

General Terms and Conditions of OBJECT CARPET GmbH

1. Scope of the General Terms and Conditions

For all deliveries and services of OBJECT CARPET GmbH the following General Terms and Conditions shall apply exclusively. OBJECT CARPET does not accept the purchaser's terms and conditions, unless OBJECT CARPET explicitly had agreed to their validity in writing. This shall apply even in the event that OBJECT CARPET unreservedly performs the services in the knowledge of contradictory terms or terms deviating from the present terms and conditions.

2. Conclusion of the Contract - Terms of the Contract - Partial Performance - Assignment

- All offers for delivery and prices – unless expressly agreed otherwise – shall always be subject to confirmation.
- The contract shall be concluded with the written order confirmation. Solely the order confirmation of OBJECT CARPET shall be binding for the nature and scope of the deliveries and performances.
- OBJECT CARPET shall be entitled to make partial deliveries, as far as these are acceptable for the purchaser.
- The assignment of claims of the purchaser shall be permitted under the present contract only subject to prior written consent of OBJECT CARPET. OBJECT CARPET has no obligation to accept such a consent. § 354 a HGB (German Commercial Code) remains unaffected.

3. Prices

- As a matter of principle, the calculation of the deliveries and services shall always be done in EURO.
- In the production of special sizes, the next larger standard width shall be calculated including delivery of the cuttings. RUGX shall be manufactured and calculated according to length specifications.

4. Freight - Packaging

Unless expressly agreed otherwise, deliveries within the EU shall be made not unloaded free destination of the purchaser. Deliveries outside the EU shall be made free border duty unpaid. OBJECT CARPET shall be free to choose the cheapest means of transport. As a matter of principle, the costs for the package shall not be charged, unless the purchaser asks for a special type of packaging or the parties agree otherwise.

5. Transport Damages

In case of any transport damages, the purchaser shall have to inform immediately OBJECT CARPET. If a forwarding agent does shipping, any damages shall be noted on the bill of lading.

6. Delivery Time - Delivery - Delivery Dimensions - Extension of the Delivery Period - Impossibility of Delivery - Reservation of Self-Supply

- Delivery times specified by OBJECT CARPET shall not be deemed firm dates (§ 323 Section 2 No. 2 German Civil Code, § 376 German Commercial Code).
- Delivery shall be made in the delivery dimensions applicable to the product. Unless expressly agreed otherwise, length deviations of up to 10 % shall be considered as regularly in roles. Unless expressly agreed otherwise, width deviations of not more than +/- 2.0 cm and size deviations of RUGX of +/- 2 % are due to manufacturing tolerances.
- Unforeseen events for which OBJECT CARPET is not responsible, e.g. operational breakdowns, strikes, lockouts, changes in the law, as well as other cases of force majeure – also with suppliers of OBJECT CARPET – shall extend the performance deadlines appropriately, even if such events occur during a delay in delivery. If it is not possible to provide the service within a reasonable time limit during such events, the purchaser and OBJECT CARPET shall be entitled to withdraw from the contract or, if applicable, from the part of the contract not yet fulfilled. Any claims for damages cannot be derived from such withdrawal.
- OBJECT CARPET shall be released from all obligations to perform or provide services if OBJECT CARPET through no fault of their own have not been supplied in time and properly with the correct merchandise ordered for performing the contract. In business transactions with consumers, OBJECT CARPET shall be obliged to inform the purchaser immediately on the non-availability and to refund the purchaser without delay.

7. Acceptance - Delay of Acceptance - Compensation

- The purchaser has to accept delivery of the goods when OBJECT CARPET is ready for dispatch at the date indicated or at delivery. If the goods are not retrieved at the delivery date agreed, OBJECT CARPET is entitled, after a reasonable extended period for collection, to charge storage costs of € 0.20 per m² per month for goods not collected. OBJECT CARPET is entitled to claim any further damage. The burden of proof that no damage occurred or damage has not resulted to this extent shall rest with the purchaser.
- If the purchaser is in default of acceptance, OBJECT CARPET shall be entitled, after the expiry of a reasonable period determined for the purchaser for performance or subsequent performance, to rescind the contract and to claim for compensation.
- As compensation, OBJECT CARPET may claim 40 % of the purchase price. The purchaser may furnish proof that damages did not occur at all or not in the asserted amount. OBJECT CARPET shall have the right to the assertion of proven higher damage.

8. Condition of the Goods – Claims for Defects - Examination and Reprimand Obligations

- The condition of the ordered goods is governed by quality requirements only to the extent that these demands would be fair or commercially common towards other goods of commensurate quality and price category, unless the parties have expressly agreed otherwise.
- The right for having deviations and tolerances in structure, quality, colour, thickness, weight, finishing and designing patterns compared to exhibits or samples shall remain reserved, as far as these are in the nature of the materials used and are commercially available.
- Complaints about outstanding defects that occur with the purchaser due to natural wear and tear or after the transfer of risks due to unsuitable care, laying or use are unacceptable. After cutting or any other started processing of the goods supplied, any claim for defects is excluded.
- No claims for defects and for compensation by the purchaser can be lodged, if the purchaser is taking an inadequate attempt at rectifying the defects.
- In **commercial transactions**, claims and rights with respect to defects shall expire within the period of 12 months from the transfer of risk. This shall not apply insofar as longer deadlines are required by the law under § 438 paragraph 1 No. 1 German Civil Code (rights in rem), § 438 paragraph 1 No. 2 (buildings and things that have been used for buildings), § 479 paragraph 1 German Civil Code (right of recourse), § 634 a German Civil Code (construction defects), and § 438 3 German Civil Code (fraudulent intent).
- In **commercial transactions**, complaints must be notified to OBJECT CARPET immediately, however, at latest within one week after delivery (open defects) or discovery of the defect. Otherwise, the assertion of warranty claims shall be excluded. In business transactions with **consumers**, obvious defects must be notified without delay, however, no later than within three weeks after delivery / performance of the service. Otherwise, the assertion of warranty claims shall be excluded.

9. Liability

- OBJECT CARPET is liable to pay damages and compensation of wasted expenses within the meaning of § 284 German Civil Code (hereinafter referred to as „compensation“) on account of defects of delivery or services or on account of violation of other contractual or non-contractual obligations – especially from tort - only in case of intention or gross negligence. The limitation of liability shall not apply in cases of injury to life, body or health pursuant to taking over a warranty or procurement risk, or in case of liability pursuant to the German Product Liability Act. Neither does the limitation of liability apply to the breach of important contractual obligations, which are indispensable for the proper execution of the contract, and on the fulfilment of which the purchaser may normally trust, as well as in the event of essential breaches of contractual obligations in a manner that endangers the achievement of the purpose of the contract.
- The compensation for a breach of fundamental contractual obligations is limited to the replacement of such damages which OBJECT CARPET, when concluding the contract, should have foreseen as a possible consequence (contractually typical damage), unless caused by intent or gross negligence or injury to life, body or health, or in case of liability for the assumption of a guarantee or a procurement risk.

- All limitations of liability shall apply to the same extent to vicarious agents.
- The above provisions do not lead to a change in the burden of proof to the purchaser's disadvantage.

10. Basis for Credits - Securities

If the purchaser has provided incorrect or incomplete information regarding his person or facts determining his credit worthiness or should he be in payment delay, or if his financial situation deteriorates considerably, OBJECT CARPET shall be entitled to demand the provision of securities, and / or to cancel any granted terms of payment also for other receivables. If the purchaser is unable to furnish security within a reasonable time, OBJECT CARPET shall be entitled to withdraw from the contract. Further claims, in particular claims for services already performed or due to default of payment of the purchaser, shall remain unaffected.

11. Reservation of Title

- The seller shall retain the ownership of the goods until all claims arising from the delivery of the goods with respect to the total business relationship, incl. accessory claims, compensations for damages and encashment of cheques and bills of exchange are settled in full. The reservation of title shall also continue, if individual claims of OBJECT CARPET are received in the current account and the balance is determined and confirmed.
- If the reserved goods are combined, mixed or processed to a new movable property, this shall be made on behalf of the seller, without the seller being obligated hereby. By combining, mixing or processing, the purchaser does not acquire the ownership of the new movable property according to §§ 947 seq. German Civil Code. If the goods are combined, mixed or processed with movables that do not belong to the seller, the seller shall acquire co-ownership of the new movable property according to the ratio of the invoiced value of his reserved goods to the total value.
- If a central claims settling agent who assumes the del credere has been engaged in the conduct of business between the seller and the purchaser, the seller shall assign the ownership at the dispatch of the goods to the central claims settling agency under the suspensive condition of payment of the purchase price by the central claims settling agent. The purchaser shall only be released from his payment obligations after the central claims settling agent makes the payment.
- The purchaser shall be entitled to resell or process the reserved goods only with due regard to the following conditions.
- The purchaser may sell or process the reserved goods only in the course of ordinary business operations and provided that his financial situation does not persistently deteriorate.
- 6a The purchaser hereby assigns the claim along with all ancillary rights arising from the resale of the reserved goods – including any balance of claims – to the seller.
- 6b If the goods are combined, mixed or processed and if the seller has acquired co-ownership hereto amounting to the value of the invoice, he shall be entitled to the claim for the purchase price pro rata to the value of his rights to the goods.
- 6c If the purchaser sells the claim within the framework of genuine factoring, the purchaser shall assign the claim against the factor taking its place to the seller and shall pass on to the seller his sales proceeds pro rata to the value of the rights of the seller to the goods. The purchaser shall be obligated to disclose the assignment to the factor if he is more than 10 days overdue with the settlement of an invoice or if his financial situation deteriorates considerably. The seller hereby accepts this assignment.
- 7 As long as the purchaser fulfils his payment obligations, he shall be authorized to recover the assigned claims. The authorization to recover lapses in the event of the purchaser's failure to pay on the due date or if his financial situation deteriorates considerably. In this case, the seller is hereby authorized by the purchaser to inform his buyers on the assignment and to collect the claims himself. To assert the assigned claims, the purchaser shall provide the necessary information and allow the inspection of the information. In particular, on request, he shall submit to the seller a precise list specifying the claims due to him along with the names and addresses of the buyers, the amounts of the individual claims, the dates of the invoices etc.
- 8 If the value of the existing security for the seller exceeds the total value of all his claims by more than 10%, the seller shall be obligated, at the purchaser's request, to release securities to this extent at his option.
- 9 Mortgaging or transfer of the reserved goods or the assigned claims by way of security are not permitted. The seller shall be immediately informed on attachments along with the particulars of the attaching creditor.
- 10 Taking back the delivered item by the seller in the course of exercising his right to reserve the title would constitute a rescission from the contract only if the seller makes an express declaration to this effect. The seller can satisfy his claims to the reserved goods taken back by sale on the open market.
- 11 The purchaser shall hold the reserved goods in safe custody for the seller free of charge. He shall insure it against the usual risks such as fire, theft and water to the extent customary. The purchaser hereby assigns to the seller his claims for compensation against insurance companies or other persons liable for compensation arising out of damages of the type mentioned above, which he is entitled to, up to the invoice value of the goods. The seller shall accept the assignment.
- 12 All claims and titles arising from the reservation of title to all the special forms specified in these provisions shall remain valid until complete release from all contingent liabilities (cheque – bill of exchange) that the seller has assumed in the interest of the purchaser. In the case of sentence 1, the purchaser is generally allowed to do factoring for his accounts receivable. However, the purchaser shall inform the seller before incurring contingent liabilities.

12. Terms of Payment

- The invoice amount shall be due for immediate payment.
- Deductions of any kind are excluded. No interest shall be paid on deposits.
- Bills of exchange shall only be accepted following prior agreement and only on account of payment as well as subject to the possibility of discounting. Should payment be made with bills of exchange, cheques or other letters of instruction, the purchaser shall cover the cost of the discounting and cashing.
- OBJECT CARPET shall not be obliged to protest bills of exchange received.

13. Exclusion of Setoff

Set off rights can only be granted to the purchaser, if OBJECT CARPET has recognized his counter-claims or if these are stated legally binding.

14. Data Protection

Any personal data OBJECT CARPET received in connection with this contract, whether from the purchaser or any third party, shall be processed in compliance with the Federal Data Protection Act.

15. Place of Performance - Court of Jurisdiction

- The place of performance in respect of all deliveries and services in **commercial transactions** shall be the registered office of OBJECT CARPET. Jurisdiction for all disputes arising between the parties out of the contractual relationship shall be Stuttgart, if the purchaser is a merchant, a legal entity under public law or separate funds under public law.
- The contractual relations shall be governed exclusively by the substantive law of the Federal Republic of Germany, under exclusion of the UN Sales Convention.

OBJECT CARPET GmbH Denkendorf (version of March 2014)