General Supplier Quality Requirements (GSQR)

June 2023

1. Administrative Elements

1.1. Scope

These General Supplier Quality Requirements ("GSQR") define the terms and conditions related to the quality of materials and services supplied to all entities of and operations within the Mondi Group (hereinafter referred to as "Mondi"). The requirements herein apply to all Suppliers of materials and services provided to any company within the Mondi Group.

The regulations under this GSQR shall apply as a supplement to any document in which Mondi refers to the GSQR.

Specific quality requirements of Mondi's respective business units/segments, material categories and material/service specifications are defined in other documents.

1.2. Definitions and Terms

CAPA	Corrective Actions & Preventive Actions
Complaint **Claim**	A complaint is a documented statement / expression / objection that something is unsatisfactory or unacceptable for an interested party. In regards to quality, **a complaint is the statement that a non-conformance was detected in the product, the production process or a service.** Generally, there are three different types of complaints: customer, supplier and internal complaints. The complaint handling process focusses on eliminating the root cause of a non-conformance and prevent recurrence. In this context a **claim is the demand for compensation of a financial loss** caused by a non-conformance reported by interested party. The claim handling process focusses on agreeing to a compensation and the associated reimbursement.
Corrective action	Action to eliminate the cause of a non-conformity and to prevent reoccurrence **Remark:** There can be more than one cause for a non-conformity or a potential non-conformity. **Corrective action is taken to prevent reoccurence whereas preventive action is taken to reduce risk of occurence on similar instances elsewhere.** (based on ISO 9000:2015)
GSQR	General Supplier Quality Requirements
Ishikawa diagram	Causal diagram (also called fishbone diagram) that shows the causes and effects of a specific event.
Non-conformity or Non-conformance (NC)	**Non-fulfillment of a requirement**. Therefore a deviation from a defined standard is a non-conformity. (based on ISO 9000:2015)
Non-conformance costs	**All costs resulting from a NC are non-conformance costs.** For details see specific definitions.
Preventive action	**Action to eliminate the cause of a potential non-conformity** or other potential undesirable situation. (based on ISO 9000:2015)
QMS	Quality Management System
Quality	**Quality is the degree to which a set of inherent characteristics of an object fulfills requirements.** (based on ISO 9000:2015)

Requirement	**Need or expectation that is stated, generally implied or obligatory**. Ultimately this means that requirements do not necessarily have to be in a written form. Requirements can be generated by different interested parties. (based on ISO 9000:2015)
Root Cause Analysis	During problem solving, the root cause analysis is the **step used for identifying the root causes of a non-conformity.**
Service Level Agreement	A Service Level Agreement (SLA) is a contract between a **service provider** and its **customers** that **defines the service standards** the provider is obligated to meet, the expected performance metrics with corresponding service-level objectives related to (including but not limited to) logistics (e.g. OTIF), response time, means of communications, contact persons etc.
SSQR	Specific Supplier Quality Requirements
Supplier	Party that provides a product or a service to Mondi. Supplier (provider) can be also internal. (based on ISO 9000:2015)
Specification or Technical Data Sheet (TDS)	**Document stating requirements.** A specification can be related to activities (e.g. procedure document, process specification and test specification) or products (e.g. product specification, performance specification and drawing). (based on ISO 9000:2015) Specification shall mean guaranteed values, which can refer to all properties of the products, reported into a written agreement between the parties or (in absence of a written agreement) into the Certificate of Analysis issued by supplier for each batch of products.
Supplier-caused non-conformities	**Are non-conformances for which a Supplier is responsible** (product, service or their delivery do not meet the agreed requirements or the required specification).
5WHY-analysis	Interrogative technique used to explore the cause-and-effect relationships underlying a particular problem. The primary goal of the technique is to determine the root cause of a defect or problem by repeating the question "Why?".
8D-report	Outcome and summary of a structured eight step approach to problem solving. The objective is to face the problem and discover the weaknesses in the management systems that permitted the problem to occur in the first place.

1.3. Use of Third Parties

If the Supplier's production or service provision is separated or split among several facilities, all requirements of this GSQR apply to all related facilities.

If the Supplier uses Sub-Contractors (companies that manufacture (half-) products on behalf of the Supplier), the quality requirements of this GSQR shall apply to the Sub-Contractor.

1.4. Documentation Responsibilities

By signing the contract, the supplier agrees with the content of the GSQR in the version from the date of signing the contract.

The latest version can be found under: *https://www.mondigroup.com/en/Suppliers/*, however, it is not required to sign the new version of GSQR till the contract expires.

2. Supplier Responsibilities

The Supplier is responsible for providing materials and/or services that are free from non-conformities in accordance with the agreed technical specifications and/or TDS. The Supplier must check the completeness and correctness of the technical documents (limited to Supplier's area of expertise) and if necessary, request further information from Mondi.

The Supplier's quality strategy should be geared towards continual improvement of their processes and services. The Supplier shall assume full responsibility for the materials they deliver and/or the service they provide. Furthermore, the Supplier also undertakes to comply with promised deadlines, e.g. for delivery of samples, the implementation of corrective and preventive actions, completion of root cause analysis, final inspections or claim-payments.

Upon request, the Supplier shall provide all appropriate material certifications including all applicable safety, regulatory and operating systems certifications at Supplier's sole cost and expense.

If requirements under this document are not met, this may lead e.g. to decrease of supplier performance ratings, or to non-conformities and complaints *(Chapter 3).*

2.1. Quality Management

For each product supplied, the technical specification, TDS or specific requirements shall be available, communicated and/or agreed between Parties.

The Supplier shall maintain consistent standards of quality assurance and control in respect of the manufacture of the materials in accordance with samples provided to Mondi and all improvements to the standards of materials that are developed and agreed upon. The Supplier shall ensure consistent characteristics and unchanged features of the product for each delivery, in accordance with the accepted, qualified standard. The Supplier shall use its best efforts to implement such quality assurance and control standards to ensure repeated quality.

In addition to the above, the Supplier undertakes, at its own expense, to be in possession of and to maintain all official approvals, permits, licenses, certificates, declarations and documentation necessary for the sale, shipment and use of the materials, and only to supply materials that comply with all applicable legal requirements.

The Supplier shall be certified according to ISO 9001 and ISO 14000 ("ISO Standard") or under a comparable quality standard and environmental management system accepted by Mondi ("Accepted Standard") or have implemented effective management systems ensuring high quality and environmental standards. Any costs and expenses incurred in certification shall be carried by the Supplier. If the Supplier fails to fulfil any of the certification requirements under this section, each Mondi legal entity must be informed. Supplier undertakes to adopt the working principles of a well-developed quality assurance and control system within a 90 day period. These adopted principles can be assessed by Mondi. In some cases, non-fulfilment can lead to direct termination of the existing contract.

2.2. Risk Management

Every Supplier of Mondi shall have a documented risk management process (risk identification, assessment, elimination, mitigation and control) and a written disaster recovery and business contingency plan in place that minimizes the risk to Mondi in the event of a (natural) disaster, labour dispute or other disturbances in the supply chain. Evidence of the process shall be made available for review upon request (excluding confidential data).

With any change of production or general process change, possibly affecting the specification or product properties, Mondi shall be pre-informed, and an additional risk assessment shall be executed and shared on request with Mondi prior to the change in order to guarantee a regulated and transparent business relationship.

2.3. Specifications

For material Suppliers: Every material delivered to Mondi needs to be clearly defined in a specification sheet / TDS. The material description should follow international standards and reflect key criteria (such as, but not limited to, thickness or density grades of purchased material) for material performance. The specification sheet needs to contain an area of application, issuing party, issue date and validity period where applicable.

In case of changes in the material, possibly affecting the specification or product properties, testing must ensure the compliance with the existing specifications for Mondi prior to the change (re-validation). Results of quality checks and a Certificate of Analysis must be made available to Mondi on request. Out-of-Specification results must lead to a delivery stop for the evaluated material. General change management principles are applicable as stated in *Chapter 5.*

For service Suppliers: Every service delivered to Mondi must be fulfilled based on the specifications which are defined in the signed contract, statement of work or in the purchase order between the Supplier of the service and Mondi.

2.4. Logistics, Packaging & Labelling

In order to prevent damage and quality impairments (e.g. contamination, corrosion, chemical reactions) every Supplier shall deliver materials in suitable packaging.

Every received delivery batch shall be noticeably labelled at least with the following information:

- Supplier name and plant
- Material name according to specification
- Material identification code
- Batch identification code
- Dangerous goods identification (if applicable)
- Production date

Traceability and tracking are required to guarantee transparency in any circumstances regarding the used materials. If needed, traceability records shall be made available to Mondi on demand and in critical situation on short notice (within 24 hours). The traceability system and processes shall allow relevant withdrawal and recall procedures, documentation and tests which also can be extended to third party supplier ranges.

2.5. Site Standards

Supplier assures that its facilities are suitably designed, constructed and maintained to minimize the risk of materials contamination, are in compliance with all relevant legislation and operate in a safe and secure environment.

The suppliers' manufacturing process flow shall be organized to allow sufficient working space and storage capacity with employee facilities (including rest areas, toilets, lockers and changing areas) provided and maintained under clean and hygienic conditions.

Clear area-flagging regarding storage and production flow materials shall guarantee a safe and stable process flow, as quality and traceability are supported.

2.6. Processes

The Supplier must make sure that processes are in place under controlled conditions including the following:

- Process results shall be continuously controlled toward the target value for relevant properties.
- If applicable, process capability shall be completed and documented.
- Statistical techniques shall be used to demonstrate that a process is capable and in control, if applicable.
- Control plans shall be documented and demonstrate compliance with specification. The characteristics of a control plan shall be identified through risk assessments.

Additional requirements apply for production processes:

- Where applicable, automatic feedback and control systems and/or SPC (Statistical Process Control) shall be implemented. Process variations shall be evaluated continually, and the causes of uncontrolled variations eliminated.
- Preventive maintenance of equipment shall be carried out to ensure continuous process capability

2.7. Supplier Evaluation and Development

Mondi conducts annual Supplier Evaluation assessing performance of suppliers with the aim to identify improvement areas .

Evaluation results are shared with the Supplier followed by development of a mutually agreed action plan for improvement of areas in which Mondi requirements are not met by the Supplier. In case Supplier performance continues to not meet Mondi's requirements and expectations, Mondi has the right to cease the cooperation.

3. Non-Conformities, Claims and CAPA Management

As Mondi has clear definitions, processes and reporting requirements regarding non-conformities, claims and CAPA, Mondi requires the Supplier to treat any of these topics according to the urgency and importance stated in the respective Mondi complaint.

3.1. Handling of non-conforming materials and services

Each delivery may, after receipt, be subject to a visual check by Mondi on the basis of a random sample/spot check. If Mondi detects any non-conformity during or prior to unloading, incoming control, storage or processing of the delivered material, the Supplier is contacted with a notice of a non-conformity or official complaint. From the Supplier an instant confirmation of complaint receipt is required, followed by written notification of cause or root cause (as applicable) and CAPA, in a form of a report or email. For selected major and for all critical non-conformities Mondi requests from the Supplier an 8D-report (or adequate problem solving report) including appropriate root cause analysis. Supplier shall provide proofs of effectiveness of implemented actions as a follow-up activity of the complaint report.

Expected deadlines* for complaint handling process are:

- Complaint acknowledgement: 24h for critical and 48h for minor/major complaint
- Root cause and CAPA: 30 calendar days for critical and 14 calendar days for minor/major complaint
- Financial closure: 30 calendar days

*this time can be adapted from case to case, however the proper communication should be in place

3.2. Claims

Claims include a demand for compensation of proven financial losses based on evidence and caused by, in particular, but not limited to, a non-conformity or delays.

3.3. Corrective and Preventive Actions (CAPA)

Fast and efficient communication should be the main principle for any corrective and preventive action.

Besides immediate actions, structured problem solving techniques should be used to identify and sustainably eliminate the underlying root cause, such as:

- 5WHY-Analysis
- Ishikawa Diagram
- 8D
- CAPA Management

4. Audits & Conflict Management

4.1. Audits of Supplier Facilities

In order to guarantee the requested quality and performance of delivered material/service, it is required that every Supplier of Mondi allow management system and/or process audits which are performed by Mondi (or a third-party mandated by Mondi).

Date, schedule, relevant requirements and any pre-defined information about the audit will be communicated to the Supplier in adequate time upfront.

Triggers for planned or ad-hoc (communicated upfront) audits can be e.g. detected non-conformities of materials and/or services, qualification of new Suppliers, poor Supplier evaluation results, non-achievement of targets/KPIs, identified potential risks or change of the manufacturing process.

Supplier shall permit Mondi and/or its representatives, consultants, customers, or regulatory authorities upon appointment and signing of a confidentiality agreement to enter Supplier's facilities in order to perform an audit or closely related tasks. Thereby, materials, processes, QMS records, inventories, machinery, equipment, or other items which are used to manufacture products for and/or provide services to Mondi as it relates to Supplier's performance to this document should be accessible throughout the audit.

In case of escalation, emergencies or other urgent topics, even short-term date requests for audits can be applicable.

4.2. Audit findings and resulting actions

After each audit Mondi's lead auditor is obliged to prepare, agree and share the audit report with the Supplier. Based on the audit findings which are stated in the audit report, it is the supplier's obligation and responsibility to perform a root cause analysis for each finding, define CAPA, implement and verify effectiveness of declared actions in a due date.

Evidence must be provided that all defined actions were implemented and effective in a way that the underlying root cause has been eliminated in a sustainable way. The follow-up step can be done through a follow-up audit, document checks, pictures, etc.

5. Technical Change Management

In Mondi's view, any Supplier to Mondi acts as an expert in the respective field of operation.

Therefore, each Supplier shall have a technical change management process in place and proactively plan changes, when required. All planned changes together with their implementation date and status shall be documented.

Furthermore, the supplier shall perform a risk assessment on the potential impacts of every planned change on the conformance with commonly agreed requirements. Whenever risks related to a planned change are identified as critical to Mondi, the supplier shall inform the defined Mondi single point of contact prior to performing the change. This includes but is not limited to changes on raw materials, products, processes, services and infrastructure.
In any case, changes, which have a direct impact on the product parameters (stated in any kind of documented information, such as specification or Technical Data Sheet or agreed during validation of test material) are subject to notification and subject of risk analysis indicating which areas the change may affect (food legislation, product properties, process parameters, packaging process at the customer's line etc).
The supplier shall inform Mondi proactively in advance of the date of implementation of planned changes, assuring enough time for Mondi to assess the risk associated with changes to product quality and the fulfilment of requirements and expectations of Mondi's customers.

In addition, and for approved changes, the Supplier shall retain documented information describing the results of the review of changes, the person(s) authorizing the change, any necessary actions arising from the review and provide evidence to Mondi on request (see also ISO 9001:2015 chapter 8.5.6).