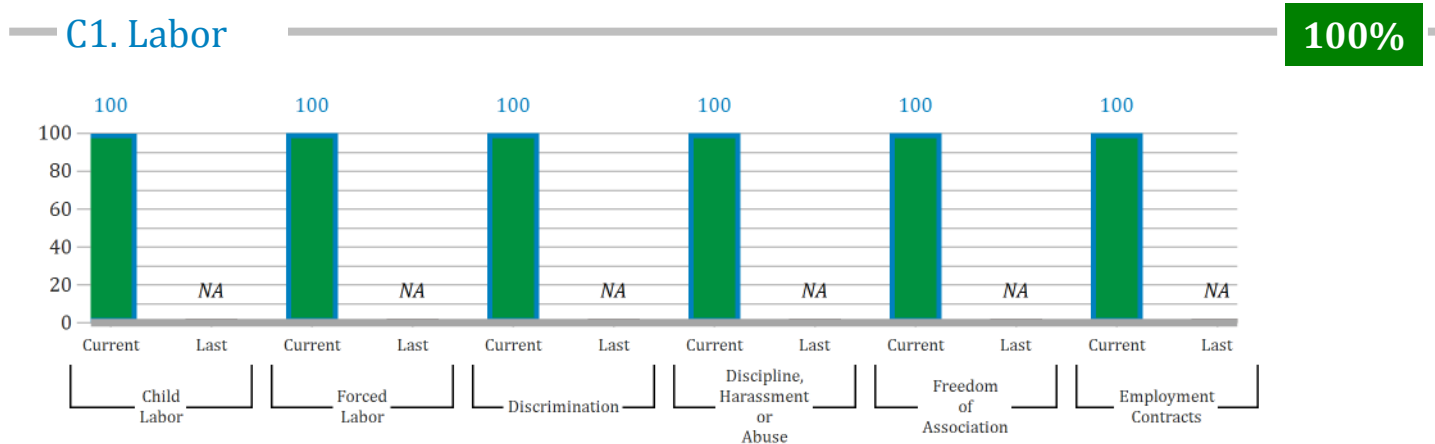
Special wage circumstances: Remark: The local minimum wage standard was set at RMB 2030 per month as equivalent to RMB 11.67 (2030/21.75/8) per hour since March 1, 2022.

Wages and hours summary: The local minimum wage standard was set at RMB2030 per month as equivalent to RMB11.67 (2030/21.75/8) per hour since March 1, 2022. The minimum wages paid by the facility was in compliance with the local minimum wage standard. The overtime wages was paid as 150%, 200% and 300% of the normal wages for the overtime hours respectively on normal working days, rest days and statutory holidays. Normal working hours for all employees is from 8:00 to 17:30 with 1.5 hours' lunch break from 12:00 to 13:30. Finger printing attendance system was used for time keeping and every employee should scan their fingers when they go in and out the workshop. monthly overtime hours for all sampled employees ranged from 50 to 66 hours in sampled months. Social insurance benefits were not provided to all employees. Other benefits such as statutory holidays, annual leave, maternity leave, and work-related injury leave etc. were provided to eligible employees.

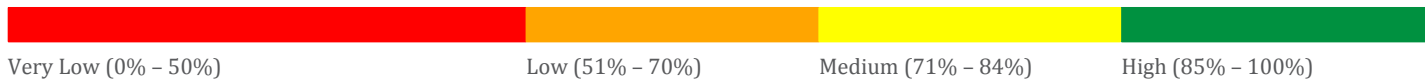
Wages were paid on or before 7th day of the next month after the working period. Moreover, production records such as Daily Production Records, IQC Inspection Reports, Finished Goods Delivery Records and Warehouse In/out Records, etc. from April 1, 2022 to April 25, 2023 (current audit date) were provided and reviewed and reviewed and no inconsistency was found.

C. PERFORMANCE DETAILS

Current (25-Apr-2023)

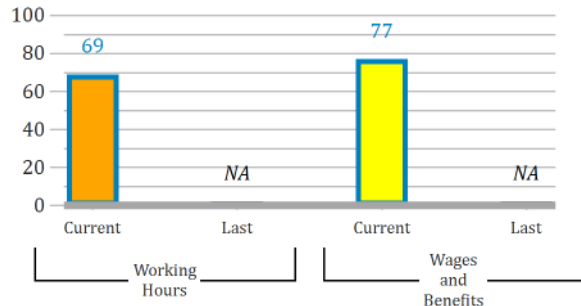


PERFORMANCE RATING



C2. Wages & Hours

74%



Sub Section: Working Hours

Status	Findings	% Global freq of compliance
● Moderate	122.00 : Total overtime hours exceeds allowable limits under applicable law or agreement. Auditor's comment Monthly overtime hours exceeded the legal requirement. Auditor found that monthly overtime hours for 8 out of 8 employees were up to 50 hours in March 2023 (current month), 3 out of 3 employees were up to 66 hours in December 2022 (random month), 3 out of 3 employees were up to 54 hours in August 2022 (random month). People's Republic of China Labor Law Article 41 The employing unit may extend working hours due to the requirements of its production or business after consultation with the trade union and laborers, but the extended working hour for a day shall generally not exceed one hour; if such extension is called for due to special reasons, the extended hours shall not exceed three hours a day under the condition that the health of laborers is guaranteed. However, the total extension in month shall not exceed 36 hours.	50%

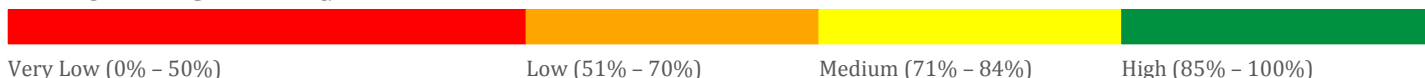
PERFORMANCE RATING



Sub Section: Wages and Benefits

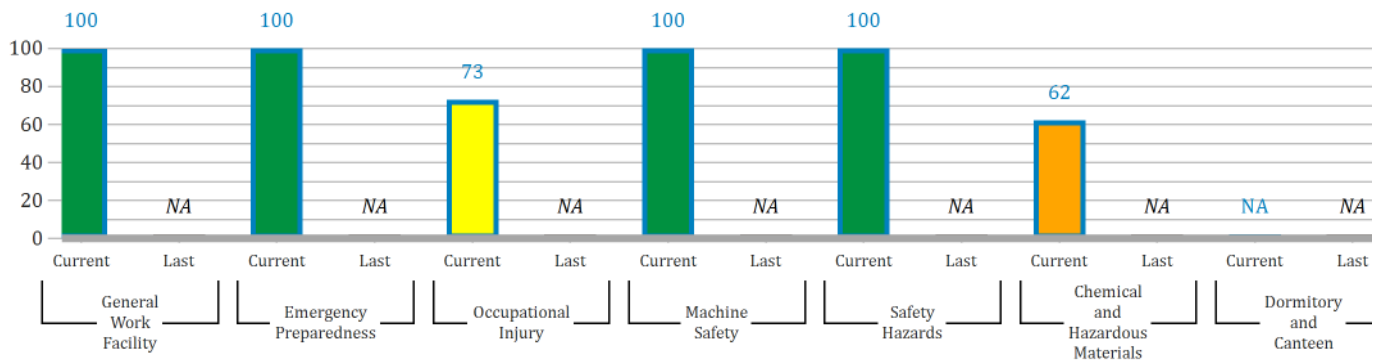
Status	Findings	% Global freq of compliance
● Moderate	150.00 : The facility does not provide social security, pensions, healthcare and/ or other insurance to employees as per legal requirement. Auditor's comment Insufficient social insurance participation. Based on document review, it was noted that only 2 out of 70 employees had participated in basic endowment insurance, 33 out of 70 employees had participated in unemployment insurance, employment injury insurance, basic medical insurance and maternity insurance in April 2023. Social Insurance Law of the People's Republic of China Article 33 Employees shall participate in employment injury insurance, and the employment injury insurance premiums shall be paid by their employers rather than the employees. Social Insurance Law of the People's Republic of China Article 53 Employees shall participate in maternity insurance, and the maternity insurance premiums shall be paid by employers rather than employees in accordance with the relevant provisions of the state. Social Insurance Law of the People's Republic of China Article 10 Employees shall participate in the basic endowment insurance, and the basic endowment insurance premiums shall be jointly paid by employers and employees. Social Insurance Law of the People's Republic of China Article 23 Employees shall participate in the basic medical insurance for employees, and the basic medical insurance premiums shall be jointly paid by employers and employees in accordance with the relevant provisions of the state. Social Insurance Law of the People's Republic of China Article 44 Employees shall participate in unemployment insurance, and the unemployment insurance premiums shall be jointly paid by employers and employees in accordance with the relevant provisions of the state.	58%

PERFORMANCE RATING



C3. Health & Safety

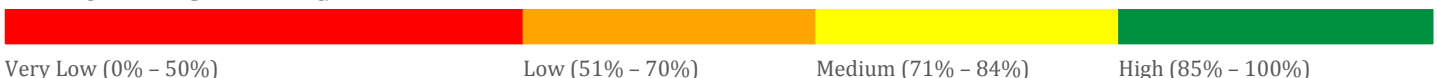
90%



Sub Section: Occupational Injury

Status	Findings	% Global freq of compliance
● Minor	211.00 : The facility does not conduct and/ or pay for regular occupational health examinations for employees when applicable Auditor's comment No occupational health examination was provided to employees engaged in post with occupational disease hazards. During facility tour, auditor found that there were 10 employees were working at soldering stations with hazardous tin dust, and 5 employees working at SMT workshop with noise. However, no periodic occupational health examination reports which required by law for those 15 employees provided for review. People's Republic of China Law of Prevention and Control of Occupational Diseases Article 36 The employer shall conduct regular occupational health examination for those laborers who are engaged in using or contacting noxious articles in their working process as required by medical administrative department under the State Council. The occupational health examination should be conducted before laborers start to take work post, in the course of the work post and after leave the work post and employer should inform the laborers of the result of the occupational health examinations. The expense of the occupational health examination should be borne by employers. Employer should not arrange laborers without the occupational health examination to be engaged in the work with using or contacting noxious articles, or laborers with any occupational prohibitions to be engaged in the prohibited work from them. Once the occupational health examination indicates that employee is suffering from the occupational disease in relation to his or her occupation, the employer shall transfer such a laborer out of his or her original work post, and allocate him or her in a proper way. Employer should not rescind or terminate the contracts signed with those employees without the occupational health examination at time of leaving the work post. The occupational health examination should be conducted by the medical organizations authorized by the medical administrative department above province-level.	73%

PERFORMANCE RATING



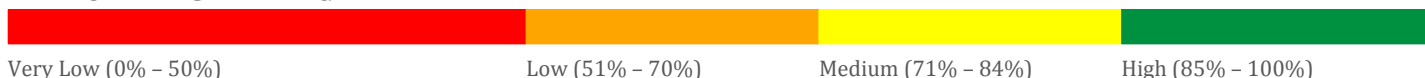
Sub Section: Occupational Injury

Status	Findings	% Global freq of compliance
● Minor	213.00 : The facility does not apply for testing of factors of occupational hazards at least once a year and the report kept for review Auditor's comment The facility did not conduct evaluation on occupational hazard factors. During facility tour, auditor found that hazardous factors existed in soldering workstations of Production Building where hazardous dust existed, and noise existed in SMT workshops. However, the facility could not provide evaluation report of occupational hazardous factors in past one year for review. Provisions on the Supervision and Administration of Workplace Occupational Health Article 20 An employing entity with occupational hazards shall entrust an occupational health technical service agency with corresponding qualification to conduct evaluation on occupational hazard factors at least once every year. An employing entity with severe occupational hazards shall, in addition to the above requirement, entrusts an occupational health technical service agency with corresponding qualification to conduct assessment on occupational hazard status at least once every three years. The results of the evaluation and assessment shall be kept in archive, reported to local administration department of work safety, and announced to the workers.	75%

Sub Section: Chemical and Hazardous Materials

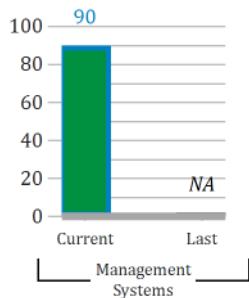
Status	Findings	% Global freq of compliance
● Moderate	255.00 : Personal protective equipment (PPE), such as skin protectors, safety glasses, face shields, respirators, eye protection, hand protection, etc, as required to control exposure to chemicals or materials, is not provided to the employees Auditor's comment Inappropriate PPE (Personal protective equipment) provided for employees. Based on onsite observation, it was noted that total 10 soldering employees who working in soldering stations were only provided with and wearing disposable medical masks during work. Law of the PRC on Work Safety Article 42 Production and business entities shall provide their employees with work protection gears that are up to national standards or industrial specifications, and they shall give instruction to their employees and see to it that they wear or use these gears in accordance with the rules for their use.	92%

PERFORMANCE RATING



C4. Management Systems

90%

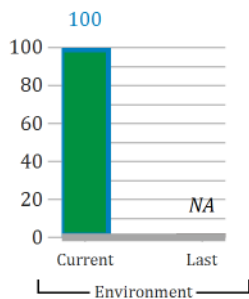


Sub Section: Management Systems

Status	Findings	% Global freq of compliance
● Minor	296.04 : The facility has comprehensive working hour and wages management processes and procedures in a written manual that support adherence to social compliance requirements but they are not all being properly implemented Auditor's comment Findings about working hours and benefits were noted during this audit, please refer to related section for review.	54%
● Minor	296.07 : The facility has comprehensive employee safety processes and procedures in a written manual that support adherence to social compliance requirements but they are not all being properly implemented Auditor's comment Findings about employee safety procedure were noted during this audit, please refer to related section for review.	57%
● Minor	305.00 : The facility does not provide appropriate training for managers on how to implement its social compliance policies and procedures. Auditor's comment No qualification certificate for the principal in charge and/or persons for the management of work safety in the facility. During document review, auditor found that the facility could not provide the qualification certificate of the principal in charge and persons for the management of work safety for review.	72%

C5. Environment

100%



PERFORMANCE RATING

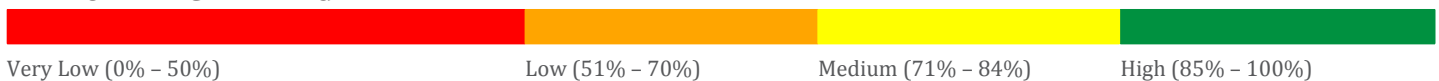


% Global Frequency of Compliance:	Represents the implementation percentage performance of all suppliers participating in the WCA Community globally for each issue
Identification numbers:	Represents the finding ID associated with each checklist question

RECOMMENDATION FOR IMPROVEMENT PLAN TIMELINE

- Minor Take action within 0 ~ 6 months to make necessary improvements.
- Moderate: Take action within 0 ~ 3 months to make necessary improvements.
- Major : Take action within 0 ~ 1 month to make necessary improvements.
- Zero Tolerance: Take immediate action to make necessary improvements.

PERFORMANCE RATING



D. STRENGTHS AND CHALLENGES

Facility Strengths: Facility performance ranks in the top percentile of the population and/or has implemented a best practice process	Rating	Global Freq. of Compliance%
---	--------	-----------------------------

Challenges: Facility performance ranks in the bottom percentile of the population	Rating	Global Freq. of Compliance%
Personal protective equipment (PPE), such as skin protectors, safety glasses, face shields, respirators, eye protection, hand protection, etc, as required to control exposure to chemicals or materials, is not provided to the employees	Moderate	92%
The facility does not apply for testing of factors of occupational hazards at least once a year and the report kept for review	Minor	75%
The facility does not conduct and/ or pay for regular occupational health examinations for employees when applicable	Minor	73%
The facility does not provide appropriate training for managers on how to implement its social compliance policies and procedures.	Minor	72%

DISCLAIMER

This report is for the exclusive use of the client of Intertek named in this report ("Client") and is provided pursuant to an agreement for services between Intertek and Client ("Client agreement"). No other person may rely on the terms of this report. This report provides a summary of the findings and other applicable information found/gathered during the audit conducted at the specified facilities on the specified date only. Therefore, this report does not cover, and Intertek accepts no responsibility for, other locations that may be used in the supply chain of the relevant product or service. Further, as the audit process used by Intertek is a sampling exercise only, Intertek accepts no responsibility for any non-compliant issues that may be revealed relating to the operations of the identified facility at any other date. Intertek's responsibility and liability are also limited in accordance to the terms and conditions of the Client Agreement. Intertek assumes no liability to any party, for any loss, expense or damage occasioned by the use of this information other than to the Client and in accordance with the Client Agreement and these disclaimers. In case there is any conflict between the disclaimers stated herein and the applicable terms and conditions of Intertek incorporated into the Client Agreement, then these disclaimers shall prevail.