

Third party report No.: **A4637710**

Score: **73.8%**

FCCA Report No: **WGSFCCA03-CN201709-28029157-ITS**

SUBJECT: **FCCA RATING**

**FINAL AUDIT RESULT:**

**PASS**

Audit Date: **September 8, 2017**

We would like to thank you for your cooperation during our Factory Capability & Capacity Audit held last **September 8, 2017** (date) at

**Aiven On Stationery Co., Ltd. / 28029157** (Factory Name/ Factory ID) under **Aiven On Stationery Co., Ltd. / 28022368** (Supplier Name /Supplier ID).

"**73.8%**" rating. This factory has Non-Conformities observed during the audit and/or Conditions that were

deemed to affect Production and Quality process as well. Please work closely with your factory to remedy these Non Conformities to prevent future rejection.

The following conditions apply to this factory:

• The completed Corrective Action Plan (CAP) by factory management must be accomplished and sent to third party office, **30** days from receipt of audit findings.

• Follow-up audit (Announced or Un-announced) will be conducted within **2** days from factory submission of Corrective Action Plan (CAP)

• It is also expected that the Supplier on record will closely assist and monitor assigned factory in performing action plans and completion dates indicated.

• **Please note that factory management must strictly implement Corrective Action Plan (CAP) based on target completion dates stipulated on the "Quality Summary" form accomplished by factory. Failure of factory to rectify observed Non-Conformities that widely contributes to factory's poor performance and un-acceptable quality may result to cancellation of order/s and will later be reviewed with Merchandising Team if future orders would still be placed.**

Thank you for your usual assistance and support for WMGS QA's Factory Capability and Capacity Audit (FCCA) Program.

Sincerely,

**King Jin**

3PS Factory Auditor/Supervisor

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#### Score Summary

Category	Total Possible Points	Total Actual Points	Total N/A	Total Adjusted Points	Total Percentage
1.0 Factory Facility & Environment	195	142	6	189	75.1%
2.0 Quality Management System	174	80	60	114	70.2%
3.0 Incoming Material Quality Control	216	97	72	144	67.4%
4.0 Process and Production Control	264	173	30	234	73.9%
5.0 In-House Lab Testing	72	54	0	72	75.0%
6.0 Final Inspection	84	72	0	84	85.7%
7.0 People Resources and Training	75	55	0	75	73.3%
<b>Total Points</b>	<b>1080</b>	<b>673</b>	<b>168</b>	<b>912</b>	<b>73.8%</b>
Final Audit Score	<b>73.8%</b>				

Rating	Result	Remark
80 - 100%	Good	Critical point must be at least "1" score
60 - 79%	Acceptable with corrective actions	Critical point must be at least "1" score
0 - 59%	Unacceptable	

#### Executive Summary

<p><b>Basic Information:</b></p> <p>Aiven On Stationery Co., Ltd. was established in 2001 year. The total production area occupied by the facility is about 15,000 m<sup>2</sup>. The total warehouse area occupied by the facility is about 8,000 m<sup>2</sup>. The main products manufactured by the factory were major as binder clips,paper clips and push pins. The products intended to Wal-Mart were major as binder clips,paper clips and push pins. The factory's main customers were Staples, Target, Walmart,Office Depot, Rewe and Auchan. Now 80% of its products were exported to oversea markets.</p> <p>NOTE: The discrepancies were found between the pre-audit questionnaire and actual situation.</p> <p>-Complete information please see the "basic information" section in this audit form.</p>
<p><b>Capability:</b></p> <p>The facility had 16 years experience in the manufacturing of binder clips,paper clips and push pins. During the facility audit, the manufacturing processes of Paper box making process(cutting,printing,die cutting,gluing&amp; forming),Part manufacturing (stamping, forming,mixing process, injection molding, ), Heat Treatment, Surface Treatment( black coating, painting, plating, silk-printing), assembly and packing were observed. Based on the findings from the assessment, it was considered that the facility does have necessary manpower, facilities, equipment to produce the binder clips,paper clips and push pins.</p> <p>NOTE: The discrepancies were found between the pre-audit questionnaire and actual situation.</p> <p>-Material Purchasing Lead Time", "Product Range: Products and Quantity Produced in Past 2 years" and "Internal Testing Conducted" etc were incorrect or incomplete in the questionnaire. Complete information please see the "Capability" section in this audit form.</p>
<p><b>Capacity:</b></p> <p>The facility had provided necessary manpower, facilities and equipment to produce the binder clips,paper clips and push pins. Based on the facility's presentation and the information collected from the on-site observation, the facility employed around 498 people and the monthly production capacity is approx. 120 x40'containers for binder clips,paper clips and push pins.The monthly production capacity for binder clips was about 39,400 ,000 pcs, the monthly production capacity for paper clips was about 38,600,000 pcs, the monthly production capacity for push pins was about 36,400,000 pcs.</p> <p>NOTE: The discrepancies were found between the pre-audit questionnaire and actual situation.</p> <p>- "Units per Month by Product Category" and "Production Line Details" etc were incorrect and incomplete. The correct and complete information, please see the "Capacity" section in this audit form.</p>
<p><b>Quality System:</b></p> <p>The quality system was established based on ISO9001:2008 standard. The operation procedure and related working instructions were established and all the documents are easy to be accessed. During the factory audit, the operation was smooth and the operators were trained, however, the manufacturer should make improvement in those areas that listed in the supplier CAP.</p>
<p><b>CONCLUSION/RECOMMENDATION:</b></p> <p>Total 92 pcs automatic stamping &amp; forming machine, 36 pcs Injection moulding machine, 1 pcs E-coat paint line, 2 pcs heat treatment line, 2 pcs plating line, 2 pcs black coating line, 8 pcs heat shrink packing machine,3 pcs cutting machine etc were used by the factory. The total number of employee was 498 peoples, and QA/QC team has 2 management staff and 17 quality inspectors. The monthly production capacity for binder clips was about 39,400 ,000 pcs, the monthly production capacity for paper clips was about 38,600,000 pcs, the monthly production capacity for push pins was about 36,400,000 pcs. Based on the evaluation results and findings mentioned above, it was considered that the factory does have necessary manpower, machinery and capability to produce binder clips,paper clips and push pins. Product intended for WM is oversized s binder clips,paper clips and push pins for Walmart US (Primary) and Walmart CANADA (Secondary). The quality system had been established, implemented and maintained by the factory, however, the manufacturer should make improvement in those areas that listed in the supplier CAP.</p> <p>"0" score critical check points are:</p> <p>Nil</p> <p>"1" score critical check points are:</p> <p>Nil</p>