

# PMI Supplier Manual

APPROVED	
Process Owner	Director of Quality Assurance

## 1.0 Purpose

Pacific Market International, LLC (“PMI”) is a world-class developer, designer, manufacturer and distributor of insulated and non-insulated food and beverage containers (the “Products”). As a global company, PMI partners with a diverse group of suppliers (each, a “Supplier”) from around the world. PMI is committed to working with responsible suppliers that are committed to PMI’s corporate values including: production of safe, quality, and regulatory compliant Products; sourcing of ethically sourced materials; respecting the rights of workers; and helping to protect the environment.

This Supplier Manual supplements the Manufacturing Agreement (the “Agreement”) between Supplier and PMI and establishes expectations of Suppliers working with PMI.

## 2.0 Scope

This Supplier Manual applies to suppliers who provide finished products to PMI intended to be marketed and sold to the end user.

## 3.0 Definitions and Acronyms

PMI: PMI Worldwide

## 4.0 Requirements

### 4.1 Quality Management System

- 4.1.1 ISO 9001. Suppliers shall be certified to ISO 9001 (latest revision) by a registration body accredited by the ANSI-ASQ National Accreditation Board.

### 4.2 Quality Assurance

- 4.2.1 Audits. From time to time and upon reasonable prior notice to Supplier and at PMI's expense, PMI or its designee may inspect, copy and review Supplier's books, records, sales reports, financial information (including annual financial statements, and possibly additional and more frequent financial information if Supplier's financial condition appears weak or weakening), and other documentation, including any in electronic form, in order to confirm and validate: (i) Supplier's financial condition, succession planning, and ability to continue operations; and (ii) that Supplier's performance is consistent with this Supplier Manual and the Agreement. Upon reasonable and prior notice to Supplier, Supplier will also provide PMI or its designee from time to time with reasonable access to any facilities manufacturing Products, including any such facilities of Supplier's sub-suppliers and other subcontractors to permit PMI to inspect the production, handling, and storage of Products and inventories of raw materials and components. Supplier shall maintain an orderly storage bookkeeping so that the respective inventory of the molds, tooling, equipment samples, Products and property of PMI can be immediately recognized.

### 4.3 Quality Control

- 4.3.1 Product Testing. Supplier shall test products against specifications in-house or at a third-party lab. Supplier shall also submit production equivalent samples to a third party lab that has been accredited by the Consumer Product Safety Commission (CPSC). List of accredited third party labs can be found at <https://www.cpsc.gov/cgi-bin/labsearch/>. PMI's recommended labs are Bureau Veritas (BV) or Societe Generale de Surveillance (SGS) in Shanghai, China.
- 4.3.2 Product Inspections. Supplier is primarily responsible for the inspection of the Products and agrees to perform the following: (i) pre-inspect all materials and components to be used in manufacturing the Product; (ii) measurement and defect inspection prior to production assembly; (iii) in-line inspection during production; and (iv) final inspection of the Products once production is complete. Suppliers that have been approved to perform outgoing inspections on the behalf of PMI shall record inspection results in the Quality Link system. Information on how to use Quality Link can be found in the PMI Quality Link User Manual (available at [www.pmi-worldwide.com/Suppliers](http://www.pmi-worldwide.com/Suppliers)).
- 4.3.3 Statistical Sampling Plan. Supplier shall follow the ASQ/ANSI Quality Standard Z1.4-2003 (latest revision): Sampling Procedures and Tables for Inspection by Attributes, General Inspection Level GII.
- 4.3.4 Acceptable Quality Levels (AQL's). Unless otherwise specified, Supplier shall use the following AQL's for Product inspections:
- Critical 0.0 (does not meet claims or potential for safety issue) Example: sharp edge, loose hot container lid, broken glassware, foreign material (including insects, glass, metal and/or plastic)

- Major 2.5 (quality issue) Example: Leaking, lid thread jump, missing parts, cracks, nicks, scratches, chips, dents, shape different from specification, fading, oil, glue, black dots
- Minor 4.0 (cosmetic) Example: Dirt, dust, surface blemish, smudging

#### 4.4 Changes

- 4.4.1 Notification of Changes. Supplier shall notify PMI in writing with respect to any change regarding material, process, specification or manufacturing location.

#### 4.5 Issues

- 4.5.1 Issues Management. Each party shall immediately notify the other party, in writing, if it becomes aware of any circumstances indicating that a stop sale, Product recall, corrective action, Product or quality control action or retrofit, or regulatory action involving any Products sold by Supplier to PMI or its dealers or customers (each, a "Product Corrective Action") may be necessary under Laws or otherwise appropriate. PMI will if practicable allow Supplier to review relevant data and comment upon any potential Product Corrective Action, but PMI will decide, in its sole discretion, when to conduct a Product Corrective Action and the scope of any such action. Supplier shall cooperate as reasonably requested by PMI in each Product Corrective Action, including as applicable by repairing, correcting or replacing affected Products. Supplier shall be responsible for, and shall defend, indemnify and hold harmless PMI against, all costs, damages, losses, claims, actions and expenses arising from each Product Corrective Action if the Product Corrective Action arises from any actual or alleged breach of any representation, warranty or covenant made by Supplier in this Agreement or from the negligent acts or omissions, intentional misconduct or breach of contract of or by Supplier, its employees, agents, sub-suppliers or other subcontractors. Upon PMI's written direction, Supplier will reformulate Products to address modification of Laws or the concerns that led to a Product Corrective Action. PMI shall have the right to elect whether to accept reformulated Product, and shall notify Supplier accordingly. If PMI accepts reformulated Product, Supplier shall, when such Products are shipped, identify all Product reformulations with separate batch, product number, or lot numbers.

#### 4.6 Global Code of Conduct

- 4.6.1 Compliance. Supplier shall comply with all of the responsibilities and obligations set forth in the PMI Global Code of Conduct Compliance (the "Code") (which can be found at [www.pmi-worldwide.com/Suppliers](http://www.pmi-worldwide.com/Suppliers)), Supplier and will ensure that its sub-suppliers and subcontractors comply with the Code.

#### 4.7 Global Regulatory Compliance

- 4.7.1 General. Supplier and its operations, facilities and business shall at all times comply with all applicable federal, national, state, provincial and local laws (including common law), statutes, ordinances, orders, rules, codes, standards and regulations of the country(ies) in which Supplier or its operations or facilities are located, and all other relevant jurisdictions (each individually a "Law" and collectively "Laws"), including without limitation Environmental Laws as defined below.

- 4.7.2 Evidence of Compliance. Supplier shall promptly furnish to PMI upon request from time to time all information evidencing Supplier's compliance with Laws, including Environmental Laws. In addition, Supplier shall comply with environmental protection standards mandated by PMI, even if those standards exceed or are more protective of the environment than applicable Environmental Laws. "Environmental Laws" are Laws pertaining to the environment and its protection, and the toxic or hazardous nature of products or their constituents, including but not limited to the Toxic Substance Control Act, the Occupational Safety and Health Act ("OSHA"), the Federal Hazardous Substances Act, California Proposition 65, and any other environmental, toxic or hazardous product compliance Laws and obligations. Supplier represents and warrants that the Products and packaging do not and shall not contain any material found on the Restricted Substance List (available at [www.pmi-worldwide.com/Suppliers](http://www.pmi-worldwide.com/Suppliers)). If Supplier supplies PMI, its dealers or customers with Products containing hazardous materials as defined by Environmental Laws, including the provisions promulgated by the U.S. Department of Transportation, Supplier shall warn, label, and ship such hazardous materials in accordance with Environmental Laws. Upon shipment and on an ongoing basis, Supplier shall provide PMI with current OSHA Material Safety Data Sheets and all other information needed to comply with all Environmental Laws. Without limiting the foregoing, Supplier and its Products shall comply with all obligations imposed by or under Regulation (EC) No 1907/2006 of the European Union, concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals ("REACH"), and all laws, regulations, orders and guidelines implementing REACH that are or have been enacted or promulgated by European Union member states or other member states of the European Economic Area (Norway, Iceland and Liechtenstein), all as amended from time to time; and Supplier shall further timely provide PMI with any and all information and assistance that PMI needs in order to comply with its obligations under the REACH Regulation and all such implementing laws, regulations, orders and guidelines.
- 4.7.3 Compliance with Consumer Product Safety Commission (CPSC). Supplier shall comply with applicable Laws enforced by the U.S. CPSC, including without limitation by providing certificates of conformity as required by the Consumer Product Safety Improvement Act (CPSIA).
- 4.7.4 Corrupt Practices. Supplier will strictly comply with both the letter and the spirit of all Laws concerning corrupt practices, "anti-bribery", or which in any manner prohibit the giving of anything of value to any official, agent or employee of any government, political party or public international organization, including without limitation the U.S. Foreign Corrupt Practices Act, the UK Bribery Act and similar Laws of other countries.
- 4.7.5 Bribery. Supplier represents and warrants to PMI Supplier or any of its officers, directors, employees, representatives or agents (i) will not offer, promise, or give anything of value to a government official or an employee of a state-owned or controlled enterprise, or authorize the foregoing, directly or indirectly, in order to influence such a person to act or refrain from acting in the exercise of his/her official duties; (ii) will use only ethical, legitimate and legal business practices in commercial operations and in promoting the position of PMI on issues before governmental authorities; and (iii) will never bribe any employees of PMI by any means, including but not limited to providing or promising to provide an off-the-book rebate in secret, entertainment allowance, employment arrangement, travel home, present, discount for shopping, or any other material benefits for the employees of PMI or their relatives.

## 4.8 Packaging Standards

- 4.8.1 PMI provides full packaging requirements or instructions for every shipment with each purchase order. If Supplier has not received packaging requirements or instructions by the time Products are being manufactured, Supplier's shall contact PMI immediately.
- 4.8.2 Supplier is responsible for all labeling and packaging per PMI's instructions.
- 4.8.3 PMI's packaging falls within three categories: "Primary", "Secondary", and "Factory Supplied", as follows:

Primary Packaging includes any packaging that is part of the individual sell unit. Part number begins with "70-". Below are some common primary packaging types:

- Paper wraps
- Color boxes
- Stickers and clings
- Hangtags

Secondary Packaging includes any packaging used for multiple sell units. Part number begins with "75-" if it requires artwork. Otherwise, Part number begins with "80-". Below are some common secondary packaging types:

- Master cartons
- Inner cartons
- Trays, PDQ's and CDU's
- Egg crate dividers
- POP or floor displays

Factory Supplied Packaging includes any packaging designed by the factory for production, packaging or transportation. Part number beginning with "60-". Below are some common factory supplied packaging types:

- Shipping supplies
- Polybags
- Labels
- Factory developed master cartons
- Factory developed egg crate dividers
- Barcode and country of origin stickers

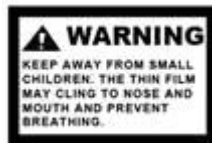
- 4.8.4 Suppliers will be given specific instructions by PMI regarding hangtags which could include Supplier, price, quality, graphics, assembly instructions, attachment method, and location of placement. In addition, (i) all colors must be in accordance with PMI-approved artwork; (ii) printing quality must be per PMI specification (including method of printing); and (iii) structure, attachments and material (stock) must be in accordance with any sample approved by PMI or any specification provided by PMI.

- 4.8.5 Here are minimum requirements for Master Carton quality:

- All carton joints must be glued. Adhesives used must be in accordance with PMI specifications and approved samples. Staples are not permitted.
- All carton must be sealed with reinforced packing tape. The tape must not cover any carton markings. Staples are not permitted.
- All cartons must have a minimum board grade of 200 lb. Mullen or 32 ECT.
- All cartons must be a minimum 5-ply B/C-Flute structure unless otherwise noted.
- All cartons must be Kraft, unless otherwise noted.

- All cartons must be recyclable.
- Quantity of SKUs per master carton will be specified by PMI.
- Supplier are to keep the size of the master cartons to a minimum and still pass the ISTA 1A transit testing requirements.
- Carton is not to exceed 30 lbs. in weight unless otherwise specified by PMI.
- Slash or box knife guards should be used in all master cartons packed with individually poly-bagged, color boxed and wrapped product. Master cartons with product that is packed in inner cartons do not require slash guards.
- All carton markings, including content and placement, must be in accordance with PMI specifications and approved samples. All carton markings must be permanent (water-resistant) and clearly legible. The following information is required and available on the BOM:
  - Box maker Certificate printed on bottom flap and visible when assembled.
  - Country of Origin
  - P.O. Number
  - SKU (Item) Number
  - Product Description
  - Number of a Specific Carton out of the Total Number of Cartons
  - Number of pieces per carton
  - Carton Outside Dimensions
  - Gross Weight
  - Net Weight
  - All labeling of cartons must be in English.

- 4.8.6 Polybags: Polybags shall be made from material LDPE (generally 1.0-1.5 mil). Polybags under 1.25 ml must have the following suffocation warning:



**THIS BAG IS NOT A TOY**

**WARNING:** To avoid danger of suffocation, keep away from babies and children, do not use in cribs, beds, carriages or playpens.

**ESTA BOLSA NO ES UN JUGUETE**

**AVISO:** Para evitar peligro de asfixia, mantengase fuera del alcance de niños y bebés. No usar en cunas, camas, carriolas o corrales.

**CE SAC N'EST PAS UN JOUET**

**ATTENTION:** Pour eviter tout risque de suffocation gardez a l'ecart des bebes et des enfants. Ne pas utiliser dans les creches, lits, landaus, ou parc a bebe.

- 4.8.7 Barcode/ Country of Origin Stickers. All SKUs will require Barcode Stickers and/or Country of Origin Stickers. All relevant information regarding Master Carton Stickers will be noted in the BOM. Suppliers will be given specific instructions by PMI regarding stickers which could include supplier, price, quality, graphics, attachment method, and location of placement.
- 4.8.8 International Standards for Packaging.
- All carton joints must be glued. Adhesives used must be in accordance with PMI specifications and approved samples. Staples are not permitted.

- All carton must be sealed with reinforced packing tape. The tape must not cover any carton
- No hazardous materials are permitted
- No Styrofoam™ or expanded polystyrene is permitted
- All packing materials must be free of any toxic materials and heavy metals
- All adhesives (permanent and removable) must adhere to TP 90-00372-001
- All other PMI specifications must be followed.

#### 4.9 Global Logistics Compliance

- 4.9.1 Routing Guide. Supplier agrees to comply with all of the responsibilities and obligations set forth in the PMI Global Logistics Routing Guide (the "Guide") which can be found at [www.pmi-worldwide.com/Suppliers](http://www.pmi-worldwide.com/Suppliers), and will ensure that its sub-suppliers and subcontractors comply with the Guide. Non-compliance with the Guide may result in chargebacks to Supplier at PMI's sole discretion.

#### 4.10 Insurance

- 4.10.1 Coverage. Supplier shall obtain, pay for, and maintain insurance as follows:

Workers' Compensation and Employers' Liability insurance with limits to conform with the greater of the amount required by applicable law or one million dollars (\$1,000,000) each accident, including occupational disease coverage and an endorsement to the Workers' Compensation and Employers' Liability insurance policy, in form acceptable to PMI, containing a waiver of subrogation by the insurance carrier with respect to PMI and its parent, subsidiaries, divisions and affiliated companies, and all of their respective directors, officers, shareholders, employees and representatives;

Commercial General Liability insurance with limits of not less than five million dollars (\$5,000,000) combined single limit for bodily injury, death, and property damage, including personal injury, contractual liability, independent contractors, broad-form property damage, and products and completed operations coverage; and,

Commercial Automobile Liability insurance with limits of not less than one million dollars (\$1,000,000) each occurrence combined single limit of liability for bodily injury, death, and property damage, including owned and non-owned and hired automobile coverages, as applicable.

- 4.10.2 Evidence of Coverage. Supplier shall obtain, pay for, and maintain insurance as follows:

As evidence of insurance coverage, Supplier shall deliver to PMI on an annual basis (a) certificates of insurance issued by Supplier's insurance carrier showing each of these policies are in force, and (b) an endorsement to each required policy, in form acceptable to PMI, naming PMI and its parent, subsidiaries, divisions and affiliated companies, and all of their respective directors, officers, shareholders, employees and representatives as additional insureds (except under the Workers' Compensation policies). Supplier shall give thirty (30) days' prior written notice to PMI of cancellation, non-renewal, or material change in coverage, scope, or amount of any of the required policies.

#### 5.0 References/Attachments

Manufacturing Agreement

ISO 9001

List of CPSC-Accepted Testing Laboratories (available at <https://www.cpsc.gov/cgi-bin/labsearch/>)

PMI Quality Link User Manual (available at [www.pmi-worldwide.com/Suppliers](http://www.pmi-worldwide.com/Suppliers))

ASQ/ANSI Quality Standard Z1.4-2003 (latest revision): Sampling Procedures and Tables for Inspection by Attributes

PMI Global Code of Conduct Compliance (the “Code”) (available at [www.pmi-worldwide.com/Suppliers](http://www.pmi-worldwide.com/Suppliers))

Toxic Substance Control Act

Occupational Safety and Health Act (“OSHA”)

Federal Hazardous Substances Act

California Proposition 65

Restricted Substance List (available at [www.pmi-worldwide.com/Suppliers](http://www.pmi-worldwide.com/Suppliers))

Regulation (EC) No 1907/2006 of the European Union

Consumer Product Safety Improvement Act (CPSIA)

U.S. Foreign Corrupt Practices Act

UK Bribery Act

ISTA 1A Transit Testing

PMI Global Logistics Routing Guide (the “Guide”) (available at [www.pmi-worldwide.com/Suppliers](http://www.pmi-worldwide.com/Suppliers))

## 6.0 Change History

Revision	Description of Changes	Release Date
A	Initial release.	20200424
B	Updated polybag warning Spanish translation in section 4.8.6. Replaced all references to InTrac and replaced with Quality Link.	20201117