**Document approval**

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| **Effective Date** |  |

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# Purpose

This Standard Operating Procedure (SOP) aims to establish the Suppliers, Customers Management process used to evaluate and qualify Suppliers and Customers against the internal, and regulatory agency-specified requirements.

# Scope

This SOP is valid at Grau Pharma GmbH for the whole Organization. The respective training shall be given in accordance with **SOP-10 Training Management**.

This SOP process applies to all Suppliers and Customers Grau Pharma GmbH receives/delivers quality-relevant goods and services. This includes but is not limited to:

* + Medicinal Products
	+ Active Pharmaceutical Ingredients (API)
	+ Excipients
	+ Other goods
	+ Services (outsourced activities), e.g., transportation, products/goods handling, IT infrastructure support and maintenance, qualification/validation.

# Responsibilities

Responsible for the content of this SOP is Managing Director Tradelaw.

| **Role** | **Definition/Task** |
| --- | --- |
| **Quality Organization** | * Is responsible for this SOP and management of the Suppliers, Customers Management,
* Coordinates activities related to Suppliers and Customers Qualification, including approval and disqualification of Suppliers and Customers,
* Signs Quality Assurance Agreement,
* Presents status updates of Suppliers and Customers at Management Review,
* Performs the risk analysis as part of the Qualification process,
* Manages related Audits and assessments,
* Ensures Suppliers and Customers reviews and re-qualifications are conducted on time,
* Supports CAPA measurements associated with any Events, and
* Owns the Qualified Suppliers, Customers List and ensures it is up-to-date.
 |
| **Requestor (or designee)** | * Ensures that the Suppliers, Customers Management process is carried out in their Team/Department,
* Takes part in the choice and qualification of potential Suppliers and Customers,
* Compiles “technical data” including a detailed description (e.g., process instructions, SOP, user requirement Specification) of the subject of purchase (service/product),
* Communicates Events (e.g., shipping complications, Deviations, Nonconformities) to Quality Organization,
* Responds appropriately to quality issues and complications as part of an Event.
 |
| **Purchasing Team** | * Primary liaison with the Suppliers and Customers,
* Takes part in the choice of potential Suppliers and Customers,
* Ensures that agreements are signed and countersigned by the appropriate parties,
* Collects the necessary documents for assessment and Qualification,
* Verifies the Suppliers and Customers is categorized as qualified before each new order/purchase,
* Forwards information from the Suppliers and Customers regarding planned or existing changes and other quality-relevant information to Quality Organization and the impacted Line Managers,
* Communicates Events (e.g., shipping complications, Deviations, Nonconformities) to Quality Organization, the Line Manager.
 |

# Definitions, terms, and abbreviations

|  |  |
| --- | --- |
| **Term/abbreviation** | **Definition at Grau Pharma GmbH** |
| **Broker** | is a person involved in activities in relation to the sale or purchase of medicinal products, except for wholesale distribution, that do not include physical handling and that consist of negotiating independently and on behalf of another legal or natural person |
| **Customer** | person or organization that could or does receive a product or a service that is intended for or required by this person or organization |
| **EudraGMDP** | The EudraGMDP database is maintained and operated by the EMA. Access to the general public is granted in order to enhance availability of information related to the European Medicines Agency mandate. The content of the database is provided by the National Competent Authorities of the European Economic Area. |
| **EMA** | European Medicines Agency |
| **FEI** | FDA Establishment Identifier |
| **Master Purchase Agreements (MPA) or Master Service Agreement (MSA)** | A framework agreement that deals with the general legal terms of the Supplier relationship. It regulates the framework conditions of the legal relationship, such as rights and obligations, and is specified in later individual contracts and orders. |
| **MIA** | Manufacturing and Importation Authorization |
| **Non-Disclosure Agreement (NDA)** | General agreement regarding the confidential treatment of data and information. |
| **Product** | output of an organization that can be produced without any transaction taking place between the organization and the customer. Includes, medicinal products, APIs, excipients, other goods. |
| **Quality (QAA)** | **Assurance** | **Agreement** | Contractual definition of the general framework and processes and an individual detailed delimitation of liability between Grau Pharma GmbH and the Supplier / Customer are necessary to achieve the desired quality target. |
| **Service** | Output of an organization with at least one activity necessarily performed between the organization and the customer |
| **Supplier** | Organization that provides a product or service |
| **URS** | User Requirement Specification |
| **WDA** | Wholesale Distributor Authorization |

# Workflow

## Documenting Requirements for Suppliers/Customers

The Requestor defines and documents the service or Products and quality standards expected from either a new Supplier or an existing and qualified Supplier providing a new Product, or service.

The documentation may include:

* + A User Requirement Specification (URS)
	+ Another form of Specification details
	+ A draft of an agreement
	+ The Copy of valid Wholesale Distributor Authorisation or reference (e.g. EudraGMDP)
	+ The Copy of valid Manufacturing and Importation Authorisation or reference (e.g. EudraGMDP, FEI)
	+ The Copy of valid product manufacturing authorization
	+ Suitable non-WDA, non-MIA company registration (for Brokers)
	+ The Copy of valid pharmacy, hospital license

The Requestor sends the documents to Purchasing Team to evaluate whether there is an existing qualified Supplier, who can provide the Product or service or Customer, who can distribute the Product.

If there is no existing qualified Supplier or Customer, Purchasing initiates the Supplier / Customer selection and qualification process. If there is a current qualified Supplier or Customer Purchasing notifies Quality Organization for re- evaluation of the risk assessment for the new Product, service be supplied or additional product distribution chain.

## Selection of a new Supplier / Customer

Purchasing Team selects a potential Supplier / Customer and initiates the communication with the Company, sending the documentation provided by the Requestor that describes the service or Products needed.

The selection of a new Supplier / Customer and any significant changes to approved Suppliers / Customers shall be the subject of Change Management procedure. All involved persons shall follow the principles of **SOP-05 Change Management**.

Purchasing Team may request that the potential Supplier / Customer utilize a shipping company that is an existing and qualified shipping Supplier of Grau Pharma GmbH.

An Non-Disclosure Agreement (NDA) is necessary for Suppliers / Customers who receive sensitive or proprietary information with Grau Pharma GmbH. Before the provision of the documentation or after the condition of the initial request but before additional discussions with the potential Supplier. Depending on the nature of shared information, Purchasing Team will align with the Requester if confidential information is shared, which requires implementation of an NDA. and at what point in the communication process it needs to be executed.

An NDA is not necessary for Suppliers who do not receive sensitive or proprietary information with Grau Pharma GmbH.

## Supplier / Customer Self-Assessment

After selecting the potential Supplier / Customer and, if applicable, signing the NDA, Purchasing Team, in conjunction with Quality Organization, prepare a **Suppliers, Customers Self Assessment draft according to Suppliers, Customers Self Assessment Form.** In the case of a valid ISO 9001 or ISO 13485 in conjunction with a cGMP certificate, only mandatory sections of **Suppliers, Customers Self Assessment Form** are required.

The Requestor, Quality Organization, and/or Purchasing Team may request additional documents to aid in the qualification process, such as:

* + cGMP/GDP certificates
	+ Information on other certifications (e.g., compliance to DIN, EN, ISO)
	+ Lists of references of other companies that the potential Supplier / Customer currently provides Products or services to
	+ Any additional technical information that may be required to conduct the qualification decision process
	+ A list of the potential Supplier’s / Customer’s Audits/inspections and performance of Audits/inspections (e.g., government inspections, ISO Audits, etc.)

The completed **Suppliers, Customers Self Assessment Form** and associated documents provided by the potential Supplier / Customer are evaluated by Quality Organization. In consultation with the Requestor and other internal parties, Quality Organization will determine whether a candidate is suitable for further evaluation. The decision is recorded by Quality Organization on the last page of the **Suppliers, Customers Self Assessment Form**.

In parallel, Grau Pharma GmbH conducts “Due Diligence” verification to assess the suitability, competence and reliability of the other party.

Such verification includes, at least:

* the reputation or reliability of the supplier / customer;
* offers of medicinal products more likely to be falsified;
* large offers of medicinal products which are generally only available in limited quantities;
* out-of-range prices;

## Technical Visit and/or Audit (optional)

The Requestor and Quality Organization may determine that a technical visit is necessary to evaluate the potential Supplier further. Suppose the Requestor and Quality Organization decides to do a technical visit. In that case, Purchasing will agree on a first visit with the potential Supplier / Customer (after initial evaluation of the **Suppliers, Customers Self Assessment Form** by Quality Organization).

The technical visit aims to:

* + Clarify general questions of purchase, e.g., capacities and resources (infrastructure, equipment, personnel),
	+ Clarify the technical feasibility of the candidate, and
	+ Discuss questions of the candidate regarding the User Requirement Specification.

The results of the technical visit are recorded in the Company file. The Requestor and Quality Organization decide whether the candidate is appropriate to continue the qualification process.

Depending on the Product or service being supplied, Quality Organization may determine that an Audit is necessary before performing the qualification process. Suppose it is determined that the potential Company requires both a technical visit and an Audit. In that case, the Audit may be combined with technical visit.

**Audits should be performed for Wholesale Distributors intended for Products handling.**

The results of the Audit are recorded in the Company’s file. The Requestor and Quality Organization decide whether the candidate is appropriate to complete the qualification process.

## Risk Assessment and Classification

After evaluation of the completed **Suppliers, Customers Self Assessment Form** and conduction of any technical visits or Audits, as necessary, Quality Organization and Requestor perform risk assessment and classification and record the results in **Suppliers, Customers Evaluation record** according to **Suppliers, Customers Evaluation Form**. All risk assessment participants must follow the principles and requirements of **SOP-09 Quality Risk Management.**

***For existing and qualified Companies, the current risk assessment is re-evaluated for any new/additional service or Product, as the provision of the new service or Product may entail other risks not contemplated in the initial risk assessment.***

Risk assessment shall take into consideration the following:

* + The Product related risk or service to be outsourced, including Grau Pharma GmbH’s dependence on the Product or service to meet internal deadlines
	+ Whether the Supplier outsources any of their work to other third parties
	+ The Supplier’s expertise and level of experience.
	+ Prompt availability and flexibility,
	+ Rapid response to queries from customers
	+ The experience of the potential Supplier / Customer with cGMP/GDP and the maturity of their quality system, including the following:
	+ Existence of and compliance with quality standards,
	+ Ability to comply with the requirements of Grau Pharma GmbH,
	+ Existence and maturity of a QMS,
	+ Reliable shipping and adherence to delivery dates,
	+ Professional and technical suitability and competence,
	+ Sufficient resources (e.g., infrastructure, equipment, personnel),
	+ If applicable, a valid permissions (manufacturing, importing, distributing),

Based on the risk assessment, Quality Organization assigns each Supplier / Customer a Risk class:

**Risk class 1**

For Suppliers / Customers with high risk, the assessment and evaluation are based on written reports (e.g., Self-Assessment Form) and additional Audits. Suppliers / Customers with Risk class 1 are requalified **every 6 month**.

*Company with Risk class 1, e.g. little-known companies with no history of collaboration presenting significant concerns*

**Risk class 2**

For Suppliers / Customers with medium risk. Suppliers / Customers with Risk class 2 are requalified **every year**.

**Risk class 3**

For Suppliers / Customers with low risk. Suppliers with Risk class 3 are requalified **every 3 years**.

*Company with Risk class 2, e.g. supplier of products or services without any potential impact on product quality*

**Products Suppliers and Customers always represent Risk classes 1 or 2.**

The results of the risk assessment are recorded in Suppliers, Customers Evaluation record and Qualified Suppliers, Customers List.

## Contractual Agreement and procurement

Suppliers / Customers require to implement a basic contractual agreement, a Master Purchase Agreement (MPA), upon the issue of any order.

The MPA can be a standard agreement created by Grau Pharma GmbH or the Supplier. Chief Executive Officer or person with appropriate power of attorney signs MPA after consultations with Requestor and Quality Organization. If required, Quality Assurance Agreement shall be signed jointly with MPA.

In the case of Suppliers / Customers that are already qualified and take on an additional activity, the existing contract may need to be revised and updated. Purchasing Team will initiate this.

## Quality Agreement

**Quality Assurance Agreement** is a general agreement in which the quality standards of both contract partners are defined in writing (see **Quality Assurance Agreement Appendix)** Quality Assurance Agreements are required for Class 1 and 2 Suppliers / Customers. Class 2 Suppliers may have Quality Assurance Agreementor change notification (which ensures notification at encountering major or critical incidents), and Class 3 Suppliers do not require a Quality Assurance Agreement or change notification. Quality Assurance Agreement is generally standardized but is adapted in particular for each Supplier depending on the Products, or services supplied. Quality Assurance Agreement includes, but is not limited to, the following:

* + Primary contacts,
	+ General regulations regarding the scope of the contract and the processing of orders,
	+ Obligation of the Supplier to not forward order or outsource work to third parties without the permission of Grau Pharma GmbH,
	+ Right to Audit the Supplier,
	+ Obligation to inform, particularly regarding Audits or inspections by regulatory authorities,
	+ Compliance with the Specifications, SOPs, WIs, and testing instructions defined by Grau Pharma GmbH,
	+ Assurance of preparation and archival of documents, specifically in the case of closure or acquisition of the Supplier
	+ Handling of Events, including quality defects and complaints, and
	+ Liability, scope, and termination.

Quality Assurance Agreements must be accepted and signed by both parties before initiating a service, shipping, or a formal transfer of technical data or methods. Quality Assurance Agreements are re-evaluated at re-qualification based on the Supplier’s risk classification and constitute a separate agreement next to the subsequent.

As soon as the Quality Assurance Agreement is signed by both parties and thereby legally binding, Quality Organization assigns the Supplier status of “qualified” on the Qualified Suppliers, Customers List. In the case of previously qualified Suppliers, Quality Organization updates the Risk classification as necessary based on the provision of new Products, or services, supplying routs.

## Requalification of the Supplier / Customer

The performance of the Supplier / Customer is continuously monitored by Quality Organization. The requalification of the Company is performed per the frequency defined by the Risk Class.

The requalification process assesses the following:

* + Actual scope and validity of MIA, WDA authorizations and other legal permissions
	+ Overall competence and ability to fulfill the contractually agreed requirements (e.g., order quantities),
	+ Current validity of the Quality Assurance Agreement and MPA,
	+ Audit results
	+ Results of regulatory authority inspections, if applicable,
	+ Event data history and associated correspondence (CAPAs, deviations, detected trends, complaints, transport damage, other non-conformances, or discrepancies), Note: Events are stored in the Event database. Event information can be extracted per Supplier for Supplier requalification and Management Review.
	+ Ability to communicate effectively and responsiveness to Grau Pharma GmbH queries,
	+ Adherence to schedule for order delivery dates and CAPAs (e.g., timelines for implementing corrective action)
	+ Adherence to schedule and the quality/completion of documents (e.g., raw data, certificates, and reports)

If the Company continues to comply with the above requirements, it remains a qualified Supplier / Customer and the Qualified Suppliers, Customers List is updated with the date of requalification.

If the requalification assessment was not successful or if quality issues occur before the requalification process, Quality Organization contacts the Company to discuss the issues and possible corrective and preventive measures. Depending on the results of the requalification or other Events, Quality Organization may assign Audit for the Company or define other subsequent actions or controls.

Documentation of the requalification is documented in the Company’s file.

## Disqualification

If during requalification, or in ongoing monitoring of shipping or services, severe flaws are found (e.g., repeated complaints, failing to implement CAPAs an other Events) and the Company has not taken sufficient measures and regularly failed to deliver a satisfactory performance, Quality Organization and other internal stakeholders may decide to disqualify the Company based on quality or business risks.

In that case, Quality Organization must document the disqualification status in the Company’s File (including the justification for disqualification), remove the Company from the Qualified Suppliers, Customers List, and notify Purchasing Team to prevent future orders/sales from/to the Supplier/Customer.

## Suppliers / Customers review

Quality Organization evaluates the Supplier data every year and creates a status update report for Management Review. The report may includes, but is not limited to:

* + initial Company qualifications,
	+ re-qualification and
	+ any Events that may impact the business.

## Documentation

Quality Organization maintains the Qualified Suppliers, Customers List, ensuring Purchasing Team has access to the documentation to check Company status before placing orders. The Qualified Suppliers, Customers List includes, at minimum, the following information:

* + Name of qualified Suppliers / Clients,
	+ Risk level classification,
	+ Date of qualification, and
	+ Date of re-qualification (per risk classification).

Contracts and applications necessary for the Qualification are registered as follows:

* + NDA-YYYY-No.: NDA, dash, , the year (YYYY), dash, and a serial number in the format 000, e.g., NDA-2023-001 for the first non-disclosure agreement (NDA) registered.
	+ MPA-YYYY-No.: MPA, dash, , the year (YYYY), dash, and a serial number in the format 000, e.g., MPA-2023-001 for the first Master Purchase Agreement registered.
	+ QA-YYYY-No.: QA, dash, the year (YYYY), dash, and a serial number in the format 000, e.g., QA-2023-001 for the first Quality Assurance Agreement in 2023).

# Applicable documents

SOP-01 Documentation Management

SOP-05 Change Management

SOP-07 CAPA Management

SOP-08 Audits Management

SOP-09 Quality Risk Management

# Appendices

The following appendices are integral part of this SOP:

Appendix Suppliers, Customers Self Assessment Form

Appendix Suppliers, Customers Evaluation Form

Appendix Qualified Suppliers, Customers List Form

Appendix Quality Assurance Agreement Appendix

# Document revision history

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| --- | --- | --- | --- |
| **Version** | **Valid from** | **Description of the revision** | **Reason for the revision** |
| 1 | See header | Document created | QMS implementation |