



## Factory Capability & Capacity Audit (FCCA) HARDLINES - NON ELECTRICAL

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|                         |               |                      |             |                     |                                 |
|-------------------------|---------------|----------------------|-------------|---------------------|---------------------------------|
| Third party report No.: | A5008779      | Audit Conducted via: | ON-SITE     | FCCA Report No.:    | WGSFCCA18-CN202206-36160064-JTS |
| SUBJECT:                | FCCA RATING   | Factory Type:        | New Factory | AUDIT TYPE          | INITIAL-NEW                     |
| Audit Date:             | June 28, 2022 | Score:               | 72.0%       | FINAL AUDIT RESULT: | PASS                            |

We would like to thank you for your cooperation during our Factory Capability & Capacity Audit held last **June 28, 2022** (date) at  
(Factory Name/ Factory ID) under **WUYI PHOENIX HOUSEHOLD UTENSIL Co.,Ltd** / **36160064**  
(Supplier Name /Supplier ID). **IG Design Group** / **28035626**  
with FCCA score **72.0%** The factory have Non-Compliances (NC) observed during the audit and/or Conditions that were deemed to affect Production and Quality processes.  
Please work closely with your factory to remedy these NCs to prevent future rejection.

The following conditions apply:

- The completed Corrective Action Plan (CAP) by factory management must be accomplished and sent to third party office, **no more than 90 days** from the audit date.
- Follow-up audit (Announced or Un-announced), on the discretion of Walmart's Quality & Technical teams may be conducted after factory's submission of completed/closed Corrective Action Plan (CAP) and validated by 3PS.
- 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-Compliances that widely contributes to factory's poor performance and unacceptable quality may result to cancellation of order/s and will later be reviewed with Sourcing Team if future orders would still be placed.**

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

Sincerely,

**Murray Hu**

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    | 186                   | 103                 | 45        | 141                   | 73.0%            |
| 2.0 Quality Management System         | 159                   | 74                  | 60        | 99                    | 74.7%            |
| 3.0 Incoming Material Quality Control | 216                   | 135                 | 30        | 186                   | 72.6%            |
| 4.0 Process and Production Control    | 264                   | 152                 | 30        | 234                   | 65.0%            |
| 5.0 In-House Lab Testing              | 372                   | 30                  | 345       | 27                    | 100.0%           |
| 6.0 Final Inspection                  | 84                    | 69                  | 0         | 84                    | 82.1%            |
| 7.0 People Resources and Training     | 75                    | 46                  | 0         | 75                    | 61.3%            |
| Total Points                          | 1356                  | 609                 | 510       | 846                   | 72.0%            |
| Final Audit Score                     | 72.0%                 |                     |           |                       |                  |

### Assessment Criteria:

| Score     | Rating Guide     | Result | Remark                                 | CAP   |
|-----------|------------------|--------|--|---|
| 80 - 100% | A - Good         | PASS   | Without critical point rating Zero (0) | CAP must be completed <b>MAX 90 days</b> after the audit date |
| 60 - 79%  | B - Acceptable   | PASS   | Without critical point rating Zero (0) | CAP must be completed <b>MAX 90 days</b> after the audit date |
| <59%      | C - Unacceptable | FAIL   |  | CAP must be completed <b>MAX 90 days</b> after the audit date |

### IMPORTANT

- All factories must achieve an FCCA score of at least 60%, with all critical control points being met**
- CAP to be generated for any score falls in either 1 or 0 and critical/ safety area.
- Factory which scores zero on CRITICAL questions will be rated "C-Unacceptable"** until corrections are completed and validated by 3rd party auditors and reviewed & approved by WGS MQE/QA team if FAIL CONCESSION can be processed (if FCCA is >60%).
- Factory must correct all NCs indicated in the CAP within a specific time period or If the completed CAP is not received within 90 days of the audit date, the factory will become Inactive and not eligible to receive a Walmart purchase order until the CAP is received, validated & approved.

### EXECUTIVE SUMMARY

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| <b>Basic Information:</b><br>The factory was located in Wang Shan tou industrial zone, Quanjiao Town, Wuyi County, Jinhua City, Zhejiang Province, China. The total production area occupied by the facility was about 13000 m2. The total warehouse area occupied by the facility was about 7000 m2. They have started their operation since 2002. The main products manufactured by the factory were Stainless steel vacuum cup, Plastic cup, Glass teapot. The factory claim that the products would be supplied to Walmart were Stainless steel vacuum cup, Plastic cup, Glass teapot. The factory's main customers were DG, BM, KC. 100% of products were exported to over sea market. The factory confirmed the Primary retail market intended for Walmart was Walmart US and No Secondary retail market was available. Dept No. was D18.<br>NOTE: The Factory Pre-Audit Questionnaire had been verified with the factory representative and some information had been revised in the report. The discrepancies were found between the pre-audit questionnaire and actual situation.<br>- "WM Credit Office", "Basic information", "Contact information", "Key factory personnel", "Factory General Information" "Current Sub-Contracted Factories" etc. were incorrect or incomplete in the questionnaire. The correct and complete information, please see the "Basic Information" section in this audit form. |
| <b>Capability:</b><br>The facility was about 20 years experiences in the manufacturing the Stainless steel vacuum cup, Plastic cup, Glass teapot. During the facility audit, the process of Metal working process (Cutting, Punching, Machining, Polishing process), Water expansion molding process, Welding process, Sonic cleaning and Painting process, Injection molding process, Ultrasonic welding process for Plastic cup, Glass tube cutting process, Glass teapot forming and annealing process, Assembly and packing process were observed. The quality system and independent QC department were set up. Based on the findings from the assessment, it was considered that the facility has necessary manpower, facilities, equipment to produce the Stainless steel vacuum cup, Plastic cup, Glass teapot.<br>NOTE: The discrepancies were found between the pre-audit questionnaire and actual situation.<br>- "Product Range: Products and Quantity Produced in Past 2 years", "Current Items being Produced" etc in the questionnaire were incorrect and incomplete, the correct and complete information, please see the "Capability" section in this audit form.   |
| <b>Capacity:</b><br>The factory had provided necessary manpower, facilities and equipment to produce Stainless steel vacuum cup, Plastic cup, Glass teapot. Based on the factory's presentation and the information collected from the on-site observation, the total production area occupied by the facility was about 13000 m2, the total warehouse area occupied by the facility was about 7000 m2. The factory employed around 99 people, and the monthly production capacity was approx. 30400 containers.<br>NOTE: The discrepancies were found between the pre-audit questionnaire and actual situation.<br>- "Units per Month by Product Category", "Number of Employees", "Production Line Details" were incorrect and incomplete, the correct and complete information, please see the "Capacity" section in this audit form.   |
| <b>Quality Management System:</b><br>The facility had established documented quality manual and control procedures according to ISO 9001:2015. The facility had obtained ISO9001:2015 certificate (Certificate No.02021Q1245R2M, valid until: May 25, 2024). During the facility audit, the operation was smoothly. However, the manufacturer should make improvement in those areas that listed in the supplier CAP.  |
| <b>CONCLUSION/RECOMMENDATION:</b><br>The total number of employees was 99 people, and QA/QC team has 1 management staff and 5 quality inspectors. Main machines used by the factory were Cutting machine*16, Punching machine*25, Polishing machine*10, Water expansion molding machine*1, Welding machine*13, Sonic cleaning machine*1, Painting line*2, Injection molding machine*18, Ultrasonic welding machine*2, Glass teapot forming machine*6, Glass annealing line*1, Assembly and packing line*5. Products intended for WM were Stainless steel vacuum cup, Plastic cup, Glass teapot. Based on the evaluation results and findings mentioned above, it was considered that the factory does have necessary manpower, machinery and capability to produce Stainless steel vacuum cup, Plastic cup, Glass teapot for Walmart. The factory confirmed the Primary retail market intended for Walmart was Walmart US and No Secondary retail market was available. Dept No. was D18. 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.  |
| <b>"0" score critical check points are:</b> Nil  |
| <b>"1" score critical check points are:</b> Nil  |

### See Corrective Action Plan (CAP)