Smart Consulting

Digital Secure Payment Experts

# Mastercard
# Card Quality Management (CQM)
# Assessment Process

## Document Revision History

| Version | Change History | Author | Date |
|---|---|---|---|
| 2.0 | Labels coding change<br>Document and process name change<br>Document structure update | Nicolas PREYSSLER | 2026-07-28 |
| 1.7 | IAC cards and components shall be CQM approved before end 2023.<br>Only labels for dual technology are considered.<br>New certificate template. | Eric BERLIN | 2023-04-07 |
| 1.6 | IAC labels update (Fingerprint cards or display cards) | | 2023-02-24 |
| 1.5 | Remote audit rules<br>Consultancy services rules | | 2022-10-12 |
| 1.4 | Auditors list handled as a separate document.<br>Minor editorial improvements | | 2022-08-10 |
| 1.3 | Minor editorial improvements | | 2020-06-04 |
| 1.2 | Introduction of Interactive cards.<br>Overdue audit report or action completion will lead to decertification. | | 2020-03-10 |
| 1.1 | Editorial changes in audit findings and registration | | 2018-12-18 |
| 1.0 | Initial version | | 2018-10-26 |

# Table of Contents

# 1 Introduction

## 1.1 Audience and Document Objectives

This document is intended for Chip Manufacturers, Module Manufacturers, Inlay Manufacturers, Card Vendors, Card Manufacturers, and Personalization Bureaus involved in the production and personalization of Mastercard card products.

The objective of this document is to describe the Card Quality Management (CQM) assessment process, define the roles and responsibilities of the involved stakeholders, and provide the necessary guidance to obtain and maintain a CQM Statement of Compliance (cqmSoC) and associated CQM labels. It outlines the applicable requirements, process steps, and expected deliverables to support consistent and compliant implementation of CQM across the card manufacturing ecosystem.

## 1.2 CQM Program Introduction

Mastercard has established the Card Quality Management (CQM) Program to ensure the interoperability, reliability, and durability of Mastercard-branded cards and their embedded components.

Since 2009, Mastercard has outsourced CQM operational activities to Smart Consulting. Smart Consulting is **Mastercard's CQM Assessment Body.**

Successfully undergoing the CQM Assessment Process is **mandated by Mastercard** for all EMV chip cards and their embedded components.

**CQM governance and responsibilities are defined as follows:**

- CQM is owned by Mastercard.
- CQM operational activities are performed by Smart Consulting on behalf of Mastercard (the CQM assessment body).
- CQM audits are conducted by CQM-qualified auditors under the supervision and coordination of the CQM assessment body.
- The selection of the CQM auditor is at the discretion of the CQM Vendor.

The CQM program is based on a **self-assessment** against applicable CQM requirements, performed by the CQM Vendor. Self-assessment results are subsequently **reviewed and verified** through on-site or remote audits.

Companies (hereinafter referred to as ***Vendors***) involved in the manufacturing and/or personalization of chip cards **shall apply** for the relevant **CQM labels** for any of the following **modular activities**:

- Integrated Circuit (IC)
- Integrated Circuit Module (ICM)
- Card Body (CB)
- IC Card – Card containing an IC
- Biometric Sensor Module (BSM)
- Inlay/Antenna (IL)
- Interactive Card (IAC)
- Module for Producing IAC (IACICM)
- Inlay for Producing IAC (IACIL)
- Personalization (P)

## 1.3 Acronyms and Definitions

| Acronym | Definition |
|---|---|
| **Approval** | Approval (A) Label Process |
| **BSM** | Biometric Sensor Module |
| **CAP** | Corrective Action Plan |
| **CB** | Card Body |
| **CQM** | Mastercard Card Quality Management. |
| **cqmAP** | CQM Assessment Plan |
| **CSI** | Mastercard Card Structure and Integrity Program |
| **EMV** | EMV® is a registered trademark in the U.S. and other countries and an unregistered trademark elsewhere. The EMV trademark is owned by EMVCo, LLC. |
| **Grade** | Site Quality Classification |
| **GVCP** | Mastercard Global Vendor Certification Program |
| **IAC** | Interactive Card |
| **IACICM** | Module for producing IAC |
| **IACIL** | Inlay for producing IAC |
| **IC** | Integrated Circuit and Related Activities |
| **ICC** | IC Card containing an IC |
| **ICM** | Integrated Circuit Module |
| **ID-1** | ISO/IEC 7810 ID-1 Format for Identification Cards |
| **IL** | Inlay |
| **Label** | CQM Identifier for a CQM Manufacturing or Personalization Activity |
| **NC** | Non-Conformity |
| **NCC** | Non-Conformity Critical |
| **nc-** | Minor non-conformity |
| **NC+** | Major non-conformity |
| **NDA** | Non-Disclosure Agreement |
| **P** | Personalized Card and Related Activities |
| **Recognition** | Interim (R) label Process |
| **cqmSoC** | Mastercard CQM Statement of Compliance |
| **Vendor** | A company providing card products, card components, related manufacturing services, or personalization services |
| **Sub-contractor** | Entity providing services or components to a Vendor |

## 1.4 CQM Webpage

All documents related to the CQM program are published by Smart Consulting and are available at: https://cqm.smart-consulting.com

## 1.5 Contact at the CQM Assessment Body

For any inquiries related to the CQM assessment process or associated requirements, please contact the designated CQM Assessment Body, Smart Consulting at: cqm@smart-consulting.com

## 1.6 Contact at Mastercard

Mastercard welcomes feedback related to the CQM program. For any comments, questions or concerns, please contact the Mastercard at: cqm_support@mastercard.com

## 1.7 Contact at Card Structure and Integrity (CSI)

For any inquiries related to the CSI review process, please contact the Mastercard Card Structure and Integrity (CSI) team at: CSI.security@mastercard.com

## 1.8 Communication Between the Vendor and the CQM Assessment Body

A Vendor seeking CQM approval shall communicate a Primary CQM Contact to the CQM Assessment body. The Primary CQM Contact acts as the project manager and is responsible for audit coordination, timely delivery of audit reports, management and follow-up of corrective action plans, and invoicing.

Vendor seeking CQM approval are strongly encouraged to appoint a single **CQM primary contact**, preferably the Corporate Quality Manager or the Operations/Production Manager.

All communications between CQM Clients and CQM Assessment body **shall be conducted exclusively** via **cqm@smart-consulting.com** and the Client's primary contact email address, as defined in the CQM registration form.

Any change to the Vendor's CQM primary contact **shall be formally notified** to **cqm@smart-consulting.com** using the CQM registration form available on the CQM webpage (see Section 1.4).

English is the sole language for all CQM-related communications between the Vendor and the CQM assessment body.

## 1.9 References and Documents

| Document Name | Current Version Available at |
|---|---|
| CQM Process Overview | https://cqm.smart-consulting.com |
| CQM Process Guide | |
| CQM Auditors List | |
| CQM Non-Disclosure Agreement (NDA) | |
| CQM Registration Form | |
| CQM Requirements | |
| CQM Assessment Plan Form | |
| CQM Assessment Services Offer | Please contact cqm@smart-consulting.com |
| CQM Annual Fees Quotation | |

Vendors seeking CQM approval **shall refer to the** CQM webpage (see Section 1.4) to ensure they are using the **latest** version of the applicable CQM documents.

# 2 CQM Assessment Process Flow

Hereafter the CQM assessment process flow from the registration process phase to the cqmSoC issuance.

## 2.1 CQM Program Registration

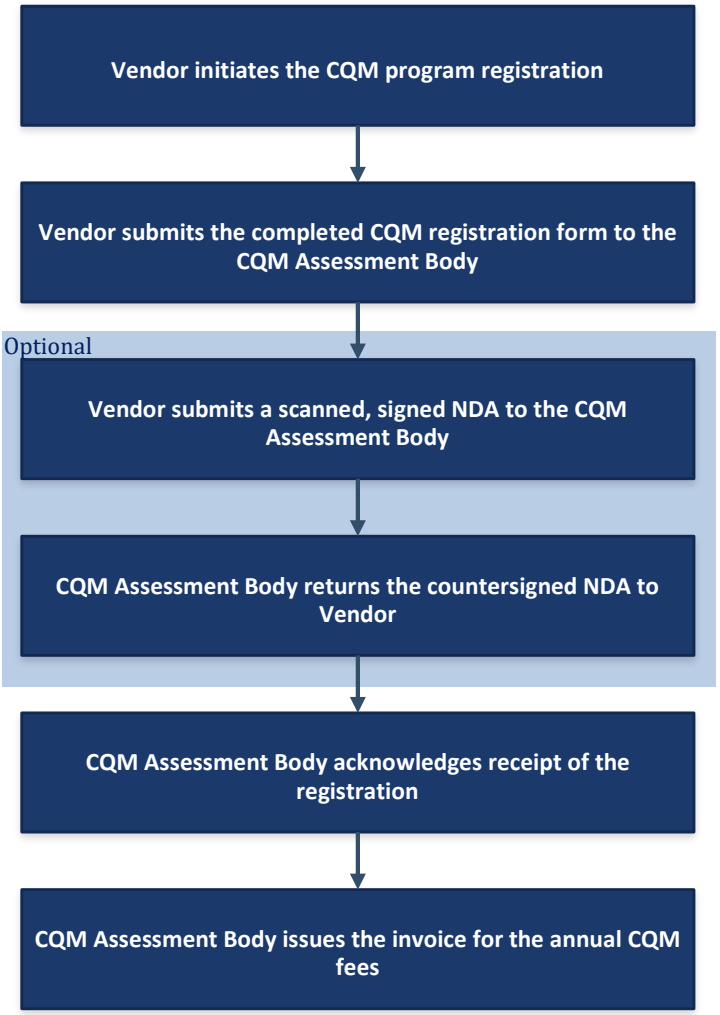
The Vendor shall register for the CQM program by submitting the duly completed **CQM registration form** in Excel format to the CQM Assessment body at: cqm@smart-consulting.com.

The Vendor shall submit a scanned, signed copy of the **Non-Disclosure Agreement (NDA)** to the CQM Assessment body at: cqm@smart-consulting.com. Please note that the NDA is an optional step.

The CQM Assessment body shall return a countersigned copy of the NDA to the Vendor.

Both the CQM registration form and NDA template are available for download at the CQM webpage (see Section 1.4).

The CQM assessment body shall acknowledge receipt of the registration and shall issue the invoice for the applicable annual CQM fees.



## 2.2 CQM Recognition Process

The CQM assessment body may grant, with Mastercard's approval, **CQM Recognition (R) labels** prior to the completion of the initial audit.

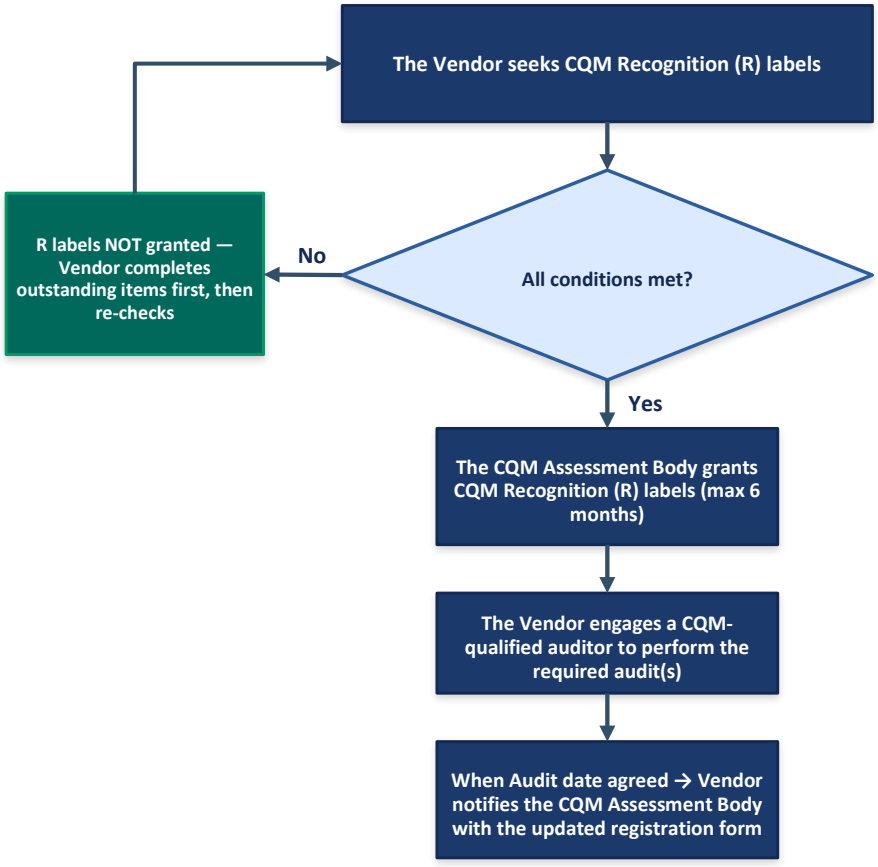
The CQM assessment body may also grant, with Mastercard's approval, **CQM Recognition (R) labels** to a Vendor, whose cqmSoC had lapsed because it was not renewed in time, prior to the completion of the next audit.

**CQM Recognition (R) labels** shall be valid for a period of **six (6) months**.

The CQM assessment body shall grant CQM Recognition (R) labels once the Vendor has met all the following conditions:

- The site and applicable activities are **Mastercard GVCP-certified** for Card Manufacturing and/or Personalization Bureaus, as applicable.
- The CQM registration form has been duly completed and includes **committed audit date(s)**.
- A completed **self-assessment** (cqmAP) has been submitted to both the appointed auditor(s) and CQM Operations.
- The Vendor has paid the applicable **CQM fees** to the CQM Assessment Body (**the fee for a 6 month recognition label is 50% of the annual CQM fee**).
- The Vendor has engaged a **CQM-qualified auditor** to arrange the required audit(s).
- The audit must be performed with the next 4 months the (R) labels are issued, and the Final Report (including the CAP) at least 1 month before the R-label validity end date.

Once the audit date has been agreed between the Vendor and the selected auditor, the Vendor shall notify the CQM assessment body by submitting an updated CQM registration form.



# 3 CQM Exemption for Small Annual Production Volume

**CQM requirement #3120#, Pilot, innovative, and interactive cardholder identification products** defines exceptions to the requirement to undergo CQM audits:

- If the annual volume is less than 5000 units, then the Vendor may not be required to undergo CQM audits for this product at all. The Vendor may not receive a CQM Label for this product if the Vendor decides to use this exception.
- If the annual volume is between 5000 and 50000 units, then the Vendor may not be required to have the whole supply chain audited, but only their own production. The Vendor may receive a CQM Label for this product if the Vendor decides to use this exception.

For the exact rules the Vendor shall check the CQM requirement #3120#, defined in the document CQM Requirements.

# 4 Products Not Fully Compliant with CQM

**CQM requirement #3130#, Products that are not compliant with applicable CQM requirements – Requirement to maintain a valid CSI Letter** defines how to address non-conformity of products when attempting to obtain CQM Labels for a product that is not fully conform with the applicable CQM requirements.

For the exact rules the Vendor shall check the CQM requirement #3130#, defined in the document CQM Requirements.

Vendors having questions about the CSI review process, should contact csi.security@mastercard.com

# 5 CQM Audit

## 5.1 Consultancy Services and Support

The Vendor **may** engage a consultant to prepare for the CQM assessment.

If the Vendor engages a **CQM-qualified auditor** to provide **consultancy services**, that auditor **shall not** be selected to conduct the final CQM audit.

Where the Vendor requires **pre-audit support** (other than consultancy services), the Vendor **may** select a CQM-qualified auditor from the list published on the CQM webpage (see Section 1.4). In this case, such support **shall not be considered as consultancy services**.

## 5.2 CQM Assessment

To obtain or to extend a **CQM Statement of Compliance (cqmSoC)** with one or more **CQM Approval (A) Labels**, the Vendor's site(s) shall be audited by a **CQM-qualified auditor**.

The list of CQM-qualified auditors is published on the Smart Consulting webpage (see Section 1.4).

The selection of the CQM auditor is at the sole discretion of the Auditee.

## 5.3 Audit Flow and Related Deadlines

Hereafter the different steps between the auditor, the auditee and the CQM Assessment Body including the related deadlines.

Roles, responsibilities & key deadlines - Smart Consulting

■ Auditee ■ Auditor ■ CQM Assessment Body ■ Auditee + Auditor

| OWNER / RECIPIENT | STEP | DEADLINE |
|---|---|---|
| **Auditee** → CQM Assessment Body | **1. Registration** | — |
| ▼ | | |
| **Auditee + Auditor** → Auditee + Auditor | **2. Audit Agreement** | — |
| ▼ | | |
| **Auditee** → Auditor | **3. Audit Preparation** | 2 weeks before the Audit |
| ▼ | | |
| **Auditor** | **4. Audit** | |
| ▼ | | |
| **Auditor** → Auditee | **5. List of Findings** | 2 weeks after Audit End |
| ▼ | | |
| **Auditee** → Auditor | **6. Action Plan** | 4 weeks after the Audit End |
| ▼ | | |
| **Auditor** → CQM Assessment Body + Auditee | **7. Final Audit Report** | 1 month after Audit End |
| ▼ | | |
| **Smart Consulting** → Auditee + Auditor | **8. Audit Report Assessment** | 5 weeks after Final Audit Report |
| ▼ | | |
| **Auditee** → Auditor | **9. Action Plan Completion** | 17 weeks after Audit End |
| ▼ | | |
| **Auditor** → CQM Assessment Body + Auditee | **10. Action Plan Completion Report** | 19 weeks after Audit End |
| ▼ | | |
| **Smart Consulting** → Auditee + Auditor | **11. Action Plan Completion Report Assessment** | 2 weeks after Action Plan Completion Report |

## 5.4 Initial CQM Audit Rule

When a CQM audit is conducted for the first time (Initial Audit) at a Vendor's site, **the initial audit shall be performed on-site.** The **best grade** achievable from an initial audit is **B**.

## 5.5 CQM Re-assessment Intervals Audit Rules

This section defines the **CQM re-assessment audit intervals**, based on the **previous site quality grade** and the **most recent audit grade** assigned to the Vendor's site.

It further specifies whether the **next audit shall be conducted on-site or permitted to be conducted remotely**, in accordance with applicable CQM audit rules.

| Audit Grade | Previous Grade | Re-Assessment no later than … after Remote Audit | Re-Assessment no later than … after On-site Audit |
|---|---|---|---|
| **A** | A | 36 months | 36 months |
| | B | 24 months | |
| **B** | A or B | 24 months | 24 months |
| | C | 18 months | |
| **C** | A, B, C, D | 12 months | 12 months |
| **D** | Any | To be decided by Mastercard on a case-by-case basis | Re-audit as soon as possible |

## 5.6 On-site and Remote Audit Definition

Mastercard has introduced limited flexibility by allowing **remote CQM audits** under specific conditions.

A remote audit **may be permitted** in the following situations:

- The Vendor's site cannot be audited on-site due to pandemics, local health risks, **political instability, or regional conflict**.
- The Vendor's site is classified as **Grade A or Grade B**, and the **previous CQM audit was conducted on-site**.
- The Vendor wants to expand the scope of their cqmSoC and the worksheet "Audit Scope & Compliance" in the cqmAP permits a "Remote Delta Assessment" in the column titled "Inclusion in cqmSoC requires the following type of CQM Assessment"

Unless one of the above conditions is met, CQM audits **shall be conducted on-site**.

While Mastercard provides recommendations and guidance regarding the use of **on-site** or **remote audits**, the Vendor **shall discuss** with their selected CQM Auditor to agree on the appropriate audit approach (on-site audit or remote audit) to be applied.

⚠ The outcome of this discussion **shall result in a proposed audit approach**, which shall be **submitted to the CQM assessment body** for review and discussion, no later than 3 months prior the audit.

Following its assessment, **the CQM assessment body shall notify** both the Auditee and the Auditor of the **approved audit approach** to be applied.

Note: The CQM Auditor **is not authorized** to grant any derogation or exception to Mastercard CQM requirements.

The **final decision** on the applicable audit modality and any permitted derogation **shall be taken by** the CQM assessment body.
Mastercard **may be involved on a case-by-case basis**, at its discretion.

## 5.7 CQM Conformity Assessment

During the audit, the Auditor may identify non-conformities against the CQM requirements. Such non-conformities **shall be classified according to their severity level**, as described in the following sections.

Any identified **Non-Conformities** shall be addressed and resolved **within four (4) months** from the date the audit is performed.

### 5.7.1 Critical non-conformity (NCC)

A Critical Non-Conformity is an Audit Finding where the CQM Auditor observed that the Vendor has never verified that a product is conform with the applicable CQM requirements.

NCC can only be determined for selected requirements. Where an NCC can be determined for a requirement, the cqmAP allows the selection of an NCC for the specific requirement by the Auditor. Where the cqmAP does not allow selecting NCC by the auditor for a specific requirement, the maximum level of non-conformity for this requirement is a Major Non-Conformity (NC+).

Examples for a Critical Non-Conformity:

- The Vendor did not qualify conformity with a certain applicable CQM requirement during qualification of the product, and the CQM Auditor did not determine that the production process contains sufficient controls to ensure that all products forwarded to subsequent processes are conform with the applicable CQM requirement.

**CQM Impact:**

- One or more NCC prevent granting or extending the validity of the affected CQM label(s)

### 5.7.2 Major Non-Conformity (NC+)

A Major Non-Conformity is an Audit Finding where the CQM Auditor observed that a product or process is not conform with the applicable CQM requirements, and the CQM Auditor has not concluded that the non-conformity will not affect the quality of the product in the field.

Examples for a Major Non-Conformity:

- The vendor documents in one document a reference to another document. The reference in the document is incorrect, resulting in the person needing the referenced information not having access to it. The auditor requests that the reference is corrected.
- The Vendor does not conduct a control that is required by the CQM requirements or by the Vendor's Control Plan.
- The Vendor conducts a sampling control in production with control limits that are too lenient to ensure conformity of the product with the applicable CQM requirements, potentially resulting in non-conforming products being forwarded to subsequent processes.
- The Vendor did not qualify conformity with a certain applicable CQM requirement during qualification of the product, but the CQM Auditor determines that the production process contains sufficient controls to ensure that all products forwarded to subsequent processes are conform with the applicable CQM requirement.

**CQM Impact:**

- Prevents Grade A
- A significant number of NC+ prevents Grade B
- Requires **mandatory corrective action** and effectiveness verification

### 5.7.3 Minor Non-Conformity (nc-)

A Minor Non-Conformity is an Audit Finding where the CQM Auditor observed that a product or process is not conform with the applicable CQM requirements, but the CQM Auditor has concluded that the non-conformity will not affect the quality of the product in the field.

Examples for a Minor Non-Conformity:

- The Vendor documents in one document a reference to another document. The reference in the document is incorrect, but the CQM Auditor determines that the person needing the referenced information has access to the correct document and uses the correct document. The auditor requests that the reference is corrected.
- The Vendor conducts a control in production, but the control is not properly documented, for example not in the Control Plan.
- The Vendor conducts a sampling control in production with control limits that are too lenient to ensure conformity of the product with the applicable CQM requirements, but the CQM Auditor determines that a subsequent 100% control ensures that no products not conforming with the applicable requirements prevent any escapees into subsequent processes.

**CQM Impact:**

- Does **not**, on its own, prevents Grade A
- A significant number of NC- prevents Grade A
- Require mandatory corrective action and effectiveness verification
- Repeated or uncorrected Minor NCs may be **upgraded to Major NCs**

## 5.8 Quality Grade per Audit Subscope

After the Auditor has selected the Conformity Levels for each audited requirement in the respective cqmAP worksheets and confirmed auditing the relevant subscopes in the cqmAP worksheet Audit Scope & Compliance, this worksheet shows Conformity Percentage per audited subscope.

The Auditor shall then select a Grade for the audited **QMS subscope**:

| Rule | Condition | Possible Grades |
|---|---|---|
| 1. | At least one NCC | D |
| 2. | More than 20% NC+ in a QMS subscope | D |
| 4 | 10% to 20 % NC+ in a QMS subscope | B or C or D |
| 5 | More than 0% but less than 10% NC+ in a QMS subscope | B |
| 6 | 0% NC+ in a QMS subscope | A |

And the Auditor shall select a Grade for each audited **Product subscope**:

| Rule | Condition | Possible Grades |
|---|---|---|
| 1. | At least one NCC | D |
| 2. | More than 15% NC+ in a Product subscope | D |
| 3. | More than 10% up to 15% NC+ in a Product subscope | B or C or D |
| 4 | More than 0% but less than 10% NC+ in a Product subscope | B |
| 5 | 0% NC+ in a Product subscope | A |

Where the rule defines multiple Possible Grades separated by the word “or”, the auditor shall choose one of the permitted Grades based on their overall impression from auditing this subscope of the Auditee and the number of Minor Non-Conformities, considering the resulting confidence that supply of the resulting products will not cause the supply of significantly non-conforming products or services to subsequent Production Activities or into the field. If the Auditor has no such concern, then the Auditor shall choose the best possible Grade, if the Auditor is concerned, the worst possible Grade, and if the Auditor is uncertain, the Auditor shall select the middle possible Grade (if available).

## 5.9 Corrective Actions Plan (CAP)

After the end of the on-site or remote assessment audit, the auditor shall provide the Auditee with a list of findings **within two (2) weeks**.

Upon receipt of the list of findings, the Auditee **shall submit** a documented **Corrective Action Plan (CAP)** to the Auditor addressing all identified audit findings **within two (2) weeks of receiving the list of findings**.

## 5.10 CQM Audit Report

Upon receipt of the CAP from the Auditee, the Auditor shall submit the **Final Audit Report** including the CAP to the CQM Assessment Body and the Auditee as the **no later than one (1) month** after completion of the audit.

The **Final Audit Report** issued by the Auditor shall at least consist of a properly completed cqmAP. The Auditor may provide additional information such as presentations or additional written reports.

⚠ The CQM assessment body shall notify Mastercard of late deliveries of audit reports.

**Note:**
At the Auditor's discretion, a **draft audit report** may be submitted to the CQM assessment body and the Auditee for review and comments prior to finalization.

## 5.11 CQM Audit Report Review, Site Quality Grade, and CQM Audit Verdict

The CQM assessment body shall perform the final assessment of the Audit Report and its annexes.

The cqmAP produces a **Recommended Site Quality Grade** from the Quality Grades per Audit Subscope (see 5.8).

The CQM assessment body uses this as a starting point for the **Final Site Quality Grade**, but may deviate from this **Recommended Site Quality Grade**.

The CQM assessment body **shall notify** the Auditee of the assigned **Site Quality Grade** based on the assessment of the audit report and the Auditor's recommendation.

The deadline for completion of the corrective action plan and the timing of the subsequent audit **shall be determined** according to the **Site Quality Grade**, as defined in the following Table.

***Table - Site Quality Grade and Associated Actions***

| Grade | Description | Corrective Action Completion Deadline | Next Audit |
|---|---|---|---|
| A | Pass without Major Non-Conformities (limited number of Minor Non-Conformities permitted) | ≤ 4 months | See Section 5.6 CQM Re-assessment Intervals Audit Rules |
| B | Pass with a small number of Major Non-Conformities | ≤ 4 months | |
| C | Pass with a large number of Major Non-Conformities | ≤ 4 months | |
| D | Fail | As soon as possible | After completion of corrective actions |

The CQM assessment body shall perform the final assessment of the Audit Report and its annexes and **shall notify** both the Auditee and the Auditor of:

- the final Site Quality Grade,
- any applicable CQM label changes, and
- the deadline for the next audit.

Mastercard **reserves the right** to request a copy of the Audit Report from the Vendor at any time.

## 5.12 Corrective Actions Plan (CAP) Completion

The Auditee **shall ensure** that all corrective actions are fully implemented and closed **within four (4) months** after completion of the audit.

Where additional time is required to implement one or more corrective actions, the Auditee shall formally notify the Auditor and request a derogation from the CQM assessment body. The CQM assessment body shall coordinate with Mastercard to request the corresponding exemption.

⚠ The Auditor **shall verify** completion of the corrective actions based on the explanations and evidences provided by the Auditee, and **shall submit** the related corrective action assessment to the CQM assessment body **no later than five (5) months** after the audit.

The Auditor informs by e-mail the results of the corrective action assessment to the CQM assessment body at cqm@smart-consulting.com and copies the Auditee. The e-mail informing about the result of the corrective action assessment shall include:

- The CAP tracking file as an attachment. The CAP worksheet in the cqmAP may be used.
- A dedicated column for the Auditor's assessment of each corrective action (e.g. *Closed*, *Open*).

  A summary of any **remaining non-conformities**, if applicable.

⚠ The CQM assessment body shall notify Mastercard of late deliveries of overdue delivery or closure of corrective actions.

The CQM assessment body **shall acknowledge receipt** of the corrective action assessment to both the Auditee and the Auditor.

## 5.13 Relocation of a CQM Approved Site

CQM requirement #0762# requires a Vendor who relocates a CQM approved site to notify the CQM Assessment Body and the Vendor's CQM Auditor.

If the Vendor's notification complies with the following conditions:

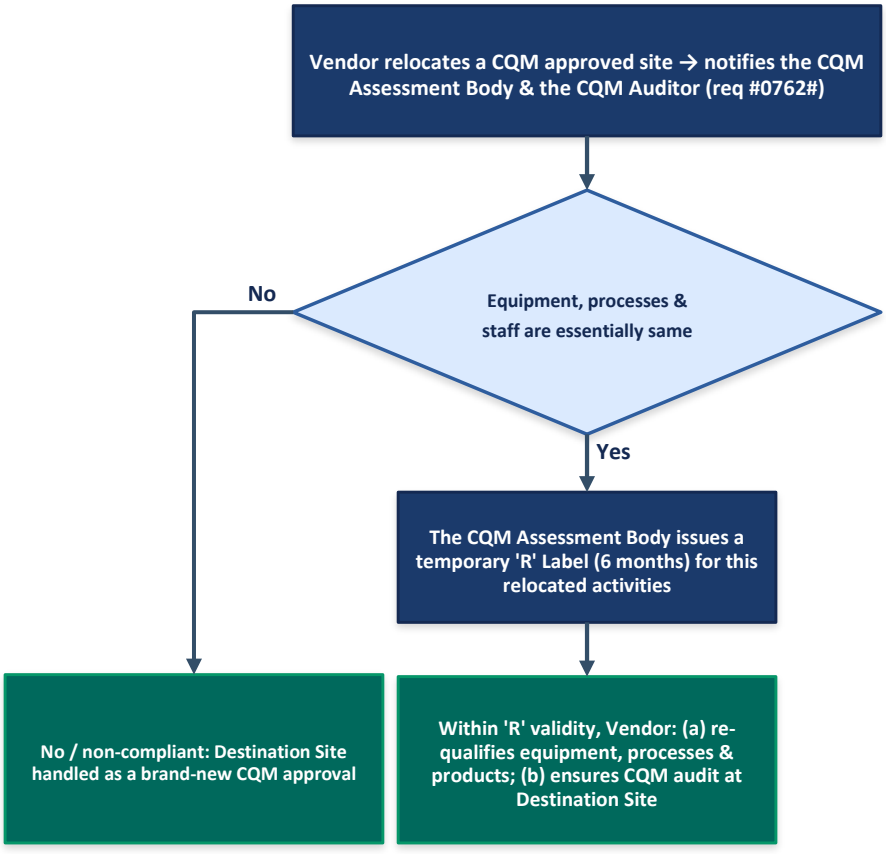
- The vendor identifies the site currently conducting the CQM approved manufacturing activities through its name and address ("Originating Site"), and
- The vendor identifies the CQM approved manufacturing activities shall be conducted in after the relocation through its name and address ("Destination Site"), and
- The vendor identifies the CQM approved manufacturing activities to be relocated, and
- The vendor confirms that the CQM approved manufacturing activities, the manufacturing equipment, processes, procedures, and key staff are essentially the same as in the Originating Site, with any differences between the Originating Site and the Destination Site clearly identified within the notification message,

**then the CQM Assessment Body shall issue a temporary "R" Label for a period of six (6) months covering the relocated CQM approved manufacturing activities in the Destination Site**.

The Vendor shall, within the validity of these 'R Labels' issued for the Destination Site, complete the following tasks:

- Re-qualify the relocated equipment, processes, and resulting products, and
- Ensure a CQM audit is conducted of the CQM approved activities in the Destination Site.

**If the Vendor fails to notify the change, or if the Vendor's notification does not comply with the above requirements, then the CQM approval of the Destination Site shall be handled as the initial CQM approval of a completely new site.**



# 6 CQM Statement of Compliance (cqmSoC)

## 6.1 cqmSoC Prerequisites

Smart Consulting shall issue the CQM Statement of Compliance (cqmSoC) to the Vendor provided that **all** of the following conditions are met:

- All applicable audits have been completed and formally reported.
- GVCP certification for Card Manufacturing, Embedding, Personalization is valid
- All corrective actions resulting from audits conducted more than four (4) months prior to issuance have been fully closed.
- A commitment to the audit plan for the subsequent twelve (12) months has been provided.
- All applicable annual CQM fees have been paid in full.
- The Vendor's assessed site is not classified as Grade D.

## 6.2 cqmSoC Content

The CQM Statement of Compliance (cqmSoC) lists all manufacturing and/or personalization sites registered by the Vendor, with **one entry per site**.

Each entry includes the following information:

- The country code, city and registration number where the manufacturing or personalization site is located.
  *For subcontracted activities, the city corresponding to the subcontractor site is indicated.*
- The version of the CQM requirements applicable at the time of the audit.
- All **CQM labels** granted for the corresponding manufacturing or personalization site.
- The **expiry date** of the Statement of Compliance (cqmSoC)

**Notes:**

- The cqmSoC does **not** list any CQM Recognition (R) labels.
- All sites registered at GVCP by a Vendor, or for a group of companies, that have been granted at least one label, are listed in the same cqmSoC, **regardless of the labels granted**.

## 6.3 cqmSoC Format and Validity

The CQM Statement of Compliance (cqmSoC) is issued to the Vendor by Smart Consulting on behalf of Mastercard. It is provided as a digitally signed Acrobat (.pdf) file.

The cqmSoC is valid for a maximum period of **twelve (12) months** from the date of issuance.

The Vendor CQM primary contact is responsible for the internal distribution of the cqmSoC within their organization.

## 6.4 cqmSoC Renewal

The CQM Statement of Compliance (cqmSoC) is issued with a **maximum validity period of twelve (12) months**.

For renewal purposes, CQM Assessment Body shall issue the corresponding invoice **three (3) months prior** to the cqmSoC expiration date.

The cqmSoC shall be **renewed for an additional twelve (12) months** once the CQM assessment body has been notified and has verified that **all** the following conditions are met:

- All applicable audits have been completed and formally reported.
- All corrective actions resulting from audits conducted more than four (4) months prior have been fully closed.
- A commitment to the audit plan for the subsequent twelve (12) months has been provided.
- All applicable annual CQM fees due to the CQM Assessment Body have been paid in full.

## 6.5 cqmSoC and Label Termination

Termination of the cqmSoC or the CQM labels **shall be requested by the** CQM Assessment Body **to Mastercard** in any of the following cases:

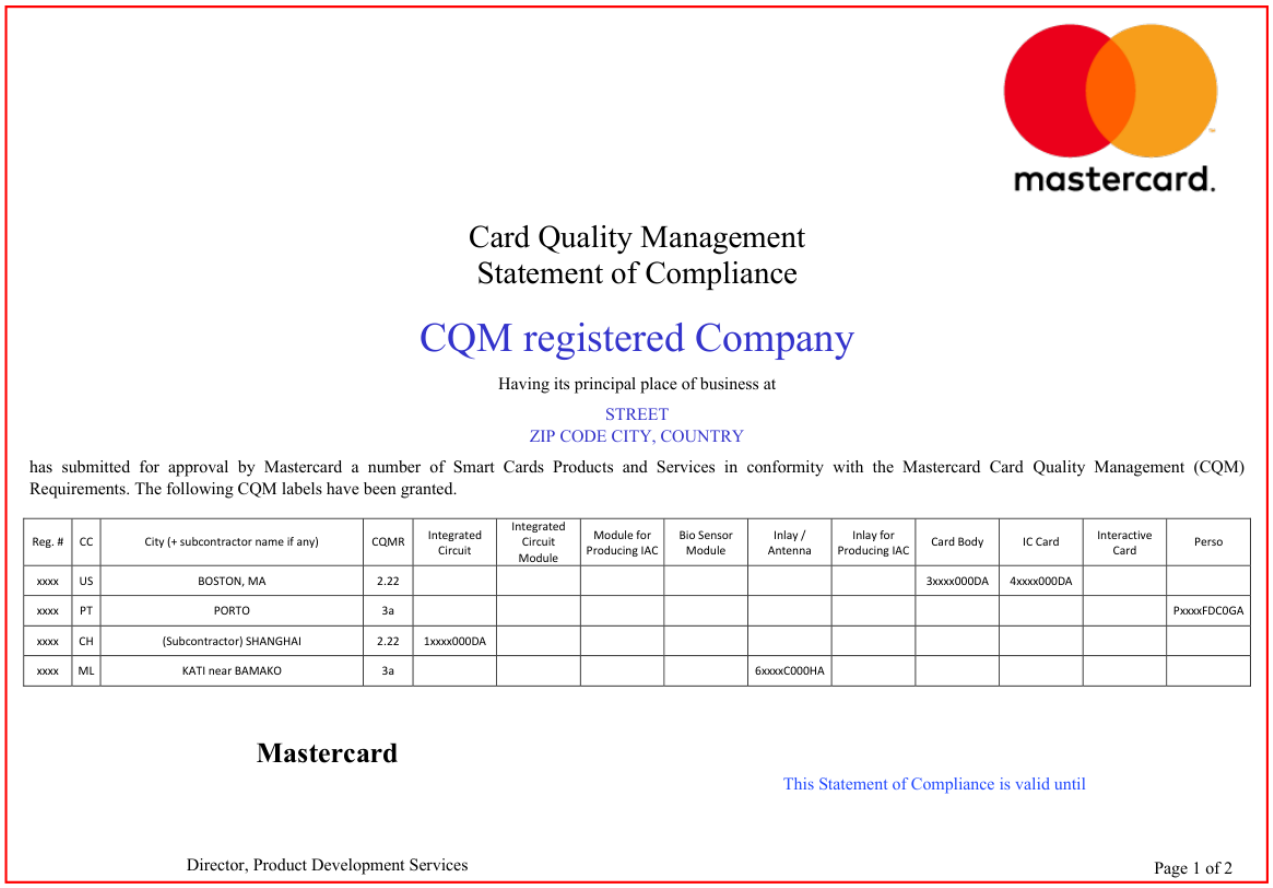
The CQM Assessment Body shall request from Mastercard termination of the cqmSoC or the CQM labels in any of the following cases:

- Upon Mastercard's request.
- GVCP decertification of the Vendor's site.
- Overdue payment of applicable annual CQM fees.
- Failed audit resulting in a **Grade D** classification.
- Three (3) consecutive audits resulting in a **Grade C** classification.

The Assessment Body's request shall include the reason for the request for termination.

**Note:** Termination of the cqmSoC or CQM label **may also be requested by the Vendor** at their own initiative by submitting a request to the CQM assessment body.

## 6.6 cqmSoC Example



Card Quality Management
Statement of Compliance

CQM registered Company

Having its principal place of business at

STREET
ZIP CODE CITY, COUNTRY

has submitted for approval by Mastercard a number of Smart Cards Products and Services in conformity with the Mastercard Card Quality Management (CQM) Requirements. The following CQM labels have been granted.

| Reg. # | CC | City (+ subcontractor name if any) | CQMR | Integrated Circuit | Integrated Circuit Module | Module for Producing IAC | Bio Sensor Module | Inlay / Antenna | Inlay for Producing IAC | Card Body | IC Card | Interactive Card | Perso |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| xxxx | US | BOSTON, MA | 2.22 | | | | | | | 3xxxx000DA | 4xxxx000DA | | |
| xxxx | PT | PORTO | 3a | | | | | | | | | | PxxxxFDC0GA |
| xxxx | CH | (Subcontractor) SHANGHAI | 2.22 | 1xxxx000DA | | | | | | | | | |
| xxxx | ML | KATI near BAMAKO | 3a | | | | | 6xxxxC000HA | | | | | |

**Mastercard**

This Statement of Compliance is valid until

Director, Product Development Services

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# 7 CQM Labels

## 7.1 Products and Components Subject to CQM Assessment

CQM assesses the following products and components, and the related manufacturing and personalization activities:

| Product and related manufacturing activities | | Manufacturing Activity Identifier in the CQM Label (see Section 7.3) |
|---|---|---|
| **Acronym** | **Definition** | |
| IC | Integrated Circuit; unless stated explicitly otherwise, an IC is an integrated circuit containing a version of the M/Chip application | 1 |
| ICM | Integrated Circuit Card Module – one IC, typically the secure element, packaged into a module, with contacts or connectors for an antenna or both | 2 |
| CB | Card Body – a plastic card not containing an IC | 3 |
| ICC | Integrated Circuit Card – a plastic card containing an IC | 4 |
| BSM | Biometric Sensor Module, an iacICM containing a biometric sensor, such as a Fingerprint Sensor, a Voice Sensor, or an Image Sensor | 5 |
| IL | InLay, either an aIL, kIL, or pIL, consisting of a carrier sheet and at least an antenna, which can be processed through further processing and optionally additional materials into a CB or an ICC | 6 |
| IACICM | Integrated Circuit Card Module containing additional functionality – an ICM containing more components than just one secure element, e.g. multiple IC, or an IC and additional discrete capacitors or resistors. An iacICM may have external contacts or connectors for an antenna or both or neither | 7 |
| IACIL | InterActive Card InLay, an inlay containing the electronics of, and intended to produce an IAC from. The typical difference between an IAC and an iacIL being that the iacIL lacks the printed layers on the top and bottom | 8 |
| IAC | InterActive Card – a card that supports direct interaction with the card holder (not via a terminal or computer), such as cards containing a display, an LED, push buttons, fingerprint sensors etc. | 9 |
| P | Personalized card – A CB, ICC, or IAC onto which issuer or cardholder-specific data has been encoded through the use of graphical, electrical, electromagnetic, or magnetic encoding techniques | P |

## 7.2 CQM Approval vs Recognition Label

The **CQM Recognition (R) Label** is an **interim label** granted for a maximum period of **six (6) months** and applies in the following cases:

- New Vendors applying for entry into the CQM program.
- Existing CQM-recognized Vendors introducing **new production activities**.
- Existing CQM-recognized Vendors relocating a certified site (see 2.3)

The **CQM Approval (A) Label** is granted to the Vendor once Smart Consulting has assessed that the audit result is a **Pass**, based on the review of the Audit Report and the Auditor's recommendation.

## 7.3 CQM Label Structure

A **CQM label** is a structured identifier used to uniquely describe the scope and status of CQM Approval or Recognition.

The label format is defined as follows: **ACCLLPPPPNS**

Where:

- **A** - Manufacturing **A**ctivity Identifier, coded per table in Section 7.1
- **CC - C**ompany **C**QM Registration Number.
- **LL -** Manufacturing Site **L**ocation CQM Registration Number.
- **PPPP -** CQM sub-scopes related to the **technical nature** of the activities *(as defined in CQM Requirement #A610)*.
- **N** - CQM sub-scopes related to **roles and lifecycle phases** *(as defined in CQM Requirement #A610)*.
- **S** - CQM Label **S**tatus (**R** = Recognition, **A** = Approval)

# 8 Process deviation

A process deviation occurs whenever any aspect of the CQM assessment process is not executed in accordance with the defined requirements, timelines or methodology. A deviation may originate from any party involved: the auditor, the audited entity, Mastercard or the CQM assessment body.

Whenever a deviation from the standard process is identified or anticipated, a formal deviation request must be raised to the CQM assessment body by email. This request shall include, at minimum:

- the nature of the deviation
- the requirement or milestone affected
- the justification
- the requested corrective or alternative arrangement.

The request must be submitted for review and formal approval by the CQM assessment body prior to proceeding under the deviated conditions.

Typical situations requiring a deviation request include, but are not limited to:

- Audit conducted after its scheduled due date (delayed assessment)
- Late payment of CQM fees
- Postponement of corrective action closure

Each deviation request must be uniquely referenced, logged and retained as part of the process. The approval (or rejection) decision, together with any associated conditions, must be recorded to maintain an auditable trail. No deviation shall be considered valid unless it has been formally requested, reviewed, and approved through this process.

Deviations are not aimed at being repeated over times or kept open.

**--- End of the document ---**