

Constantia Flexibles Corporate Manual



Rev. 2

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1 About the Corporate Manual

The Corporate Manual summarizes the key aspects of the Group Management System and shall act as a reference for the site specific elements of the System.

The only valid version of the Corporate Manual is in English and is maintained and distributed electronically by the Group Quality Management. Only one originally signed copy exists which is located with the Group Quality Manager. On specific need of the site hardcopies can be issued by the sites. These copies have to be controlled by the site. The entire manual is released by the board, an individual appendix can be released by the Group Quality Manager.

2 Confidentiality

The Corporate Manual is freely accessible for all employees of Constantia Flexibles and for all external interested parties like customers, authorities or non governmental institutions.

However, all detailed documents and records related to the Group Management System (e.g. specifications, SOPs, test records etc.) contain specific know-how of Constantia Flexibles and are therefore rated as confidential. The entire set of system documentation may only be disclosed to external persons, organizations or authorities on written permission of the Board or the management of a site. Individual documents can be provided to external parties on the consent of a management representative.

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QM Teich AG	Group QM	COO Constantia Flexibles

3 Corporate Policy of Constantia Flexibles Group

CORPORATE POLICY

Quality/Product Safety

The needs of our customers and the product safety determine quality which we achieve by

- ▶ qualified staff
- ▶ innovations
- ▶ assured processes
- ▶ appropriate environmental conditions
- ▶ legal compliance.

We are a reliable and pro-active partner for our customers. We focus on continuous improvement of our products, processes and services.

Quality and product safety reassure satisfied customers.

**Everybody is a customer –
On the market and within the company.**

The Board



Rev. 2

4 Constantia Flexibles Group

4.1 Who we are

Constantia Flexibles is part of Constantia Packaging AG and a globally active corporation with European roots, offering professional and innovative solutions to customers around the world in industries such as human and pet food production, pharmaceuticals and beverages.

4.2 Our vision – big and small

Constantia Flexibles is big enough to offer a wide range of products and services to multinational customers in the food, pharmaceutical and beverage industries. Yet the company is also flexible enough to offer customized solutions that benefit our customers.

4.3 Our promise

We do our utmost to guarantee shorter delivery times than our competitors. We do not rest on our laurels, but continuously reinvest our resources and creativity in innovations that benefit our customers.

All basic information on the Constantia Flexibles Group like

- Values
- Innovations
- Products
- Organizational structure
- Technologies etc.

is available on www.constantia-flexibles.com.

5 Constantia Flexibles Group Management System

The contents of the Group Management system are derived from the standards:

- ISO9001:2008
- Codex Alimentarius, EU guideline 93/43, EU guideline 852/2004 (HACCP)
- BRC/IoP
- EN 15593
- ISO15378 (GMP)
- FDA/IMS
- SQF2000
- ISO14001
- OHSAS18001
- SA 8000
- DPG
- All applicable national and international legal regulations (food legislation, health, working safety, labor law, environment etc.)

However, the individual sites shall only comply with the requirements of the Corporate Manual, of their respective certified standards, all applicable national and international legal regulations and specific customer requirements. The heterogeneity of the local Management systems of the sites is intentional in order to perfectly suit the respective local product and customer focus.

5.1 Scope of the management system

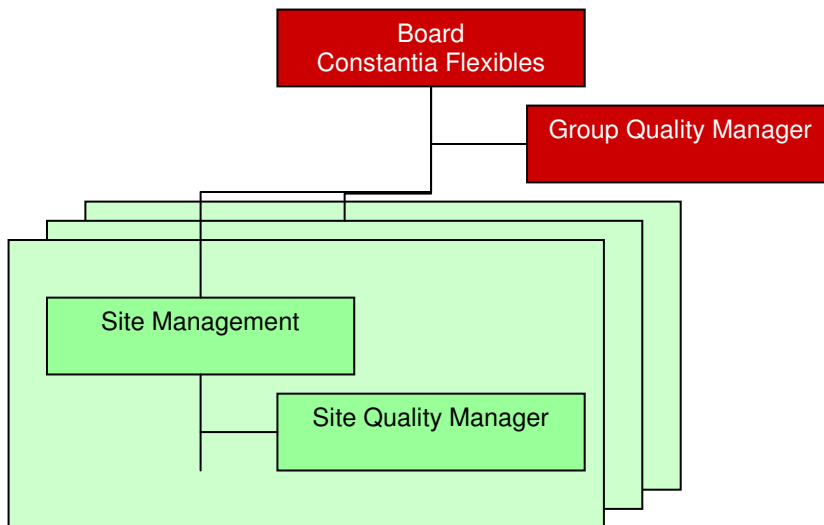
Primary Scope (Mandatory for all sites)

- Implementation of all applicable national and international legal regulations (food legislation, health, working safety, labor law, environment etc.)
- Quality Management
- Product Safety

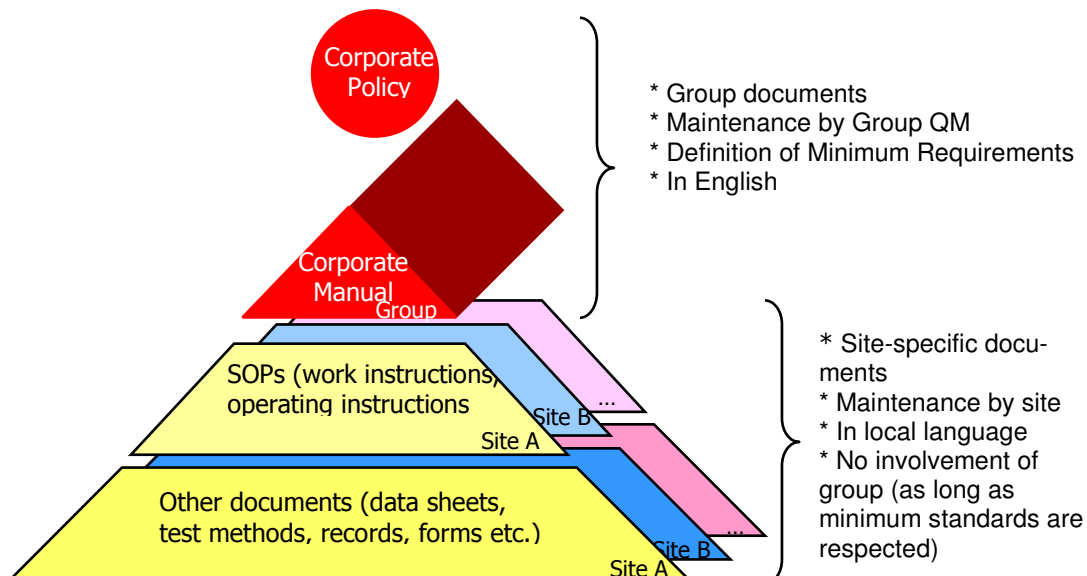
Secondary Scope (Optional for the sites)

- Environmental Aspects
- Health/Working Safety Aspects
- Corporate Social Responsibility
- Others

5.2 Organizational structure for management system



The structure of the management system



6 Sustainability, responsibility and commitment

Being in full compliance with the values of Constantia Packaging, sustainable development is an integrated part of all of the business activities for Constantia Flexibles. Our decision making processes balance economical, ecological and social aspects in order to protect the interests of today's and future generations.

We consider quality, product safety and sustainability as a fundamental target of the Group and the Corporate Policy as a keystone of the general strategy. The Board personally commits to that and expects full dedication to the Corporate Policy from every employee.

Reassuring and constant improvement of quality, product safety and sustainability is the responsibility of all members of the management and staff of the Constantia Flexibles Group.

Every person in a management position is responsible for constantly monitoring the effectiveness and efficiency of the measures for quality, product safety and sustainability within their respective span of command.

It is the duty of EVERY single employee to eliminate or at least to report all risks. Everybody is responsible for the quality of his/her work as supplier for all the external internal customers in the process chain. Moreover comprehensive quality of our products and services are joint effort of all organization units and levels of management based on well defined responsibilities.

7 Specific roles and responsibilities

7.1 Board Constantia Flexibles

- Overall responsibility for quality/product safety and legal compliance
- Provision of sufficient resources for maintaining and constantly improving the management system
- Regular evaluation of the effectiveness of the system by internal audits and the management review
- Definition and follow-up of quality targets
- Nomination of one member as the management representative acting as primary contact for quality/product safety and legal compliance
- Setting of quality goals for the sites

7.2 Group Quality Manager

- The Board assigns selected duties of establishing, monitoring, updating and improving the management system to the Group Quality Manager. Specific responsibilities (on group level) include
 - Constant improvement of Group management system and adaptation to market/legal requirements
 - Maintenance of Group level documents or elements of management system
 - Implementation and maintenance of processes for systematic detection, analysis and improvement of internal and external defects
 - Organization of external and internal audit programme
 - Generation and documentation of Group Management Review
 - Quality reporting/follow-up of quality targets

7.3 Site Management

- Responsibility for quality/product safety and legal compliance of the site
- Implementation of the requirements of the Corporate Manual
- Provision of sufficient resources for quality/product safety
- Generation and continuous improvement of the site-specific elements of the management system
- Achievement of site specific quality goals
- Approval of the site management review as input for the Group Management Review

7.4 Site Quality Manager

- The site manager assigns selected duties to the local quality manager esp.
 - Maintenance of local elements of management system
 - Performance of internal audits
 - Quality control
 - Calibration of test equipment
 - Handling of internal and external defects
 - Evaluation of the supplier performance in cooperation with local Purchasing
 - Generation of management review for the site
 - Initiation and monitoring of preventive and corrective actions

8 Process Management and Continuous Improvement

The layout and documents of the management system reflect the process orientation of the business activities of Constantia Flexibles. Process steps, inputs/outputs, responsibilities, interfaces, records etc. must be defined and documented within the Management System in an appropriate manner. The performance of the processes is measured by key performance indicators.

Continuous improvement is an important pillar of the company philosophy and therefore a key task of all employees. In order to reassure a comprehensive approach towards comprehensive improvement various tools are applied e.g. measurement of customer satisfaction, Management Review, internal and external audits etc.

8.1 Measurement of customer satisfaction

The measurement of customer satisfaction is performed individually by the sites. As appropriate for the respective customer and product focus, inputs such as supplier evaluations, visit reports, review meetings, customer satisfaction surveys shall be utilized. Moreover the customer satisfaction is also measured indirectly by selected internal indicators like e.g. delivery performance, complaint rate etc.

8.2 Key Performance Indicators

The performance of the systems and processes is measured by Key Performance Indicators (KPIs). The minimum set of indicators required by the Group Management system is represented by "Complaint Rate" and "Defect Cost Rate" (calculation see Appendix 3). Moreover the Quality KPIs of Complaint Rate and Defect cost Rate are used as indirect measurements of the customer satisfaction.

8.3 Targets

The targets for complaint rate and defect cost rate are agreed between Board of Constantia Flexibles and site management on an annual basis. Quarterly the site quality managers must report the actual figures for the quality related KPIs to Group QM

8.4 Management Review

The inputs for the Management Review on Group level have to be prepared by the sites that have to summarize all information on internal/external audits, customer feedback, major claims etc. at least every 6 months (see form Site Management Review GF_Q_001). This summary is prepared by the local quality manager and must be approved by the respective site management. The inputs of all sites are summarized by Group QM for the Group Management Review with the Board. The results of the Management Review concerning actions/improvements are then communicated back to the sites.

In addition the data on Complaint Rate and Defect Cost Rate are reported to Group QM on a quarterly basis for consolidation on Group Level.

8.5 Site-specific targets and Management review

In addition to the targets for the quality KPIs other targets and indicators are optionally defined by the individual sites. On a voluntary basis a more comprehensive management review can be carried out by the management of the individual sites.

8.6 Internal audits

All sites within the scope of the Corporate Manual are part of the programme for internal quality/product safety audits. Those internal audits are performed by a pool of internal auditors and are coordinated by Group QM.

Activity	Responsibility	Evidence (hardcopy or electronic)
Qualification/Release of internal auditors	Group QM	List of released auditors in Group QM
Draft for plan of internal audits	Group QM	Annual plan for internal audits in Group QM
Detailed planning of internal audits incl. definition of focus areas	Auditors and Group QM	
Approval of plan for internal audits	Board	
Fine planning of audit agenda	Auditors and Sites	Audit agenda
Audit (incl. formal closing meeting)	Auditors and Sites	Audit report
Generation of audit report	Auditors	
Check/Release of audit report	Group QM	Corrective action plan
Generation of corrective actions	Sites	
Check/Approval of corrective actions	Group QM	
Aggregated reporting to Board	Group QM	Group Management Review
Archiving	Group QM	Database

Classification of findings of audits

Class of finding	Definition
Major deviation	Direct significant hazard for product, consumer, staff or environment Knock-out requirement for delivery release not met Solution very intense (cost, personnel effort)
Minor deviation	Light deviation from the audit standards/references but not meeting the requirements of "major deviation"
Optimization potential/recommendations	No deviation from audit standards but an area for improvement

The following forms shall be utilized in order to ensure a homogenous procedure and documentation:

- Internal Audit Plan (GF_Q_002)
- Internal Audit Agenda (GF_Q_003)
- Internal Audit Report (GF_Q_004)
- Internal Audit Corrective Actions (GF_Q_005)

However if required additional audits can naturally be planned and carried out at any time individually by the sites on a voluntary basis.

8.7 External audits (Customer and Third Party)

The Group quality Manager must reassure the orderly performance of the external certification audits by accredited institutions. The organization of third party and customer audits lies within the responsibility of the sites.

8.8 Supplier audits

There is a common system for supplier audits that is accessible for all sites. The audit results are acknowledged by all sites of the Group. The supplier audit plan and the audit reports are available on an electronic database.

Other sites of the Constantia Flexibles Group which are within the scope of the Group Management System are automatically released as supplier with regards to quality and product safety management systems. However the qualification of materials from other sites of the Group has to be done according to the defined procedures of the sites.

The key facts on the activities, responsibilities and evidence of the supplier audit process are summarized in the table below:

Activity	Responsibility	Evidence (hardcopy or electronic)
Generation of annual plan for supplier audits	Purchasing Managers of the sites (supported by quality managers)	Annual plan for supplier audits in electronic database
Detailed planning of the supplier audits to be carried out by the respective site	Sites	
Fine planning of audit agenda	Sites	Audit agenda
Evaluation of basic information via preaudit questionnaire	Sites/Supplier	Preaudit questionnaire in electronic audit database
Supplier audit (incl. formal closing meeting)	Sites	Audit report in electronic database

Generation of audit report	Sites	
Generation of corrective actions	Supplier	Corrective action plan of supplier
Check/Approval of corrective actions	Sites	
Aggregated reporting of results of supplier audits to board	Group QM (content to be accorded with Purchasing)	Group Management Review
Archiving	Group QM	Electronic Database

In addition to the scheduled supplier audits additional incident based audits can be carried out by the sites if necessary.

Classification of findings of audits

Class of finding	Definition	Impact on supplier status
Major deviation	Direct significant hazard for Constantia (products, final consumer, staff or environment) Severe deviation from applicable requirements of generally recognized quality/ product safety standards.	1 major finding - Supplier conditionally released More than 1 major finding – Supplier not released
Minor deviation	Deviation from the audit standards/references or Constantia requirements.	None
Optimization potential/ recommendations	No deviation from audit standards but an area for improvement	None

Supplier status based on audit result

Supplier status	Consequences
Released supplier	<ul style="list-style-type: none"> Supplier must provide an action plan for the minor deviations identified during the audits within 1 month Unrestricted release of supplier for delivery of homologated and trial materials.
Conditionally released supplier	<ul style="list-style-type: none"> Supplier must resolve the major deviation and provide an action plan for the minor deviations within 1 month. Afterwards supplier is changed to the status of released supplier. Release of supplier for delivery of homologated and trial materials.
Supplier not released	<ul style="list-style-type: none"> Assignment of that supplier status must be accorded with Group QM and the purchasing managers of all sites receiving materials from that supplier. No deliveries by the supplier until the resolution of the major non-conformities (except for trial materials).

The following forms shall be used to homogenously document the supplier audit process at the various stages:

- Supplier Audit Plan (GF_Q_006)
- Supplier Audit Preaudit Self Evaluation (GF_Q_007)
- Supplier Audit Agenda (GF_Q_008)
- Supplier Audit Report (GF_Q_009)

8.9 Preventive & Corrective Actions

Preventive and corrective actions are an integral part of the handling of internal defects or external complaints and are documented in the respective files. In addition more systematic methods for the generation of improvement measures like statistical defect analysis, root cause analysis, evaluation of testing data, FMEA etc. shall be applied by the sites wherever feasible.

The ultimate evaluation of the effectiveness of the preventive and corrective actions is realized by the quarterly follow-up of the quality key performance indicators.

9 Minimum standards

In addition to the requirements defined in the certified standards of the individual sites some systems have to be implemented on all sites comprised by the Group Management System.

Points to be implemented within the site-specific elements of the management system:

- Clear assignment of responsibilities (e.g. organograms, job descriptions etc.)
- Structured documented training programme (initial and refresher trainings) for all employees
- Planned and documented preventive maintenance programme
- Purchasing specifications for all quality relevant raw materials
- Structured and documented supplier/raw material qualification process
- Comprehensive risk analysis for all process steps
- Full compliance with all applicable national and international legal requirements (food law, environment, health/working safety etc.)

Appendix 1 – Organizational Units subject to the Group Management System

- Board of Constantia Flexibles
- Group Quality Management
- AVI Hammelburg
- AVI Scheden
- Constantia Aloform
- Constantia Colmar
- Constantia Corona
- Constantia ColorCap
- Constantia Ebert
- Constantia Fromm
- Constantia Hueck Folien
- Constantia Hueck Folien, Belgium
- Constantia Hueck Foils
- Constantia Jeanne d’Arc
- Constantia Kuban
- Constantia Labels
- Constantia Nusser
- Constantia Patz
- Constantia Sittingbourne
- Constantia Teich Poland
- Corona Packaging
- Haendler & Natermann GmbH
- Teich AG

Appendix 2 – Group level documents/forms/records

Maintenance of these documents/records/forms is done by Group QM

Documents

- Corporate Policy
- Corporate Manual

Records

- Group Management Review
- Internal audits (e.g. plan etc.)
- Supplier audits (e.g. plan etc.)

Forms

- Site Management Review (GF_Q_001)
- Internal Audit Plan (GF_Q_002)
- Internal Audit Agenda (GF_Q_003)
- Internal Audit Report (GF_Q_004)
- Internal Audit Corrective Actions (GF_Q_005)
- Supplier Audit Plan (GF_Q_006)
- Supplier Audit Preaudit Self Evaluation (GF_Q_007)
- Supplier Audit Agenda (GF_Q_008)
- Supplier Audit Report (GF_Q_009)

Appendix 3 – Calculation of the Quality Key Performance Indicators

Complaint rate

Basic definition

Number of external complaints/Number of delivery notes in %

Comments

- All new customer complaints of the period (justified or still in clarification) as turned in by the customer
- Consolidation of claims
 - If the same customer order is complained because of same reasons at different times, then it has to be counted as one complaint
 - If the same customer order is complained because of different reasons at different times, then it has to be counted as one complaint per reason
 - If customer order is complained because of different reasons at the same time, then it has to be counted as one complaint.
- Not to be included
 - Complaints from trial orders
 - Complaints from trading goods (finished products that are only invoiced by the respective company)
 - Complaints that are not justified from technical point of view, even if they have been accepted for sales/commercial reasons

Defect cost rate

Basic definition

Total defect cost/Turnover in %

Comments

- Defect cost for internal and external defects are rated at manufacturing cost
- Cost of all new external complaints of the period (justified or still in clarification)
- Cost of all internal complaints of the period
- Not to be included
 - Cost of customer complaints from trial orders
 - Cost of customer complaints from trading goods (finished products that are only invoiced by the respective company)
 - Cost of customer complaints that are not justified from technical point of view, even if they have been accepted for sales/commercial reasons
- If affected quantity not known; cost of entire production batch to be considered
- If material from customer complaint can be redelivered to the same customer after rework only the manufacturing cost of the waste from reworking is counted
- The revenue or the disposal cost of the defective material shall be deducted/added to the defect cost.
- If cost of the complaint can be passed on to a raw material supplier the value of that complaint is reduced accordingly (if the cost can be passed on completely, the value of that complaint is 0)
- Turnover = Gross revenue as defined in the Constantia Flexibles Group (BE)