Document Authorization:

	Name	Date	Signature
Owner	**Sijin Guo**	**15Dec2025**	
Operation Management	**Baozhong Zhao**	**15Dec2025**	
Quality Assurance	**Xibo Li**	**15Dec2025**	

Changes from previous version:

Section	Summary of Changes	Change Control Number
ALL	1. New document	

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1. PURPOSE

The purpose of this document is to provide a consistent procedure for the identification, documentation, segregation, control, and disposition of all nonconforming product

2. SCOPE

Nonconforming products encompass the following:

- Incoming raw material
- Customer supplied material/product
- Finished product

3. INTERNAL REFERENCES

Document ID	Title
QUA004	Quality Policy

4. EXTERNAL REFERENCES

Document ID	Title

5. RESPONSIBILITIES

Job Function and/or Department	Responsibility
All Employees	Responsible for quality and have the authority to initiate action to contain nonconformities.
Receiving Personnel (QC department)	• Verify at receiving inspection that material provided by suppliers is in accordance with customer and/or Quality specifications. • Arrange to inform suppliers when nonconforming product is received.
Quality Assurance	• Perform the final inspection to verify that production conforms to the Quality Agreement, purchase order, and other quality standards.
Production Personnel	• Maintain production standards. • Perform production inspections as required. • Notify operational management of suspected nonconforming product.
Department Supervisor, operation managment and Quality Assurance	• Identifies standards in order to define conforming product and nonconforming product • Isolates all nonconforming product in a designated area when required. • Provides for any “Accepted”, “Hold”, “Rework”, or “Scrap” dispositions. • Serve as members of the Material Review Board (MRB)
Members of the MRB	Have the experience, knowledge and training necessary to make the appropriate decisions regarding the disposition of nonconforming material. The purpose of the MRB is to 1. Review all nonconforming product exposed during: a. Receiving inspection b. Production inspection c. Final inspection 2. Decide on the disposition of nonconforming product. Typically, the MRB shall consist of one or more of the following personnel when required: a. Quality Assurance Manager b. Department Supervisor and/or operational management c. Any personnel judged to have an impact on a solution toward the disposition of nonconforming product. • Record decision taken on the disposition of nonconforming and any identified actions

6. DEFINITION

Term	Definition
Nonconforming Product	Material that does not meet: • Product requirements • Customer specifications • Other specified standards
Repairable or Reworkable	Nonconforming material that is physically segregated from conforming material and can be reprocessed to conform to specification. Corrected nonconforming product is subject to re-verification to demonstrate conformity to requirements.
Scrap	Material that is nonconforming and has been processed beyond a point of reclaim. Product dispositioned for scrap is conspicuously, permanently marked or positively controlled to prevent unintended use.
"Hold"	Material that is potentially nonconforming and waiting for disposition by the MRB.

7. EXPOSURE DETERMINATION

7.1. Identification of Nonconforming Product

7.1.1. Any product or material suspected of nonconformance at any point during receiving inspection, production, or final packaging shall be removed from work in progress and clearly identified with an appropriate marker. The product or material shall be held in a designated area or in Quarantine pending disposition.

7.1.2. The nonconforming material has this disposition status:

7.1.2.1. Reworked

7.1.2.2. Accepted by concession

7.1.2.3. Scrapped

7.1.2.4. Returned to supplier

7.2. Segregated Areas for Nonconforming Product

7.2.1. Areas designated for nonconforming product are located throughout the company and identified with signs, floor tape, or other appropriate means. These areas may be used to store nonconforming product, suspected nonconforming product, or product that cannot be processed further without Operational Management or MRB intervention.

7.2.2. "Hold," "Scrap," and "Rework" markers shall be available in the nonconforming product areas. Product that can be dispositioned quickly or is readily identifiable may be marked with a generic "Hold," "Scrap," or "Rework" marker, provided that MRB dispositions are recorded. Product that cannot be dispositioned quickly, or is not readily traceable to a customer order or other positive identification, shall be affixed with a completed "Hold," "Scrap," or "Rework" tag.

7.2.3. When it is not practical to move product to a designated nonconforming product area, the product shall be conspicuously marked with an appropriate tag or marker to prevent unintended use.

7.2.4. Nonconforming product, once identified, shall not be used in production without MRB approval. Suspected nonconforming product, or product awaiting MRB intervention, shall not be removed from a designated nonconforming product area without MRB approval.

7.2.5. When the MRB sends an order into rerun, the results shall be recorded. Nonconformances detected within the company shall be recorded as "Internal Nonconformance." Nonconformances detected by a customer shall be recorded as "Customer Complaint." Actions taken to eliminate the detected nonconformity, as well as actions taken to contain its effect on other processes or product, shall be documented.

7.2.6. Any output produced and passed on to the next production step shall be assumed to be in compliance with specification.

7.2.7. The results of an MRB disposition shall be recorded. A "Hold," "Scrap," or "Rework" tag does not need to be retained as a quality record unless it is the sole source of documentation. A "Hold," "Scrap," or "Rework" tag retained as a quality record shall be maintained with the customer order or batch record.

7.2.8. Nonconforming customer-supplied property shall be disposed of in accordance with instructions in the Quality Agreement.

7.2.9. Nonconforming incoming raw material shall be disposed of in accordance with the supplier agreement or internal disposal procedures.

7.2.10. If a nonconformance is discovered after a product has shipped, the customer shall be notified without undue delay (same business day if possible) with a clear description of the nonconformance and the information necessary to identify any affected parts. Actions taken to alert the customer and control the nonconforming product shall be documented. When appropriate, affected suppliers, distributors, internal departments, or regulatory authorities shall also be notified in a timely manner.

7.2.11. When a nonconformance results in a deviation from requirements, Quality Assurance shall not disposition nonconforming product as “use-as-is” unless specifically authorized by the customer. Records of such authorization shall be maintained.

7.3. In-process Inspection / Final Inspection of Nonconforming Product

7.3.1. Use the steps in the table below to control nonconforming product identified during in-process inspection.

Step	Action	Person(s) Responsible
1	Nonconforming product identified during in-process inspection or final inspection	Production personnel
2	Production is stopped and department supervisor / lead inspector is notified	Production personnel
3	Nonconforming product is reviewed for disposition	Department Supervisor / Lead Inspector
4	Identified nonconforming product is marked with a “Hold” tag	Department Supervisor / Lead Inspector
5	MRB member is notified in order to review nonconforming product samples and applicable reports	Department Supervisor / Lead Inspector
6	Decide disposition of nonconforming material and record it.	Department Supervisor / Lead Inspector and/or MRB
7	Record results of disposition “Hold” tag. If appropriate, record the nature of the nonconformance and any subsequent actions taken.	Department Supervisor / Lead Inspector and/or MRB
8	Dispose of material	Department Supervisor and/or MRB

7.4. Repairable or Rework

7.4.1. Use the steps in the table below to control nonconforming product identified as rework.

Step	Action	Person(s) Responsible
1	Nonconforming product reviewed and designated as repairable or reworkable and recorded	Department Supervisor and/or MRB
2	“Repairable or Rework” tag affixed to identified rework material	Department Supervisor and/or MRB
3	Product is reworked	Production personnel
4	Reworked product is inspected to ensure conformity to the original requirements	Department Supervisor and/or MRB
5	Documentation is forwarded to Quality Assurance to be maintained as a quality record	Department Supervisor and/or MRB

7.5. Rejected or Scrap

7.5.1. Use the steps in the table below to control nonconforming product identified as Rejected or Scrap.

Step	Action	Person(s) Responsible
1	Nonconforming product reviewed and designated as rejected or scrap and recorded.	Department Supervisor and/or MRB
2	“Scrap” tag is attached to material. If appropriate, nonconforming material may be disposed of immediately without the issue of a scrap tag.	Department Supervisor and/or MRB
3	Scrap material is placed in designated area to prevent unintended use or delivery. Permanently mark material as “Scrap” if appropriate.	Department Supervisor and/or MRB
4	Scrap material is disposed of properly.	Department Supervisor and/or MRB

7.6. Rerun an order

7.6.1. Use the steps in the table below to rerun an order.

Step	Action	Person(s) Responsible
1	Order must be rerun due to nonconformance	Department Supervisor and/or MRB
2	Documents/information of the nonconformance and disposition of	Department Supervisor and/or MRB

Step	Action	Person(s) Responsible
	product is forwarded to Quality Assurance.	
3	Documentation is generated	Quality Assurance
4	Within the batch record, the “Rerun” tag is attached. Note if the order is to be rerun for the complete or a partial quantity. Describe the nature of the nonconformance. Amend the listed processes as necessary to correct the immediate cause of the nonconformance.	Quality Assurance
5	Order is returned to production	Quality Assurance