



HEAT TREATED / WOOD PACKAGING MATERIAL CONFOMRANCE AUDIT AGREEMENT

This ISPM 15 Compliance License Agreement (this “Agreement”) is entered into effect as of _____, by and between TIMBER PRODUCTS INSPECTION, INC., a Georgia corporation that is hereinafter called the “Service,” and the manufacturer of wood packaging material and/or HT material designated below (hereinafter called the “Client”).

Check facility type:

- Primary lumber manufacturer producing Heat Treated (HT) product that may or may not be used in the construction of wood packaging material (WPM).
- Secondary component manufacturer producing HT components by remanufacturing HT materials received from an ALSC Qualified Primary Lumber Manufacturer.
- Wood Packaging Manufacturer producing product by constructing wood packaging material (WPM) from HT lumber or components produced by an ALSC qualified primary lumber manufacturer, secondary component manufacturer or HT material produced by its own facility.

CLIENT INFORMATION

Company Name: _____

Physical Address: _____

Mailing Address: _____

Phone Number: _____

Contact Name: _____

Contact Email: _____

Plant Manager Name: _____

Plant Manager Email: _____

Client Website: _____

SCOPE OF AGREEMENT:

This Agreement shall govern the independent contractor relationship between TP and the Client with respect to the auditing of material used to produce wood packaging material (WPM) in accordance with the ALSC WPM Policy and the ALSC WPM Enforcement Regulations. This program shall establish a common basis for uniform, industry-wide inspection of heat treated (HT) material, new HT wood packaging material (WPM), and the heat treating of new or used previously assembled or repaired WPM by manufacturing facilities in compliance with the requirements of the International Plant Protection Convention (IPPC) *Regulation of Wood Packaging Material in International Trade (ISPM15)*.

Periodic auditing of the HT facility and the WPM manufacturing facility shall be carried out by Timber Products Inspection, Inc. (TP) which is accredited by the Board of Review of the American Lumber Standard Committee (ALSC). Board of Review activities involve verification of TP's abilities and monitoring of TP performance. Accreditation of TP's auditing HT and IPPC material facilities and TP's auditing of those facilities shall be pursuant to the American Lumber Standard Committee, Incorporated Board of Review Enforcement Regulations for Wood Packaging Material.

SERVICE ROLES AND RESPONSIBILITIES

It is hereby agreed by the Service that the aforementioned Client may be granted quality marks only after the Client has become qualified through demonstrating that they can meet and maintain these requirements and, after qualifying, shall be accordingly licensed to use the Service marks at the designated location, subject to the conditions of this Agreement.

In consideration of this privilege, and to retain it, the Client must maintain the same standards and efficiency in quality as were required for the granting of the right.

CLIENT ROLES AND RESPONSIBILITIES

The Client hereby agrees to use the Service mark only upon WPM or HT material meeting conformance according to the standard specifications for ALSC WPM Enforcement Regulations, ISPM 15 and the TP Quality Auditing Program as to produce material that conforms to the International Plant Protection Convention Regulation of Wood Packaging Material in International Trade (ISPM15). The mark will be placed only upon WPM and/or HT material produced by the licensed facility, whose quality and manufacture are subject to Service supervision; that the stamps bearing the Service designation will be kept and used only at the facility listed above where the WPM and/or HT material is produced.

It is agreed by the Client that it will maintain the practice on all its shipments of conforming WPM and/or HT material. Whenever the order requires quality marking, of shipping WPM and/or HT material that meets all the requirements of the ALSC WPM Enforcement Regulations and the TP Quality Auditing Program as to produce material that conforms to the International Plant Protection Convention Regulation of Wood Packaging Material in International Trade (ISPM15). WPM and/or HT material not quality marked shall not be included in the same package with quality marked material.

The Client shall permit Service inspectors to examine its manufacture and quality as often as may seem necessary and shall cooperate fully in facilitating the work of such inspectors.

The Client shall permit representatives of the American Lumber Standards Committee (ALSC) to examine WPM and/or HT material at any location and shall provide reasonable assistance to perform the examination.

The Client shall provide the Service (and ALSC if necessary) all requested records and information that the Service deems necessary to properly monitor received HT material and shipped WPM and/or HT material bearing the facility's Service mark. Common examples of these records are those that indicate size of WPM and/or HT material shipped, tally in board feet, and destination of shipment.

The Client shall authorize the Service and ALSC to communicate with all officials involved in the transportation, shipping, drayage, and storage of lumber bearing the Service mark, as necessary.

It is agreed by the Client that all stamps used embodying the Service mark shall conform to the official design and shall be obtained only from the Service. Any unauthorized changes made to or any unauthorized reproduction of the Service marks shall be a violation of this Agreement. It is agreed by the Client that legible quality marks shall normally be applied to two opposite sides on multi-component WPM and at least one legible quality mark on dunnage and HT material.

It is agreed by the client to restrict stamps to the confines of the physical address listed on this agreement.

It is agreed by the client to allow TP to review WPM and/or HT material to verify legibility and conformance for IPPC and/or HT marking.

It is agreed by the client to allow TP to obliterate any TP IPPC and/or HT marks placed on the product that is determined not to conform to the requirements of the ALSC WPM Enforcement Regulations and the TP Quality Auditing Program as to produce material that conforms to the International Plant Protection Convention Regulation of Wood Packaging Material in International Trade (ISPM15).

It is agreed by the client to allow TP to recover all such IPPC and/or HT trademarked or trademarking material within a reasonable time of notice of the change of status once the Client enters an inactive or suspended status or if the Client's contract with TP is terminated.

FEE SCHEDULE

In consideration of the covenants and agreements of the Service contained herein, the Client agrees to pay the monthly dues owed as outlined below. Monthly dues are required for subscription purposes and shall be paid by the Client even if no inspection is performed by the Service during any given calendar month. All invoices shall be paid by the Client within 30 days from the date of invoice, after which time, late fee penalties shall be assigned at a rate of 1.5% / month.

For routine services, the sum of **\$355.00 (US) per month or .40/thousand board feet per plant**, whichever is greater for IPPC and/or HT material shipped.

For excessive follow-ups, re-inspections, off-site monitoring, or other additional services the sum of \$125 (US) per hour or one month's fee (whichever is greater), plus reasonable related expenses for Clients located in the United States.

For **relocation** services, the sum of **\$250**.

It is agreed by the client that any costs related to the collection of fees and payments (third party supply chain or payment processors, etc.) will be reimbursed by the client.

OTHER DUES (as applicable)

NON-ROUTINE DUES Pay to the Service the amount of **\$125.00/HR**, plus travel expenses for all necessary qualifications and annual reviews, in addition to any other non-routine services. If lumber is found – by the Service, ALSC, or a buyer on an official reinspection – to be significantly non-conforming, the Service will charge the Client its current non-routine service fee, plus expenses, to cover the non-routine cost of verifying the correction of the material, and/or of assisting in the correction of the material, and/or of correcting the cause of the problem.

INACTIVE DUES No monthly dues are required after the grade marks are returned to the Service (or deleted from electronic storage in the case of electronic facsimiles) after 6 months have elapsed from the date of this Agreement.

INDEMNIFICATION

The Client will indemnify and hold the Service and the Service's affiliates, shareholders, directors, managers, officers, employees, agents and representatives (collectively, the "Indemnitees") harmless from any claims, damages, charges, liabilities, demands, expenses, lawsuits or other obligations of any nature (including, but not limited to, attorneys' fees and costs), that are threatened, asserted or secured against, or are incurred, sustained or suffered by, an Indemnitee in connection with, resulting from, arising out of, or incident to Client's acts or omissions. Client's indemnification obligations pursuant to this Agreement shall survive cancellation or termination of this Agreement, regardless of the reason for such cancellation or termination.

GENERAL TERMS

This Agreement shall be governed by the laws of the state of Georgia, USA and any disputes between the Client and the Service shall be arbitrated or litigated in Rockdale County, Georgia (USA). It is agreed by the Client that the Service shall have the right to suspend or revoke this license if the Client fails to maintain the aforementioned standards and efficiency in quality, or if the Client should be found to have mis-used the quality marks on any of its products, or if the Client should be found to have used the quality marks in an unauthorized manner.

All information obtained or created during the performance of inspection activities shall be treated confidentially by the Service. The Service shall inform the Client, in advance, of any information it intends to place in the public domain unless the Client makes publicly available, or unless agreed between the Service and the Client (e.g., for the purpose of responding to complaints), all other information is considered proprietary information and shall be regarded as confidential. In the event the Service is required by law or authorized by contractual commitments to release confidential information, the Client concerned shall, unless prohibited by law, be notified of the information provided. Information about the Client obtained from sources other than the Client (e.g., complainant, regulators) shall be treated as confidential.

Each of the Service and the Client agree not to hire or solicit for the performance of services any employee or independent contractor of the other party without such other party's prior written consent during the term of this Agreement and for a period of twelve (12) months following the termination of this Agreement.

This Agreement shall remain in full force and effect until terminated by either the Service or the Client with a minimum of 60 days written notice to the other party. The Service shall maintain the right to terminate this Agreement immediately upon failure of the Client to maintain the responsibilities as outlined in this Agreement; in which case, the Service shall provide written notice of termination to the Client.

If the Client goes in an inactive, terminated, or suspended status before six months of service has been rendered by the Service, the Client agrees to pay the Service the sum of **\$500.00**.

Failure on the part of the Client to fulfill any of the covenants or agreements contained herein, or any reasonable rules and regulations in relation to official industry standards, shall be grounds for immediate termination of this Agreement on notice to the Client.

Upon the suspension or termination of this Agreement, by cancellation of subscription or otherwise, the Client shall forfeit to the Service (or delete from electronic storage in the case of electronic facsimiles) all quality marks in its possession bearing the Service designation, with the understanding, in case of suspension, that the Service may hold these in escrow for up to six months and return them to the Client at such time as the license may be reinstated.

The Service reserves the right to update and amend this Agreement from time to time by providing the Client with a minimum of 30 days written notice; any such update or amendment shall become effective on the 30th day following the Service's written notice to the Client unless the Client objects to such modification by written notice to the Service prior to such date.

This Agreement may be executed in one or more counterparts, each of which, when executed, shall be deemed to be an original and all of which together shall constitute one and the same Agreement.

SIGNATURES

IN WITNESS WHEREOF AND INTENDING TO BE LEGALLY BOUND, THE PARTIES HEREBY EXECUTE THIS AGREEMENT AS OF THE DATE FIRST SET FORTH ABOVE.

AGREED AND ACCEPTED

FOR THE LICENSEE

FOR TIMBER PRODUCTS INSPECTION, INC.

DATE

DATE



SIGNATURE

SIGNATURE

NAME

Matthew D. McGowan
NAME

TITLE

Wood Packaging Material Program Manager
TITLE