DOCUMENTO CONTROLADO

SUMITRONICS MANUFACTURING DE MEXICO S. DE R.L. DE C.V.

Sumitronics Manufacturing de México S. de R.L. de C.V.

Quality Manual
ISO 9001:2015/IATF 16949:2016

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Revision Table

Revision#	Date	By	Revision Description
R04	Apr-12-13	Beatriz Verdugo	Deleted procedure PP02 001 Manual Insertion Sharp Procedure, control number modified of the Continuous improvement Procedure: PPGR 003 now PQGR 016 and Parameters Change in Flux and Wave machine Procedure PM02 002 now PMGR 007. Updated Quality Policy.
R05	Aug-30-13	Beatriz Verdugo	Added documents “PCGR 008 Pre-production Material Procurement Procedure, PEGR 012 RXX Deviations the Process and Product Procedure, PPGR 013 PCB Recycling in CKD machine Procedure, PPGR 014 Operational Documents control and training Procedure, IEGR 002 Contingency Plan” and documents deleted “PQGR 009 Customer service (Defects) Procedure, PQGR 010 RMA Procedure, PQGR 011 Defects detected with the customer Procedure, PMGR 003 Contingency Procedure.
R06	Sep-12-14	Jazmín Raygoza	Added documents, section 4.1 FDGR 002 Document control master list, 6.4.2 MEGR 001 6S’s Manual, Appendix A DRGR 001 Human Resources, DSGR 001 Sales, DPGR 001 Production, DEGR 001 Production Engineering, DQGR 001 Quality planning, DCGR 001 – DCGR 002 Purchasing, DAGR 001 Warehouse and DNGR 001 Production Planning.
R07	Nov-4-14	Jazmín Raygoza	Include Process results meeting
R08	Sep-29-15	Carmen Rosales	Document name is changed before quality plan (PGGR 001), now sequence and interaction of processes (Quality plan).
R09	Sep-26-17	Carmen Rosales	Added the new Quality Policy, visual aid AJGR 002 Diagram of the sequence and interaction of processes and procedures were updated.
R10	Jan-02-18	G. Salas	The quality manual was updated with the new version of the standards
R11	May-01-18	G. Salas	Added risk analysis procedure (PQGR 024).
R12	Feb-07-19	G. Salas	There was a correction in the context of the organization and the objective part was updated.
R13	Jun-11-19	G. Salas	New objectives changed.
R14	Sep-23-19	G. Salas	General review was made for corporate name change.
R15	11-June-20	G. Salas	New process interrelation diagram added.
R16	22-Jun-2021	G. Salas	Added new Quality Objectives 2021.
R17	Mar-07-22	G. Salas	Changed was the image of the process map and were updated reference documents.
R18	May 25th 22	M. Avila	New quality objectives added.
R19	Jan 24th 23	M. Avila	The image of the process interaction map was changed and a communication matrix was added.
R20	May 29th 23	M. Avila	Added New quality objectives 2023.
R21	June 2nd 23	M. Avila	Procedure reference PPGR 003 was deleted; reference PNGR 005 was added.
R22	Oct 27th 23	M. Avila	The image of the process map was modified and procedure PQGR 019 was added. Reference to obsolete procedure was eliminated.
R23	May 23rd 24	M. Avila	Added new Quality Objectives FY' 2024.
R24	Sep, 25th 24	M. Avila	The image of the process map was changed and the documents DEGR 019 and DUGR 001 were added on page 30.
R25	Jun, 18th 25	M. Avila	Added new quality objective, new process map and changes reference documents. Added president sign.
R26	Jun, 17 th 26	A. García	The names of the clauses were corrected. Added new quality objective, new process map and changes reference documents

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Introduction

This document describes the Quality Management System of Sumitronics Manufacturing de México (here after called SMM), and it has been prepared in order to meet the requirements of the ISO/IATF 16949:2016 standard.

It also describes the quality policy and how SMM fulfills the ISO/IATF 16949:2016 requirements to allow an effective implementation and maintenance of the Quality Management System; it also describes the main responsibilities and authorities to take over each one of the activities mentioned in this manual.

The QMS Management Representative of SMM is responsible of maintaining this manual. Any modification or change can be done based on requirements of section 7.5

This manual is documented information and it is available in the computer network only for reference purposes; hard copies are not valid without original signatures or “Controlled Document” stamp.

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1.0 Scope

1.1 Scope-Automotive supplemental to ISO 9001:2015

SMM has established a Quality Management System based on ISO 9001:2015/IATF 16949:2016 requirements to meet quality standards and meet customer requirements and increase customer satisfaction through the efficient application of the system, including the system Continuous improvement and ensure that all customers and legal requirements (it is applicable) are met.

The scope is defined as follows: "Manufacture of electronic Sub-Assemblies, (performing activities of: Welding printing, insertion of components (SMT and Manual, curing, inspection, manual and automatic welding, coating, electrical test, inspection visual, packaging, quality inspection and shipping), complying with the Compliance Obligations established in the System, associated to the address at Tres Sur Street # 9071, Tijuana Industrial City, Baja California, CP 22444, Mexico, over an area of 28,513.59 m2 , with a perimeter fence that borders to the north with Candy Mex, to the south with Prime Wheel de Mexico, having authority, control and influence only on the personnel resources found in said perimeter.

1.2 Application

Top management of SMM has established a Quality Management System in order to achieve:

- A continuous improvement of SMM business performance.
- Improvement of Quality, productivity and cost of products and services.
- To be recognized as Electronics Manufacturer Service company by achieving certification to an accepted quality management system standard.

SMM excludes the design and development of products requirements of the ISO 9001:2015/IATF 16949:2016 standard.

Reference: ISO 9001:2015	Requirement
Clause 8.3	Product design and development.

Justification
SMM Engineering processes manage the compliance of the product requirements, ensuring that the design documents and/or records of the customer are understood by SMM organization and there is appropriate resources and ability to produce the products according to the customer's design, as well as achieving all applicable requirements. *Contracts with customers do not include any activity related to any stage of the product design and development process.* *Any future requirement of design and development of products must be included in the quality management system in order to comply with the requirements of the clause 8.3 Product design and development.*

1.3 Revision table of quality manual

This manual includes the sections and pages described in the table of contents. Management representative ensures that all the changes are authorized and processed, and all obsolete distributed copies are removed and replaced with the new version.

1.4 Quality manual distribution.

This manual is controlled according to the document control procedure and only controlled copies are considered valid documents.

Refer to section 7.5 documented information

2.0 Normative and informative References

SMM commitment is to comply with any disposition of:

- ISO 9001:2015/IATF 16949:2016
- Any specific customer and/or regulation requirement addressed as an external document registered in the document control list.

3.0 Terms and Definitions

3.1 Terms and definitions for the automotive industry

For the purpose of this quality management system manual, the definitions stated in ISO 9000 and section 3.0 of ISO 9001:2015 are applicable.

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4.0 Context of the organization

4.1 Understanding of the organization and its context

Sumitronics Manufacturing de Mexico, S de R.L de C.V. activities, products and services, Located at Calle Tres Sur # 9071 Cd. Industrial Tijuana CP. 22444.

Sumitronics Manufacturing is a Company that has a Tri-cultural Employee based platform (Mexican, American and Japanese). Located at Otay, Municipality of Tijuana, Tijuana is a large city and unique, because it provides strategic benefits for the industry sector, including Bilingual skilled workforce, near US- Mexico border, near Emergency Response Services and Highway Tecate- Mexicali. The surroundings of the Company are industrial premises which provide a good location opportunity between Customers and Vendors.

4.2 Understanding the needs and expectations of interested parties

In the addition to these core values Sumitronics Manufacturing de Mexico, S. de R.L. de C.V. will also consider the implications and risks to our business in respect of:

- Legal and regulatory regulations and guidance.
- Financial implications.
- Interested parties, such as clients, and employees.
- Use best available technologies where financially practical and feasible.

Top Management and personnel: To Work in an organization that complies with rules and regulations on their behalf. The implementation of a Quality Management System, leadership and involvement participation thru all QMS related Activities.

Shareholders: Productivity, costs effectiveness, organization growth, with a Quality Management System implemented, providing the resources for the maintenance, effectiveness and continuous improvement.

Community and Neighbors: A company that meets quality, with the prevention of pollution and good impact on society through the awareness of quality in employees.

Suppliers and Vendors: Compliance with their requests regarding the Quality.

Regulatory Organizations: Compliance with all Legal Requirements applicable for Quality Context of the Organization, Federal, State, Municipal Level and other requirements.

Consulting: allow to establish methodologies or controls and legal requirements.

Customers: Services provided with quality awareness, compliance regulation and ISO certification.

Internal interested parties: Employee, Top Management and Shareholders.

External interested parties: Vendors, suppliers, Community, Regulatory Organizations, Consulting and Customers.

4.3 Determining the scope of the quality management system

Sumitronics Manufacturing de Mexico, S. de R.L. de C.V is committed to providing Quality Electronic Assemblies through a QMS that will determine the internal and external problems that are relevant to the organization and that have a direct influence on the effectiveness of quality management.

4.3.1 Determining the scope of the quality management system-supplemental

In addition to these fundamental values, Sumitronics Manufacturing de México will also consider the implications and risks for our business with respect to internal and external problems:

- Regulations and legal and regulatory guidelines.
- Financial implications
- Interested parties, such as customers, contractors, suppliers and employees.
- Use the best available technologies where it is financially practical and feasible.

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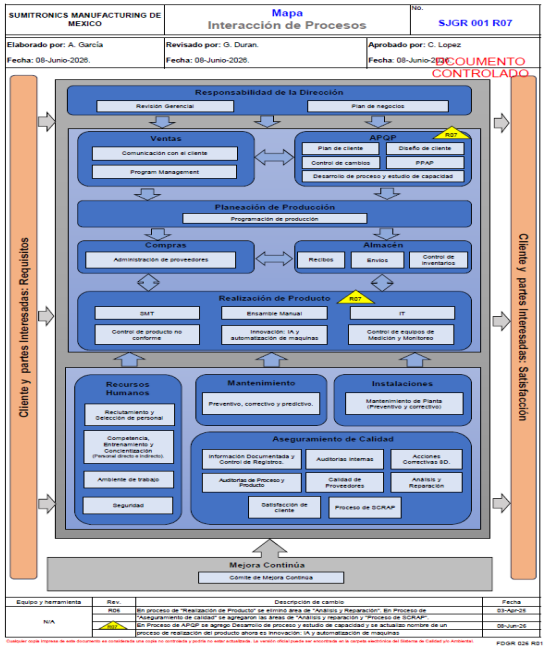
4.3.2 Customer-specific requirements

The specific requirements of the client are evaluated and included in the SMM Quality Management System.

4.4 Quality management system and its processes

4.4.1

SMM has established and documented a QMS, which is continuously improving its application and efficiency (*SJGR 001 Process Interaction Map*).



(Image)

SMM determined the following process as required so that the quality management system also determined its sequence and interaction.

The methods and criteria necessary to ensure that the operation and control of this process are efficient are described in the documents (level 1, 2, 3 and 4 recorded in the master list of controlled documents.

To ensure adequate monitoring, measurement and analysis of these processes, the quality objectives are defined annually. The tracking of your achievement is tracked during periodic meetings.

The level 2 procedures that support each process are listed in the master list of controlled documents (*FDGR 002*).

4.4.1.1 Conformance of products and processes

SMM ensures the compliance of all products and processes, with all the requirements of the client and the applicable legal and regulatory requirements.

4.4.1.2 Product safety

SMM has a documented process for managing the safety of its product in related products and manufacturing processes.

It includes the identification of legal and regulatory requirements, customer notifications of the requirements, special approvals of PFMEA, reaction plans, among others.

4.4.2

SMM maintains documented information to support the operation of its processes and to have confidence that the processes are carried out as planned.

5.0 Leadership

5.1 Leadership and commitment

5.1.1

SMM Top Management has the responsibility to establish, implement and improve the quality management system in order to meet all ISO 9001:2015 / IATF 16949:2016 requirements, and knowledges specific responsibilities such as:

- To prove SMM capacity to provide consistently products that satisfies all customer requirements and applicable regulations.
- To communicate among all the organization the importance of satisfying all customer requirements as well as any other regulation that may apply to the type of product supplied.

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- To establish, implementing and periodically checking quality policy.
- To identify, document, interact and ensure effective operation of Core and support processes and pursuit their continual improvement.
- To ensure that quality objectives are appropriate to the quality policy.
- To ensure the compliance of general requirements and warranty that every document of the quality management system is applicable and updated regardless of its origin (internal or external).

5.1.1.1 Corporate responsibility

The Factory General Manager has appointed a Quality System Management Representative and designated an alternate management representative, responsible for ensuring the requirements of ISO 9001:2015 / IATF 16949:2016 standards and the Quality Management System defined in this manual, are implemented and maintained.

He must also keep top management informed of the status of the Quality Management System. He must assure that processes needed for the Quality Management System are established, implemented and maintained. He must also assure the promotion of awareness of customer's requirements throughout the organization.

The Quality Assurance Manager is the Quality Management System Representative.

5.1.1.2 Process effectiveness and efficiency

To check periodically all product realization process and those support processes to ensure their efficiency and effectiveness.

5.1.1.3 Process owners

SMM assigns competent process owners to each of their processes which are responsible for managing the organization's processes and their outputs.

5.1.2 Customer focus

The Factory Director ensures that customer requirements are determined through the sales process and are achieved throughout effective interaction of all core and support processes, in order to increase customer satisfaction.

5.2 Policy

5.2.1 Establishment of the quality policy

Company staff throughout a strategic planning process; develop the quality policy and quality objectives. The quality policy purpose is to state clear and serious commitment to full fit all customer expectations.

The quality policy is appropriate to the organization purposes, describes the commitment to meet all applicable requirements and continuously improve the effectiveness of the quality management system and provide a framework to establish and review quality objectives of SMM.

SMM's Quality Policy (*FQGR 023*) states the following:

"Sumitronics Manufacturing is committed to Customer Satisfaction through High-Quality Defect- Free Products, On-time Delivery, and Cost-competitiveness. In order to achieve our goal, we promote an environment of Teamwork, Personnel Development, Continuous Improvement and a Quality-first culture".

"Sumitronics Manufacturing está comprometido a la Satisfacción del Cliente a través de Productos de Alta Calidad -Libres de Defectos, Entregas a Tiempo, y Costos Competitivos.
Para lograr nuestra meta, promovemos un ambiente de trabajo en equipo, desarrollo de personal, mejora continua y una cultura donde la calidad es primero".

5.2.2 Communication of the quality policy

Once the quality policy is established, it is made known to the entire organization and to the interested parties and is maintained as documented information.

5.3 Roles, responsibilities and authorities in the organization

The General Manager of the Factory has the final responsibility for the quality of the products, and is also responsible for documenting, maintaining and communicating the quality policy of SMM.

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The management of SMM is responsible for monitoring the establishment and implementation of the Quality Management System and the implementation of all the programs required by the Quality Management System and the quality policy of SMM.

5.3.1 Roles, responsibilities and authorities in the organization-supplement

The successful implementation and operation of a Quality Management System requires the commitment of all personnel working in the company or in its name; therefore, each department establishes roles and responsibilities for each employee according to the objectives and goals, the quality policy and the requirements of the Quality Management System.

The employees are responsible for the quality of the products under their control. The detailed responsibilities of each position, levels of authority and the interaction of the personnel that manages, executes and verifies all the activities are indicated in the Organization Chart.

5.3.2 Responsibility and authority for product requirements and corrective actions

Senior management ensures that personnel with responsibilities within SMM have the authority to stop production if there is a quality problem.

They should be informed in case the product does not meet the requirements to correct it immediately and ensure that non-conforming product will not be shipped.

SMM has people with responsibility and authority for each shift, to ensure conformity with the requirements of the product.

Applicable in the organization chart

6.0 Planning

6.1 Actions to address risks and opportunities

6.1.1

Sumitronics Manufacturing has implemented processes to assess the risk and opportunities for the QMS to be determined to:

The result of this evaluation will result in action plans to track, achieve continuous improvement or reduce unwanted effects.

6.1.2

SMM must plan:

a) Actions to address these risks and opportunities;
b) The way of:
    1. Integrate and implement the actions in their processes of the quality management system.
    2. Evaluate the effectiveness of these actions.

The actions taken to address the risks and opportunities must be proportional to the impact potential in the conformity of products and services.

PEGR 008 RPN Procedure
PQGR 024 Risk Analysis Procedure

6.1.2.1 Risk Analysis

SMM includes in its risk analysis lessons learned, product audits, customer complaints, SCRAP and rework that may occur.

PQGR 024 Risk Analysis Procedure.
PEGR 008 RPN Procedure

6.1.2.2 Preventive action

SMM determines actions to eliminate possible causes of nonconformities. Preventive actions must be appropriate for the effect of potential problems. There is a documented procedure to define:

- Determine possible nonconformities and their causes.
- Evaluate the need to act to prevent the appearance of nonconformities.
- Determine and implement the necessary actions.
- Record the results of the actions taken and verify them.
- Review the affectivity of the preventive action taken.

PQGR 002 8D Corrective Actions

6.1.2.3 Contingency plans

SMM maintains contingency plans to satisfy customer requirements in the event of an emergency such as:

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- Utility interruptions;
- Labor shortages;
- Key equipment failure; and
- Field returns.

FGGR 002 Contingency Plan

6.2 Quality objectives and planning to achieve them

6.2.1 and 6.2.2

Once a year, the management and management staff of SMM establishes measurable and appropriate key objectives, objectives and indicators of performance (KPI) for the products and processes carried out in SMM, taking into account the quality policy and the requirements and expectations of our customers.

The quality objectives of SMM are reflected as follows:

Safety

-Accidents ..... Zero
-Incidents ..... Max. 4 per year

Quality

-Customer Warranty ..... Max. 1-year STX Resp.
-No official claims
[all customers] ..... Max. 6 alerts per year
-Official claims
[all customers] ..... Max. 4 per year.
-Supplier Quality DMR's..... ≤ 40 days to close it.
-Internal Quality all Customer:
SMT ..... ≤ 20 PPM's
MA ..... ≤ 500 PPM's

Cost

-SMT OEE (Overall Equipment Effectiveness):
All customer ..... ≥ 80%

-SWT Achievement by Customer:
All customer..... ≥ 80%

-Customer Premium Freight ..... = 0%
-Supplier Premium Freight ..... = 0%
-Scrap & Loss of Inventory
All customer ..... ≤ 0.30 %
-Maintenance
MTBF SMT: ..... ≥ 255 Min. per month.
MTTR SMT: ..... ≤ 15 min. per month
MTBF MA: ..... ≥ 425 Min. per month.
MTTR MA: ..... ≤ 20 min. per month.
-Continuous Improvement ..... Min. 15 project per year.
-Inventory Turnover
*Less than 3.0 all customers

Delivery

On time delivery ..... = 100%
Safety stock
*1 week for high runners FG.

PQGR 019 Customer Satisfaction and Organizational Quality Objectives

6.2.2.1 Quality objectives and planning to achieve them-supplement

Once the objectives are established, they are communicated to the organization through the appropriate means.

6.3 Planning of changes

During the annual planning, the administrative staff identifies new models or special models that will be produced and, when necessary, will review and update the appropriate documentation to ensure that the integrity of the Quality Management System is maintained.

The purpose of the planning sub process is to define the sales, inventory, personnel and investment plan to ensure that the customer's requirements and quality objectives are met.

The administrative process and the product realization process are organized.

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7.0 Support

7.1 Resources

7.1.1 General

The managerial staff is responsible for identifying human resources, material and financial needs, and assigning qualified personnel to perform all activities related to the Quality Management System, improving its effectiveness and improving customer satisfaction. This activity belongs to the planning sub-process described in the management responsibility process.

To obtain approved resources, it is executed in accordance with the purchasing and human resources processes.

7.1.2 People

SMM determines and provides the people necessary for the effective implementation of its quality management system and for the operation and control of its processes.

7.1.3 Infrastructure

SMM determines, provides and maintains the infrastructure to achieve compliance with product requirements. The infrastructure includes: facilities, work space and associated services (such as compressed air, air conditioning, etc.) and production and inspection equipment that includes hardware and software and support services (such as transportation or communication).

Infrastructure needs are identified in the annual planning process.

7.1.3.1 Planning of the plant, facilities and equipment

If a new process is to be introduced, SMM uses a multidisciplinary approach to the development of plant, facility and equipment planning. The designs of plants are designed taking into account the guidelines of lean manufacturing:

- Optimize material handling.
- Optimize the use of space.
- Make smooth transit of materials; and
- Allow the evaluation and monitoring of the effectiveness of real operations.

7.1.4 Environment for the operation of the processes

In order to keep a suitable working condition and an appropriate work environment, each manager supervises the conditions of the work environment and informs in weekly management meetings any situation that could jeopardize the non-compliance of the product requirements.

Work environment conditions such as:

- ESD protection program
- Work wear
- New training material for employees
- Cleaning in work areas
- Training material

7.1.4.1 Environment for the operation of the processes-supplement

SMM maintains a health and safety commission that guarantees safe working conditions. A monthly check is made to follow and maintain the safety guidelines of SMM.

7.1.5 Monitoring and measurement resources

7.1.5.1 General

SMM applies appropriate methods for monitoring and measuring resources to ensure the conformity of products and services with the requirements. These methods are documented in the control plans of each applicable process. If the planned results are not achieved, corrections and corrective actions are taken to achieve the planned objective.

7.1.5.1.1 Analysis of the measurement system

SMM performs analysis of the measurement system according to the MSA manual for critical items as defined in the product specifications.

PEGR 013 MSA Procedure

7.1.5.2 Traceability of measurements

The responsibility for calibration and verification of the inspection, measurement, test and testing equipment belongs to the Engineering calibration section and the Production Engineering section.

DOCUMENTO CONTROLADO

The measurement equipment and the test software used to validate compliance with the specific requirements is verified and maintained. The uncertainty of the measurement will remain within the specifications of the equipment manufacturer through the proper use and care of the equipment. The calibration section establishes the intervals for the calibration of each instrument and test equipment; the frequency of the calibration is based on the previous performance results of the previous calibrations, the recommendations of the equipment manufacturer and the recommendations of the external calibration laboratories.

SMM will provide customer calibration data if required by the contract.
The equipment that requires calibration will be traceable to the standards of the National Institute of Standards and Technology (NIST), whether calibrated internally or externally.

The determination of the measurements to be carried out, the requirements of precision and the selection of the suitable equipment with the precision and precision required, is carried out in the sections of production engineering, engineering and quality.

The instruments are calibrated against certified equipment that can be tracked according to national or international standards.
Specific calibration instructions will be given to the external laboratory, when necessary.

Evaluations of the validity of the measurements made on the product will be taken when it is discovered that the equipment is out of calibration. Appropriate actions will be taken.

Indicator on the equipment to identify the status of the calibration.
Maintenance of calibration records by the quality calibration section.
Safeguards against unauthorized adjustments, which would invalidate the calibration configuration.

Ensures that the equipment complies with the repeatability and reproducibility requirements.

SMM will ensure that environmental factors are adequate for inspection and testing. The external laboratories used will ensure that the environmental conditions are adequate for the calibrations performed.

The SMM measurement equipment definition also includes templates, accessories and software and / or test hardware, when used to determine the quality of the product. The software and test hardware will be verified to demonstrate that it is capable of verifying the acceptability of the product before use and is re-verified at intervals specified in the Calibration Process.

PEGR 003 Equipment calibration procedure

7.1.5.2.1 Calibration / verification records
SMM maintains and maintains records of calibration / verification activities of all test and measurement equipment. This registry includes:

- Identification of the equipment
- Calibration certificate
- Calibration data
- Validations made in case some equipment is out of specifications
- Subsequent revisions to engineering changes.
- Notification to the client in case of doubt about the conformity of the product.

PEGR 003 Equipment calibration procedure

7.1.5.3 Requirements applicable to the laboratory
7.1.5.3.1 Internal laboratory
SMM does not have an internal laboratory for the calibration of the equipment; an accredited external laboratory is used.

7.1.5.3.2 External laboratory
SMM ensures that external laboratories are certified according to the ISO/ IEC 17025 standard.

DOCUMENTO CONTROLADO

7.1.6 Knowledge of the organization

SMM determines the knowledge necessary for the operation of its processes and to achieve the conformity of the products and services by means of autodidactic trainings that are carried out each year so that the personnel is aware of the most recent changes in the existing procedures that apply.
SMM is responsible for informing the personnel of the most recent changes in the requirements of each of our clients or changes in the regulations.

7.2 Competence

To ensure that the personnel performance activities that affect the quality of the products are competent based on education and training of the appropriate skills and experience, SMM maintains and improves the human resources process.

7.2.1 Competence-supplement

This process ensures that the new personnel have general information to perform the assigned activity, and during the secondary training process, it is guaranteed that the new employee has the specific knowledge required by the assigned position.

PRGR 003 Direct and indirect personnel selection procedure
PRGR 002 Induction of new personnel Procedure

7.2.2 Competence-training for the job

SMM maintains and preserves a procedure to periodically determine training needs and create a program that fully meets all identified needs, provides training and evaluates effectiveness, to achieve the competence of all personnel that may affect the quality of the product.

In the human resources process, activities are described to carry out and control methods to guarantee the effectiveness of the training.
Final product verification activities are performed by qualified quality personnel to ensure conformity and effectiveness of the Quality Management System.

The personnel that carry out specific activities are qualified as required, always looking at the satisfaction of the customer's requirements. Employees that can have a strong effect on customer satisfaction are informed about how to improve.
Customer satisfaction and contribute to the achievement of quality objectives and objectives.

SMM maintains and preserves appropriate records to show evidence of education and appropriate training in the skills and experience of the personnel.

PRGR 008 Direct personnel training procedure

7.2.3 Competence of the internal auditor

Only qualified personnel in these requirements of this technical specification can perform internal audits to the Quality Management System.

7.2.4 Competence of the second party auditor

SMM does not perform second-party audits

7.3 Awareness

SMM ensures personnel are aware of the quality policy, quality objectives, customer requirements, and their contribution to product conformity and customer satisfaction.

7.3.1 Awareness-supplement

Employees that can affect the quality of the product are informed about how to contribute to the achievement of quality goals and objectives.

PRGR 008 Direct personnel training procedure
PRGR 009 Competency and Awareness

7.3.2 Employee motivation and empowerment

During regular meetings, SMM motivates employees to achieve quality objectives, participate in continuous improvement activities and create an environment to promote innovation. This process includes the promotion of quality and technological awareness in all SMM members.

PRGR 004 Indirect personnel performance evaluation

DOCUMENTO CONTROLADO

7.4 Communication

The factory general manager ensures that there are adequate communication channels within SMM and that this communication considers the effectiveness of the Quality Management System.

FJGR 006 Internal and External Communication Matrix

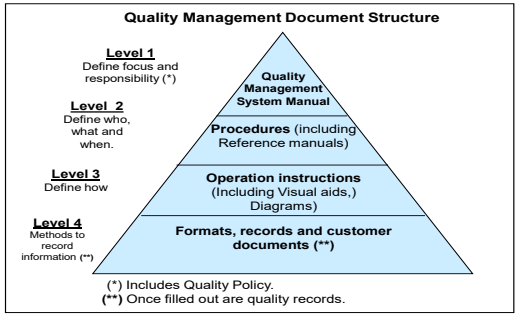
7.5 Documented information

7.5.1 General

7.5.1.1 Documentation of the quality management system

SMM updates this quality manual in order to guide all actions to ensure the effectiveness and efficiency of the system, therefore, achieve the needs and requirements of the customer. This manual refers to the documented procedures required by ISO 9001:2015/IATF16949:2016.

Documentation structure is shown in the above figure.



7.5.2 Creation and update

Each time that any document is updated, SMM shall ensures that the document has the appropriate information for its publication on the floor.

a) Identification and description (title, reference, number, date, author, etc.)
b) Format (language, version, software, graphics) and media (paper, electronic)
c) Review and approval for suitability and adequacy.

PDGR 001 Documented Information procedure

7.5.3 Control of documented information

7.5.3.1 & 7.5.3.2

SMM maintains a documented procedure that defines the controls necessary to review and approve documents before their release and ensure compliance with each of the requirements of ISO 9001:2015 / IATF 16949:2016.

SMM has established a documented procedure to provide evidence of compliance with ISO 9001:2015/IATF 16949:2016 requirements, as well as to establish the means to maintain the data records necessary to demonstrate the efficiency of the Quality Management System.

All records must be legible, easy to access and retrieve. This procedure establishes the requirements to establish controls for the identification, storage, protection, recovery, retention time and final disposal of the records; there is a master list with all the records identified.

PDGR 001 Documented Information procedure

7.5.3.2.1 Retention of records

The control of quality records satisfies all the applicable requirements, including those related to the specific request of the customer, such as the regulatory requirements.

PDGR 003 Record control procedure

7.5.3.2.2 Engineering specifications

The SMM document control system ensures that all engineering specifications and customer standards are reviewed distributed to the appropriate functions.

If there are any changes that may affect the PPAP documents, such as control plans, FMEA, etc., a new PPAP must be issued and sent to the customer for approval, if necessary. A record of the date on which the change in production is entered is kept. PPAP applies to the TS parties.

PEGR 002 Engineering change procedure

DOCUMENTO CONTROLADO

8.0 Operation

8.1 Planning and operational control

SMM starts the planning process when a new product is going to be introduced or the customer requires a change in the product.

The process, resources, documents for the realization of the product and the necessary records to show evidence of compliance with the requirements are determined.

PEGR 005 Advance product quality planning procedure

8.1.1 Operational planning and control-supplement

Parts control plans include requirements and customer references related to the technical specifications.

8.1.2 Confidentiality

SMM guarantees the confidentiality of the customer's property.

8.2 Requirements for products and services

8.2.1 Customer Communication

SMM maintains and preserve up-to-date communication for all possible customer problems, such as; product information, inquiries, contracts or order handling, including amendments and comments from customers, including customer complaints.

Throughout the meeting, all positions and responsible persons are included to attend all the requirements.

PSGR 003 Sales operation

8.2.1.1 Customer Communication -supplement

SMM has an adequate infrastructure to communicate with the efficiency and effectiveness of the customer, including data transmission and sharing compatibility.

8.2.2 Determination of requirements for products and services

The information provided by our customer is coordinated and reviewed by Sales & Engineering, with the support and participation of relevant functions, to determine the requirements related to the product.

These requirements include, among others, the following:

- Delivery and delivery of activities
- Characteristics of the product and the process
- Regulatory and statutory requirements related to the product.

8.2.2.1 Determination of requirements for products and services - supplement

In addition, SMM determines the additional requirements necessary for compliance with customer requirements.

Necessary information is exchanged with / requested to our customers through the appropriate contacts.

Procedure PCGR 006 RFQ

8.2.3 Review of requirements for products and services

8.2.3.1

Production control area, reviews the ability of SMM to meet customer requirements. This review is done before confirmation to the customer and guarantees that all requirements are defined and understood. If a formal review of the requirements is not made, SMM requires the customer's approval to continue the introduction process.

8.2.3.1.1 Review of requirements for products and services-supplement

Exempting the requirement established in 8.2.3.1 for a formal review requires the authorization of the customer.

8.2.3.1.2 Special characteristics designated by the client

All special features (product requirements) are designed, documented and controlled according to the customer's requirements.

DOCUMENTO CONTROLADO

8.2.3.1.3 Feasibility of manufacturing by the organization

SMM analyzes the viability of the manufacturing process before the confirmation of the customer. This review is carried out under a multidisciplinary approach with the final approval of senior management.

8.2.3.2

SMM keeps the information documented, if there is any change in the results of the review or if there is a new requirement for the products and services.

PSGR 001 New customer development procedure
PSGR 002 Contract review procedure

8.2.4 Changes to requirements for products and services

SMM ensures once a requirement for products and services is changed, that the documented information is updated and communicated to the personnel involved.

8.3 Design and development of products and services

The customer is responsible for the design and development of products.

SMM responsibility to ensure that design records and specifications are understood by SMM and that the process has the capacity to produce products in accordance with the design and meeting requirements.

This means that our contracts do not include any activity related to any of the design and development stages in the design and development of the product.

8.3.2.2 Skills for product design

SMM does not perform product design activities. Process design activities are carried out by competent personnel in accordance with customer requirements and applicable standards.

8.3.3.3 Special Characteristics

SMM uses a multidisciplinary approach to establish, document and implement one or more processes where it identifies special characteristics, including those determined by the customer and the risk analysis carried out by the organization.

8.3.4.3 Prototype program

SMM has a program of prototypes to be able to track the activities of performance monitoring and ensure compliance with the requirements, always when required by the customer.

PEGR 001 Model Introduction
PEGR 005 Advance product quality planning procedure

8.3.4.4 Product approval process

SMM has established a product approval process in accordance with the requirements defined by the customer.

PEGR 005 Advance product quality planning procedure

8.4 Control of processes, products and services supplied externally

8.4.1 General

SMM determines and applies the criteria for evaluation, selection, performance monitoring and reevaluation of external suppliers, based on its ability to provide processes or products and services in accordance with the requirements. The documented information of these activities and any necessary action arising from the evaluations is retained.

PCGR 003 Supplier Evaluation Procedure

8.4.1.1 General-supplement

SMM includes all products and services that affect customer requirements, such as sub-assembly, sequencing, classification, reprocessing and calibration services, within the scope of its definition of externally supplied processes, products and services.

PCGR 006 RFQ Procedure

8.4.1.2 Supplier selection process

They are suppliers directed by the customer.

DOCUMENTO CONTROLADO

8.4.1.3 Customer-directed sources (also known as "Directed-Buy")
When specified by the customer, SMM must purchase products, materials or services from sources of supply directed by the customer.

PCGR 006 RFQ Procedure

8.4.2 Type and extent of control
SMM ensures that processes, products and services externally it does not adversely affect the ability of the organization to deliver products and services conforming consistently to its customers.

PCGR 003 Supplier Evaluation Procedure

8.4.2.1 Type and extent of control-supplemental
SMM has a documented process to identify externally contracted processes that verify the conformity of externally supplied processes, products and services with the internal requirements and those of the external customer.

PCGR 003 Supplier Evaluation Procedure

8.4.2.2 Statutory and regulatory requirements
SMM verifies that purchased products meet the regulatory requirements.

8.4.2.3 Supplier quality management system development
Vendors providing materials or services must have at least ISO 9001:2015 certifications, unless customer specifies some other requirement.

8.4.2.4 Supplier monitoring
SMM monitors the performance of the provider in the following main indicators:

- Quality of the delivered product.
- Customer interruptions (including field failures).
- Delivery performance (including premium transport events)
- Special notification about the customer related to quality problems or deliveries.

8.4.2.4.1 Second-party audits
They are suppliers directed by the customer.

8.4.2.5 Supplier development
SMM determines the priority, type, scope and terms of the actions for the development of the active external suppliers.

SMM Implements the necessary actions to solve open (unsatisfactory) performance problems and looks for opportunities for continuous improvement.

PCGR 003 Supplier Evaluation Procedure

8.4.3 Information for external providers
SMM communicates to external suppliers its requirements for the processes, products and services to be provided.

8.4.3.1 Information for external providers-supplement
SMM communicates to external suppliers all applicable legal and regulatory requirements and special characteristics of the product and the process.

8.5 Production and provision of the service
8.5.1 Control of the production and provision of the service
The plant production areas are SMT processes and manual insertion. SMT provides finished PCBs, as well as subassemblies for the manual insertion process, which are complemented through various processes according to the engineering product and manufacturing specifications. The products are manufactured in accordance with the production schedules ordered by the production control section. All production processes are considered to have a direct impact on quality. Each process is subject to certain process controls:

- Operators are given appropriate work instructions whenever necessary; these are generated according to the product of the engineering department and / or the manufacturing specifications.
- Use of correct tools, templates and equipment, in an adequate production environment.

DOCUMENTO CONTROLADO

- Compliance with the established requirements of product acceptance criteria; use of the appropriate inspection and test equipment.
- Identification of the critical parameters of the process and / or characteristics of the product, to be monitored, through the use of statistical techniques and / or other methods of process control.
- Applicable production preparation routines (line configuration).
- Use of real samples for labor standards.
- Preventive maintenance practices to guarantee the continuous capacity of the process.
- Process capacity, evaluated by reference to statistical controls, process performance, customer complaints and inspection reports.
- Implementation of launch, delivery and post-delivery of products.

SMM has documented operating instructions for each part number, in these operating instructions, specific activities are described, which include verification, validation, monitoring and inspection of products, as well as acceptance criteria. In addition, the control plans describe the necessary processes and records necessary to provide evidence that all stages of production meet the applicable requirements.

PEGR 001 Procedure for the introduction of model
PEGR 007 Assembly and inspection equipment programming
PEGR 010 Stencil control procedure
PPGR 005 Visual inspection SMT procedure
PPGR 006 Assembly procedure for components
PPGR 007 Automatic optical inspection procedure
PPGR 008 Printing paste Procedure
PPGR 009 Skip authorization procedure
PPGR 010 Quality Alert stop line Procedure

8.5.1.1 Control plan

The SMM have control plans available for the products that the customer requires.

Control plans are prepared for pre-launch and production, considering the FMEA output manufacturing process for its creation.

If any changes in the process or product affect any of the product requirements, the control plans should be reviewed and sent to the customer if necessary.

8.5.1.2 Standardized Work-Operator instructions and visual standards

SMM has available documented operation instructions for personnel that may impact in product quality. These instructions are available for its use in each workstation and they are linked to related control plan.

PJGR 003 Elaboration, Updating and Training of Operational Documents.

8.5.1.3 Verification of job set-ups

Each process involved in the configurations due to the change of model, change of materials, etc., must be controlled in accordance with the instructions, manuals or planned procedures. These configurations must be subject to verification.

PMGR 002 Solder baking
PPGR 002 Model Change SMT Procedure
PPGR 011 Manual assembly model change procedure

8.5.1.4 Verification after shutdown

SMM define and implement the necessary actions to ensure product compliance with the requirements after a period of stoppage of production.

PMGR 009 Restarting Equipment after a prolonged shutdown

8.5.1.5 Total productive maintenance

To ensure the availability of equipment, SMM has a control plan that indicates how preventive maintenance is performed.

SMM has a preventive maintenance system for key equipment. As a minimum requirement, this system includes:

- Preventive maintenance plan.
- Storage and conservation of tool and inspection equipment.
- Spare parts availability.

DOCUMENTO CONTROLADO

- Documentation, evaluation and improvement of maintenance objectives.

Use of predictive maintenance to continuously improve the efficiency and effectiveness of production equipment.

PMGR 001 Predictive and preventive maintenance procedure

8.5.1.6 Management of production and manufacturing, test, inspection tooling and equipment

SMM provides resources for the design, manufacture and verification of tools and meters, in addition, there is a production tool management system that includes:

- Personnel and infrastructure for maintenance and repair.
- Storage and recovery.
- Replacement programs for tools with a limited life cycle.
- Documentation on the modification of the design of the tools, including the level of engineering change.
- Documentation on modification and verification of tools.
- Identification of tools, definition of the conditions of the tools, such as for production, repair or disposal.

In the event that an external company carries out this activity, SMM has a system to monitor the results.

8.5.1.7 Production scheduling

The main objective of the production control process is to issue an official production schedule to meet the customer's requirements, including logistical requirements, such as punctual deliveries based on confirmed orders.

PCGR 007 Production and shipping plan Procedure
PNGR 003 Production control procedure

8.5.2 Identification and traceability

Each section of the SMM plant has documented procedures for the identification of the raw material to be used during the production stages, as well as for the identification of the products in all stages of production with stamps, labels or other suitable means.

When required, tracking capacity records have been established in production and delivery phases.

Inspection and test records

Each related department maintains inspection and test records, which provide evidence that the product has passed or failed these inspections and tests.

The records identify the department to which they belong and the inspection authority. The records are kept for a specific period of time.

Inspection and test status.

Throughout the process, the products are controlled by lot numbers and date codes, as described in the production instructions and procedures. The status of the products is identified by labels attached to each pallet or identified in a different way. The state of the products is clearly identified in each and every one of the stages of various processes. As long as the condition of the product is not clear (including unmarked containers), it will be considered non-conforming and will require a new inspection.

The rejected or suspect product is isolated in designated areas with proper identification.

8.5.2.1 Identification and traceability-supplement

Only products that have passed the inspections and tests required or that have been launched under a concession authorized by the quality department can be released for the next process and / or sent to the customer.

PPGR 012 Production traceability procedure

DOCUMENTO CONTROLADO

8.5.3 Property belonging to customers or external providers

SMM has enough controls to ensure that the customer's property is properly managed in order to avoid any damage or misuse. All the elements owned by the customer (materials, reusable package, machinery, measuring equipment, tools, specifications, etc.) follow the same controls as in the own property, but they remain identified to avoid mixing them or using them incorrectly.

The materials are entered into the system and are linked to the customer's part number and the related model. The warehouse allocation is assigned to ensure that it will not be mixed.

It is the responsibility of the production control process to notify the customer when the property of any customer is damaged, won or lost and the record of the notification is maintained.

The tools, the machinery, the test equipment, etc., must have a visible identification all the time that is maintained in SMM.

PEGR 011 Customer property equipment and tooling procedure
PPGR 029 Return Material Owned by Customer.

8.5.4 Preservation

All individuals are responsible for proper handling, storage, packaging and delivery of parts and products. Specific requirements for handling, storage, packaging, preservation and delivery of parts are outlined in each department procedures.

Wherever product or material is handled, each individual must ensure that all required handling methods and precautions are observed to prevent damage or deterioration.

The storage of raw materials, in-process and finished goods; inventory control; and disbursement are described in the Quality Management System procedures. Special consideration is given to the storage of hazardous materials.

The cycling of items with shelf-life restrictions is accomplished by using a FIFO (first in, first out) system. The FIFO system may also be used in other areas but is not required. In order to detect deterioration, stored product is periodically checked.

SMM rule to ensure that product is conforming after long periods of storage is:

- For finish goods, maximum storage is nine months, after that period, quality evaluation is required prior shipment.
- For raw materials, twelve months is maximum storage period. After that, materials must be considered obsolete. Obsolete product is controlled as nonconforming product.

8.5.4.1 Preservation-supplement

Any other consideration related to vendor recommendation or customer request.

The packaging and labeling of finished goods are done in accordance with the procedures specified by the engineering department agreed with the customer, when requested.

Appropriate methods of preservation and segregation of products are addressed in the Quality Management System procedures.

The warehouse section is responsible for the protection of the quality of the product: for properly loading the trailer in order to protect the quality of the product during transport.

PAGR 001 Warehouse Input and Output Procedure
PAGR 002 Physical Inventory Procedure
PAGR 005 Shipping Procedure
PAGR 006 Material Receiving Procedure
PAGR 008 Material handling Procedure
PNGR 002 Shipping material Procedure
PNGR 004 General inventory Procedure

DOCUMENTO CONTROLADO

8.5.5 Post-delivery activities

SMM is responsible for extending the protection of the product until the delivery of product to the customer site.

8.5.5.1 Feedback of information from service

Information on service performance is systematically provided to all related areas.

8.5.5.2 Service agreement with customer

SMM does not have any service agreement with the customer.

8.5.6 Control of changes

SMM control changes may affect the performance of the product. The effects of any change are evaluated, including those made by the vendors, and activities are carried out to confirm that the customer's requirements will be met.

Changes that affect the process of product realization and may cause the customer's requirements to be affected, must be validated and sent to the client for approval before implementation.

8.5.6.1 Control of changes-supplement

Any additional or specific requirement, such as verification or identification, at any stage of the introduction of the new product, must be addressed and adequately achieved**.**

PEGR 002 Engineering change procedure

8.6 Release of products and services

The final inspection and tests are performed in accordance with the engineering specifications and quality criteria. The outgoing inspection process is responsible before releasing the products and services verify that they comply with the requirements to ensure that the non-conforming product is quickly rejected, segregated and eliminated.

No product will be sent to the customer until all the activities specified in the procedures of the Quality Management System have been successfully completed and the associated data and documentation are available and authorized.

8.6.1 Release of products and services-supplement

SMM must ensure the planned dispositions contemplate the control plan and are documented as specified in the control plan. (See Annex A)

8.6.2 Dimensional inspection and functional tests

A design inspection and functional verification of the customer's engineering material and performance standards will be performed for each product as specified in the control plan.

8.6.3 Appearance items

If the customer designates appearance elements, SMM provides the appropriate resources to perform the activities.

8.6.4 Verification and acceptance of the conformity of externally provide products and services

The Quality Department conducts incoming inspection in accordance to established procedures to ensure that only conforming material is released to production.

In cases where material is urgently needed, it may be released without receiving inspection or without compliance certificates. The quality department is responsible for making that decision and for ensuring that it is positively identified and recorded in order to permit immediate recall and replacement in the event of non-conformity to specified requirements.

The Purchasing Department is responsible for communicating with the vendor regarding the results of receiving inspection and tests.

PQGR 007 IQC Procedure

PQGR 015 Part Specification Approval Procedure

DOCUMENTO CONTROLADO

8.6.5 Statutory and regulatory conformity

SMM before releasing its products ensures that its processes, products and services supplied externally comply with the legal and regulatory requirements.

8.6.6 Acceptance criteria

If the customer requests it, SMM establishes the acceptance criteria for its approval. In all sampling plans by attributes, the acceptance level is based on "zero defects" in the samples evaluated.

8.7 Control of non-conforming outputs

8.7.1

Non-conforming material is controlled at all stages of production to avoid unintended use. All non-conforming materials will be identified, documented, evaluated, segregated (when practical) and arranged, with notification to all appropriate departments, as described in the procedures.

The customer can also identify non-conforming material, once he has received the finished product. This material will be subject to the same controls as the non-conforming material identified in the SMM facilities.
The control of any nonconforming material not described above is considered a special circumstance and will be controlled case by case by the quality department.

It is the responsibility of each production process to review and assign the adequate disposition of the non-conforming product within the process. It is the responsibility of the quality department to review and assign the appropriate disposition of the non-conforming product found in the outgoing inspection. The nonconforming product will be reviewed in accordance with the documented procedures.

The product can be:

- Reworked to meet the specified requirements;
- Accepted with or without repair by concession; or
- Rejected (scrapped or rectified).

When required by the contract, the proposed use or repair of the product, which does not meet the specified requirements, will be reported for the concession to the customer. The description of the nonconformity that has been accepted, and repairs, will be recorded to indicate the actual condition.

The repaired and / or reworked product must be reinserted in accordance with the procedures of the Quality Management System.

When a nonconforming product or lot is identified, appropriate labels are placed or placed in an area designated for a non-conforming product, a nonconformity report is issued and the product is disposed of. The affected processes, in accordance with the instructions provided by the quality department, take additional measures.

Unidentified or doubtful product must be classified as non-conforming. Operating instructions are available, as well as documented procedures to ensure proper handling of the nonconforming product.

In case, for some reason, SMM must produce under different conditions to the planning, a deviation from the process must be sent to the customer. At the expiration of the deviation, the original production conditions must be restored.
The records are preserved.

Proper identification must be used to make this condition clear to the customer. This procedure also applies to sellers.

PQGR 003 Control of non-compliant product Procedure
PPGR 001 Handling non-conforming materials Procedure

8.7.1.1 Customer authorization for concession

When a change is made to the process or temporary product and that does not affect the form, function and / or adjustment, SMM must notify the customer to obtain the authorization through a deviation.

PEGR 012 Process and Product Deviation
FEGR 033 Deviation Format

DOCUMENTO CONTROLADO

8.7.1.2 Control of nonconforming product - customer specified process
SMM complies with the controls specified by the customer for the non-conforming products that are applicable.

8.7.1.3 Control of the suspect product
SMM ensures that all suspicious products have non-conforming product identification and ensures that all involved personnel receive information for the containment of the non-conforming or suspect product.

8.7.1.4 Control of the reprocessed product
SMM uses work instructions to return to work or re-inspect if necessary.

8.7.1.5 Control of the repaired product
SMM must use the risk analysis (example: FMEA) to evaluate the risks in the repair process and the customer's approval before starting the repair of the product.
SMM has a documented process for the product that is repaired, as well as the disposition that is given, disposition date and traceability information.

PQGR 028 Repair Material

8.7.1.6 Customer notification
SMM undertakes to inform the customer in due time in the event that a non-compliant product is sent to the customer.

8.7.1.7 Nonconforming product disposition
SMM has a documented process for the disposition of the non-conforming product that cannot be repaired or reprocessed.

PQGR 003 Control of nonconforming product

8.7.2
Records of nonconforming products and their disposition are maintained.

PQGR 003 Control of nonconforming product

9.0 Performance evaluation
9.1 Monitoring, measurement, analysis and evaluation
9.1.1 General
SMM applies appropriate methods for monitoring and measuring the process of the Quality Management System. These methods are documented in the control plans of each applicable process. If the planned results are not achieved, corrections are taken; corrective measures are taken to achieve the planned objective.

9.1.1.1 Monitoring and measurement of manufacturing processes
Initial capacity studies are carried out to confirm that the process is capable of producing the product evaluated without problems. This information is recorded used to define or modify the control plans, FMEA or any other applicable document. Sampling plans, frequency, acceptance criteria and reaction plans are stored in the control plans.
The process changes are planned, approved and maintain records of the effective dates.

9.1.1.2 Identification of statistical techniques
The appropriate statistical tools are determined for each process during APQP and included in the control plans.

PEGR 005 Advance product quality planning procedure

9.1.1.3 Application of statistical concepts
Basic concepts are used and understood by the personnel involved in the process.

9.1.2 Customer satisfaction
Through the meeting, SMM supervises the customer's perception, to know if the organization has complied with the customer's requirements.

PQGR 019 Customer Satisfaction and Organizational Quality Objectives

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9.1.2.1 Customer satisfaction-supplement

SMM continuously evaluates the customer's perception by analyzing the main performance indexes:

- Quality performance of the delivered product.
- Interruption of the client (force changes, reinspection, classification or line stop).
- Performance of deliveries.
- Claims of customers (including those related to invoices or deliveries).

PQGR 019 Customer Satisfaction and Organizational Quality Objectives

9.1.3 Analysis and evaluation

SMM defines the data collection and analyzes this data to start the continuous improvement system.

The data analysis should provide enough information to verify and improve:

- Customer satisfaction
- Conformity with the product requirements.
- Characteristics and trends of processes and products by indicators related to each process, including opportunities to initiate corrective actions and actions to address risks and opportunities.
- Provider performance.

9.1.3.1 Prioritize

The trends are analyzed during the monthly meeting of continuous improvement and corrective or preventive measures are applied for those indicators that show the worst trends.

9.2 Internal audit

9.2.1 & 9.2.2

SMM conducts internal audits to confirm its efficiency and effectiveness in accordance with the guidelines of ISO 9001: 2015 and ISO / IATF 16949: 2016 (applicable area), and the requirements of the SMM Quality Management System.

The annual plan is prepared taking into consideration the status and importance of the processes and areas, as well as the results of previous audits.

The auditors do not audit their work; this promotes the objectivity and impartiality of the audit process.

The administration responsible for the audited area makes sure to take corrections and corrective actions without undue delay of detected non-conformities.

The results obtained and follow-up activities are recorded and the records kept. Documented procedures are available to perform this activity.

PQGR 001 QMS Internal audit procedure

9.2.2.1 Internal audit program

SMM programs internal audits to cover all processes, activities and shifts related to the Quality Management System.

The frequency of internal audits increases appropriately according to the incidence of non-conformities or customer complaints

9.2.2.2 Audit of the quality management system

The annual audit plan includes:

- Audit of the Quality Management System.
- Audit of the manufacturing process (automotive process)
- Product audit (automotive process)

9.2.2.3 Audit of the manufacturing process

Manufacturing process audits are conducted to verify compliance with defined process controls, work instructions, control plans and customer-specific requirements.

PQGR 025 Process and Product Audits

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9.2.2.4 Product Audit

To verify compliance with all specified requirements, an audit of the product is performed to check the appearance, such as dimensions, functionality, packaging and labeling, etc. This audit process applies only to the automotive process.

PQGR 025 Process and Product Audits

9.3 Management review

In order to evaluate the effectiveness of the Quality Management System and its processes, the administration staff performs periodic reviews, hereinafter referred to as "continuous improvement meetings". These reviews verify the good and bad points of the Quality Management System and their processes and agreements are established for their continuous improvement. The activities required to control the effectiveness of management review meetings are detailed in the process of management responsibility.

PGGR 002 Management review procedure

9.3.1 General

These reviews of the Administration include the requirements of the Quality Management System and its processes, its performance trends as an essential part of the process of continuous improvement and the evaluation of the cost of poor quality.

The results of the administration review meeting are used to show evidence of the achievement of:

- Quality objective established in the business plan.
- Customer satisfaction of the product supplied.
- Process effectiveness and efficiency.

Management review records are maintained and are considered a record of the Quality Management System.

9.3.1.1 Management review -supplement

The Input to Management review includes the review Results of the analysis of real and potential field faults; as well as its impact on quality, safety and the environment.

9.3.2 Management review inputs

9.3.2.1 Management review inputs-supplement

At the management review meeting, the following issues are discussed as a minimum requirement:

- Review of the quality policy
- Results of internal and external audits.
- Customer satisfaction and customer comments.
- Results of the analysis of current and potential field failures; as well as its impact on quality, safety and the environment.
- Process performance and product compliance trend
- Evaluation of cost failure
- Status of corrective actions.
- Monitoring of previous problems of management review
- Planned changes that can affect the quality management system
- Recommendations for continuous improvement.

9.3.3 Management review outputs

The result of the review includes decisions and actions related to the improvement of the effectiveness of the Quality Management System and its process, the improvement of the product according to the customer's requirements and the needs of resources.

9.3.3.1 Management review outputs - supplement

The General Manager of the Factory is responsible for monitoring the agreements established in the management review meetings and empowers the management representative if the Factory General Manager is not available.

The results of the management review meeting should include actions related to:

- Improve the Quality Management System and its processes.
- Improve the products, in relation to the customer's specifications.
- Resource needs.

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10.0 Improvement

10.1 General

SMM detects opportunities for continuous improvement in accordance with the following cases:

1. All processes to achieve quality objectives.
2. After analyzing the monthly results of the quality meeting.
3. After analyzing the results of the management review.
4. Corrective actions.

SMM establishes and maintains a general procedure to implement continuous improvement.

PJGR 004 Continuous Improvement

10.2 non-conformity and corrective action

10.2.1 y 10.2.2

SMM has a defined process to identify and eliminate the root causes of nonconformities, to avoid recurrence. Corrective actions should look for error correction actions. A documented procedure defines:

- Verification of non-conformities (including customer complaints).
- Find out the causes of nonconformities.
- Evaluate the need to take measures to ensure that nonconformities do not happen again.
- Determine and implement the necessary actions.
- Record the results of the corrective action and control.

Review the effectiveness of the corrective action taken.

If SMM receives a complaint from a customer, there is a control plan available on the management method. The corrective action procedure is linked to this control plan.

PQGR 002 Corrective actions 8D

10.2.3 Problem solving

SMM uses problem-solving methodologies such as 5 Why, 8D, or any other method required by the customer.

10.2.4 Error-proofing

SMM uses error-proofing methods in their corrective action process, is necessary and appropriate, such as poka-yoke's.

10.2.5 Warranty management system

SMM has implemented a warranty management process, specified by the customer.

PQGR 023 Warranty Management System

10.2.6 Customer complaints and field failure test analysis

SMM analyzes the products rejected by the customer, to implement corrective actions to avoid recurrence. The records are preserved.

10.3 Continuous improvement

SMM establishes cost reduction and quality improvement projects during the annual planning process and defines the quality objectives for the next fiscal year. The achievement of the quality objectives is controlled during the continuous improvement meeting.

PJGR 004 Continuous Improvement

10.3.1 Continuous improvement-supplement

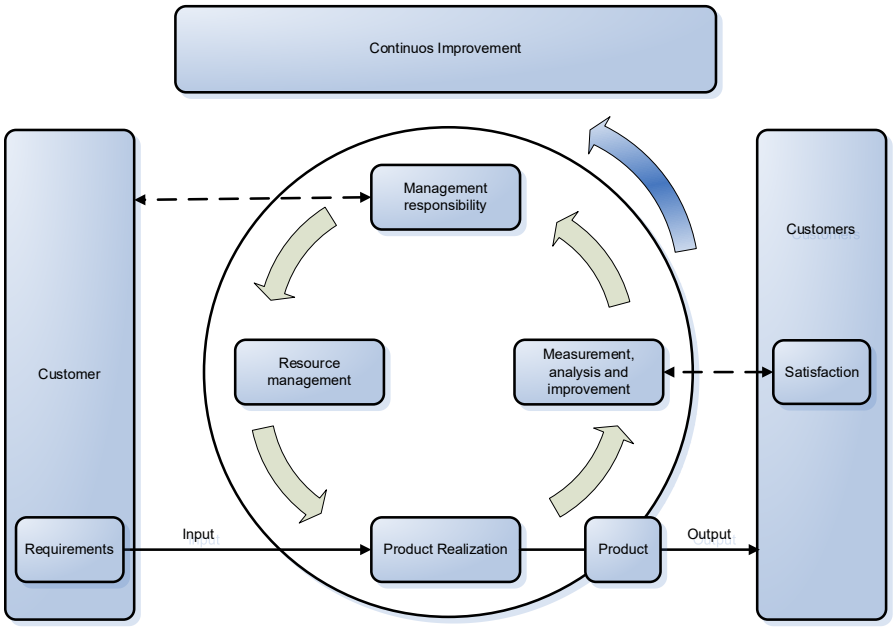
SMM has a documented process for continuous improvement, which includes:

- The identification of the methodology used the objectives, the measurement, the effectiveness and the documented information.
- An action plan to improve the processes.
- A risk analysis.

PJGR 004 Continuous Improvement

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Quality Management System Diagram



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Detailed Process and Activities:

MAIN PROCESS	Type	QMS Process & Activities
Management Responsibility	A	Quality Policy
	A	Quality Objectives
	A	Management Review (DGGR 002).
	A	Responsibilities & Authorities
Resource Management	P	Human Resources (DRGR 001)
	P	Facilities Maintenance (DOGR 001)
	P	Equipment Maintenance (DMGR 001)
	A	Work Environment
Product Realization	P	Sales (DSGR 001)
	P	APQP (DEGR 001)
	P	Procurement (DCGR 001)
	P	Warehouse (DAGR 001)
	P	Product Realization. (DPGR 001), (DUGR 001), (DEGR 019).
	P	Production Planning (DNGR 001)
	P	Document Control (DDGR 001)
Measurement, Analysis and improvement	P	Quality Assurance (DQGR 001)
	P	Process Monitoring (IQC, QA, IPQC, OQC)
	A	Non-Conformant Product
	P	Continual Improvement (DJGR 001)

P – Process

A – Activities