

Third party report No.: **A4579308**

Score: **71.3%**

FCCA Report No: **WGSFCCA44-CN201611-36137154-ITS**

SUBJECT: **FCCA RATING**

**FINAL AUDIT RESULT: PASS**

Audit Date: **Nov.25,2016**

We would like to thank you for your cooperation during our Factory Capability & Capacity Audit held last **Nov.25,2016** (date) at **Newspering Printing&Development Co.,Ltd. / 36137154** (Factory Name/ Factory ID) under **Horizon Group USA INC / 29801426** (Supplier Name /Supplier ID).

This factory has **71.3%** 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 **30** 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,  
**Jason Jiang**

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	122	21	174	70.1%
2.0 Quality Management System	174	98	45	129	76.0%
3.0 Incoming Material Quality Control	216	97	72	144	67.4%
4.0 Process and Production Control	264	152	30	234	65.0%
5.0 In-House Lab Testing	72	51	0	72	70.8%
6.0 Final Inspection	84	72	0	84	85.7%
7.0 People Resources and Training	75	58	0	75	77.3%
<b>Total Points</b>	<b>1080</b>	<b>650</b>	<b>168</b>	<b>912</b>	<b>71.3%</b>
<b>Final Audit Score</b>	<b>71.3%</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> Ningbo Newspering Printing&amp;Development Co.,Ltd. was established in 2005 year. The total production area occupied by the facility is about 8,800 m2. The total warehouse area occupied by the facility is about 1,200 m2. The main products manufactured by the factory were major as book and note book. The products intended to Wal-Mart were major as note book. The factory's main customers were Walmart,homeland,LOCHER and UNION. Now 70% of its products were exported to oversea markets. NOTE: The discrepancies were found between the pre-audit questionnaire and actual situation. -Complete information please see the "Basic information" section in this audit form.</p>	<p>Basic information section:</p>
<p><b>Capability:</b> The facility had 11 years experience in the manufacturing of book and notebook. During the facility audit, the manufacturing processes of paper cutting, printing, binding, die pressing, gluing, gluing&amp;formig, page sewing and packing were observed.The production operating was found smooth. The necessary inspection team for product quality control was available, and 100% product visual checking stations were established in mass production process, and the paper smoothness tostand drop test etc would be sampled conducted. NOTE: The discrepancies were found between the pre-audit questionnaire and actual situation. - "All Main Raw Materials used in past 2 years" and "Factory Major Process Used" etc were incorrect or incomplete in the questionnaire. Complete information please see the "Capability" section in this audit form.</p>	
<p><b>Capacity:</b> The facility had provided necessary manpower, facilities and equipment to produce book and notebook. Based on the facility's presentation and the information collected from the on-site observation, the facility employed around 101 people and the current average monthly production capacity was approx. 5,000,000 pcs NOTE: The discrepancies were found between the pre-audit questionnaire and actual situation. - "% of capacity occupied by supplier ", "Number of Employees", "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> The facility established documented quality manual and control procedures according to ISO 9001:2008 and had obtained ISO9001: 2008 certificate from Kaxin Certification (Beijing) Co.,Ltd. on Apr.25, 2014. The certificate registration No. is 626015Q11297R1M and the valid until date is Sep.15, 2018. Most of quality procedures,inspection criteria and relative work instructions were established and implemented. During the facility audit, the production operation was smooth and most of trained adequately.</p>	
<p><b>CONCLUSION/RECOMMENDATION:</b> Based on the findings from the assessment, it is considered that the facility does have necessary manpower, facilities, technical and equipment to produce the book and notebook to meet the base requirement of client.However, the manufacturer should make improvement in those areas that listed in the supplier CAP.</p>	
<p><b>0* score critical check points are:</b> nil</p>	
<p><b>1* score critical check points are:</b> 3.0.10</p>	