Vitra International AG

Quality Assurance Agreement

1. Preamble

Vitra International AG and its associated companies (hereinafter "we" or "us" respectively) and the supplier concur that they can only prevail in competition if their products are of high quality and reliability. Therefore all products are to be subjected to a comprehensive quality check. To safeguard their competitiveness, the contractual partners will work closely together on this. Duplication of work processes are to be avoided where possible and the areas of responsibility of the partners precisely defined and delimited from one another. The goal of the contractual partners is zero-error quality in order to be able to meet the high expectations of the clients with regard to the products.

2. Quality assurance

2.1 The Supplier agrees to introduce and maintain:

- a quality assurance system according to DIN ISO 9001, OR
- a quality assurance system according to DIN ISO 9001 under construction, OR
- the quality system (details to be provided by the supplier)

during the term of this Agreement. The Supplier will develop, produce, test, label and package all the Contractual Products according to the rules of this system. The Supplier undertakes to organize the production process and to plan, organize, implement and maintain the quality management system in such a way that full and complete quality monitoring is ensured and that the quality and safety requirements placed on the products are met.

2.2 The Supplier is obliged to immediately inform us if it suspects that the quality system is incomplete or inefficient. The same applies if the Supplier finds that when carrying out quality controls on the Contractual Products there is an increase in deviations to the characteristics and specifications as laid down in the Specification Agreement(s) (reduction in quality). In these cases, the Supplier shall immediately, but at the latest within 3-5 days, propose a catalogue of measures for improving the quality management. On this basis, the parties shall jointly agree modifications to the existing quality assurance system. The Supplier shall implement agreed changes to the quality system as quickly as possible. Up until such time, we may require special measures (e.g. increased frequency of testing). Any resulting additional costs shall be borne by the Supplier.

2.3 The Supplier shall ensure that in connection with the development, manufacturing, testing, labeling and packaging of the Contractual Products, records (documentation) are kept with regard to any quality assurance measures taken by the Supplier, and particularly with regard to measurements and test results; the Supplier shall further ensure that such records as well as any samples are kept available. The Supplier will, at our request, allow these documents to be inspected, and hand over copies of the records and any models. The retention period for these records and samples is 10 years dating from the marketing of the final product of a particular series.

2.4 The Supplier shall grant us during normal business hours access to its premises so that we can witness the existence and function of the quality management system (audits). We shall in particular be allowed to inspect the manufacturing process, the quality assurance measures and the documentation of the Supplier. We shall give reasonable notice announcing the visit of our officers. The inspection of confidential manufacturing processes and other trade secrets may be denied.

2.5 The performance of audits does not restrict the scope of the Supplier's sole responsibility to ensure the quality of its products.

3. Pre-supplier

3.1 All obligations under this Agreement must be fulfilled by the Supplier itself. The involvement or the change of a subcontractor or pre-supplier is permitted only with our prior written consent, insofar as safety-related parts of the Contractual Products are affected.

3.2 The Supplier is obliged to:

- select and monitor its pre-suppliers according to strict criteria (e.g. state-of-the-art production sites, qualified staff, the pre-supplier's experience in manufacturing the ordered products and recognized high quality of products in the past) and
- to agree with its pre-suppliers upon a quality assurance system customized in accordance with the specific products to be delivered, whereby the quality assurance system shall be equivalent to the quality assurance system agreed between the Supplier and us. The Supplier therefore undertakes in particular to ensure that all pre-suppliers introduce and maintain during the term of this Agreement a quality assurance system according to ISO 9001 or a quality assurance system specified in an agreement with the pre-supplier. The obligation to conduct and document the required inspection of incoming goods by the Supplier shall remain unaffected.

3.3 The Supplier shall provide evidence for selection and control of suppliers, for the introduction of an equivalent quality system and for the required inspection of incoming goods at our request. Furthermore, the Supplier will forward to us immediately any warnings given by pre-suppliers regarding products already delivered.

3.4 In the event of quality complaints, which are attributable to pre-suppliers, the Supplier is obliged to enable us to carry out an audit at the pre-supplier's site. Contractual agreements between the Supplier and its pre-suppliers should make provision for the possibility of such audits.

4. Initial sampling, changes

4.1 The requirement for each series delivery is an initial sample inspection, documented in an initial sample inspection report (ISIR). Initial samples must be produced under series production conditions. The Supplier shall test each initial sample for compliance with the product description laid down in the Specification and with regard to all other agreed quality characteristics. The initial samples must be delivered specially marked as such, in the required quantity together with the Supplier's test results. The extent of testing and documentation must be agreed in writing with Vitra Quality Management — e-mail is sufficient.

4.2 We shall examine each initial sample for compliance with the product description laid down in the Specification Agreement. Upon approval, we shall give approval for the serial delivery in writing — e-mail is sufficient.

4.3 The design and quality of the initial sample shall then be deemed as guaranteed by the Supplier.

4.4 Approval of the Contractual Products given by us for serial production shall not result in the waiver of our right to give notification of a defect in the event that during the initial

sampling there was a deviation from the agreed characteristics and specifications laid down in the Specification Agreement that was not identified.

4.5 We have the right to revoke approval for series production, if it turns out that a Contractual Product does not meet the agreed characteristics and specifications and/or the Supplier has breached the quality assurance obligations laid down in this Agreement.

4.6 The Supplier agrees to perform the following actions only with our consent:

- modification of the product in terms of workmanship, design or construction,
- modification of the materials used,
- change of pre-suppliers,
- new/modified moulds or tools (overhauls, new productions)
- change to the manufacturing process (including changes that take place with pre-suppliers)
- change of the production site (including changes that take place with pre-suppliers)
- change of test methods, test equipment and other quality assurance measures,
- change of a pre-supplier or other subcontractor for fulfilment of the obligations under this Agreement or
- other or further use of pre-suppliers or subcontractors who have already been commissioned.

We will refuse to consent to these measures if it appears that the measures will have had a negative impact on the quality of the products.

4.7 At our request, initial sampling will be carried out if the measures under Clause 4 are implemented. We intend to waive initial sampling only in exceptional cases.

4.8 If, during the performance of this Agreement, the Supplier ascertains that one or more of the properties and specifications of the product according to the specification agreement is/are incomplete or insufficient for the purpose of this Agreement, then the Supplier shall be obliged to inform us of this immediately and to submit to us a proposal for making the necessary change to the Contractual Product. If we agree to this change, then the Supplier shall deliver the Contractual Product with the changed features and specifications. The specification will also be changed accordingly. Clause 4.7 applies mutatis mutandis.

4.9 If, during the performance of this Agreement, we ascertain that one or more of the characteristics and specifications are incomplete or insufficient, we will notify the Supplier immediately and notify the Supplier of the underlying facts and findings. The Supplier will submit to us a proposal for the necessary modification of the Contractual Product, taking into account the facts and findings described by us. If we agree to these changes, then the Supplier is obliged to deliver the Contractual Product with the changed characteristics and specifications. The specification will also be changed accordingly. Clause 4.7 applies mutatis mutandis.

5. Identification / traceability

The Supplier shall ensure by means of labeling (or if this is not possible, by some other means) that in the event that a defect to Contractual Products is detected, it will be possible to identify which other Contractual Products may be affected (traceability of production date and production line). The Supplier shall keep us informed about its labeling system, thus ensuring that at any time we will be able to ascertain the necessary information itself.

6. Complaints

6.1 Because the quality tests take place at the Supplier's site, we shall only inspect the Contractual Products once they have been received to ascertain whether or not they comply with the ordered type, whether the quantity ordered was delivered and whether any externally visible damage was caused by transportation. We shall not in

general carry out any additional inspections. The parties agree that we shall not have any obligation to inspect or give notice of defects, over and beyond this. If we ascertain quality defects with regard to the delivered products, then we shall notify the Supplier within 3 (three) working days.

6.2 The Supplier is obliged to analyze immediately the quality defects that have been reported, and submit its opinion to us without delay.

The opinion shall contain:

- the scope and extent of the affected parts of the deviation and the consequences for us,
- possible causes,
- any emergency response procedures taken or planned;
- indication of the date on which the measures will be completed and we can expect non-defective delivery and
- the measures to be taken to avoid this defect in the future.

At our request, the opinion is to be documented in the form of a 3D or 8D report. The 3D Report must be delivered after 2 working days; the 8D report, after 10 working days.

6.3 If we identify that the products delivered have quality deficiencies, then it shall be assumed that the entire delivery is affected. We are then entitled to reject all or any part of the delivery. The Supplier remains obligated to the extent of whatever has been rejected. The assumption that the entire delivery is affected by a quality deficiency can be refuted by the Supplier; if the Supplier is successful in refuting this assumption, then we may only reject the relevant defective Contractual Products.