TERMS OF REFERENCE

COUNCIL – FLEXIBLE FOAM RESEARCH LIMITED

The incorporation of Flexible Foam Research Limited took place on the 12th March 1984 (Certificate of Incorporation number 1799264) and is registered at Companies House, Cardiff.

OBJECTIVE

To ensure that: -

1. The Policy & Finance committee has the necessary financial and technical support in order to carry out agreed research projects necessary to protect and promote the interests of the UK Polyurethane Flexible Foam Industry.

2. Income from any patents was reserved for members of the Flexible Foam Group.

CONSTITUTION

1. Membership of Council shall be drawn from Chief Executives/ Managing Directors of the UK polyurethane flexible foam manufacturing companies, who are also Directors of Flexible Foam Research Ltd.

2. Should a member of Council be unable to attend a meeting he can be represented by a deputy, who has been recommend to, and approved, by Council.

3. The Chairman shall be elected by the Council for a period of 3 years, and shall be eligible for re-election at the end of that period. He will also be Chairman of the Policy & Finance and the annual General Purposes Committees.

4. The Secretary of Council/ Company Secretary of Flexible Foam Research Limited shall be nominated by British Plastics Federation Limited (BPF), being the trade association that represents the polyurethane flexible foam industry.

5. Directors of Council and Company Secretary are required to have their personal details lodged at Companies House.

6. New Members of Council of Flexible Foam Research Limited will have to pay a non-refundable payment of £30K in order to become a member of Flexible Foam Research Limited and an annual fee of £10K until such time that they can consistently produce 5000 tonnes of polyurethane flexible foam (polyether and polyester) per year over a three year period. After such time the subsequent annual

payments will be related to the tonnage produced, or a new system if devised and agreed by members.

7. Accountants to be nominated by BPF for approval by Council.

MAIN ACTIVITIES

1. To draw up and agree an annual budget which meets the research needs of the Policy & Finance committee.

2. To appoint Consultants, as and when necessary, in order to provide the expertise required by the Policy & Finance committee.

3. To review, on an annual basis, the fees paid to Consultants and to agree an increase, if found necessary.

4. Members to provide their annual production figures for polyether and polyester foams to the Company Secretary in January of the following year, so that their company's contribution to the Flexible Foam Research Limited budget can be determined. Submission of the consolidated figures to EUROPUR(European Association of Flexible Polyurethane Foam Block Manufacturers) by the Secretary would then determine the UK contribution to EUROPUR's budget.

5. To approve the annual accounts of the Company for submission to the Annual General Meeting.

6. To hold an Annual General Meeting of the Company in May of each year, or as conveniently possible after that date.

7. To specifically exclude considerations or discussions on any matters which could be construed as being in conflict with UK or EEC competition laws/rules.

September 2005