

**FOREIGN MANUFACTURING AGREEMENT
(NON-U.S. MANUFACTURERS OF WS-DEVELOPED MERCHANDISE)**

This Agreement is made as of _____, 20____ between Williams-Sonoma Singapore Pte Ltd., a Singapore company and a wholly owned subsidiary of Williams-Sonoma, Inc., a Delaware corporation, (“WSI”), on behalf of itself, WSI, and any entity more than 50% owned or controlled by WSI (together referred to as “WSL”), and _____ (“Vendor”), a _____, and sets out the terms and conditions for the manufacture of merchandise by Vendor for WSL.

WHEREAS:

- WSL owns or possesses designs, specifications, know-how, trade secrets, and trademarks and other rights related to the production and sale of merchandise sold under various proprietary brands, including but not limited to Williams-Sonoma, Pottery Barn, Pottery Barn Kids, Pottery Barn Teen, West Elm, and Rejuvenation, as well as any brands that may be developed or acquired in the future (“Merchandise”);
- WSL wishes to provide to Vendor such designs, specifications, and know-how for the purpose of enabling Vendor to manufacture Merchandise for WSL pursuant to the terms and conditions below;
- Vendor wishes to manufacture Merchandise for WSL pursuant to the terms and conditions below;

WSL and Vendor agree as follows:

1. Ordering, Pricing, and Delivery of Merchandise

1.1 WSL may place purchase orders for Merchandise consistent with its requirements. WSL will supply to Vendor designs and specifications for each item of Merchandise to be manufactured by Vendor. The Parties will discuss and agree on raw materials specifications for each item of Merchandise, and Vendor will produce sample Merchandise for inspection and approval by WSL consistent with WSL’s Samples Policy. The Parties will negotiate and agree to a unit price for the manufacture of the Merchandise based on, among other things, anticipated materials costs. WSL and Vendor will participate in a capacity planning process to assure that Vendor has the capacity to satisfy WSL’s demand for Merchandise.

1.2 WSL will exercise oversight and direction of the manufacture of Merchandise by Vendor as provided in Sections 2 and 3 below and in the various policies, procedures, and manuals and other documents referenced herein.

1.3 WSL may cancel any purchase order for convenience, in which case WSL will make appropriate arrangements to make Vendor whole as to unrecoverable costs.

1.4 Vendor agrees to use best efforts to make a consistent merchandise assortment available to WSL on a global basis, which best efforts include facilitating negotiations with distributors or other third parties when reasonable.

1.5 Vendor freight terms will be Free on Board (“FOB”) either Vendor’s plant or a container yard or consolidated freight station for the shipment of Merchandise as designated in the purchase order. Vendor will deliver Merchandise to the designated point prior to the purchase order cancel date. Issuance of ship documentation by a Freight Forwarder prior to the delivery of cargo to the FOB city does not constitute acknowledgment of receipt of merchandise or delivery per the freight terms.

1.6 Subject to Section 4.2, WSL will pay Vendor via an electronic Wire Transfer payment method. WSL will pay Vendor for Merchandise within 30 days after receipt of invoice and Forwarder's Cargo Receipt ("FCR"). The WSL Vendor Compliance Manual provides additional information regarding WSL's payment terms.

2. **Vendor Compliance**

2.1 Vendor agrees to comply with the Williams-Sonoma Vendor Code of Conduct, as it may be amended and revised from time to time.

2.2 Vendor agrees to comply with the Vendor Compliance Manual, including all charge-back policies contained in the Manual, as it may be amended and revised from time to time. Among other things, Vendor will assure that Merchandise: (i) meets the standards set forth in the Manual regarding quality, workmanship, labeling, performance, and styling; (ii) meets the specifications, including the packaging specifications, upon which the order was based; (iii) be in accordance with the sample(s) upon which the order was based; and (iv) meets the standards set by applicable United States law, including the laws and regulations listed in the Manual.

2.3 WSL will make the most current versions of Vendor Code of Conduct and the Vendor Compliance Manual available to Vendor at the following secure Internet address: <http://www.williams-sonomainc.com/vendor-compliance/>. Vendor agrees to obtain and comply with the most current version of these documents.

2.4 Vendor agrees to uphold U.S. safety and regulatory product requirements.

2.5 Vendor agrees to implement and comply with environmental programs consistent with WSL environmental policies.

2.6 Vendor agrees to take reasonable steps to ensure the protection of WSL and WSI's intellectual property, including copyrights and trademarks.

3. **Quality Improvement and Control**

3.1 Vendor agrees to cooperate with WSL in the development, implementation, and management of a comprehensive Vendor continuous quality improvement program, which will be structured and managed by WSL to uphold WSL's product quality standards and result in continuous improvement in quality

3.2 Vendor agrees to cooperate with product testing as required by WSL.

3.3 WSL shall have the right to conduct quality inspections, either directly or through a third party. Vendor remains responsible for Merchandise quality notwithstanding that WSL conducts quality inspections.

3.4 WSL shall have the right to conduct a comprehensive technical factory audit consistent with WSL technical evaluation standards.

3.5 WSL shall have the right to conduct a factory social audit of Vendor's manufacturing sites to assure compliance with the WSI Code of Conduct. Vendor agrees to adopt corrective action plan recommendations made by WSL.

4. Merchandise Delivered to WSL

4.1 Merchandise must meet the specifications that have been agreed to by WSL and Vendor. Vendor is responsible for Merchandise quality. Vendor agrees that all Merchandise will be free of defects in materials and workmanship, including defects that could create a hazard to person or property.

4.2 WSL is not required to pay for, and is entitled to return, goods at Vendor's expense for a prompt refund if Merchandise does not conform to specifications ("Non-Conforming Goods"). WSL is entitled to deduct amounts for claims for Non-Conforming Goods from current or future Vendor Merchandise payments until the claim is satisfied.

4.3 If a shipment contains some Non-Conforming Goods, WSL is entitled to reject the entire shipment, although WSL will use its business judgment before doing so. No inspection or other action or inaction by WSL may be construed as acceptance of any Non-Conforming Goods.

4.4 WSL may, at its sole option, accept all Non-Conforming Goods. If WSL does not accept Non-Conforming Goods, Vendor must pay freight and handling costs associated with returning Non-Conforming Goods to Vendor, or must remove Non-Conforming Goods from WSL's possession at Vendor's expense within 30 days from WSL's request. If Vendor fails to remove Non-Conforming Goods, WSL may dispose of the Merchandise at Vendor's expense.

4.5 If WSL is required to recall any Non-Conforming Goods, then Vendor will pay all costs related to the recall.

5. Delivery and Risk of Loss.

5.1 Vendor will maintain legal ownership of all Merchandise prior to delivery WSL as security for payment of amounts required to be paid by WSL to Vendor with respect to such Merchandise. However, WSL shall have the right, at its option, to take possession of and title to raw materials, work-in-process, and finished goods inventories with respect to Merchandise in the event of Vendor default or bankruptcy, provided that WSL pays amounts required under this Agreement for finished Merchandise and reimburses Vendor for the cost of materials and work-in-process inventories delivered to WSL with good title upon its request.

5.2 Vendor will deliver Merchandise to WSL or its agent per the freight terms and at the delivery location specified in the purchase order. Risk of loss and/or negligent handling of Merchandise will rest with Vendor before WSL receives Merchandise at the delivery location specified in the purchase order. Merchandise must be shipped to WSL on or after the "ship date" and before the "cancel date" specified in the purchase order. If WSL accepts and pays for untimely delivered Merchandise, Vendor will not be released from any liability.

6. Termination.

6.1 Either party may terminate this Agreement at any time.

6.2 In the event of termination, outstanding purchase orders will be honored, unless Vendor has breached this Agreement. In addition, all sections of this Agreement other than Section 1.1 shall remain in effect.

6.3 In the event of termination, WSL shall have the right, at its option, to take possession of and title to materials, work-in-process, and finished goods inventories with respect to Merchandise, provided that WSL

pays amounts required under this Agreement for finished Merchandise and reimburses Vendor for the cost of materials and work-in-process inventories delivered with good title to WSL upon its request.

7. **Insurance.**

7.1 Vendor agrees to obtain the types of insurance specified below with insurers reasonably acceptable to WSL and under forms of policy satisfactory to WSL.

7.1.1. **Liability Insurance.** Vendor agrees to obtain Product Liability insurance covering bodily injury and property damage with limits of liability not less than US \$1,000,000 combined single limit per occurrence.

7.1.1.1. The insurance must include coverage for products liability, liability assumed under contract and acts of independent contractors acting on Vendor's behalf. The coverage must extend to any countries in which any products manufactured by Vendor for WSL are sold.

7.1.1.2. The coverage must also name WSL and its affiliates, officers, directors, employees, representatives and subsidiaries as "Additional Insureds," and provide coverage for a period beginning no later than the date of Vendor's acceptance of its initial purchase order from WSL and ending no earlier than five years following the date of Vendor's acceptance of its final purchase order from WSL.

7.1.2. **Worker's Compensation and Employer's Liability Insurance.** Vendor agrees to obtain Worker's Compensation and Employer's Liability insurance as required by law in the jurisdiction where it operates.

7.2 Vendor agrees to provide WSI with certificates of insurance evidencing these policies upon request. Vendor also agrees to provide WSI with 30 days' written notice of its cancellation or intent not to renew a policy, or any adverse material changes(s) to or expiration of a policy. Such certificates shall at a minimum state the policy numbers, dates of expiration, and limits of liability.

7.3 Vendor shall provide copies of the actual insurance policies if requested by WSL at any time. The failure of WSL to demand such policies or other evidence of full compliance with these insurance requirements, or the failure of WSL to identify a deficiency from evidence that is provided, shall not be construed as a waiver of Vendor's obligation to maintain such insurance.

7.4 The requirements contained in this Section 7 as to types, limits and approval of insurance coverage to be maintained by Vendor are not intended to, and shall not in any manner, limit or qualify the liabilities and obligations assumed by Vendor under this Agreement. Vendor may utilize reasonable deductibles given its size and financial stability. Vendor will be responsible to pay any loss amount that lies within its deductible, up to the maximum amount of the deductible.

7.5 Any and all sub-vendors or sub-contractors used by Vendor during the rendering of services to WSL will be required to comply with the insurance requirements and limits specified above.

8. **Ownership Rights.**

8.1 The Merchandise was solely developed by WSL, and WSL retains ownership of all intellectual property rights in the Merchandise. Merchandise developed exclusively for WSL is treated for purposes of this Agreement as Merchandise developed by WSL. If Vendor fails to comply with or does not fulfill accepted purchase orders issued pursuant to this agreement, or produces Non-Conforming Goods, WSL

shall have the right to source from third parties the merchandise that is the subject of the purchase order. This right shall continue for 12 months after the date of Vendor's non-performance.

8.2 All molds, forms, patterns, specifications, drawings, designs, and other data or information furnished to Vendor by WSL shall remain the sole property of WSL and cannot be used by Vendor for itself or anyone other than WSL.

8.3 Vendor will not transfer or sell to any third party, or use for marketing or any other purpose, any Merchandise or design that was developed by WSL, or that bears any WSL trademark or company designation, without written authorization from WSL.

8.4 Except as set forth in this section 8, neither party grants the other party any intellectual property rights.

9. **Food Vendors.** If the Merchandise contains food:

9.1 Vendor will comply with all applicable food laws, including requirements related to the manufacture, packaging, labeling, distribution or sale of food wherever the products may be sold.

9.2 Any markings that appear on the Merchandise or packaging, or accompany the Merchandise, that designate the weight, measurement, ingredients, nutritional facts, allergens or quality of the Merchandise will be correct.

9.3 Vendor will execute and comply with the terms of a Food Addendum, which shall serve to modify this Agreement as detailed in the Food Addendum.

10. **Direct Ship.** If Vendor is a direct ship vendor, then Vendor agrees to comply with WSL's direct ship terms, which will be attached to this Agreement.

11. **Indemnification.**

11.1 Each party agrees to indemnify, defend and hold harmless the other party and its brands, employees, agents and directors and their respective heirs and estates for all claims, lawsuits, losses, damages, penalties, liabilities or other expenses that arise from or relate to (i) any breach or alleged breach by such party of this Agreement, or (ii) any claim by such party's employees or agents for compensation, benefits or reimbursement of expenses.

11.2 Vendor agrees to indemnify, defend and hold harmless WSL and its brands, affiliates, employees, agents and directors and their respective heirs and estates for all claims, demands, lawsuits, losses, damages, penalties, liabilities, attorneys fees, costs, or other expenses that arise from or relate to (i) a manufacturing defect in the Merchandise or (ii) negligence or misconduct in the performance of duties by Vendor or its employees, subcontractors or agents.

12. Confidential Information.

12.1 “Confidential Information” means any information, in any format, that relates to any of WSL, Vendor, their affiliates, and their business, products, samples, prototypes, technologies, customers, mailing lists or marketing strategies, if the information is not generally known to the public or within the retail industry.

12.2 WSL and Vendor will each take reasonable steps to protect Confidential Information and use Confidential Information solely in connection with their rights under this Agreement and will not at any time during or after the term of this Agreement (i) otherwise exploit any Confidential Information, or (ii) disclose any Confidential Information, other than to persons who require access for purposes of this Agreement, unless such disclosure is required by law..

12.3 WSL and Vendor may each request that the other party return or destroy Confidential Information at any time.

12.4 WSL and Vendor each agree that monetary damages will not be sufficient to compensate for the unauthorized use or disclosure of Confidential Information and that the other party will be entitled to injunctive relief to prevent any actual or threatened breach of this Section 12.

13. Miscellaneous.

13.1 This Agreement, all purchase orders, and all other documents referenced in this Agreement constitute the entire agreement between WSL and Vendor.

13.2 WSL may assign in whole or in part its rights and obligations under this Agreement to any party. Vendor may not assign rights or obligations under this Agreement without the written consent of WSL.

13.3 The relationship between WSL and Vendor is strictly one of purchaser and seller. Nothing in this Agreement may be construed to create any partnership, joint venture, employment, agency or other relationship between WSL and Vendor.

13.4 Vendor will adhere to all laws and regulations that relate to its business and/or the performance of this Agreement. WSL will adhere to all laws and regulations that relate to its business and/or the performance of this Agreement.

13.5 Vendor agrees that it has not and will not give, offer, promise, or transfer any payment or anything of value, directly or indirectly, to (i) anyone working in an official capacity for a government, government entity, government-owned or government controlled company, or public international organization; (ii) any political party, political party official, or political candidate; or (iii) any third party acting on behalf of any of the foregoing to obtain, retain, or direct business; secure an improper advantage; or violate any applicable laws and regulations related to public or commercial bribery, extortion, kickbacks, or other unlawful or improper means of conducting business, including but not limited to the United States Foreign Corrupt Practices Act, the United Kingdom Bribery Act, the United States Export Administration Regulations (including the Antiboycott Regulations), and United States economic sanctions regulations. Vendor also agrees that it will not take any action, directly or indirectly, to cause WSL to be in violation of such laws and regulations. Vendor further agrees to notify WSL immediately of (a) any request Vendor receives to take any action, or (b) any action taken by Vendor that might place Vendor or WSL in violation of these laws and regulations.

13.6 Vendor agrees to notify WSI of any government inspection, proceeding, or request for information relating to WSI or WSI merchandise or products promptly and in any event within five (5) calendar days after Vendor learns of the government inspection, proceeding, or request.

13.7 All notices, exceptions, amendments or claims under this Agreement must be in writing.

13.8 This Agreement shall be governed by and construed in accordance with the laws of the State of California, without regard to any conflict-of-laws rule or principle that might otherwise refer construction or interpretation of this Agreement to the substantive law of another jurisdiction.

13.9 In the event of a dispute arising out of or relating to this Agreement, the parties may mutually agree to negotiate or mediate the dispute, with the costs of any such mediation to be equally shared by WSI, on the one hand, and Vendor, on the other. If the parties choose not to negotiate or mediate, or if the dispute is not finally resolved through mediation within a period of 60 days after the mediation begins, then, upon notice by either party to the other, the matter shall be fully and finally resolved in accordance with Section 13.10.

13.10 WSL and Vendor each irrevocably consents and agrees that any legal action, suit, or proceeding against either of them arising out of, relating to, or in connection with this Agreement, or the transactions contemplated hereby may be brought only in the federal or state courts sitting in San Francisco, California, and WSL and Vendor each hereby irrevocably accepts and consents to the exclusive jurisdiction and venue of such courts with respect to any such action, suit, or proceeding.

WSL and Vendor have executed this Agreement as of the date stated in the first paragraph.

WILLIAMS-SONOMA SINGAPORE PTE. LTD. [VENDOR]

By: _____
Name:
Title:

By: _____
Name:
Title:

Addresses for Notices (WSL):

70 Anson Road
#25-01, Hub Synergy Point
Singapore 079905
Attention: Legal Department

Addresses for Notices (Vendor):

