

Third-party Supervision and Certification Agreement

SPL-11-02-21-01

259390

BETWEEN

Spanplattenwerk Gotha GmbH
Mühlhäuser Straße 9
99851 Gotha

as the manufacturer of wood composite product as specified in § 1 – hereinafter the “Manufacturer” –

AND THE



Entwicklungs- und Prüflabor
Holztechnologie GmbH

Entwicklungs- and Prüflabor Holztechnologie (EPH) GmbH
Zellescher Weg 24
01217 Dresden
Phone: + 49 (0351) 466 20

as the IKEA/CARB-approved Third Party Certifier TPC-10 – hereinafter the “TPC” – the following Agreement is concluded:

§ 1

Subject of Supervision

Product: Extruded Particle boards
in the nominal thickness range of
10 mm to 25 mm

Manufacturing plant: Spanplattenwerk Gotha GmbH
Mühlhäuser Straße 9
99851 Gotha

§ 2

Fundamentals of Third-party Supervision and Certification including Product Testing

Third-party supervision regularly checks whether the product of the product specification corresponds with the

- CARB Regulation and IKEA Specification in accordance with the applicable IOS-MAT-0003 in context with the

Test Chamber Method acc. to ASTM E 1333 or ASTM D 6007,
Perforator Method acc. to DIN EN 120

- hereinafter "Specification" – and whether it is subject to plant-internal production control by the Manufacturer.

§ 3

Execution of Third-party Supervision and Certification

1. The TPC is responsible for performing third-party supervision including product testing in accordance with the requirement criteria acc. to the CARB Regulation and the IKEA Specification IOS-MAT-0003
2. Third-party supervision includes an initial inspection of the plant, the production facilities and plant-internal production control regarding
 - a.) submission of a Quality Manual documented by the Manufacturer in writing,
 - b.) verification of the Perforator Method including test equipment as a small-scale test,
 - c.) assessment as well as the qualification of the expert staff assigned with the testing,
 - d.) specification regarding sampling, handling of samples and dispatch,
 - e.) establishing a correlation between the Perforator Method and the Test Chamber Method acc. to ASTM E 1333 or ASTM D 6007,
 - f.) setting up criteria for quality control (QCL, excursion limit),
 - g.) stipulating the test interval.
3. Third-party supervision is conducted acc. to the regulations of the Specification acc. to § 2. If, in accordance with the Specification nothing is provided for otherwise, third-party supervision is to be performed quarterly and shall comprise
 - a.) regular quarterly inspection and assessment of the plant and of the product acc. to § 1 with view of conformity with the stipulations in the Manufacturer's Quality Manual,
 - b.) checking the proper specification of the product acc. to the regulations in the CARB and IKEA requirements and the provisions in the Quality Management Manual (Manufacturer's name, type of product, order No., batch No.),
 - c.) regular monthly evaluation of the plant-internal production control,
 - d.) regular quarterly sampling and performance of product testing,
 - e.) regular issuance of third-party supervision reports,
 - f.) information on non-complying batches to the Manufacturer as well as performance of repeat testing within six weeks,

- g.) information on disrupting or terminating third-party supervision or termination of the third-party supervision and certification agreement to the TPC assigned by the Manufacturer.
4. The samples taken from the running production acc. to statistical principles shall, to the extent that the Specification acc. to § 2 does not provide for anything to the contrary, be tested at the TPC's discretion at either the place of sampling or the TPC's site. Sampling shall include all products prevailing at the Manufacturer's site and intended for sale from the Manufacturer's production plant. Deficient products shall only be excluded from sampling if clearly specified as such and stored separately.
The Manufacturer shall be obliged to make the samples available free of charge and to appropriately assist in sampling and testing.
5. The TPC shall be obliged to regularly draft supervision reports/certificates regarding the results of the third-party supervision to be each submitted to the Manufacturer immediately and without having to be asked.

§ 4

Manufacturer's Duties

1. For properly performing the third-party supervision, the Manufacturer shall be obliged to hand over to the TPC a Quality Management Manual including the following documentation:
- a.) details on the organizational structure with specified responsibilities,
 - b.) details on the product as specified in § 1 regarding its bonding agent formulation (mole ratio F/U) and specific production conditions as well as the production process,
 - c.) proof of the setting up and performing the plant-internal production control. For setting up and performing the plant-internal production control, the regulations of the Specification acc. to § 2 are decisive,
 - d.) description of how the plant-internal production control is performed with details on sampling and handling of the samples, frequency of testing, requirements with view of quality limits (QCL, excursion limit), handling of non-complying batches,
 - e.) details on the correlation regarding the referential method.
2. The Manufacturer shall be obliged:
- a.) to submit to the TPC a monthly report on the results of the plant-internal production control,
 - b.) to immediately inform the TPC of changes it is concerned with regarding the technical specifications acc. to § 1 by sending a copy of the respective change,
 - c.) to inform the TPC upon request on all physical, chemical and technological properties of the product (percentage of the solid resin share, change in the mole ratio F/U, etc.) relevant to third-party supervision including product testing,
 - d.) to announce changes in the manufacturing process (pressing time, etc.), in substantial parts of the manufacture-related plant equipment,

- e.) to inform the TPC on any disruption in manufacturing the product, which would disable the contractually agreed upon regular third-party supervision including product testing, by specifying its anticipated duration. The same applies to resuming the production,
- f.) to announce to the TPC any change of the person-in-charge of quality assurance within ten days as well as regular training of the staff in charge of plant-internal production,
- g.) to file the reports on plant-internal control for at least five years as well as those of the TPC for a period of 15 years and, if required, to submit them upon request within one working day.

§ 5

Reporting and the TPC's Duty of Disclosing Information

1. Acc. to the CARB Regulation and IKEA Specification IOS-MAT-0003, the TPC drafts an annual report to be submitted to CARB.
2. The TPC shall be obliged to maintain all recordings acc. to the requirements of the CARB Regulation and the IKEA Specification IKEA Specification IOS-MAT-0003 for five years.
3. Should, within one month of receipt, the Manufacturer raise any concerns regarding the results of the third-party supervision including product testing revealed to him, the TPC will review them and will, if required, conduct special supervision and initiate, if necessary, a repetition of the product testing. Relevant costs shall be borne by the Manufacturer.

§ 6

Product Testing within the Context of Third-party Supervision

1. Testing of the product shall be conducted acc. to the test procedures as set forth in the technical specification acc. to § 2. The costs for testing the product shall be borne by the Manufacturer.
2. Samples shall be marked clearly and permanently. A sampling protocol shall be prepared considering the provision as specified in § 2 and to be signed by the parties involved. The samples shall, unless otherwise agreed upon, immediately delivered to the TPC's company site, freight paid.
3. The sampling material delivered for the purpose of supervision and testing shall become property of the TPC and be disposed of after testing. The TPC shall retain a reserve pattern of the sample for three months. Should the Manufacturer desire to maintain the material for a longer period, the TPC shall be entitled to charge reasonable storage fees.
4. Should returning the sample material have been agreed upon, respective costs shall be borne by the Manufacturer. The TPC shall not assume any liability for such transport.

§ 7

Infringement and Faults

1. Should any infringement of the regulations of the specifications as to § 2 be established, the TPC shall be obliged to prompt the Manufacturer to remove such deficiencies.
Non-complying batches shall not be distributed with reference to this Third-party Supervision and Certification Agreement, unless they have been re-qualified. Repeat testing has to be conducted within six weeks. After the expiry of this deadline, the TPC shall be entitled to decree and conduct special supervision sampling.
2. In the event that a Manufacturer produces product batches that altogether exceed the applicable QCL, the TPC must be informed. The TPC may then, at least once a month during the period of three months, conduct inspections of the Manufacturer before the TPC returns to its previous test frequency. The testing party may prompt the Manufacturer to provide proof of the requirements acc. to the initial test.
3. Should special supervision or the next regular supervision reveal that the deficiencies have not been removed, the TPC shall be entitled to terminate the Agreement without notice in prior written form and cease third-party supervision.
4. The TPC shall be entitled to terminate the Agreement without notice in prior written form if repeated irregularities have been observed that would hamper conformity with the regulations of the specification for the product as set forth in § 2 and that would not safeguard anymore the technical specification as to § 1.

§ 8

Confidentiality of the TPC

The TPC's staff is obliged to maintain confidentiality towards third parties. Information on the content of the Agreement and the stipulations as made in its performance, except for the annual report as stipulated in § 5, can be revealed with the Manufacturer's consent. This shall not apply to inquiries by courts or authorities in cases provided for by legal regulations or to the announcement of concluding contracts.

§ 9

Cost Regulation

1. Costs for
 - visiting the plant, classifying the type of panel/product line, cooperation in drafting the Quality Management Manual and according to the Agreement on Third-party Supervision,
 - conducting the initial test,
 - conducting the regular quarterly testing (plant inspections), analysing self-tests, sampling, monthly evaluating the results of plant-internal production control),
 - the supervision reports/certificates and audits as well as for
 - probably required repeat testing

shall be charged to the Manufacturer on the basis of an agreed upon and annually updated calculation.

2. Invoicing shall be conducted after handing over the documents to the Manufacturer; 28 days net from receipt of the invoice shall be agreed upon as the time allowed for payment.
3. Travel expenses incurred, which are to be borne by the Manufacturer and which exceed calculated lump sums shall be agreed and charged separately (DB, official mileage in the Federal Republic of Germany).
4. In any case, the Manufacturer is deemed to be the debtor.

§ 10

Publication, Advertising

1. This Agreement must only be published in its complete and unamended form.
2. Supervision and test reports must be propagated by the manufacturer to third parties only in their full version, unless their propagation in an extracted form has been consented to by the TPC.

§ 11

Liability

1. The TPC assumes no liability whatsoever towards third persons as to the quality of products tested.
The TPC shall be held liable only for damage that may occur in the context of sampling. Thereby, liability shall be limited to damages for the immediate damage for which the TPC has been proved to have acted grossly negligently or intentionally. Such liability shall be limited for any damage caused by actions or forbearance in the context of performing this Agreement to € 2.55 million flat for personal injury and material damage, to € 0.5 million for property loss and to € 0.5 million for consequential damage.
2. The Manufacturer shall be obliged to relieve the TPC from possible claims for damages by third parties in the event of any unlimited or limited further use of test results.
3. Despite the control assumed by the TPC, the sole liability of the Manufacturer for the regular and technically flawless manufacture of the subject of supervision and its quality shall remain unaffected.
4. Any Manufacturer's claims raised against the TPC for non-compliant performance of the Agreement on Third-party Supervision and Certification and for damages shall come under the statute of limitations after eight months.
This term shall begin upon submitting the Third-party Supervision Report / Test Certificate acc. to § 3 or other notifications by the TPC in writing about the test performed. In case of doubt, the date of sending on the test certificate, on other notification or on any invoice shall be binding.

§ 12

Term of the Agreement

1. This Agreement shall come into force for an unlimited period of time on the date of the parties signing it.
2. This Agreement can be terminated in writing by either partner to this Agreement at a notice period of one month or terminated without notice in prior written form acc. to § 7 Nos. 3 and 4 as well as the respective provisions of § 9 (Cost Regulation) shall remain unaffected thereby.
3. Regardless of the termination period as specified in No. 2, this Agreement shall lapse on the day of the Specification as set forth in § 2 becoming invalid.
4. Any termination of the contractual relationship shall immediately be communicated to IKEA.
5. The Manufacturer shall be obliged to return its original copies to the TPC immediately upon termination.

§ 13

Place of Jurisdiction

The place of jurisdiction and of performance is Dresden.

§ 14

Applicable Law

German law shall apply exclusively to the legal relationship between the Manufacturer and the TPC.

§ 15

Amendments

Any changes to the contract require their written form.

This Agreement contains seven pages and has been issued in two copies of the same wording.

Gotha, *28.02.2011*

H. Giedtke

Manufacturer

Dresden, February 21st, 2011

J. V. M. Wolf

Third Party Certifier