

MASTERCARD CQM ASSESSMENT BODY

Mastercard Card Quality Management

CQM Assessment Process - how to obtain and maintain your Statement of Compliance (cqmSoC)



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01

PART ONE

The CQM Programme

What CQM is, who it applies to, and who does what.



A Mastercard programme, operated by Smart Consulting Consulting

Mastercard established CQM to ensure the reliability and durability of Mastercard-branded cards and their embedded components. Successfully undergoing the CQM assessment process is mandatory for all EMV chip cards and their components.

- **Owned by Mastercard**

Mastercard owns the programme, sets the requirements and retains final authority on labels and derogations.

- **Operated by Smart Consulting**

Since 2009, Smart Consulting performs the CQM operational activities as Mastercard's CQM Assessment Body.

- **Audited by qualified auditors**

Audits are conducted by CQM-qualified auditors, freely selected by the Vendor, under the Assessment Body's coordination.

- **Based on self-assessment**

The Vendor self-assesses against the CQM requirements; the results are then verified through an on-site or remote audit.

Who does what

Party	Role	Key responsibilities
Mastercard	Programme owner	Owns CQM, approves labels and terminations, decides case-by-case derogations
Smart Consulting	CQM Assessment Body	Registration, audit report assessment, site grade, cqmSoC issuance, label management
CQM Auditor	Independent assessor	Conducts the audit, issues the findings and the Final Audit Report, verifies corrective actions
Vendor	Auditee / applicant	Registers, self-assesses (cqmAP), hosts the audit, delivers the CAP, pays the fees
Sub-contractor	Supplier to the Vendor	Provides components or services within the Vendor's audited supply chain



Activities subject to CQM assessment (1/2)

Acronym	Definition	Label digit
IC	Integrated Circuit: unless stated otherwise, an IC containing a version of the M/Chip application	1
ICM	Integrated Circuit Module: an IC packaged into a module, with contacts and/or antenna connectors	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 fingerprint, voice or image sensor	5

Activities subject to CQM assessment (2/2)

Acronym	Definition	Label digit
IL	InLay: a carrier sheet with at least an antenna, further processed into a CB or an ICC	6
iacICM	ICM containing more than a single secure element (multiple ICs, discrete components)	7
iacIL	InterActive Card InLay: an inlay containing the electronics used to produce an IAC	8
IAC	InterActive Card: a card supporting direct cardholder interaction (display, LED, buttons, sensor)	9
P	Personalized card: a CB, ICC or IAC encoded with issuer or cardholder-specific data	P

Documents, communication and contacts

All CQM documents are published by Smart Consulting on the CQM webpage. Your internal documentation system shall point to that page so that you always work with the latest release.

01

The CQM webpage

cqm.smart-consulting.com hosts the Process document, the Requirements, the Auditors List, the Registration Form, the NDA template and the cqmAP form.

02

One primary contact

Appoint a single Primary CQM Contact, preferably the Corporate Quality Manager or the Operations Manager. All exchanges go through **cqm@smart-consulting.com** and that contact, in English only.

03

Other contacts

Mastercard CQM feedback:
cqm_support@mastercard.com

Card Structure and Integrity review:
csi.security@mastercard.com

02

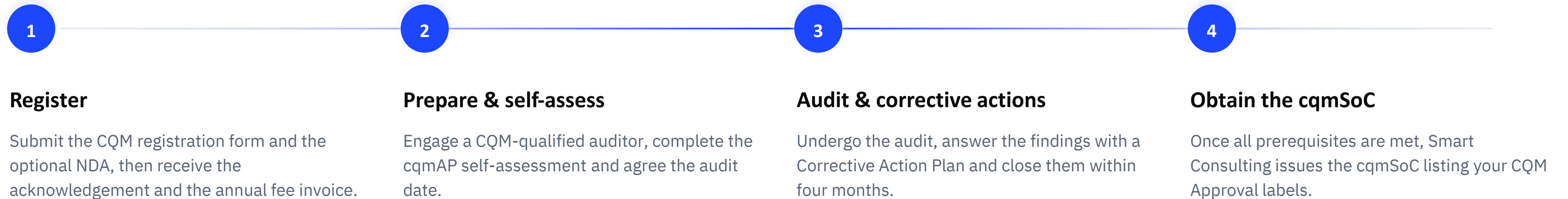
PART TWO

Entering the Programme

Registration, recognition labels and specific cases.



From registration to Statement of Compliance



STEP 1

CQM programme registration

Registration is the formal entry point into the CQM programme. Everything starts with the registration form sent to cqm@smart-consulting.com.

- **Submit the registration form**

Complete the CQM registration form in Excel format and send it to cqm@smart-consulting.com.

- **Sign the NDA (optional)**

Send a scanned, signed copy of the NDA; the Assessment Body returns a countersigned copy.

- **Receive the acknowledgement**

The Assessment Body acknowledges receipt of the registration and issues the invoice for the annual CQM fees.

- **Keep the form up to date**

Any change of primary contact, company name, manufacturing activity or location is notified with an updated registration form.



CQM Recognition (R) labels

With Mastercard's approval, the Assessment Body may grant Recognition (R) labels before the initial audit is completed or to a Vendor whose cqmSoC has lapsed, pending the next audit.

All of the following conditions shall be met:

- the site and its activities are Mastercard GVCP-certified;
- the registration form is complete and includes committed audit dates;
- the cqmAP self-assessment has been submitted to both the appointed auditor and CQM Operations;
- the recognition fee (half the annual CQM fee) has been paid;
- and a CQM-qualified auditor has been engaged to arrange the audit.

6 months

Maximum validity of R labels. The audit shall take place within 4 months of issuance, and the Final Audit Report including the CAP is due at least 1 month before the R label expires.

Relocating a CQM approved site

A Vendor relocating a CQM approved site shall notify the Assessment Body and its CQM Auditor. A compliant notification triggers a temporary six-month R label for the destination site. Without it, the destination site is handled as the initial approval of a completely new site.

- **Identify both sites**

Name and address of the site currently performing the activities and of the destination site.

- **Identify the activities**

List the CQM approved manufacturing activities to be relocated.

- **Confirm equivalence**

Confirm that activities, equipment, processes, procedures and key staff are essentially the same, and clearly identify any difference.

- **Then, within six months**

Re-qualify the relocated equipment, processes and resulting products, and have a CQM audit conducted at the destination site.



Small volumes and products not fully compliant

Two CQM requirements define how to handle products that cannot follow the standard path. The exact rules are set out in the CQM Requirements document.

01

#3120# - below 5,000 units/year

The Vendor may not be required to undergo CQM audits for this product at all. If the Vendor uses this exception, no CQM label is granted for the product.

02

#3120# - 5,000 to 50,000 units

The Vendor may not be required to have the whole supply chain audited, but only its own production. A CQM label can still be granted for the product.

03

#3130# - not fully compliant

Products not compliant with the applicable CQM requirements require a valid CSI Letter to be maintained. Questions on the CSI review process: csi.security@mastercard.com.

03

PART THREE

The CQM Audit

Flow, deadlines, non-conformities and site grading.



Steps and deadlines (1/2)

Step	Owner → Recipient	Deadline
1. Registration	Auditee → CQM Assessment Body	-
2. Audit agreement	Auditee + Auditor	-
3. Audit preparation	Auditee → Auditor	2 weeks before the audit
4. Audit	Auditor	-
5. List of findings	Auditor → Auditee	2 weeks after audit end
6. Action plan	Auditee → Auditor	4 weeks after audit end



Steps and deadlines (2/2)

Step	Owner → Recipient	Deadline
7. Final audit report	Auditor → Assessment Body + Auditee	1 month after audit end
8. Audit report assessment	Assessment Body → Auditee + Auditor	5 weeks after final report
9. Action plan completion	Auditee → Auditor	17 weeks after audit end
10. Action plan completion report	Auditor → Assessment Body + Auditee	19 weeks after audit end
11. Completion report assessment	Assessment Body → Auditee + Auditor	2 weeks after completion report

Late delivery of audit reports and overdue closure of corrective actions are notified to Mastercard by the CQM Assessment Body.

Selecting your auditor and getting support

The list of CQM-qualified auditors is published on the CQM webpage. The selection of the auditor is at the sole discretion of the Auditee.

- **Book early**

Agree the audit date directly with the auditor as soon as possible, then notify the Assessment Body with an updated registration form.

- **Consultancy is allowed**

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

- **But not the same auditor**

A CQM-qualified auditor who provided consultancy services shall not be selected to conduct the final CQM audit.

- **Pre-audit support**

Support other than consultancy may be provided by a CQM-qualified auditor from the published list, without disqualifying them.

On-site by default, remote by exception

The first audit at a Vendor's site shall always be performed on-site, and the best grade achievable from an initial audit is B. Unless one of the conditions below is met, CQM audits shall be conducted on-site.

- **Force majeure**

The site cannot be audited on-site due to pandemics, local health risks, political instability or regional conflict.

- **Grade A or B site**

The site is classified Grade A or Grade B and the previous CQM audit was conducted on-site.

- **Remote delta assessment**

The cqmAP worksheet “Audit Scope & Compliance” permits a remote delta assessment for the requested scope extension.

- **Submit three months ahead**

Vendor and auditor agree a proposed approach and submit it to the Assessment Body no later than 3 months before the audit. Only the Assessment Body grants derogations.

When the next audit falls due

Audit grade	Previous grade	Re-assessment after a remote audit	Re-assessment after an on-site audit
A	A	36 months	36 months
A	B	24 months	36 months
B	A or B	24 months	24 months
B	C	18 months	24 months
C	A, B, C or D	12 months	12 months
D	Any	Decided by Mastercard case by case	Re-audit as soon as possible



Three levels of non-conformity

During the audit, the auditor classifies each finding according to its severity. All non-conformities shall be addressed and resolved within four months from the date the audit is performed.

01

Critical - NCC

The Vendor never verified conformity of a product with an applicable requirement, and production controls are not sufficient. One NCC prevents granting or extending the affected CQM labels.

02

Major - NC+

A product or process is not conform and a field impact cannot be excluded. Prevents Grade A; a significant number prevents Grade B. Mandatory corrective action and effectiveness verification.

03

Minor - nc-

A product or process is not conform but the auditor concludes there is no field impact. A significant number prevents Grade A. Repeated or uncorrected minor NCs may be upgraded to major.

Quality grade per audit subscope

Possible grades	QMS subscope	Product subscope
D	At least one NCC, or more than 20% NC+	At least one NCC, or more than 15% NC+
B, C or D	10% to 20% NC+	More than 10% and up to 15% NC+
B	More than 0% and less than 10% NC+	More than 0% and less than 10% NC+
A	0% NC+	0% NC+

Where several grades are possible, the auditor selects one based on the overall impression of the subscope and the number of minor non-conformities: the best grade if there is no concern, the worst if there is, the middle one if uncertain.

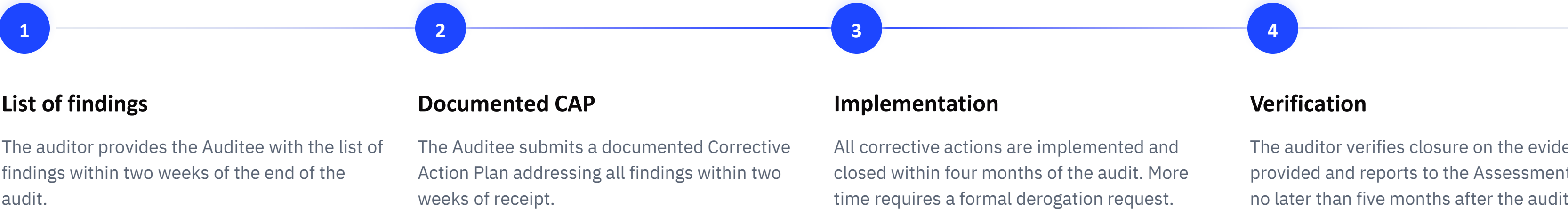
Site quality grade and associated actions

Grade	Description	Corrective actions	Next audit
A	Pass without major non-conformities (a limited number of minor NCs is permitted)	≤ 4 months	Per re-assessment intervals
B	Pass with a small number of major non-conformities	≤ 4 months	Per re-assessment intervals
C	Pass with a large number of major non-conformities	≤ 4 months	Per re-assessment intervals
D	Fail	As soon as possible	After completion of the corrective actions

The cqmAP produces a recommended site quality grade. The CQM Assessment Body performs the final assessment and may deviate from it, then notifies the Auditee and the Auditor of the final grade, any label change and the next audit deadline.



Corrective action plan, step by step



04

PART FOUR

cqmSoC & Labels

Obtaining, renewing and reading your Statement of Compliance.



Prerequisites for your cqmSoC

Smart Consulting issues the CQM Statement of Compliance to the Vendor provided that all of the following conditions are met.

- **Audits completed**

All applicable audits have been completed and formally reported.

- **GVCP certification valid**

GVCP certification for card manufacturing, embedding and personalization is valid.

- **Corrective actions closed**

All corrective actions from audits conducted more than four months before issuance are fully closed.

- **Audit plan committed**

A commitment to the audit plan for the subsequent twelve months has been provided.

- **Fees paid in full**

All applicable annual CQM fees have been paid.

- **No Grade D**

The Vendor's assessed site is not classified as Grade D.

What the cqmSoC contains

The cqmSoC lists every manufacturing and personalization site registered by the Vendor, one entry per site: country code, city and registration number; the version of the CQM requirements applicable at the time of the audit; all CQM labels granted for that site; and the expiry date. For subcontracted activities, the city of the subcontractor site is indicated.

It is issued by Smart Consulting on behalf of Mastercard as a digitally signed PDF file. Recognition (R) labels are never listed. All sites registered at GVCP by a Vendor or a group of companies holding at least one label appear in the same cqmSoC. Internal distribution is the responsibility of the Vendor's primary CQM contact.

12 months

Maximum validity from the date of issuance. The renewal invoice is issued by the Assessment Body three months before the expiry date.

Renewal and termination

The cqmSoC is renewed for a further twelve months once the Assessment Body has been notified and has verified that the renewal conditions are met.

01

Renewal conditions

- All applicable audits completed and reported;
- all corrective actions from audits older than four months closed;
 - the next twelve-month audit plan committed;
 - all annual CQM fees paid in full.

02

Termination by the Assessment Body

Requested from Mastercard upon Mastercard's request, on GVCP decertification of the site, on overdue payment of the annual fees, on a failed audit graded D, or after three consecutive audits graded C.

03

Termination by the Vendor

The Vendor may request termination of its cqmSoC or of specific CQM labels at its own initiative, by submitting a request to the CQM Assessment Body.

Recognition (R) versus Approval (A)

A CQM label is a structured identifier describing one approved manufacturing or personalization activity, for one company, at one site.

- **Recognition (R)**

An interim label granted for a maximum period of six months, before the audit has been completed.

- **Who gets an R label**

New Vendors entering the CQM programme, CQM-recognized Vendors starting a new production activity, and Vendors relocating a certified site.

- **Approval (A)**

Granted once Smart Consulting has assessed the audit result as a pass, based on the Final Audit Report and the auditor's recommendation.

- **On the cqmSoC**

Only Approval (A) labels are listed on the Statement of Compliance.

Reading a CQM label: A CC LL PPPP N S

Label Decoding Tool

The tool is available on following website cqm-decoder.smart-consulting.com

The label format is defined as ACCLPPPPNS. Sub-scope coding is defined in CQM requirement #A610#.

- **A - Manufacturing activity**

Activity identifier, coded per the activities table (1 to 9, or P for personalization).

- **CC - Company**

Company CQM registration number.

- **LL - Location**

Manufacturing site location CQM registration number.

- **PPPP - Technical sub-scopes**

CQM sub-scopes related to the technical nature of the activities.

- **N - Role sub-scopes**

CQM sub-scopes related to roles and lifecycle phases.

- **S - Status**

R for Recognition, A for Approval.

Process deviation requests

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

01

Raise it formally, by email

The request shall state:

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

02

Typical situations

Audit conducted after its scheduled due date, late payment of CQM fees, postponement of corrective action closure.

03

Approval before proceeding

No deviation is valid unless formally requested, reviewed and approved. Each request is uniquely referenced, logged and retained. Deviations are not meant to be repeated or kept open.

Your CQM checklist

Six habits that keep a CQM file on track and a Statement of Compliance valid.

- **Register early**

Apply for CQM at the same time as your Mastercard GVCP registration to save time.

- **Appoint one contact**

A single primary CQM contact handles coordination, reports, CAP follow-up and invoicing.

- **Book the auditor early**

Auditors are committed months ahead; agree the date as soon as the next deadline is known.

- **Self-assess seriously**

A complete cqmAP is a prerequisite for R labels and the basis of the whole audit.

- **Close actions in four months**

Late closure is notified to Mastercard and blocks the issuance of the cqmSoC.

- **Pay on time**

The renewal invoice comes three months before expiry; overdue fees can lead to termination.

Thank you

Questions on the CQM assessment process? Get in touch with the CQM Assessment Body.

cqm@smart-consulting.com

cqm.smart-consulting.com

