

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

BRCGS:	British Retail Consortium Global Standards
BV:	Bureau Veritas
CPSC:	Consumer Product Safety Commission
FCM:	Food contact material
FDA:	Food and Drug Administration
GFSI:	Global Food Safety Initiative
GRS:	Global Recycled Standard
IFS:	International Featured Standards
ISCC:	International Sustainability and Carbon Certification
ISO:	International Organization for Standardization
NOL:	No Objection Letter
RCS:	Recycled Claim Standard
SGS:	Societe Generale de Surveillance
TUV:	Technischer Überwachungsverein
USDA:	United States Department of Agriculture

4.0 Requirements

4.1 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.
- 4.1.2 GFSI, Production of Food Packaging. Suppliers of reusable hot and cold cups, lids, and straws that are ready for immediate consumer use upon receipt shall be certified to comply with the Global Food Safety Initiative (GFSI), Production of Food Packaging (BRCGS or IFS). These products are limited to the cups and lids that are stacked and packaged in sealed bags, and straws that are individually wrapped. These products are stored behind the bar within retail stores and handled similarly to single-use products.
- 4.1.3 GRS, RCS, ISCC PLUS. Suppliers who are providing raw materials or finished goods made from recycled content, shall be certified to Global Recycled Standard (GRS), Recycled Claim Standard (RCS), International Sustainability and Carbon Certification (ISCC) PLUS, or other recycled content standard approved by PMI.
- 4.1.4 ISCC PLUS, USDA BioPreferred, TUV OK Biobased. Suppliers who are providing raw materials or finished goods made from biobased/renewable content, shall be certified to International Sustainability and Carbon Certification (ISCC) PLUS, United States Department of Agriculture (USDA) BioPreferred, TUV OK Biobased, or other biobased content standard approved by PMI.

4.2 Quality Assurance

- 4.2.1 Audits. 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 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), Intertek, Societe Generale de Surveillance (SGS), and Technischer Überwachungsverein (TUV).
- 4.3.2 Raw Materials Testing. Suppliers who are providing raw materials made from recycled content, are responsible for verifying that the raw materials comply with PMI's Restricted Substance List (available at <https://pmiworldwide.com/suppliers/>). Suppliers shall provide a current test report (within the last 12 months) from a third-party lab that has been

accredited by the CPSC showing that the raw material complies. List of accredited third-party labs can be found at <https://www.cpsc.gov/cgi-bin/labsearch/>. PMI's recommended labs are BV, Intertek, SGS, and TUV.

- 4.3.3 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 <https://pmiworldwide.com/suppliers/>).
- 4.3.4 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.
- 4.3.5 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 the responsibilities and obligations set forth in the PMI Global Code of Conduct Compliance (the “Code”) (which can be found at <https://pmiworldwide.com/suppliers/>). Supplier shall 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 always comply with all applicable federal, national, state, provincial and local laws (including common law), statutes, ordinances, orders, rules, codes, standards and regulations of the countries 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 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. 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; 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 Compliance with Food Contact Material (FCM) Requirements. Suppliers of food contact materials and final products shall comply with applicable laws enforced by the U.S. FDA.

Additionally, suppliers of food contact materials made with recycled content, shall provide a No Objection Letter (NOL) issued by the U.S. FDA.

- 4.7.5 Conflict Minerals. Supplier shall comply with the requirements of Section 1502 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, applicable industry standards, and applicable Laws related to the use of Conflict Minerals, including without limitation by providing declarations of compliance.
- 4.7.6 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.
- 4.7.7 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 verifying that the packaging complies with PMI’s Restricted Substance List (available at <https://pmiworldwide.com/suppliers/>).
- 4.8.3 Supplier is responsible for all labeling and packaging per PMI’s instructions.
- 4.8.4 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 (e.g., product wraps, color boxes, stickers and clings, hangtags).
- Secondary Packaging includes any packaging used for multiple sell units (e.g., master cartons, inner cartons, trays, egg crate dividers).
- Factory Supplied Packaging includes any packaging designed by the factory for production, packaging, or transportation (e.g., shipping supplies, paper wraps, labels, barcode, and country of origin stickers).
- 4.8.5 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.

4.8.6 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 cartons 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.
- Suppliers 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 lb. (13.6 kg), 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.

4.8.7 Polybags: Polybags shall not be used with PMI products unless Supplier receives an explicit written exception from PMI. Exemptions will only be provided if sustainable alternatives do not adequately protect the product.

When polybags must be used, they shall meet the following requirements. Polybags with openings of 5 inches or greater shall have the suffocation warning below. Warning shall be printed or placed in a prominent location. Warning font size shall be a certain size in relation to the size of the bag as outlined in the table below. If the total length plus width of bag is greater than 40 inches, the warning must repeat at 20-inch intervals.

Total Length plus Width of Bag	Minimum Print Size
Less than 25 inches	10 point
26 to 39 inches	14 point
40 to 59 inches	18 point
60 inches or more	24 point

WARNING: To avoid danger of suffocation, keep this plastic bag away from babies and children.

Do not use this bag in cribs, beds, carriages, or playpens. This bag is not a toy.

AVERTISSEMENT: Pour éviter le danger de suffocation, conserver ce sac en plastique loin des bébés et des enfants. Ne pas utiliser ce sac dans les berceaux, lits, landaux ou paires. Ce sac n'est pas un jouet.

ADVERTENCIA: Para evitar el peligro de sofocación, mantenga esta bolsa de plástico lejos de bebés y niños.

No use esta bolsa en cunas, camas, carros de bebés o corrales. Esta bolsa no es un juguete.

- 4.8.8 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.
- 4.8.9 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 cartons must be sealed with reinforced packing tape.
 - 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
 - Every effort shall be made to avoid polybag use with production, sample shipments, or any other uses of packaging.
 - All other PMI specifications must be followed.
- 4.8.10 Sample shipments to PMI. Supplier should make every effort to avoid the use of excessive packaging for sample shipments. Polybags and bubble wrap should be avoided.

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 <https://pmiworldwide.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

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

California Proposition 65

Consumer Product Safety Improvement Act (CPSIA)

Dodd-Frank Wall Street Reform and Consumer Protection Act

Federal Hazardous Substances Act

ISO 9001

ISTA 1A Transit Testing

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

Manufacturing Agreement

Occupational Safety and Health Act ("OSHA")

PMI Global Code of Conduct Compliance (the "Code") (available at <https://pmiworldwide.com/suppliers/>)

PMI Global Logistics Routing Guide (the "Guide") (available at <https://pmiworldwide.com/suppliers/>)

PMI Quality Link User Manual (available at <https://pmiworldwide.com/suppliers/>)

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

Restricted Substance List (available at <https://pmiworldwide.com/suppliers/>)

Toxic Substance Control Act

U.S. Foreign Corrupt Practices Act

UK Bribery Act

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
C	Added more specific language for conflict minerals in section 4.7.4. Updated polybag warning in section 4.8.6.	20210419
D	Added GFSI requirement for suppliers of reusable cups, lids, and straws in section 4.1.2. Added GRS, RCS or ISCC PLUS requirement for suppliers of raw materials or finished goods made from recycled content in section 4.1.3. Added ISCC PLUS, USDA BioPreferred or TUV OK Biobased requirement for suppliers who are providing raw materials or finished goods made from biobased/renewable content in section 4.1.4. Added requirements for raw materials testing in section 4.3.2. Added requirements for compliance with food contact materials in section 4.7.4. Revised 4.8.7 polybags requirements. Added 4.8.10 <u>Sample shipments to PMI.</u>	20211123