
Constantia Flexibles

Corporate Manual



PEOPLE.

PASSION.

PACKAGING.

Rev. 7.0



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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. The Corporate Manual (including the corporate policies) will be reviewed and updated, if required, at least once a year by 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. procedures, policies, work instructions, specifications, 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.

Generated Jan., 2016 by	Checked Jan., 2016 by	Released Jan., 2016 by
Group QM	Head of Group QM	COO
Constantia Flexibles International	Constantia Flexibles International	Constantia Flexibles International

3 Corporate Policies of Constantia Flexibles Group

Corporate Policies expressing clear commitments of the Constantia Flexibles Group have been issued by the Board:

- Quality/Product Safety
- Environmental
- Continuous Improvement Process (CIP)
- Health/Working Safety (Job-Safety)

The current versions of the Corporate Policies are available on www.cflex.com.

4 Constantia Flexibles Group

4.1 Who we are

Constantia Flexibles is a globally active corporation, 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

Constantia Flexibles offers a wide range of products and services to multinational customers in the food, pharmaceutical and beverage industries. 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

- Innovations
- Products
- Organizational structure
- Technologies etc.

is available on www.cflex.com.

4.4 Our mission

We are a global company.

We produce flexible packaging and labels.

We make daily goods available. For everybody. Everywhere.

Together with our customers we create superior solutions.

Consumers sense the difference.

We live packaging. Dedicated to customers' success.

With passion. Every day.

4.5 Our core values

Customers – we focus on innovation and quality to make our customers more successful.

Society and Environment – we balance economic success with environmental and social responsibility.

Growth – We expand in new markets and applications with our customers and create value for all stakeholders.

Employees – we have an international team based on a corporate culture of trust, excellence and performance.

5 Constantia Flexibles Group Management System

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

- ISO 9001
- Codex Alimentarius, EU guideline 93/43, EU guideline 852/2004 (HACCP)
- BRC Pack. Standard
- ISO 15378 (GMP)
- FDA/IMS
- SQF 2000
- ISO 14001
- OHSAS 18001
- SA 8000
- DPG
- AIB
- ISO 22000
- FSC-DIR-40-004 EN
- ISO 50001
- FSSC 22000
- All applicable national and international legal regulations (food legislation, health, working safety, labour law, environment etc.)

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, labour law, environment etc.)
- Quality Management
- Product Safety

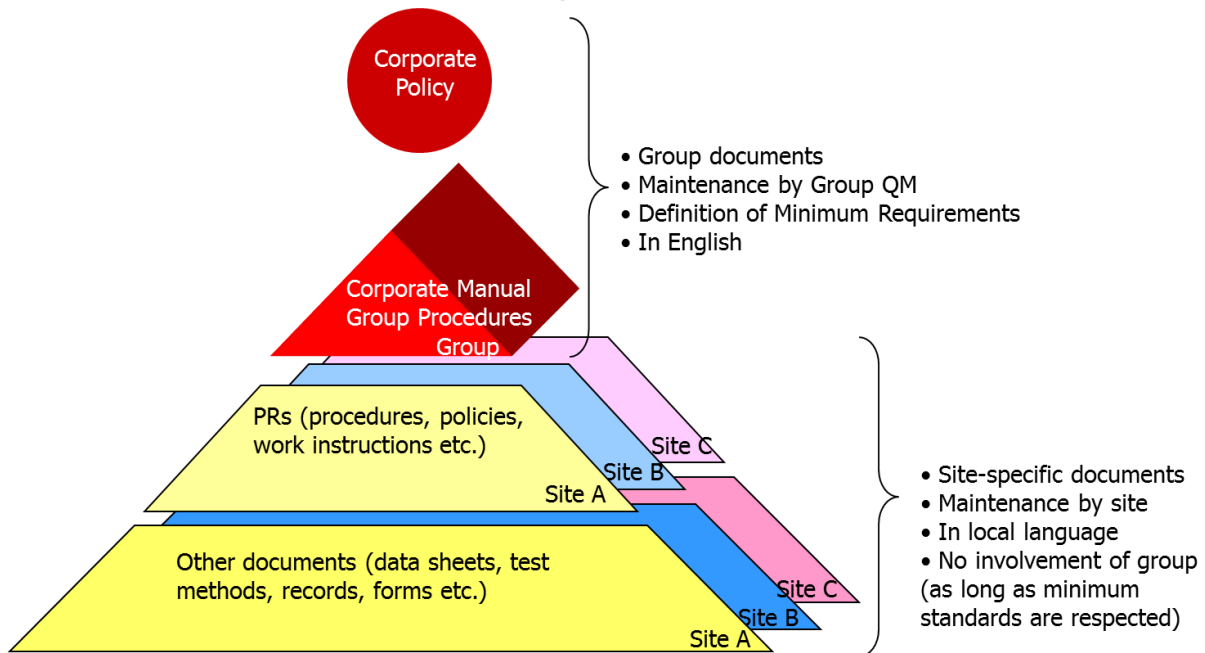
Secondary Scope (Optional for the sites)

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

5.2 Organizational structure for management system

See organization charts.

5.3 The structure of the management system



6 Sustainability, responsibility and commitment

Being in full compliance with the values of Constantia Flexibles, 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. (see also www.cflex.com).

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, reduce or at least to report all risks. Everybody is responsible for the quality of his/her work as supplier for all the external and 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.

A Code of Conduct is available and applies through the whole organisation. Every employee is trained and committed to comply with it.

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 Management

- The Board assigns selected duties of establishing, monitoring, updating and improving the management system to Group Quality Management. 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 & CIP 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 quality/product safety management system according to implemented standards
 - 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 and/or on group level by the sales department. 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), and by "CIP Index" (calculation see Appendix 4). Moreover the Quality KPIs of Complaint Rate and Defect cost Rate are used as indirect measurements of the customer satisfaction. In addition key performance indicators are also defined for all other processes as well.

8.3 Targets

The targets for complaint rate, defect cost rate and CIP Index are agreed between Board of Constantia Flexibles, SVPs Ops (senior vice-presidents operations) and site management on an annual basis. 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 for Quality/Product Safety 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. Specific enclosures can be added to the Management Review Quality/Product Safety in order to cover the requirements of other standards (e.g. Environmental).

In addition the data on Complaint Rate and Defect Cost Rate are reported to Group QM on a monthly basis, while the CIP Index data are reported 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 audits. Those internal audits are performed by a pool of internal auditors and are coordinated by Group QM.

The internal audits procedure is defined in the document "PR QM 005 Internal Audits Group Management System CF".

8.7 External audits (Customer and Third Party)

Group Quality Management 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 audits procedure is defined in the document “PR GP 007 Supplier Audits”.

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 Hygiene Management System / GMP

Where applicable, Constantia Flexibles (CF) sites have to implement and certify an hygiene management system and/or GMP according to the selected standards (e.g. BRC/IoP, FSSC 22000, ISO 15378 ...) to assure quality and product safety.

The sites are responsible for fulfilling the requirements of the selected standards like:

- HACCP risk analyses (CF procedure)
- Pest Control
- Hygiene rules
- Cleaning procedures
- Maintenance
- Hygiene inspections
- Validation, etc.

10 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. organigrams, 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

- Constantia Flexibles International (Head Quarter)
- Constantia Aloform GmbH
- Asaş Ambalaj Baski Sanayi ve Ticaret A.Ş.
- Constantia Colmar L.L.C.
- Corona Packaging ApS
- Constantia ColorCap Sp.z.o.o.
- Constantia Ebert GmbH
- Constantia Fromm GmbH
- Haendler & Natermann GmbH
- Constantia Blythewood L.L.C.
- Constantia Hueck Folien GmbH & Co KG
- Constantia Louvain SPRL
- Constantia Jeanne d'Arc S.A.S.
- Constantia Kuban
- Constantia Labels GmbH
- Constantia Nusser GmbH
- Constantia Patz GmbH
- Constantia Sittingbourne Ltd.
- Constantia Teich GmbH
- Constantia Teich Poland Sp.z.o.o.
- Constantia Tobepal S.L. (Burgos)
- Constantia Tobepal S.L. (Logroño)
- Aluprint S. de R. L. de C. V.
- Constantia Flexibles Bucuresti S.R.L.
- Constantia CM Labels Sdn. Bhd.
- Sim'Edit Imprimeurs S.A.S. (Coueron)
- Sim'Edit Imprimeurs S.A.S. (Sautron)
- Grafo Regia S. de R. L. de C. V.
- Novis Casa de Editura si Tipografia Srl
- Parikh Packaging Pvt. Ltd.
- H&N Suzhou Packaging Materials Co., Ltd.

Appendix 2 – Documents/forms/records

Group level Documents:

Maintenance of these documents/records/forms is done by the involved department.

The document types are:

- Corporate Manual
- Corporate Policies
- Procedures (e.g. Group Quality Management of Constantia Flexibles – CF_QM_002)
- Work Instructions (e.g. Migration Monitoring – WI_RD_001)
- Forms / Templates (e.g. Site Management Review – GF_Q_001)
- Records (e.g. Group Management Review, Internal audits reports, etc.)

These documents are available on intranet and on the corresponding local IT systems.

Site Specific Documents:

The management (preparation, review, approval, archiving period ...) of site specific documents/records/ retained samples (incl. shape definitions like one A4, a certain number of lids ...) will be defined locally. Suggested retention period: 7 years.

Appendix 3 – Calculation of the Quality Key Performance Indicators

Complaint rate

Basic definition

Number of external complaints/Number of deliveries 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/net sales 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 and the waste cost 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)
- **Net Sales** represent gross sales less discounts, returns and allowances.

Appendix 4 – Calculation of the CIP Key Performance Indicator (CIP Index)

CIP Index

Basic definition

The CIP-Index is calculated as follows:

$$\text{CIP}_{\text{Index}} = \frac{\left[\frac{\text{suggestion rate}}{\text{target 1}} \right] + \left[\frac{\text{benefit rate}}{\text{target 2}} \right] + \left[\frac{\text{participation rate}}{\text{target 3}} \right]}{3} \times 100$$

Comments

- Target 1 = 1 suggestion per employee
- Target 2 = 700€ benefit per employee
- Target 3 = 60% participation rate
- Suggestion rate: number of suggestions per number of employees
- Benefit rate: benefit per number of employees
- If a benefit is recurrent, it has to be considered that changes in systems may cost money (investments etc.)

$$\text{Benefit} = \left[\frac{\sum \text{yearly recurrent benefit of 3 years}}{3} \right] - \left[\frac{\sum \text{yearly expenses of 3 years}}{3} \right]$$

- Participation rate: number of participating employees per number of employees x 100
- The number of suggestions, participating employees and the benefit will be considered as accumulated values (YTD means from the beginning of the current year until the end of the corresponding period)