
To : CCS domestic and overseas branches

**Requirements regarding the approval or product survey
of the OEM/ODM**

In recent years, more and more Original Equipment Manufacturers (hereinafter referred to as OEM) and Original Design Manufacturers (hereinafter referred to as ODM) applied for CCS approval. For the purpose of unifying the action of all local branches, CCS hereby releases this circular.

1. Definition

1.1. OEM: OEM stands for Original Equipment Manufacturer. OEM basically means that the licensor only researches and designs new products instead of producing them directly. The licensor masters the critical core technology, but authorizes the OEM to manufacture under its own brand name.

1.2. ODM: ODM stands for Original Design Manufacturer. An ODM not only produces but also designs the products. The licensor buys the products from the ODM and sells them as its own brand. There are two typical relationships between the licensor and the ODM as follows:

1.2.1. Buy-out

The licensor buys out the design from the ODM.

1.2.2. Non buy-out

The licensor doesn't buy out the design from the ODM. That means the ODM

may also sell the design to other licensors at the same time. In this case, more than two types of products are manufactured according to the same design, but with different appearance.

1.3. Licensor: licensor is the company which owns the intellectual property of the brand of the product.

2. The difference between the OEM and ODM

The core difference between the OEM and ODM is who is the original designer. If the licensor originally design the product, the actual manufacturer is called OEM. On the other hand, no matter the intellectual property of the design has been bought out by the licensor or not, the manufacturer is called ODM so long as it originally designs the product.

3. The agreement that should be submitted to CCS between the licensor and the OEM or ODM

While applying for the approval of CCS, the licensor should sign a written agreement stipulating the following parts with the OEM or ODM and submit it to CCS for future reference:

3.1. Which company owns the intellectual property of the design and/or drawings and which company is the applicant of the drawings approval.

3.2. The OEM or ODM should accept the audit and evaluation on site by CCS surveyor for the purpose of signing the approval certificate .

3.3. Licensor and it's OEM/ODM should set up the specialized quality control systems stipulated in the CCS rules and accept the CCS audit to verify if the systems fit in with the approved products. The implementation of the systems should make sure that the product's quality approved by CCS is compliance with the CCS rules, guidelines and/or other acceptable standards.

- 3.4. The OEM or ODM should accept the periodical audit and other supervision by CCS surveyor(s) after the approval for the purpose of keeping the validity of the approval certificate.
- 3.5. The OEM or ODM should allow the CCS surveyor(s) to carry out the essential check in the process of the production during the product survey.
- 3.6. In case the OEM or ODM doesn't wish to cooperate with the CCS surveyor(s), The licensor agrees that it is impossible to obtain approval certificates or product certificates from CCS, and that the signed approval certificate will no longer be in force.
- 3.7. The applicant of the product survey(if applicable)
- 3.8. The licensor must be responsible for the after-sale service.
- 3.9. Both the licensor and the OEM or ODM should accept that CCS will give a clear indication of the actual name and address of the OEM or ODM on the approval certificate, or make footnote such as: 'The approved products are manufactured by the OEM or ODM located in XX country' .
- 3.10. The approval certificate will be no longer in force automatically in case this agreement becomes invalid.
- 3.11. Which company is in charge of paying the relevant fee of the drawing approval, works or type approval, product survey.
4. Drawing approval(if applicable)
 - 4.1. The drawings/documents should be submitted by the applicant who has been specified in the above-mentioned agreement, and this applicant should be in charge of coordinating and solving the problems found in the course of the drawing approval.
 - 4.2. CCS approval notice for drawings/documents of product will indicate the

applicant's name except otherwise stipulated in the agreement. Only the applicant can legally use the approval notice and involved drawings/documents approved or for reference by CCS.

5. Works/Type approval

5.1. Approval should be applied for by the licensor to the local branch of CCS, except otherwise stipulated in the agreement.

5.2. In case the licensor and the OEM/ODM are administrated by different local branches of CCS respectively, the local branch located in the same area as the licensor should inform the headquarters to coordinate the local branch located in the same area as the OEM or ODM to audit on site and witness the type test, and then transfer the involved test reports to it.

5.3. In case the licensor authorizes more than one OEM/ODM, each OEM/ODM should be audited on site. CCS should take various factors (such as manufacturing process, production equipment, product characteristics and so on) into consideration to decide whether each OEM/ODM needs an individual type test.

5.4. Licensor and its OEM/ODM should take their own responsibilities respectively regarding the factors in the specialized quality control system (such as the whole design, manufacturing, testing and inspection, after-sale service and so on) . According their above-mentioned respective responsibilities, they should accept the audit by CCS respectively or together.

5.5. The approval certificate should be signed by the local branch who received the application form according to procedure document.

5.6. The licensor will be indicated on the approval certificate as the applicant except otherwise stipulated in the agreement. The actual name and address of the OEM or ODM should also be indicated or instead of "The approved products are produced by the OEM or ODM located in XX country"

6. Product survey

6.1. The application form should be submitted by the licensor to the CCS local branch located in the same area as the OEM or ODM except otherwise stipulated in the agreement.

6.2. The actual name and address of the OEM or ODM should be filled in the application form for the purpose of traceability.

6.3. The product should be manufactured in full compliance with the drawings, documents, manufacturing technologies and processes approved by CCS.

6.4. The product survey certificate should be signed by the local branch who received the application form according to procedure document.

6.5. In case the OEM or ODM doesn't wish to cooperate with the CCS surveyor(s), the local branch can cease the survey and should inform the applicant in written form.

6.6. The licensor will be indicated on the product survey certificate as the manufacturer except otherwise stipulated in the agreement. The actual name and address of the OEM or ODM should also be indicated, or instead of "The products are manufactured by the OEM or ODM located in XX country"

7. Special situation

7.1. Sometimes the products can't be completely manufactured by only one plant, but must be produced by more than one plants which are in charge of the different manufacturing processes respectively. In this case, taking the complexity of the approval and the high risk of the product quality into consideration, the local branch who received the application form should inform the headquarters. The headquarters will make the decision on whether accepts the application.

7.2. Sometimes the licensor doesn't buy out the design of the ODM. The ODM sells the design to the other licensor(s) at the same time. If ODM apply these same designed products (but with different brands owned by different licensors) for CCS approval, CCS may approve them respectively according to the principles of this circular. In case CCS can make sure there are no obvious differences among these products, taking the factors (such as the workers' s skill, manufacturing equipments, design , manufacturing technologies and processes, raw materials and parts, manufacturing environment) into account, We don't need ask each ODM to individually do the type tests.

If any questions raised, please feel free to contact the New Building Dept. of CCS