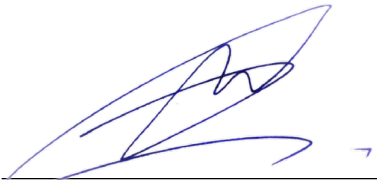


adapa Group Supplier Manual

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Approval



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Revision Chart

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FOREWORD

Welcome to adapa Group!

As a leading European supplier of highly specialized flexible packaging solutions, we at adapa Group have made sustainability our core purpose. Founded in 2012, our fast-growing pan-European group connects 2,200 employees and 22 production sites in eleven countries, operating some of the most modern printing houses in Europe. We pursue a holistic approach towards sustainability and aim to pave the way for a circular economy, fully endorsing the EU Green Deal, and emphasizing “HOW” we produce in every step of our business. We deliver best-in-class customized packaging to prevent loss and waste of food along the supply chain of essential goods. This is why we are part of the “50 Climate & Sustainability Leaders” initiative and the World Economic Forum CEO Action Group on the European Green Deal.

Our Centres of Excellence are all well-known players in their markets, encompassing the full range of competencies along the entire integrated value chain for made-to-measure protective solutions – from the sourcing of raw materials, film production, printing, and refinement to laminating and converting. This makes adapa Group a one-stop shop for tailor-made packaging specifically for the food, hygiene, tobacco, and pharmaceutical industries. Continuously adapting to a changing world, we are relentlessly optimizing our technologies, products, and solutions. This is how we drive digital transformation and creatively shape change in the packaging industry.

This Manual has been developed to give you insights on our values and critical processes which will make it easier for us to understand and do business together. At adapa Group, we perceive current and potential Suppliers as a direct extension of our company. Suppliers who share our values, respect our policies and help us meet our objectives can build a strong and mutually beneficial partnership.

The Supplier Manual is managed as a living reference document by adapa Group. The Manual contents will be updated regularly as required and available on our website as well as upon request. We believe this manual will help establish and maintain your partnership with adapa Group.

Every day, we give *Our Best for Your Goods*.

1. OBJECTIVE OF THIS MANUAL

The objective of this Supplier Manual is to define and describe the fundamental requirements for supplied goods and services as well as the procedures to follow to maintain a successful long-term business relationship with adapa Group. Collectively committing to high-quality standards ensures that adapa Group and its partners contribute to a professional relationship and each other's long-term success.

1.1. SCOPE

The requirements defined in this Supplier Manual apply to all current, potential, and future suppliers of adapa Group companies, including suppliers of strategic materials and /or services as well as outsourced processes. It is essential that all suppliers comply with this Supplier Manual. This Manual supplements and shall be deemed to be incorporated into and shall form an integral part of, any purchase agreement and/or terms and conditions of purchase between adapa Group and its Suppliers.

1.2. PROPRIETARY INFORMATION

All information inclusive of but not limited to any Know-How, knowledge about processes, designs, drawings, materials, goods, business practices, trade secrets and equipment provided to suppliers by adapa Group shall be treated as confidential and proprietary.

Suppliers shall adhere to all requirements and will not provide information to others without obtaining prior written approval from adapa Group.

adapa Group will have confidentiality agreements in place with strategic suppliers.

2. GENERAL REQUIREMENTS FOR SUPPLIERS

adapa Group expects its suppliers to demonstrate their commitment to quality and environmental protection. Our success is built on strong, successful relationships and the ability to build responsible and fair business practices across the supply chain. We aim to maintain high standards of ethical business conduct within our operations and extend these best practices to our business partners.

2.1. NON-DISCLOSURE AGREEMENTS

adapa Group values the relations with our suppliers and therefore we would like to protect them through the use of a formal agreement. The Category Leader has the responsibility to ensure that an agreement is in place. An NDA should be used prior to entering into a cooperation and or supply agreement unless such agreements contain specific confidentiality provisions for special projects, Cooperation Agreements, Special Legal situations, and certain Group suppliers where it's necessary. An NDA request can come from diverse departments within adapa Group including but not limited to the R&D, Procurement, Supplier and Legal Department or Regulatory Affairs.

2.2. SUPPLIER AGREEMENT

We expect the supplier to provide a full offer containing information on general terms and conditions (e.g. prices, delivery, payment and all necessary points of delivery, especially in terms of warranty, ownership, and claims considerations). The offer must be presented in a separate document, attached to the e-mail. Only offers presented in the prescribed form i.e.: in the separate letter can be accepted and considered in the future as binding delivery conditions.

All agreements should be in a written format to provide clarity for all parties.

The Category Leader related to a product group has the responsibility to ensure that the agreement is in place if needed.

2.3. SUPPLIER RESPONSIBILITY

The requirements outlined in this manual are to be regarded as complementary to all other contractual agreements. Acting as a set of defined minimum requirements for a possible cooperation, other contracts, and requirements by law or standards remain valid at any time.

It is the responsibility of every supplier to ensure a complete understanding of this manual and any referenced documents. All relevant departments or sub-suppliers have to be trained accordingly.

The basic document supplementing the Supplier Manual about this subject is the Supplier Code of Conduct. Reading and agreeing to comply with our Supplier Code of Conduct is absolutely required by adapa Group and a prerequisite for any future dealings with adapa Group.

It is in our core values to make responsible use of the planet's resources, meet the highest social standards, and embodying ethical integrity in our business and the supply chain. Therefore, we expect our suppliers to conduct business responsibly as well and support them in their respective efforts.

Our success is built on strong and fruitful relationships with our suppliers. We strengthen cooperation to create and encourage responsible and fair business practices along the supply chain. In the context of the conclusion of a contract with adapa, the supplier agrees to fulfill the requirements outlined in our Supplier Code of Conduct. It is a reference document of our Supplier Manual and can be found in the attachment. It is required that all management principles at the supplier level are communicated within the supplier group in a language understood by the supplier employees.

Our Supplier Code of Conduct is presented to the Supplier at the beginning of cooperation and can/will be updated during the relationship. The Supplier may be asked to sign it again before a scheduled audit or in the event of a document update.

When we start cooperation with a new supplier, the Procurement Department will send to the supplier three main documents:

- Supplier Manual
- Supplier Code of Conduct
- Supplier Questionnaire

These documents show our basic supplier requirements. The supplier is obliged to read them, complete and sign them if required, and return the signed versions.

2.4. COMPLIANCE WITH LEGAL REQUIREMENTS

All applicable legal requirements and standards in force in the country in which the production is conducted and the recipient country (adapa Group site, where raw material is delivered) must be followed and adhered to. The supplier is obliged to supervise, audit and constantly update his standards in accordance with the applicable legal requirements and comply with any changes in laws.

2.4.1. ADAPA GROUP FOOD SAFETY REGULATORY AFFAIRS

This chapter provides a summary of key regulations compliance to which by the Supplier is of essence in order to be able to enter into a relationship with adapa Group. adapa Group must ensure that any marketing of its products is at all times in compliance with regulations for food contact materials.

In the case of materials that are part of products or partially come into contact with our product, the supplier is obliged to provide all information that is requested by our Regulatory Affairs team relating to food contact, and prescribed inclusive of but not limited to any specific EU regulations, regulations of non-EU member European countries and any other specific regulations applicable in the rest of the world on a need to be basis in accordance with the specific proposed supply transaction.

The following list of required documents may become outdated due to changing legal landscapes. The list shall be treated as a minimum basis for requirements, which the supplier is to comply with as well as ensure to update his practices in order to be able to comply with any changes in the law each time the regulations are updated/amended.

For food contact materials such as granules, film, inks, lacquer, adhesive, solvents, waxes, coatings, paper, aluminium and others:

Statements:

I. Mandatory

- a) A statement of compliance to Directive 1935/2004
- b) Compliance Statements (DoC (Declaration of Compliance)) – according to Reg. 10/2011 for plastic materials – annex 4. (Please provide the names and the quantities of all SMLs and dual-use substances in ppm as present in the material. It is essential for us to get the approval of compliance concerning the maximum possible quantities of migration). At our request only if needed as a support - migration test (overall and specific).
- c) NIAS statement
- d) A statement of compliance with Directive 94/62/EC
- e) Compliance Statements Swiss ordinance 817.023.21, EUPIA GMP and Guidelines
- f) Compliance to Reg. 2023/2006
- g) REACH registration according to Regulation (EC) 1907/2006 REACH

II. Available upon request

- h) Genotoxicity statement
- i) Confirmation of compliance with the German BfR Chapter (granules and films)
- j) A statement on the presence/absence of PCR in the composition of the raw material and if yes, compliance to Reg. 2022/1616.
- k) German BfR No XXXVI on paper and board for food contact
- l) 1895/2005/EC BADGE NOGE
- m) Additional request for European Pharmacopoeia indicated applications
- n) Compliance statements for country-based regulations on the above materials, for EU and UK countries

The absence confirmation:

I. Mandatory

- o) Allergenic Substances (REGULATION (EU) 1169/2011 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 25 October 2011 on the provision of food information to consumers) +latex
- p) SVHC (Substances of Very High Concern) as amended by ECHA

II. Available upon request

- q) Endocrine disruptors (Bisphenol A; Bisphenol F, Bisphenol S)
- r) Halogenated chemicals (Chlorinated substances, PVC, PVdC, PFOS, PFOA)
- s) Epoxidized soybean oil (ESBO)
- t) Mineral Oils (MOSH, MOAH)
- u) Nanomaterials

- v) Phthalates and Plasticisers
- w) Animal Derived Substances

and especially for the USA, Canada, Japan, China, and Mercosur market:

- x) FDA and CFDA statements and for the other markets, the supplier is obliged to give information and to help adapa Group prove compliance with regulations around the Globe

All mandatory documents listed herein or in any listed legislative requirement above shall be provided at the beginning of any cooperation and with each change of the product or process and law.

2.5. REQUIREMENTS FOR COOPERATION

2.5.1. SPECIFICATION

Goods delivered to adapa Group must fully comply with the laws of the country to which they are delivered.

The goods must conform to the approved specification. If the material consists of recycled raw materials, this must be clearly communicated in the specification.

adapa Group may request a result of the global or specific migration to be submitted to confirm compliance.

The supplier is obligated to inform adapa Group of any change: in the process (change of the place of production) and in the composition of the product as well as update the specifications and declarations of conformity in the event of changes in legal regulations.

adapa Group must be notified, as soon as possible, if there are any changes to the products supplied. Changes can include; modification to composition, specifications or material usage. Updated TDS needs to be send with changes highlighted. Please note, it is not the obligation of adapa Group to request details of changes.

2.5.2. PURCHASE ORDERS

The adapa Purchase Order (PO) documents are issued to suppliers and must as a minimum contain the following information: material number, material description, quantity, delivery date(s), price, the delivery condition and other information unique to the purchased product.

The supplier must review and approve Purchase Orders before releasing them for production. Incomplete or conflicting requirements are to be resolved in consultation with adapa Group before release.

2.5.3. PLACEMENT OF ORDERS

adapa Group may transmit orders electronically to suppliers and such orders shall be governed by the terms of this manual and any agreed standard terms of procurement and/or contractual terms.

After receipt of an order, the supplier agrees to maintain as minimum such standards which he maintains for his confidential information as well as ensure security, care, and diligence regarding the transmission and storage of any electronic documents and data being proprietary to adapa.

Any electronic document transmitted shall be considered to be in "writing," and any document issued or signed by a party's authorized representative shall constitute an "original" when printed from electronic records maintained in the normal course of business. All purchase orders will be based on our General Terms of Procurement.

2.5.4. SUB-CONTRACTED

Do not sub-contract all or any of your obligations without obtaining prior written consent from adapa Group. If you outsource part or all of your process, you are fully responsible and under an obligation to fully comply and meet all adapa Group requirements. You must ensure to pass down these obligations to any subcontractor to whom your processes are subcontracted inclusive of any and all the requirements contained in this document.

When a supplier chooses to outsource any process that affects product conformity to requirements, the supplier shall ensure control over such processes. The type and extent of control to be applied to these processes shall be defined within the Quality Management System.

Note: ensuring control over outsourced processes does not absolve the organization of the responsibility of conformity to all customers, statutory and regulatory requirements.

2.5.5. BROKER / AGENT

If you are a distributor of products supplied to adapa Group, all the requirements in this document are applicable to you in the same manner. It is your responsibility to verify that your suppliers also meet these requirements.

2.5.6. LOADING AND TRANSPORT

The supplier is responsible for the right and safe packaging of his product, including the right labelling and paperwork accompanying the product. Additionally, the supplier is responsible for ensuring that all needed and necessary documents regarding Customs and Foreign affairs are produced for customs clearing.

The supplier is obligated to deliver the Quality Certificate confirming that the product complies with the specification or a Certificate of Analysis.

The transport will be organized by the supplier if nothing different is agreed upon between both parties. The supplier must ensure that the means of transport are adapted to the type of transported product. Truck semi-trailers must be clean, in good technical condition and not have foreign, intense odours. The supplier shall keep records confirming the inspection of the cleanliness and technical condition of vehicles. The supplier shall ensure that the goods are secured against third-party interference during the transport.

2.6. BUSINESS CONTINUITY PLAN

The supplier shall have a business continuity plan. The primary objectives are to safeguard company assets, maintain customer service, and communicate responsibly with all those who need to know should the supplier experience a significant business disruption. This plan must

include contingency plans to satisfy adapa Group delivery requirements without delay in the event of significant interruptions due to natural disasters, fire, utility interruptions, equipment failure, etc.

2.7. SUPPLY CHAIN TRANSPARENCY

For multinational companies like ours, international sourcing inherits risks such as unidentified violations of human rights or damage to the environment. To increase transparency in our supply chain, we assess our supplier's performance and take efforts to identify risks in our supply chain. Our actions fully support the ambition of the European Union to enhance supply chain due diligence in every value chain. Therefore, we encourage our suppliers to take targeted actions for the improvement of supply chain transparency as well. Developments of current and future international and national legislation on supply chain due diligence have to be thoroughly observed. The supplier is required to take appropriate actions to fulfil their respective requirements.

3. QUALITY MANAGEMENT SYSTEM REQUIREMENTS

Suppliers should establish, document, implement and maintain an effective Quality Management System which is suitable for the materials and/or service provided to adapa Group which is certified by an accredited third-party certification body to the latest version of, as applicable:

- ISO 9001 – Quality Management Systems
- GFSI-benchmarked standard (**IFS, BRC, FSSC22000**)

This is not a strict requirement; however, it may have an impact on choosing a supplier.

In the absence of third-party certification GFSI-benchmarked standard (**IFS, BRC, FSSC22000**), depending on the material, its application, value, and criticality, adapa Group Procurement Team and Quality Team may jointly authorize the acceptance of other evidence of compliance to adapa Group requirements by performing audit on-site.

For suppliers who are certified, adapa Group requires that they maintain standard certification status. Should certification be suspended or expired, or if any change in status occurs, adapa Group shall be notified immediately of any such change.

3.1. SUPPLIER QUALITY MANAGEMENT SYSTEM

The supplier shall establish, document, implement and maintain a Quality Management System and continuously improve its effectiveness along the following requirements.

Mandatorily applicable standards and processes to the Supplier:

1. HARA / HACCP

The supplier must have an established hazard and risk analysis-based product safety program and supporting Quality Management System by a multidisciplinary team that includes those responsible for the quality, technical, engineering/maintenance, production operations, and other relevant functions.

2. SUPPLIER MONITORING

The supplier must present a supplier approval procedure, food safety commitment and monitoring procedure of its suppliers.

3. TRACEABILITY (see point 3.5)

The supplier must have an efficient and tested traceability system in place from raw material entry to product shipment and vice versa. The traceability applies to products, but also to all non-compliant products and all modifications.

4. PRODUCT RECALL

The supplier must have an effective and tested product recall procedure. The supplier must provide adapa Group representative with a list of emergency contacts designated for notification in the event of an emergency. The supplier must also have all production records, including appropriate tests to confirm the quality and safety of the product.

5. COMPLAINTS

The supplier must have a complaints managing procedure in place. The procedure must include the recording and analysis of all complaints, including the analysis of the reasons for the complaint and the resulting continuous improvements.

6. INTERNAL/EXTERNAL AUDITS

The supplier must provide a procedure for managing internal audits.

7. NONCONFORMITY ANALYSIS

The supplier must have a root cause and nonconformity analysis procedure in place. This procedure shall apply to nonconformities resulting from internal, client or certification bodies audits.

8. TRAINING

The supplier shall have an effective employee training system in place. The scope of training should take into account, as a minimum: the requirements of the standards and the principles of GMP and GHP, as well as emergency procedures.

9. FOOD FROUD

The supplier must take into account the issues related to the possibility of raw material substitution in the risk analysis and have a procedure for checking / testing the preventive measures applied.

10. FOOD DEFENCE

The supplier must take into account the issues related to the raw material inviolability in the risk analysis and have a procedure for checking/testing the preventive measures applied.

11. PERSONEL

The supplier shall have a hygiene policy for employees and guests in place.

12. ALLERGENS

The supplier shall have an allergen policy and allergen risk analysis in place.

13. PROCESSES

The supplier shall determine the processes needed for the Quality Management System and their application throughout the organization.

The supplier shall determine the sequence and interaction of these processes.

The supplier shall determine criteria and methods needed to ensure that both the operation and control of these processes are effective.

The supplier shall ensure the availability of resources and information necessary to support the operation and monitoring of these processes.

The supplier shall monitor, measure where applicable, and analyze these processes.

The supplier shall implement actions necessary to achieve planned results and continual improvement of these processes.

3.2. CONTROL OF DOCUMENTS

The supplier shall establish, maintain, and document procedures to control all Quality Management System documentation and all data generated under the Quality Management System. The supplier shall have current revisions of documents available at all appropriate locations.

3.3. CONTROL OF RECORDS

Records established to provide evidence of conformity to requirements and of the effective operation of the Quality Management System shall be controlled.

The supplier shall establish a documented procedure to define the controls needed for the identification, storage, protection, retrieval, retention, and disposition of records.

Records shall remain at all times legible, readily identifiable, and retrievable.

These records must be stored in an environment that protects documents from deterioration and are readily accessible upon request by adapa Group. It is also expected that sub-suppliers' records, pertaining to adapa products, are retained in the same manner.

3.4. PRODUCT IDENTIFICATION

Suppliers should have a system in place to identify products during all stages of receipt, production, and distribution where specified. This system should also ensure that a product is properly identified in various stages of the manufacturing process in order to avoid mix-ups.

3.5. TRACEABILITY

Suppliers shall be responsible for setting up and maintaining controlled documentation of product traceability during all stages of receipt, production and distribution, where required. The supplier may be requested to test the traceability via a test performance during our cooperation. The test covers both data about the product and the performance time of this test.

3.6. PRODUCTION AND PROCESS CONTROLS

Each supplier shall develop, conduct, control, and monitor production processes to ensure materials are manufactured in conformity with adapa Group specifications. This includes documented instructions that define the production activities, approval of processes and equipment validation, where specified. Documented instructions shall also include any changes to critical-to-quality processes and equipment. Control and validation of critical Quality process parameters and component or device characteristics during production shall be maintained.

3.7. MANAGEMENT RESPONSIBILITY

Supplier's management must notify adapa Group immediately of any changes in ownership or significant changes in the supplier's business climate (such as acquisitions, litigation, or any other activity that may change the financial viability of the supplier's organization).

Any changes in the product specification, including application, a change in the supplier or sub-supplier and the raw materials or primary materials used, or the production sites are only permitted with the prior written agreement of adapa Group.

With changes in raw materials, a new Declaration of Conformity, TDS or MSDS are mandatory.

adapa Group's Suppliers shall demonstrate commitment by their senior management to continuous improvement. Documented evidence of Management's commitment to the development and improvement of the Quality Management System shall be in place.

4. SUPPLIER MANAGEMENT

The purchasing department of adapa Group is divided into strategic and operational purchasing entities. The following illustration describes the split between strategic and operational purchasing from a process point of view. For individual product groups, this may vary:

STRATEGIC PURCHASING

Strategy process

- Purchasing strategy derived from corporate strategy
- Guidelines for respective commodity group strategy

Contract management

- Contracts with preferred suppliers
- Complex project requirements
- Contract controlling
- Contract templates

Category strategy

- Demand, market and supplier analysis
- Development of category and supplier strategy

Supplier strategy

- Supplier selection, qualification, approval, evaluation, classification
- Supplier development (develop or phase out)

Escalation

- Escalation authority in case of deficiencies

Contracting process

- RfI, RfQ, tendering/bid comparison
- Negotiation preparation
- Negotiation
- Conclusion

OPERATIVE PURCHASING

Ordering ¹⁾

- Ordering from defined suppliers according to framework agreements or after approval

Order tracking

- Order and deadline tracking
- Informing the requisitioners about the order status for standard procurements

Invoice verification¹⁾

¹⁾ Invoice verification and ordering for various categories also part of Strategic Purchasing. Escalation process between invoice verification and contract management in case of deviations. Complaint management and claim process still to be illustrated.

The purchasing strategy and strategic development goals of the purchasing function are derived from the corporate strategy, the customer and supplier requirements and the purchasing department's demands. This results in goals of adapa Group per fiscal year, which serve to achieve the objectives of the purchasing strategy. The Category Manager is responsible for the creation of the respective purchasing strategy. The purchasing strategy is coordinated with the management of adapa Holding and approved in the "Group Purchasing Meeting".

4.1. CATEGORY STRATEGY¹

With the category strategy, the strategic objectives of the purchasing strategy are transferred to the Material Groups. The strategic buyer for category A material or the lead buyer for category B/C material for group-wide bundled product groups is responsible for creating the product group strategy. Category B/C material that is not procured (but could be) by a Lead Buyer is strategically managed by the company's Purchasing Manager

The category strategy is derived from the following instruments, among others:

- Requirement analysis,
- Planning horizons,
- Cost drivers,
- Standardization potential

All these points are determined against the background of concrete purchasing volumes, specified demands.

The category strategy must be prepared annually. In the case of existing strategies, these can be revised and adjusted. Progress on the defined measures must be tracked and documented in the Group Purchasing Meeting and reported once a quarter to the Strategic Purchasing Manager. In addition, management needs to be informed.

¹ Currently under development

4.2. SUPPLIER MANAGEMENT PROCESS

Supplier Qualification

Supplier Selection

Supplier Performance Monitoring

Supplier Development

Supplier Classification

Hereinafter we want to describe the main content which will be our focus in Supplier Management

4.2.1. SUPPLIER QUALIFICATION

After the initial assessment of the supplier's offer, the appropriate (group or local) Purchasing Department sends the required documents for approval to the supplier.

Supplier Qualification is the first step to validation through a supplier's questionnaire and risk assessment for the supplier in question.

adapa Group periodically reevaluates suppliers through the use of quality performance data and/or on-site audits.

4.2.2. SUPPLIER SELF-ASSESSMENT

In the initial stages of the supplier qualification process, potential suppliers are sent a Quality Management System Supplier Questionnaire. The supplier completes the questionnaire and returns it along with a copy of their supporting documents. adapa Group will review to determine if the documented quality system meets adapa Group requirements.

The questionnaire and its corresponding documentation are mandatory. A lack of response with required documentation will affect the qualification process.

Regardless of the type of raw material, the following documents are always required:

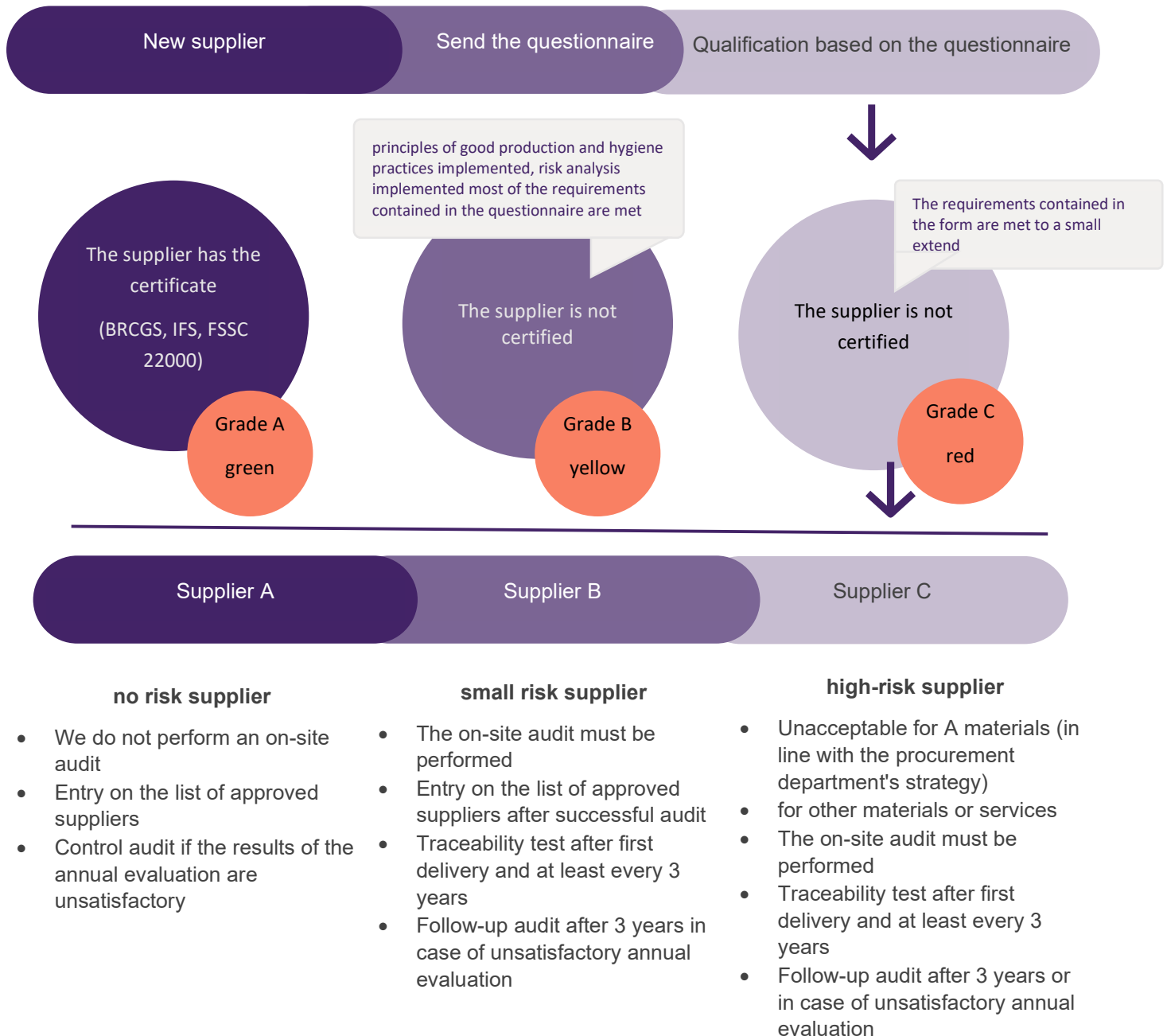
- a) Supplier questionnaire
- b) Food safety and/or Quality Management System certifications
- c) Specification of raw material TDS (Technical Data Sheets) and MSDS for chemicals
- d) Supplier Code of Conduct signed
- e) Traceability test at the beginning of co-operation - could be for first delivery to adapa or any shipment (for suppliers of raw materials intended for direct contact with food, the traceability test should be carried out at least once every 3 years) – this point is necessary if the supplier doesn't have the BRCGS Packaging Materials or equivalent standard (e.g., IFS, FSSC 22000) or ISO 15378.
- f) if some of our Entities have higher requirements because of customer needs, market needs, or delivered product then they need to follow standards or requirements which meets customer, market, or product expectations (e.g., pharmaceutical).

The provided documentation is analyzed by the Quality Department and is the base to conduct a risk analysis for the supplier and the assessment of the raw materials' susceptibility to adulteration.

4.2.3. SUPPLIER RISK ANALYSIS

The first stage of the risk analysis for the supplier is based on the supplier's questionnaire and the assessment of the raw material in terms of the possibility of fraud and product defense.

Based on risk analysis for food safety, a supplier may be qualified for one of the three groups of suppliers:



The criteria	Grade A green	Grade B yellow	Grade C red
Certificates or questionnaire 100-90%	x		
Questionnaire 89-60%		x	
Questionnaire <60%			x
the risk of raw material substitution	small	small	medium

- Group A - a supplier with no risk - has a BRCGS certificate or the same recognized by GFSI as IFS, FSSC 22000, etc.; in this case, an on-site audit is not required before adding the supplier to the list of qualified suppliers (it does not mean that it cannot be performed if needed)
- Group B – a supplier with small risk - meets most of the requirements of adapa Group however, an on-site audit must be performed before being added to the list of qualified suppliers
- Group C – a supplier with increased risk - cannot be qualified without a pre-audit, and cannot be the supplier of the main goods (“A” materials as of Procurement strategy).

Based on the information obtained from the questionnaire and the provided documentation, we can proceed to the next stage of supplier selection.

4.2.4. SUPPLIER SELECTION

Supplier Selection is the second step, performing an on-site audit if the supplier does not have a BRCGS Packaging and Packaging Materials or GFSI-benchmarked standard (IFS, FSSC 22000) and checking the material delivered at the specified Site.

After the qualification process related to the assessment of the supplier in terms of the documentation, audit on-site result, risk analysis, and risks associated with raw material substitution, the next stage of selection takes place. This is related to performing production trials. If the production trials are positive, the order and the first serial production follows.

Production tests are conducted separately for each plant. If the supplier is to be a group supplier, production trials must be performed in all locations where the raw material is to be used.

If the production trails and aspects related to qualification and selection processes finish with a positive result, the supplier may be qualified and put on the supplier list.

After a positive qualification of the supplier, the supplier will be added to the electronic database of approved suppliers available to all employees of the purchasing department at the group and local levels.

4.2.5. ON-SITE AUDIT

For new suppliers of critical raw materials or suppliers which are not certified by an accredited third-party certification body to the latest version of GFSI-benchmarked standard (e.g., IFS, BRC, FSSC22000) an on-site audit of the supplier's facility must be performed. The on-site audit includes a quality assessment to determine whether the supplier's Quality Management System is in place and functioning effectively.

The audit is conducted by a group of auditors consisting of a representative of the quality department and the purchasing department of adapa Group.

If the assessment team determines that the supplier meets adapa Group requirements, adapa Group selects the supplier to bid on new business and supply production materials.

Due to the specifics of our product intended for contact with food or other hygiene-sensitive products, the scope of the audit must as a minimum cover issues related to:

- product safety
- traceability
- review of risk analysis and control points
- good manufacturing practices

The full scope of the audit is laid down in our Supplier Questionnaire.

If the audit reveals non-conformities or deviations from the requirements, then such will be indicated in the audit report.

The auditor has 10 working days to complete the audit report.

The lead auditor sends the audit report to the representative of the purchasing department, who is responsible for contact with the supplier. The supplier is requested to complete a corrective action plan and send back proposed actions within 10 working days.

Suppliers can be audited both at the beginning of a cooperation and during the supply relationship.

4.2.6. SUPPLIER PERFORMANCE MONITORING

Both, at group level and locally, we have determined and applied criteria for the qualification, selection, monitoring of performance, re-evaluation and classifications of external providers based on their ability to provide processes or products and services.

All activities undertaken in this area are aimed at ensuring that goods and services supplied from outside are under constant supervision.

The evaluation of the cooperation results takes into account the impact of externally supplied products and services, the adapa Group's ability to continuously meet customer requirements and applicable legal requirements.

The supplier evaluation is intended to show the performance of each supplier with whom a supply relationship exists. It includes the evaluation logic, the scope of the evaluation, the evaluation criteria, the evaluation process, possible evaluation classes and the evaluations based on these. It is ultimately the basis for supplier optimization.

In supplier evaluation, all key suppliers in a category of material are evaluated regularly. The performance of these suppliers is regularly assessed based on criteria specific to the Category group. The evaluation is conducted by the purchasing department together with the relevant users and, if necessary, other stakeholders. The evaluation results determine the framework for future cooperation with suppliers.

A supplier assessment is conducted at least once a year but may be performed more often on a need to be basis.

This assessment also includes an analysis of the business risk as well as the risk associated with the delivered product and the general situation in the raw materials market.

4.2.7. SUPPLIER CLAIM HANDLING

Due to the varied production process, both in our plants and in the production processes at the customer's premises, there may be considerable time differences in the deadlines for submitting complaints.

Supplier claim has to be registered in the local system and registered in adapa Group's supplier claim database/system.

The related adapa entity quality and procurement team have to open the claim to the responsible supplier so the supplier can take appropriate countermeasure actions. This applies to both external as well as adapa Group internal suppliers.

The adapa entity team is responsible for collecting all necessary information for the supplier to conduct its analysis. After the complaint is verified by the procurement department, a complaint report is sent to the supplier.

The supplier shall be requested to provide the containment (3D) actions within 1 – 3 working days.

The full response (4D-5D) including root cause(s) and corrective and preventive countermeasures for the claim is required within no more than 10-15 working days from the receipt of all necessary information and sample to the supplier.

If the supplier is not able to provide an 8D report, they need to fill in the adapa Group supplier claim form Do_GL_QUA_005-000-003 Countermeasure Report with at least the following information:

- 1D-3D (1 – 3 working days)
 - Background of the claim
 - 1st Containment actions NCP handling, traceability, system blockage
 - Information about the point of cause in production
- 4D-5D (10 working days – 15 working days)
 - Potential and direct root cause(s)
 - Containment actions such as additional inspection, sorting, firewall, replacement of FGs etc.

- A detailed action plan with all containment, corrective and preventive actions
- 6D-8D (4, 8, 12 weeks)
 - Validation of countermeasures
 - Standardization of countermeasures
 - Confirmation and validation of the countermeasures
 - Credit note – claim closed

If adapa Group is not satisfied with the cooperation of the supplier, the escalation process shall be started.

4.2.8. SUPPLIER CLASSIFICATION

The supplier classification is based on the results of the evaluation, score card and general business needed to be determined by the procurement department.

The Strategic Purchaser or the Lead Buyer or the Purchasing Manager is primarily responsible for his/her category of materials and ensures that the respective sub-process owners provide or record the data for the evaluation. The responsibility for the technical evaluation of the suppliers lies with the demand drivers (departments/ department supervisors).

The results of the classification are:

SUPPLIERS CATEGORY			
Group I	Group II	Group III	Group IV
>85	85-75	75-50	<50
Qualified suppliers (main)	Alternative suppliers	Backup suppliers (emergency only)	On hold

The sum of the scores obtained for individual indicators is given as the result of the evaluation.

100-85 - supplier group I – qualified suppliers (main) – accepted (very good system implementation and effectiveness. Minor improvements may be needed)

85-75 - supplier group II - alternative suppliers – accepted (good system implementation and effectiveness. Future improvement is necessary)

75-50 - supplier group III - backup suppliers (emergency only) - conditionally accepted (major and fundamental improvement necessary with comprehensive QIP otherwise does not meet adapa Group SQM requirements).

< 50 - supplier group IV – cancellation of co-operation - phase-out of the supplier (business on hold; does not meet adapa Group SQM requirements). If the supplier receives a rating below 50, this information must be provided to the Supplier and the escalation process needs to be started.

Quality commitments with quality objectives are part of the contract and are discussed with the supplier annually. The supplier receives an annual assessment result considering all assessment criteria based on the Suppliers Score Card.

Indicators related to complaints (Claim Rate in kg, CoPQ %) are monitored and will be presented to the supplier in the regular meeting. The results are presented to the supplier when the supplier obtained a result below the expected target in the summary.

The results of the annual evaluation are also communicated in the same way where the supplier has received an exceptionally low evaluation.

4.2.9. SUPPLIER DEVELOPMENT

The results of supplier monitoring provide an important starting point for increasing the performance of the suppliers for the benefit of both parties. Systematic supplier development ensures maximum utilization of the potential for the supplier and adapa Group. Depending on the monitoring result, development approaches are available to further develop the suppliers in terms of constructive cooperation.

Forms of development are:

- Active development together with the supplier (on site), agreement on concrete improvement measures, training measures, knowledge transfer, supplier workshops
- Target agreements with suppliers for self-optimisation
- Phase-out of the supplier

Supplier development is part of the category strategy and includes existing suppliers. Any necessary development measures are agreed upon with the departments concerned and coordinated by purchasing.

4.3. RECOGNITION OF OUR VALUES

Our company values define the way we work, as a team and with our business partners. We believe that staying true to our company culture is beneficial to every cooperation we have. Therefore, we wish our suppliers to recognize our set of the following six values:

TRUST – we trust that everyone is doing their utmost to meet our expectations with openness, respect, fairness, empathy, and integrity. We earn trust by living up to the expectations of our partners. Every single day. On every scale, small and large.

CONTINUOUS IMPROVEMENT – we always challenge ourselves and the world around us in striving for a better future. Key drivers of continuous improvement are empowerment of learning and allowing people to make mistakes. In short, we need to be prepared to leave our comfort zone.

ACCOUNTABILITY & RELIABILITY – accountability is about acting responsibly and taking ownership. For us, it is important to consider others and involve them when taking responsibility. Reliability means being committed, doing what we say, and saying what we do. To the customer and ourselves.

ADAPTABILITY TO A CHANGING WORLD - We are open-minded, flexible, and courageous. We proactively anticipate change, support, and drive it. We have an impact on our shared new reality.

TEAM SPIRIT - We live and breathe true team spirit, working towards a common goal through effective collaboration and active participation. In this way, many “I ‘s “become one large “we “.

SUSTAINABILITY - We consider it vital to protect this wonderful world for generations to come – with our packaging solutions. To this end, we start with ourselves by striving for sustainability in all aspects of operations. We assess and evaluate our entire impact and resource use.

To learn more about our sustainability activities, see our Sustainability Report on our website.

5. DETAILS OF THIS DOCUMENT

5.1. VALIDITY

The guideline comes into force upon publication. The current version of the manual is to be filed in the purchasing and quality department of the respective adapa Group company.