SOP: Supplier Qualification and Onboarding Process

This SOP details the **supplier qualification and onboarding process**, encompassing supplier evaluation criteria, documentation requirements, compliance checks, risk assessment, contract negotiation, and system registration. The aim is to ensure that all suppliers meet organizational standards for quality, reliability, and regulatory compliance before integration into the supply chain, thereby fostering efficient and transparent procurement operations.

1. Purpose

To establish a standardized procedure for evaluating, selecting, and onboarding new suppliers, thereby ensuring consistency, quality assurance, and compliance throughout the supplier management lifecycle.

2. Scope

This SOP applies to all prospective suppliers providing goods or services to *[Organization Name]* and is applicable to procurement, quality, compliance, and supply chain teams.

3. Definitions

Term	Definition
Supplier Qualification	The assessment process to determine if a supplier meets the required standards.
Onboarding	The formal integration of an approved supplier into the organization's systems and processes.
Compliance Check	Verification of supplier adherence to legal, regulatory, and organizational requirements.

4. Responsibilities

- **Procurement Team:** Leads the qualification process, collects documentation, and manages onboarding.
- **Quality Assurance:** Evaluates supplier capabilities and compliance with quality standards.
- **Compliance/Legal:** Reviews regulatory adherence and contractual terms.
- **Supply Chain:** Assesses risks related to logistics and delivery reliability.

5. Procedure

1. **Initial Supplier Assessment:**
   - Supplier submits preliminary information (company profile, product/service portfolio, certifications).
   - Procurement team evaluates suitability against business needs.
2. **Supplier Evaluation Criteria:**

Criterion	Description
Quality Standards	ISO certifications, past performance, product consistency.
Financial Stability	Audited financials, credit checks, business longevity.
Compliance & Ethics	Adherence to laws, anticorruption, and CSR policies.
Capacity & Capability	Production capability, scalability, resource availability.
Delivery & Logistics	Lead times, delivery accuracy, logistics infrastructure.
References	Client testimonials, case studies, industry reputation.

3. **Documentation Requirements:**
   - Business licenses and registrations
   - Tax compliance certificates

- Quality certifications (e.g., ISO 9001)
- Insurance documents
- Signed code of conduct/ethics agreement
- Product/service specifications

4. **Compliance Checks:**
   - Verify legal entity status and regulatory adherence
   - Anti-bribery/anti-corruption screening
   - Environmental and labor law compliance

5. **Risk Assessment:**
   - Identify and analyze operational, financial, and reputational risks
   - Assign a supplier risk rating
   - Determine mitigation strategies and ongoing monitoring frequency

6. **Contract Negotiation:**
   - Draft contract with terms and conditions (pricing, delivery, warranty, confidentiality, liability)
   - Legal/compliance review and approval
   - Mutual agreement and contract signature

7. **System Registration & Onboarding:**
   - Input supplier information into ERP/procurement systems
   - Assign supplier codes/IDs
   - Communicate onboarding completion and next steps to supplier

8. **Periodic Review:**
   - Conduct ongoing performance evaluations and requalification as per policy
   - Update records and risk profiles as needed

6. Records and Documentation

Maintain all completed evaluation forms, risk assessments, compliance checklists, contracts, and supplier communications electronically for a minimum of *[X]* years, per record retention policy.

7. References

- Procurement Policy Manual
- Quality Assurance Procedure
- Supplier Code of Conduct
- Relevant Local and International Regulations