



IATA Document No. 2016-01

MASTER ENGINE MAINTENANCE AGREEMENT
(Master EMA)

PREPARATORY NOTES

1. This Master Agreement was jointly prepared by IATA's Safety and Flight Operations Division and by IATA's Legal Department, with input from subject matter experts of IATA airline-members, and maintenance providers.
2. The structure of the document is that of a reference template - which is not signed - but rather is incorporated by reference in a particular transaction through an individually executed amendment/attachment/supplement/exhibit/annex.
3. The Parties may modify/add/remove/validate/invalidate Sections of this Agreement, or customize the commercial and technical details through Annex 2.
4. Transaction parties, whether or not members of IATA, may utilize this form if and when they desire and with whatever amendments they deem appropriate. For convenience, the Master Engine Maintenance Agreement (Master EMA) shall also be posted on IATA's website, in a downloadable format.
5. IATA intends to review this document on a periodic basis to determine whether modifications are appropriate. If modified, the document shall be retitled.
7. Please return your comments on use of this new IATA template to: psc@iata.org



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IATA Document No. **2016-01** addresses arrangements for Engine Maintenance Services performed by and between:

SERVICE PROVIDER,

And

CUSTOMER,

Hereafter referred to as the Parties.

RECITALS

WHEREAS this standardized form has been developed to facilitate contract formation for Engine Maintenance Services;

WHEREAS the Service Provider is a Maintenance and Repair Organization (MRO) certified by the appropriate national aviation authority with privileges for accomplishing the work to be performed under this Agreement; the Service Provider has a fixed place of business, with a fixed address;

WHEREAS the Parties represent and warrant that their companies are duly incorporated under the laws of the claimed jurisdiction, have the legal right to enter into this Agreement, and that entering into this Agreement does not violate or contravene any obligations that a Party may have to any third party;

WHEREAS Customer wishes for the Service Provider perform the Maintenance Services, as set forth in this Agreement; and

WHEREAS, the Service Provider and Customer wish to utilize this Master EMA for the Maintenance Services on the terms hereof and Annexes hereto;

IT IS HEREBY AGREED as follows:



1. OBJECTIVE

1.1 This Master Engine Maintenance Agreement (the “**Agreement**” or the “**Master EMA**”) governs the maintenance services, including, but not limited to inspection, repair, modification, overhaul and other related Engine Maintenance Services, as described in Engine Maintenance Agreement and specifically incorporates the terms thereof into this Agreement.

1.2 Annex 2 – Engine Maintenance Agreement (EMA) clarifies and stipulates details of the terms hereof with respect to any Engine Maintenance Services carried out on the specific Engine described therein. Where an EMA is executed, this Master EMA, as complemented by Annex(es) shall be read as a single independent contract applicable to any such Engine Maintenance Services.

1.3 The EMA shall have the form as set forth as in Annex 2 – Engine Maintenance Agreement.



2. DEFINITIONS AND ABBREVIATIONS

When used in this Agreement, the following words have the following meanings:

1.	Actual Induction Date	The date when Service Provider started to work on the Engine in accordance with Customer Workscope
2.	Additional Work	Any work requirement beyond the content of the Work Scope of the Maintenance Services, which when mutually agreed to in writing by the Service Provider and Customer, shall become part of the Maintenance Services
3.	Agreement	This IATA Engine Maintenance Agreement, including its Annexes, and any and all Customer Workscopes and Purchase Orders, as amended or supplemented from time to time in accordance with the terms of this Agreement.
4.	Airworthiness	Conformity to Approved Design and in a condition for safe operation
5.	Airworthiness Data	Information issued by the design holder that defines approved maintenance to be performed on such Aircraft, Engine or Component
6.	Airworthiness Directive (AD)	A rule or regulation issued by a NAA informing owners and/or operators of the Aircraft, Aircraft Engine, propeller or appliance of an unsafe condition that must be corrected
7.	Annexes	Annexes to this Agreement regarding the Maintenance Services to be performed on the Engine
8.	Approved Data	Data specifically approved by the relevant NAA which may include drawings, specifications, manuals or procedures
9.	Approved Design Holder	An organization, which has been approved by the relevant NAA to develop design information
10.	Approved Technical Data	All technical data approved by the NAA
11.	Beyond Economic Repair or “BER”	When the price of repairing the part exceeds BER rate – percentage of List Price specified in the Section 19 Annex 2 – EMA for a part or its superseding equivalent.
12.	Business Day	A day on which the banks of Customer or the Service Provider are open for the transaction of business of the type required by this Agreement
13.	Calendar Day	Any calendar day at the location at which Maintenance Services are being performed or shall be performed
14.	Catalog List Price (CLP)	The current list price of materials that are issued by OEMs, distributors or suppliers
15.	Claims and Losses	Any and all (i) claims, suits, judgments and orders and (ii) losses, accrued liabilities, damages, costs, and expenses (however described, characterized or classified),



		including reasonable professional fees and expenses, in each case incurred or binding and regardless of (a) the legal theory or economic assumptions on which they are based, (b) whether they are described as penalties and/or fines, and/or (c) whether they are susceptible to appeal or mitigation
16.	CMM	Component Maintenance Manual
17.	Component	Any self-contained Part, combination of Parts, or subassemblies of units, which form part of an Engine
18.	Consumables	Materials identified by a standard or other specification (or by a Part number in exceptional cases) in the maintenance or operational documents issued by the Approved Design Holder. Consumables can include but are not limited to fluids (such as cleaning agents, pickling agents, primers, paints, etc.) for surface treatment, adhesives, lubricants, oil, tape, etc.
19.	CRS	Certificate of Release to Service
20.	Customer	The organization, either an airline operator or an aircraft leasing company, ordering and receiving the Maintenance Services from the Service Provider
21.	Customer Base	Customer's base as the case may be
22.	Customer Furnished Material	Material provided by Customer to the Service Provider for the purpose of the Engine Shop Visit
23.	Customer Workscope	A document drafted by Customer with respect to an individual Engine describing Maintenance Services that Customer requests in order to return the Engine to a Serviceable condition
24.	Customer's Representative	A person assigned by Customer to act as its agent regarding issues related to the Service
25.	Default Interest Rate	Interest on any overdue and unpaid amount, calculated at a per annum rate (based on a calendar year). Such interest is applied to the amount due and unpaid from the date the amount was due to the actual date of Payment thereof
26.	Defect	A finding or malfunction that may result in a failure, non-compliance or missing Part
27.	Defect Rectification	Corrective maintenance action to eliminate Defects
28.	Deferred Item	Performance which is deferred to a time later than originally scheduled
29.	Delay	Failure by either Party to meet an agreed timeframe in this Agreement and its Annexes
30.	Delivery	Delivery of the Engine by Customer to the Service Provider at the Service Provider's facilities or as otherwise agreed as per Annex 1 herein
31.	Documentation	Documentation listed in Annex 4 required to perform the Maintenance Services on the Engine



32.	“DER Repair” or “Designated Engineering Representative Repair”	A repair performed in accordance with technical data approved by an FAA Designated Engineering Representative as an extension or substitute to OEM-Approved Data
33.	“DOA Repair” or “Design Organization approval”	A repair performed in by Type Certificate Holder in accordance with technical data approved by EASA as an extension or substitute to OEM-Approved Data
34.	EASA	European Aviation Safety Agency
35.	EASA Approval Certificate	Approval issued by relevant NAAs based on EASA regulations
36.	Effective Date	The Calendar Day as of which this Agreement or certain conditions gain legal power
37.	Engine	(i) each engine Customer owns or leases for operation on its fleet of aircraft, together with (ii) any and all Parts installed or incorporated in or attached thereto and any and all Parts removed therefrom so long as title thereto shall remain vested in Customer or the Engine owner, as the case may be, in accordance with the terms of this Agreement after removal from such Engine
38.	Engine Manual	means the Engine OEM Engine Manual for the Engine Type
39.	Engine Type	Type of the Engine defined by OEM
40.	Exchange	substitution of one item for another item of equivalent modification status where the title to the removed item is transferred to the Service Provider and title to the substitute item is transferred to Customer in accordance with the terms of this Agreement
41.	Expendables	Items without existing Repair procedure or the cost of Repair of which would not be economical, including without limitation items such as hoses, filters and switches
42.	Export Control Laws	means law, regulations and orders applicable to the export, re-export, transfer, disclosure or provision of items and/or technology including, without limitation, export controls administered pursuant to (a) the US Export Administration Regulations ("EAR") and the International Traffic in Arms Regulations ("ITAR"), (b) EU and EU Member State export controls administered pursuant to Council Regulation (EC) 428/2009 and the various national export control laws, regulations of member states regulating dual-use and military relate services
43.	FAA	The United States Federal Aviation Administration, including any successor agency or agencies thereto exercising the same or substantially the same authority
44.	FAR	The United States Federal Aviation Regulations as in effect from time to time during the term of this Agreement



45.	Flight Cycle	One take-off, flight and touchdown
46.	Engine Flight Hour	A 60-minute period flown by the Engine between takeoff and landing, as recorded in the Technical Log excluding taxi time (will normally be measured to the nearest tenth of an hour)
47.	Foreign Object Damage (FOD)	Damage to the Engine caused by external articles' impact or ingestion, such as birds, stones, hail or other debris
48.	Governing Law	The statutes of the country or jurisdiction to which the Parties agree to subject, to construe and to interpret any legal matter which may arise out of it or in connection with the Agreement
49.	Government Entity	Any executive, legislative, judicial or administrative authority (however described, characterized or classified), including courts and agencies
50.	Governmental Authority	Any federal, provincial, state and local government (whether domestic or foreign), any political subdivision thereof or any other governmental, quasi-governmental, judicial, public or statutory instrumentality, authority, body, agency, bureau or entity or any arbitrator
51.	Handling Charge	A surcharge determined as a percentage of costs or in a fixed amount
52.	Overhaul/Full/Heavy Maintenance Shop Visit	Shop Visit performed as per highest level of Workscope defined in the OEM Manual
53.	IATA	International Air Transport Association
54.	ICAO	International Civil Aviation Organization
55.	Incoterms	The latest revision of the Publication by the International Chamber of Commerce (ICC Publication No. 560)
56.	Intellectual Property	Creations protected from unauthorized use by common law or statute, such as, patents, trademarks, trade secrets and copyrights
57.	IOSA	IATA Operational Safety Audit
58.	Kitting Date	The date when all Materials required for Engine assembly are available at Service Provider facility
59.	Labor rate	Price per 1 MH
60.	Late Payment	A payment made after the due date set forth in this Agreement
61.	Law	Any (i) statute, decree, constitution, regulation, order or any directive of any Government Entity, (ii) treaty, pact, compact or other agreement to which any Government Entity is a signatory or party and (iii) judicial or administrative interpretation or application of any of the foregoing



62.	Lien	Any form of security interest granted over an item of property (mortgage, lien, charge, encumbrance, hypothecation, lease, or other claim, right or interest in any property, whether that right or interest (i) arises by contract or operation of Law and/or (ii) is possessory or non-possessory in nature) in order to secure the payment of a debt or the performance of some other obligation
63.	Life Limited Parts (LLP)	Articles for which a mandatory replacement limit has been established by the NAA and specified in the type design, Airworthiness Data or by an AD
64.	Line Item	The Material Part number or reference used for the performance of the Maintenance Services
65.	Maintenance Action	An act that restores an item to a level that it may continue in service
66.	Maintenance Program (MP)	The program developed for the Aircraft/Engine by an airline operator and approved by the NAA which defines the sequence of Maintenance Actions to be performed for the continued Airworthiness of the Aircraft/Engine
67.	Maintenance Records	The documentation required by NAA and requested by Customer to record the Maintenance Services performed upon the Engine(s)
68.	Major Defect	A non-compliance that may continuously affect the continued safe operation of an Engine or cause an Engine to become a danger to person or property
69.	Maintenance Services	Services provided pursuant to and in accordance with this Agreement by the Service Provider and/or its Subcontractors in connection with the repair, maintenance, modification and/or overhaul of Engines.
70.	Major Repair	A Repair which, (i) if improperly done, might appreciably affect Engine performance, Engine operation or other qualities affecting Airworthiness; or (ii) is not done according to accepted practices or cannot be performed by basic operations
71.	Man-Hour (MH)	A 60-minute period of work for one person. A measurement used for the estimation, calculating and recording of the total amount of uninterrupted labor required to perform a task
72.	Material	Any of the materials used during the Service, including but not limited to standard parts, Raw Materials, Consumables, Expendables, Components, LLP, Repairable Parts, Rotable Parts and self-fabricated parts
73.	Modification or Alteration	Set of actions required to modify an Engine or a Component in a specified manner
74.	Module	One of the Major Modules or Shop Modules of an Engine regarded as a serialized module by the applicable Engine manufacturer.
75.	MOE	Maintenance Organization Exposition
76.	NAA	National Aviation Authority



77.	Negligence	The act/omission of any Party falling below the expectable ordinary standard of care
78.	NDT	Non-destructive testing
79.	Non-Routine Work	The Maintenance Services discovered and to be carried out as a result of performance of Routine Work
80.	OEM	Original Equipment Manufacturer
81.	OEM Manual	The applicable manuals published for the maintenance of an Engine or the manual or the manuals of any other applicable OEM, as the context requires
82.	OEM Alternative Part(s)	means the FAA and/or EASA approved: (a) PMA Parts; or (b) Supplemental Type Certificate qualified parts for the Engine
83.	Part	Any item or unit installed on or attached to the Engine
84.	PMA or Parts Manufacturer Approval	The authority granted by the FAA to manufacture parts for installation in type-certificated products.
85.	Partial Loss	A Loss which, by financial and operational measures, is less than a Total Loss
86.	Party	Service Provider or Customer; and "Parties" means Service Provider and Customer collectively.
87.	Payment	Transfer of money as per invoice to the Service Provider for the Maintenance Services rendered under this Agreement
88.	Performance Restoration Shop Visit	Shop Visit performed as per "Gas Path Restoration" Workscope as defined in the OEM Manual
89.	Purchase Order or P.O.	A document prepared by Customer relating to the purchase of Maintenance Services hereunder
90.	QEC	Quick engine change and similar engine mounted hardware required to interface an Engine to a specific airframe. QEC includes the following systems: fuel, hydraulic, pneumatic, fire detection, electrical, integrated drive generator system, cooling, engine control, nacelle drain and vent, starter, nacelle and engine instrumentation, inlet anti-icing, engine pressure ratio, engine mounts and engine vibration monitoring.



91.	Redelivery	Redelivery of the Engine after performance of the Shop Visit by the Service Provider to Customer at the Service Provider's facilities or as otherwise agreed upon as per Annex 1 herein.
92.	Repair	Maintenance Actions required to return an article to a serviceable condition
93.	Repair Catalogue	The official document which defines list of repairs Service Provider can perform in accordance with its capability and respective pricing. Such Repair Catalogue shall be delivered by Service Provider to Customer before commencement of the Shop Visit as electronic document, hard copy or internet link if Repair Catalogue published on the Service Provider web source.
94.	Repairable Parts	Articles the restoration of which is economically reasonable
95.	Replacement Part	A Part replacing a Part being removed in the course of performing the Maintenance Services in accordance with the term of this Agreement.
96.	Rotable Parts	Repairable Part that can be economically and repeatedly restored over a period approximating the life of the flight equipment to which it is related
97.	Routine Materials	Consumables and expendables used to perform Routine Work
98.	Routine Work	Planned scheduled Maintenance Action to be performed in accordance with the Workscope Provided
99.	Service Bulletin (SB)	Document issued by the manufacturer to notify the airline of recommended Modifications, substitution of parts, special inspections/checks, life limit change or conversion from one model to another
100.	Service Provider	The Party which renders the Maintenance Services as per this Agreement
101.	Serviceability Notice Date	The date when Engine is declared serviceable and ready for Redelivery to Customer
102.	Services	All or any part of the work to be performed by the Service Provider or its Subcontractors under the terms and conditions of this Agreement during the Shop Visit
103.	Shop Visit	Occasion when an Engine has been delivered to Service Provider for Maintenance Services under this Agreement.
104.	Scrapped parts	Parts which are in BER condition or are not repairable anymore according to the appropriate OEM current manual
105.	Subcontractor	Any person, legal or natural, supplying materials or supplemental Maintenance Services to either Party to accomplish the Maintenance Services as per this



		Agreement
106.	Table inspection	The inspection of an Engine with or without Customer representative at Service Provider Facility when Engine is fully disassembled and exposed for inspection in accordance with Customer Workscope
107.	Taxes	All taxes, fees, charges or duties and other additions thereto, including, but not limited to, sales, use, value added, stamp, excise, transfer and similar taxes imposed by any domestic or foreign taxing authority arising out of or in connection with this Agreement
108.	Termination	Event, as of which the Parties are no longer liable and responsible for the contractual obligations hereunder, unless otherwise agreed and legally documented
109.	Time and Material (T&M)	A way of pricing, where the actual consumption of labor, and Material are charged as consumed
110.	Total Loss	Any of the following events which, with the passage of time or the payment of insurance on the basis of a total loss, indicates that the Aircraft is no longer available to the operator for normal use: (a) destruction, damage beyond repair or being rendered permanently unfit for normal use for any reason; (b) requisition of title, confiscation, forfeiture or any compulsory acquisition or other similar event; or (c) sequestration, detention, seizure or any similar event
111.	Turn Around Time (TAT)	As defined in Paragraph 7.2 of this Agreement
112.	Type Certificate Holder	Entity holding a type certificate issued under the authority of EASA or FAR, Part 21.
113.	Warranty	A guarantee, issued to Customer by the Service Provider, promising to repair, replace or rectify a product/service if necessary and within a specified time
114.	Willful Misconduct	The deliberate act/omission of a Party who intends to cause harm to the other Party through such act/omission, and the other Party is harmed as a direct result of such act/omission
115.	Workmanship	Refers to the correct physical actions and proceedings, correct usage of tools, tooling and equipment, during work performance
116.	WSPG (Work Scope Planning Guide)	Maintenance planning guide published by the Engine OEM that details the suggested level of required maintenance on each module as well as a list of recommended Service Bulletins.



3. SCOPE OF SERVICES

3.1. The Service Provider shall perform Maintenance Services on Customer's Engine(s) as outlined in the Work Scope specified in the Annex 1 – Customer Workscope, with any deviations signed by Customer's and Service Provider's authorized staff, on the term of this Agreement and on the basis of individual Purchase Orders.



4. STANDARD OF SERVICES

4.1. The Maintenance Services shall be performed in accordance with:

- a. Service Provider's EASA PART 145 maintenance organization approval certificate as referred in Section 8 of Annex 2 – Engine Maintenance Agreement (if applicable).
- b. Service Provider's FAA FAR 145 maintenance organization approval certificate as referred in Section 8 of Annex 2 – Engine Maintenance Agreement (if applicable).
- c. Customer required Service Provider's NAA maintenance organization approval certificate as referred Section 8 of Annex 2 – Engine Maintenance Agreement (if applicable).
- d. Appropriate OEM's current Manuals and other relevant technical publications and data published by the appropriate OEM;
- e. The current version of Service Provider MOE and applicable supplements (if applicable as per respective governing aviation authorities requirements); and
- f. The current rules, regulations of EASA, FAA, NAA whichever applicable in the effect at the date of executing the Agreement.



5. INCOMING CONDITIONS, DELIVERY AND REDELIVERY

- 5.1. Prior to an Engine being due for Maintenance Services, Customer shall request an induction slot from Service Provider. Based on slot availability, Service Provider's acceptance of the Engine and mutually agreed upon induction date, the Engine can be sent to the Service Provider.
- 5.2. For unscheduled Shop Visit Service Provider shall induct Engine as soon as Service Provider have next induction slot after all condition precedent for induction as per Paragraph 7.2 are met.
- 5.3. For scheduled Shop Visit Service Provider shall induct Engine on agreed induction date provided that the Engine has arrived at Service Provider Facility at least 2 Calendar Days before agreed induction date and condition precedent for induction as per Paragraph 7.2 are met on or before induction date.
- 5.4. If Customer is delayed in delivering the Engine to the Service Provider in order to meet the mutually agreed induction date or Customer failed to fulfil the condition precedent for induction as per Paragraph 7.2 than Service Provider will provide a new target induction date, which will then be the commencement date for TAT measurement.
- 5.5. Unless otherwise agreed between Parties in writing, all Engines shall be sent to the Service Provider's Facility in full QEC configuration (except nose cowl and thrust reverser) along with the Engine Documentation forms described in Annex 4 – Engine Documentation. The Service Provider shall perform an incoming inspection and any deviation in the QEC configuration from this shall be noted on the form.
- 5.6. All transportation shall be performed in accordance with Incoterms.
- 5.7. Customer shall deliver the Engine in accordance with Section 11 of Annex 2 – Engine Maintenance Agreement.
- 5.8. The Service Provider shall make Engine available for Customer in accordance with Section 12 of Annex 2 – Engine Maintenance Agreement.
- 5.9. Service Provider will not perform any investigation and inspection of Parts that may be damaged by non-approved transportation practice, unless otherwise requested by Customer or indication of use of non-approved transportation practice is obvious upon Engine arrival to the Service Provider Facility.
- 5.10. Risk of loss or damage to each Engine and any Engine stand that Customer delivers to Service Provider under this Agreement is with Service Provider from Delivery to Redelivery and with Customer at all other times, if otherwise is not agreed separately in writing.
- 5.11. The Party stipulated in the Section 15 of Annex 2 - Engine Maintenance Agreement shall be responsible for providing and keeping in full force and effect an insurance covering all risks during transportation of Customer's Engines and other Parts delivered to Service Provider for the purpose of this Agreement.
- 5.12. In the event, Customer fails to meet conditions of this Agreement required for Engine pick-up (including but not limited to payment of all invoices due before Engine Serviceable Notice Date) and pick-up the Engine within Engine pick-up timeframe as per Section 16 of Annex 2 – Engine Maintenance Agreement following the Serviceability Notice Date, Service Provider will then place the Engine into storage. Starting from the day the Engine placed for the storage the Storage Fees in accordance with Annex 3 to be applied. All associated cost and risk will then be borne by Customer and Service Provider's redelivery obligations shall then be deemed as fulfilled. For avoidance of doubt, when the Engine(s) is located at Service Provider facility for storage (due to any reason), the final responsibility for the Engine's preservation control shall be with Customer.



6. ENGINE PERFORMANCE TEST

6.1. EGT margin

Customer's EGT margin after a performance test in the test cell, for the Engine(s) after having undergone, at a minimum, a Core Performance Restoration Workscope shall be a hot day EGT margin in degrees Celsius equal to or better than Contractual EGT Margin as per Section 9 of Annex 2 – Engine Maintenance Agreement or equal to agreed percentage of the factory new EGT margin as per Section 10 of Annex 2 – Engine Maintenance Agreement for the specific engine serial number as described whichever is lower. Should the factory new EGT margin for the Engine not be available, the achieved EGT margin after the previous two (2) Shop visits with a core performance restoration Workscope will form the benchmark to the achievable EGT margin for such Engine.

6.2. Engine Re-induction Remedy

6.2.1. In the event the EGT margin is lower than Contractual EGT Margin with at least Contractual EGT Margin Acceptable Deviation as specified in Section 11 of Annex 2 – Engine Maintenance Agreement, Service Provider will re-work the engine at no additional cost to Customer in order to achieve a Contractual EGT margin as set forth herein if requested by Customer. Any credit for failure to meet the Contractual EGT margin shall be calculated subsequent to the re-work attempt.

6.2.2. At some circumstances Parties may mutually agree to return an Engine into service with lower EGT Margin and may, at such time, mutually agree upon a reasonable pro-rated remedy and/or a specific Time On-Wing Guarantee. This shall at the time be formalized in a side letter to this Agreement.

6.3. Minimum EGT margin Guarantee and Remedy

If the Engine has undergone, at a minimum, a Core Performance Restoration Workscope, and the Contractual EGT Margin is not achieved, for each degree Celsius less than the target, Service Provider shall pay to Customer or provide a credit for an amount equal to EGT Margin Remedy as specified in Section 12 of Annex 2 – Engine Maintenance Agreement for each degree below the EGT margin specified in the table above capped at EGT Margin Remedy Cap as specified in Section 12 of Annex 2.

6.4. Time On-Wing Guarantee and Remedy

An Engine that has undergone, at a minimum, a Core Performance Restoration workscope in accordance with the Engine OEM WSPG will be returned to service with the following guarantee:

- a) In the event that the Engine is removed from revenue service solely for insufficient EGT margin within a period of Guaranteed Cycles as per Section 12 of Annex 2 – Engine Maintenance Agreement, following a Shop Visit, Service provider will provide Customer in addition to the other provisions of this Article 6, as Customer's sole and exclusive remedy, financial compensation in the pro-rated amount of Time On-Wing Guarantee Monetary Compensation Ceiling defined in Section 12 of Annex 2 – Engine Maintenance Agreement for the total number of cycles below the level guaranteed herein.
- b) Such Time On-Wing Guarantee shall be effective only if the Engine, during its entire operating period after a minimum of a performance restoration, and is operated and maintained in full compliance with the manufacturer's recommendations and Customer's procedures, including routine water wash program per AMM or other OEM recommendations and follow the OEM recommended warm-up/cool-down procedures whenever possible; has not experienced FOD, misuse or abuse by Customer such as over speed or thrust exceedance.
- c) Whenever Customer considers that the Engine may require removal for not meeting EGT margin, Customer shall consult Service Provider to confirm that all the troubleshooting and/or corrective actions have taken place to avoid the removal. Removal of the Engine under the Service Provider warranty herein must be substantiated by data provided by Customer to Service Provider and subsequent removal of the Engine must have the written approval of the Service Provider prior to Customer performing engine removal.



7. TURNAROUND TIME

- 7.1. Service Provider shall perform the Maintenance Services within a Turn Around Time (“TAT”) specified in the Section 4 of Annex 2 – Engine Maintenance Agreement.
- 7.2. The TAT shall commence once Service Provider inducts the Engine. Induction occurs once the Service Provider received the Engine, Purchase Order, Engine Documentation (as per Annex 4), signed workscope that accurately defines and specifies the requested Maintenance Services, prepayment (if applicable) and executed original of the Agreement and applicable Annexes. The TAT excludes Service Provider’s National Holidays specified in the Annex 5.
- 7.3. The TAT commitment is subject to the use of Exchange Parts which complies with Customer’s requirements to such Exchanges.
- 7.4. The TAT shall not be binding and may be extended if at least one of the following events occur:
 - a) Engine shows defects exceeding operational conditions as described in OEM current manual
 - b) Unusual major defect due to FOD, IOD., Incidents, accidents and/or out of the scope repairs and/or Additional Work which were not part of the initial agreed workscope Annex 1 and are affecting the length of the shop visit;
 - c) Modification which cannot be performed within TAT
 - d) Idle time due to waiting for Customer instructions which exceed more than one (1) business day.
 - e) Material, documents and/or services ordered through and/or to be provided by Customer (from supplier or from Customer stock) being delivered late or not at all.
 - f) Engine Components with an initial agreed minimum workscope (visual or functional test during test run) causes interruption of the Engine test procedure due to malfunction of such Engine Component
 - g) In any case of circumstances beyond Service Provider control including delay in Material and/or service supply not attributable to Service Provider
 - h) If invoice(s) are due for payment prior to completion of the service and Customer has not paid such invoices
 - i) In case of Force Majeure
- 7.5. In the event that Service Provider does not meet the agreed TAT, Service Provider shall credit TAT Exceedance Penalty per each day in excess of the applicable TAT capped at TAT Exceedance Penalty Cap as specified in the Section 5 of Annex 2 – Engine Maintenance Agreement and Service Provider shall have no further liability or obligation to Customer for such delay. Credit due can be offset against the final invoice upon mutual agreement in writing.



8. DOCUMENTATION

- 8.1. Customer shall deliver to Service Provider the documents and data stated in Annex 4, Section 1 in agreed format and within defined timeframe.
- 8.2. Service Provider shall deliver to Customer the documents stated in the Annex 4, Section 2 in agreed format and within defined time frame.



9. MATERIAL MANAGEMENT

- 9.1. Service Provider shall supply all Materials for the Maintenance Services performed under this Agreement unless advised otherwise by Customer at list 15 days prior to the Engine scheduled Kitting Date and accepted by Service Provider in written. Customer Furnished Materials shall be equipped with proper documentation including but not limited to:
- i. EASA Form 1;
 - ii. FAA Form 8130-3;
 - iii. Incident / Accident Clearance Statement (see Annex 8);
 - iv. For LLPs: current status with full back-to-birth documentation acceptable for Service Provider;
- If before or on the date of execution of this Agreement Customer knows which Customer Furnished Materials will be provided for the purpose of Engine Shop Visit, such Customer Furnished Materials shall be listed in the Annex 7 hereto.
- 9.2. Service Provider shall ensure that the Parts provided during a Shop Visit are in serviceable condition for installation and approved for use as required by governing aviation authorities.
- 9.3. For the purpose of Maintenance Services provided hereunder, Service Provider shall only use PMA Parts, DOA Repairs and DER Repairs upon Customer's written approval. The list of PMA Parts, DER Repairs and DOA Repairs approved by Customer shall be listed in the Annex 7 hereto.
- 9.4. Engine Parts removed from the Engine which are inspected and in serviceable condition shall be reinstalled in the Engine. All Engine Parts removed from the Engine which can be repaired on time without affecting TAT shall be reinstalled in the Engine after repair.
- 9.5. If a repair upon Engine Part is not possible, either for technical or economic reasons, the Service Provider shall obtain the replacement material required and install a new or serviceable repaired Engine Part. Customer shall pay Service Provider for such replacement material pursuant to the provisions set forth in Annex 3. The BER limit shall be defined as per Section 19 of Annex 2 - Engine Maintenance Agreement. Title to all parts and components supplied by Service Provider or any of its subcontractors in respect of the Engine shall only pass to Customer when Customer has paid all amounts owed or that may become owing to Service Provider under this Agreement. If the parts and/or components have been installed but not paid for, Service Provider may remove any of them and the cost of accomplishment will be added to the amount due to Service Provider from Customer. Service Provider shall seek approval from Customer for replacement parts with CLP value more than amount specified in the Section 20 of Annex 2 – Engine Maintenance Agreement. List of parts where scrap replacement shall be approved by Customer despite the CLP value mentioned above is specified in the Annex 7.
- 9.6. If Engine Parts removed from the Engine are repairable but cannot be repaired on time for assembly of the Engine, such Parts shall be exchanged or replaced with an equivalent serviceable repaired or new Engine Part, whichever applicable. Customer shall pay Service Provider for such replacement materials as defined in the Annex 3. In the event of Material Exchange, title-for-title exchanges with respect to such Parts shall take place. Each Party warrants that it will convey good title and such Maintenance Records as another Party may request for the purpose of such Material Exchange. Following exchanges shall be approved by Customer: (i) LLPs; (ii) serialized parts; (iii) Components (iv) exchange of repaired part to new part where evaluation fee is applicable; (v) exchange of serviceable part to serviceable part where parts has different standard (different PN, modification status etc.). Exchange is not allowed for parts listed in the Annex 7, if any.
- 9.7. Engine Parts which are in BER condition or are not repairable anymore according to the appropriate OEM current manual shall be kept on site for a period specified in the Section 21 of Annex 2 for Customer's evaluation and, at Customer's determination, will be either disposed of or returned to Customer at Customer's expense. At the end of the period specified in the Section 21 of Annex 2, provided that Service Provider has not received written instructions from Customer regarding the scrapped Part(s), disposition of such material will be at Service Provider discretion, in which case, Service Provider shall either (i) dispose



of the scrapped Parts at Customer's expense or (ii) title to such scrapped Parts shall pass to Service Provider at the last day of the period after a final notification and Service Provider shall have no liability to compensate Customer for such scrapped Parts.

- 9.8. If an Component or QEC part is technically or economically not repairable or cannot be repaired on time for direct reinstallation, Service Provider shall inform Customer accordingly and Customer shall (i) supply a Customer owned Component or QEC part; or (ii) upon Customer request and subject to availability Service Provider shall supply an Component or QEC part to Customer or source an Component or QEC part from a third party for sell, loan or exchange, whichever applicable. Service Provider shall quote such service on case-by-case basis.



10. RATES AND CHARGES

10.1. The price of the Maintenance Services shall be determined based on one or more of the following principles:

- i. As a Fixed Price for the Workscope detailed for each specific Engine, with Additional Work arising from Defect Rectification or by Customer's request, as per inclusions specifically defined in the Annex 3 – Pricing, hereto Maintenance. Services, not covered by the Fixed Price to be invoiced on a T&M basis (exclusions from the Fixed Price specifically defined in the Annex 3 – Pricing);
- ii. As the Not To Exceed (NTE) price for the Workscope and Additional Works arising from Defect Rectification or by Customer's request with inclusions specifically defined in the Annex 3 – Pricing hereto. If the actual cost of Workscope incorporation (inclusions to NTE price only) is less than the NTE price, actual amount shall be invoiced plus exclusions from the NTE price. If the actual cost of Workscope incorporation is more than the NTE price, the NTE price shall be invoiced plus exclusions from the NTE Price. Maintenance Services not covered by the NTE price (exclusions from NTE Price specifically defined in the Annex 3 - Pricing) shall be invoiced on a T&M basis;
- iii. As T&M price for each and every specific task, Material item or Service (see T&M definition).

The prices and rates for the Maintenance Services are set forth in Annex 3 – Pricing. All prices and charges in this Agreement and all amounts due and payable hereunder are in the currency specified in the Section 22, Annex 3 – Engine Maintenance Agreement.

10.2. Labor pricing

Routine labor for specific Workscope incorporation shall be charged in accordance with the Annex 3 – Pricing.

Fixed Routine Labor pricing includes labor associated with standard disassembly, cleaning, visual/dimensional inspection, non-destructive testing, reassembly, testing and shipping (inspection of exposed areas is included in all worksopes involving disassembly.)

Non-routine labor (where no fixed price exist) shall be charged in accordance with the man-hours consumed to perform such work and man-hour rate specified in the Annex 3 – Pricing.

10.3. Materials pricing

Parts supplied by Service Provider shall be charged in accordance with Annex 3 - Pricing.

New Parts will be charged at the current year manufacturer's list price.

Serviceable Parts will be charged as follows:

- i. LLPs will be provided on a pro rata life remaining basis.
- ii. All other serviceable Parts will be provided at a percentage of the applicable new Part list price set forth in Annex 3 – Pricing.
- iii. Part exchanges will be charged in accordance with Annex 3 – Pricing.

10.4. In-house repairs

Customer will be charged for Service Provider's in-house fixed price repairs in accordance with Service Provider's current Repair Catalogue which can be made available to Customer in accordance with the Annex 3 – Pricing. The applicable Repair Catalogue price level is based upon the date of Purchase Order for the respective Engine. In case Materials is used for the performance of the service such Material shall be charged in accordance with the Paragraph 10.3 herein.

10.5. Customer Furnished Material

Customer furnished material will be charged in accordance with Annex 3 – Pricing.

10.6. Engine Performance Test

Each Engine performance test will be charged in accordance with Annex 3 – Pricing.

If an Engine fails to pass the test agreed in the Engine Shop Visit Workscope due to proven poor workmanship of Service Provider, Service Provider shall remedy the faulty workmanship and retest the Engine at its own cost. Where it is not proven that Service Provider or any of its subcontractors is responsible for any defects, Customer shall be charged for the costs of correction and retest. If Engine Components, for which only a minimum workscope (visual or operational test during test run) has been initially agreed, causes an interruption of the Engine test procedure due to malfunction, Service Provider



shall inform Customer accordingly to define further proceeding. Any Additional Work to rectify this malfunction shall be invoiced separately (where applicable).

10.7. Subcontracting

All work to be performed by Subcontractors (including travel expenses, transportation services etc.) will be charged to Customer in accordance with Annex 3 – Pricing.

10.8. Price adjustment

All rates and charges specified in the Annex 3 – Pricing are valid from the effective date of this Agreement until the date specified below.

- i. All labor rates specified in the Annex 3 – Pricing and Internal Repair Catalogue pricing shall be valid until First Labor Price Adjustment Date specified in the Section 23 of Annex 3 – Engine Maintenance Agreement. With effect from this date the rates and charges of this Agreement shall be adjusted each year as per Recurrent Labor Price Adjustment Date as specified in Section 24 of Annex 3 – Engine Maintenance Agreement in accordance with the Labor Price Annual Adjustment Formula specified in the Section 25 of Annex 3 – Engine Maintenance Agreement.
- ii. Material prices in this Agreement and material caps as per Annex 3 – Pricing are valid until First Material Price Adjustment Date as specified in the Section 26 of Annex 3 – Engine Maintenance Agreement, and shall be automatically adjusted each year from Recurrent Materials Price Adjustment Date as per Section 27 of Annex 3 – Engine Maintenance Agreement in accordance with the Engine OEM annual adjustment index.
- iii. Adjustment of engine test cell run shall be done in accordance to the procedure specified in the Section 28 of Annex 3 – Engine Maintenance Agreement.
- iv. Fixed Price / NTE Price adjustment. The Fixed Price / NTE Price is valid until the NTE Price / Fixed Price First Adjustment Date specified in the Section 29 of Annex 3 – Engine Maintenance Agreement. With effect from this date the rates and charges of this Agreement shall be adjusted each year as per Recurrent Fixed Price/NTE Price Adjustment Date as specified in Section 30 of Annex 3 – Engine Maintenance Agreement in accordance with the Fixed Price/NTE Price Annual Adjustment Policy specified in the Section 31 of Annex 3 – Engine Maintenance Agreement.
- v. Rates and charges may be revised and adjusted as stipulated above; however they will remain unchanged within the term of a single signed Engine Maintenance Agreement. In the case of rates and charges adjustment, Customer shall be notified in writing not less than ninety (90) days before such adjustment shall come into force, unless otherwise agreed by the Parties. If Customer objects to price adjustments the Parties shall negotiate in good faith in order to render the continuation of this Agreement possible. Should the Parties not agree on any such price adjustment, Customer may terminate this Agreement on thirty (30) days prior written notice.



11. PAYMENT TERMS

11.1 Structure of invoice

11.1.1 The Service Provider shall generate a detailed invoice for the provided Maintenance Services with the following content:

- i. amount of the Fixed Price / NTE / T&M as per Annex 2 – Pricing;
- ii. amount of the Additional charges;
- iii. for NTE Price based project each invoice line item shall be marked as inclusion or exclusion;
- iv. all invoice items shall be referred to the specific engine module they belong to;
- v. charges for the routine labor and internal repairs;
- vi. charges for the Engine test;
- vii. charges for parts and materials, showing details for any markups, as well as any equipment or tooling lease charges;
- viii. subcontracting charges, showing details for any markups and supported by invoices from Service Provider vendors;
- ix. Any taxes and similar charges.

11.2 Payments in advance

11.2.1 The Service Provider may request a Payment prior to commencement of the Maintenance Services. Such amount shall constitute an integral part of the total charges as per this Agreement and shall be reconciled after the Maintenance Services are completed as per actual cost of the Maintenance Services, calculated based on principles stated in Article 11.1. The Parties shall agree about the time frames of such advance Payments in the Section 32 of Annex 2 – Engine Maintenance Agreement, if any.

11.3 Preliminary invoice

11.3.1 After Table Inspection of the Engine, the Service Provider may issue a preliminary invoice for the amount representing agreed percentage of the estimated Shop Visit cost. (Fixed Price or NTE Price plus cost of Additional Maintenance Services to be performed). Customer shall pay such invoice in the full amount in the term agreed to by the Parties, however the Service Provider shall reconcile estimated amounts at a later time as per actual spend and cost of the Maintenance Services.

11.4 Final invoice

11.4.1 Upon the completion of the Maintenance Services and after Engine Redelivery the Service Provider shall issue the final verifiable invoice for total cost or remainder cost of the Maintenance Services, in terms agreed between the Parties, stipulated in Section 32 of Annex 2 – Engine Maintenance Agreement.

11.5 Closure invoice

11.5.1 In the event Service Provider is not in possession of all information required, which includes all costs and charges, at the time of final invoice issuing Service Provider reserves the right to reconcile, as soon as missing information is available and issue Closure invoice. The Closure invoice shall be delivered to Customer not later than 90 days after the Engine Redelivery to Customer. If the Closure invoice delivered later than 90 days after Engine Redelivery, Customer shall have a right to reject payment of such Closure invoice.

11.6 All Additional charges included in the final invoice and closure invoice referred to in Paragraph 11.4-11.5 shall be supported with relevant documents, confirming the Internal Repairs incorporation, Material amount used, Material costs, and subcontracted charges invoiced to the Service Provider. Customer reserves the right to request any other documentation, technical or financial, relevant to the rendered Maintenance Services as confirmation of the invoiced amounts.

11.7 The Service Provider shall assist Customer in obtaining any other supplemental documentation for accounting and tax purposes of Customer, to the extent of any applicable Customer's or Service Provider's national financial regulations and corporate policies.

11.8 The invoices shall be presented to Customer in agreed format, either electronic, XML, PDF, fax, scanned paper or paper format posted by mail to a name and address of an appointed person in Section 33 of Annex 2 - Engine Maintenance Agreement. The invoices shall contain necessary details as follows:

- i. Date of the invoice;
- ii. Invoice reference No;



- iii. Number of the Agreement where applicable;
 - iv. Service Provider full name and address;
 - v. Engine Serial Number;
 - vi. Brief description and period of performed Maintenance Services;
 - vii. The Service Provider's bank details;
 - viii. Total amount of the invoice currency; and
 - ix. Other details Customer may request to facilitate the Payment.
- 11.9 Customer shall pay to the Bank details as per Section 34 of Annex 2 – Engine Maintenance Agreement all undisputed invoice amounts in an agreed period of time. All bank wire charges and fees shall be borne by Customer. If both, Customer and the Service Provider are members of IATA Clearing House, the invoiced undisputed amount may be withdrawn via the IATA Clearing House, following all necessary compliance procedures.
- 11.10 If the payment under this Agreement is due on a day which is not a Business Day, Customer shall pay on the preceding Business Day.
- 11.11 If Customer fails to pay any amount due in the agreed time, the Late Payment charge (Default Interest Rate) as per Section 35 of Annex 2 – Engine Maintenance Agreement shall be applied to such unpaid amount.
- 11.12 The Service Provider has a right to suspend the Maintenance Services with a prior written notice to Customer until all undisputed amounts due are cleared by Customer within the agreed timeframe.
- 11.13 Notice of any disputes regarding charges shall be provided to Service Provider in writing within period indicated in the Section 36 of Annex 2 - Engine Maintenance Agreement after receipt of an invoice and Customer shall pay the undisputed portion in accordance with this Article 11. If Customer reasonably disputes any portion of an invoice, Customer will be required to pay the undisputed portion in accordance with this Article 11, and interest on the disputed portion only will be waived until the dispute is resolved. Any invoice or part thereof not disputed within period indicated in the Section 36 of Annex 2 - Engine Maintenance Agreement shall be deemed accepted by Customer and payment shall be made as specified in this Article 11. Disputes reported thereafter shall be of no legal effect.
- 11.14 Customer agrees that if it fails to pay when due any amount owed to Service Provider, Customer will also reimburse Service Provider for all costs that Service Provider reasonably incurs to collect such unpaid amount. If Customer fails to pay to Service Provider when due any amount owed or if Customer's financial condition has materially changed (which became known to the Service Provider via official channels), Service Provider will have the right to specify alternative payment terms (such terms being no more restrictive than commercially reasonable under the circumstances) which shall, upon Service Provider giving written notice to Customer, supersede the payment terms specified in this Agreement.



12. TAXES

12.1 Taxes on Invoices

Except to the extent Customer has provided a valid exemption certificate, direct pay permit or other such appropriate documentation, the Service Provider shall add to each invoice and collect from Customer any sales, use, excise, value-added, gross receipts, Maintenance Services, consumption and other similar transaction taxes, however designated, that may be imposed by any taxing authority upon the Maintenance Services or any other transaction covered by the terms of this Agreement. Service Provider shall make reasonable efforts to provide sufficient detail on any invoices to allow the Parties to minimize legally any applicable sales, use, excise value added gross receipts, services, consumption and other similar transaction tax imposed on any Service or on any other transaction that is covered by the terms of this Agreement, except any taxes imposed on the gross income of the Service Provider. Service Provider shall separately state any charges for services or any labor components of the invoice and shall separately state any charges for any parts, components, consumables, or other tangible personal property provided to Customer for which Customer is separately charged. Customer retains liability for any and all sales, use, excise, value-added, gross receipts, services, consumption and other similar transaction taxes, however designated, imposed by any taxing authority upon the Maintenance Services or any other transaction covered by the terms of this Agreement. Customer will not be responsible for additional or higher taxes imposed as the result of the transfer by Service Provider, after the Effective Date, of work to a facility or a subcontractor located in a jurisdiction other than that in which such work was being performed (or scheduled to be performed) as of the Effective Date.

12.2 Personal Property Taxes

Any business personal property tax which is imposed or levied upon any items of tangible personal property owned by the Service Provider shall be the responsibility of the Service Provider and shall be timely paid by the Service Provider, without recourse to Customer.

12.3 Tax Returns

The Service Provider shall file all applicable federal, state, provincial and local tax returns and reports which the Service Provider is required to file under any and all applicable laws and regulations. All such returns shall be correct and complete in all material respects and any amounts shown due thereon shall be timely paid by the Service Provider. The Service Provider shall not allow any liens for taxes to arise and attach to any of the parts, components, equipment, parts inventory or any other tangible personal property belonging to Customer or used by the Service Provider in fulfilling its obligations under this Agreement. The Service Provider shall notify Customer within fifteen (15) days after receipt of notice of any actual or proposed levies or assessments made by any taxing authority against the Service Provider which could give rise to a lien against or levy upon any of the above personal property. Customer shall be entitled to monitor any contest by the Service Provider of the validity of any such asserted taxes or liens and Customer may provide assistance as Customer deems appropriate or, insofar as it relates to Customer's property, Customer may assume direct control over any such contest.

12.4 Tax Compliance

The Service Provider shall be responsible for full and complete compliance with any and all customs laws, rules and regulations and the payment of any and all customs duties, import duties, international fees or levies or any and all other costs or expenses which arise or are due or imposed on the transactions which occur under the terms of this Agreement based upon the importation into any jurisdiction of any parts, components, equipment, materials or any other tangible personal property used by the Service Provider in fulfilling its obligations under this Agreement.

12.5 Contest; Refunds

Upon Customer's request, the Service Provider shall at Customer's expense contest any such tax for which Customer is obligated, either by paying the tax with funds contributed by Customer and then filing a protest or by contesting the tax, whichever is appropriate (or, if either option is appropriate, as directed by Customer). To the extent permitted by applicable law, Customer may conduct the pro-test or contest through counsel selected by it and reasonably acceptable to the Service Provider. If the Service Provider later receives any refund of any tax for which amounts were paid or contributed by Customer, the Service Provider shall promptly pay over to Customer such refund, together with any interest paid thereon.



13. WARRANTY

- 13.1. Service Provider warrants to Customer that Maintenance Services performed under this Agreement by Service Provider or its subcontractors will be performed in a workmanlike manner and shall be free from defect in workmanship for a period of Flight Hours after first operation or months from the date as stated upon the Certificate Release to Service provided by Service Provider to Customer for the Engine upon which Service Provider performed the Maintenance Services, as stipulated in the Section 37 of Annex 2 - Engine Maintenance Agreement, whichever occurs first (the "Warranty Period"). This warranty doesn't apply if :
 - i. the defects are caused by normal wear and tear;
 - ii. the Engine is not operated, handled or stored by Customer in accordance with the manufacturer's recommendations or the flight manual or NAA requirements;
 - iii. the defective item has, in the meantime, been altered, repaired or overhauled by a company other than Service Provider, unless such repair had to be performed because of Customer operational requirements;
 - iv. following a written request from Customer, Service Provider was asked to carry out a provisional repair contrary to their better judgment; or
 - v. the defective Part has been subjected to misuse, neglect or accident due to non-observance of the manufacturer's instructions or if this Part has suffered deterioration due to external causes, e.g. FOD, degradation on the ground, damage due to non-observance instructions, etc.
- 13.2. The warranty applies to the Defect Rectification resulted directly from faulty workmanship. Service Provider shall be not responsible for the secondary and downstream damages, indirect losses, loss of profit, loss of contract etc.
- 13.3. In the event of a breach of the warranties set forth in Paragraph 13.1, Service Provider will provide to Customer the remedy set forth in Paragraph 13.3, provided that Customer shall have given written notice of any such breach to Service Provider within the Warranty Period.
- 13.4. Service Provider's liability and Customer's remedy under the warranties set forth in Article 13.1 are limited to Service Provider correcting such services and repairing or replacing, at Service Provider election, Engines or Parts returned to the Service Provider's Facility. Service Provider will bear transportation charges and the risk of loss for the return to Service Provider of such Engines or Parts Service Provider determines to be defective if Customer returns such Engines or Parts in accordance with Service Provider written shipping instructions. Any additional remedies, if any to be stipulated in the Section 38 of Annex 2 - Engine Maintenance Agreement.
- 13.5. Service Provider assumes no liability of whatever nature relating to the materials or parts which:
 - i. Have only been tested and/or installed by Service Provider; or
 - ii. Were declared satisfactory but have not been restored, manufactured or repaired by Service Provider.
- 13.6. The warranty for the work performed by Service Provider's subcontractors shall be limited by liability Service Provider's Subcontractor has before Service Provider. The responsible Party for handling of the warranty claims with Service Provider's subcontractor as well as way of such warranty claims handling is stipulated in the Section 39 of the Annex 2 - Engine Maintenance Agreement.
- 13.7. Service Provider shall assign to Customer, to the extent possible, any warranties it receives from manufacturers or suppliers of parts and materials.
- 13.8. OEM warranty handling shall be performed in accordance with the Section 40, Annex 2 – Engine Maintenance Agreement



14. EXPORT REGULATIONS

14.1. For the purpose of this Article 14 the word Material shall in addition to the definition of the term Material include any other kind of material, technical documentation, technology and know-how. Customer agrees to comply with any export requirement or restriction imposed by the United States of America, the European Union and any jurisdiction to which Customer may direct that any part is provided to, in each case that may be applicable to the services provided under this Agreement. The Parties agree that any export of Material pursuant to this Agreement may be subject to Export Control Laws. In respect of any Material supplied under this Agreement, the Party receiving the Material agrees not to (a) dispose of any Material subject to Export Control Laws other than in the country of destination, as identified in any government license or authorization for the relevant Material; and (b) lease, exchange or dispose of any Material subject to Export Control Laws to any country, company or individual that is either (i) required by Export Regulation Laws to hold a license to receive the Material (and does not hold the required license); or (ii) is prohibited from receiving a Material subject to Export Control License, as amended from time to time. Service Provider reserves the right to withhold or suspend the supply of any Material, the export of which is or becomes subject to special controls under Export Control Laws. The activities contemplated in this Agreement may be subject to export control licensing requirements which may change from time to time. Each party shall, upon request, provide reasonable assistance to the other Party in such Party's effort to obtain any applicable export license required for its exports. Service Provider does not guarantee the issuance of such licenses or approvals, or their continuation in effect once issued, and shall have no liability if any reason a government authority fails to issue or renew, or cancels any license or approval or delays in issuing or renewing any license or approval.



15. LIABILITY

- 15.1. Customer, its officers, directors and employees (the "Customer") agrees to indemnify, defend and hold harmless the Service Provider from and against all Claims, Losses, liabilities, damages, costs and expenses (including without limitation, reasonable attorney fees) which the Service Provider may suffer or incur arising out of or in relation to the Maintenance Services or otherwise in connection with this Agreement, except only to the extent caused by the negligence or willful misconduct of the Service Provider.
- 15.2. The Supplier agrees to indemnify, defend and hold harmless Customer from and against all Claims, Losses, liabilities, damages, costs and expenses (including without limitation, reasonable attorney fees) which Customer may suffer or incur arising out of or in relation to the Maintenance Services or otherwise in connection with this Agreement, except only to the extent caused by the negligence or willful misconduct of Customer.
- 15.3. Each Party shall take responsibility for any death of or injury to its own employees unless caused by the other Party's negligence or willful misconduct.
- 15.4. If either party becomes aware of a matter that might give rise to a claim per the above, the Party discovering such shall notify the other Party as quickly as possible, consult with the other party and offer reasonable assistance.
- 15.5. During the time Service Provider has actual physical possession of the Engine, Service Provider's liability is limited to actual physical damage to the Engine, up to the Engine's replacement value.
- 15.6. The Service Provider shall be responsible and liable for any Loss of or damage to the Engine or Loss of or damage to property of Customer or injury to or death of any person to the extent caused by the negligence or Willful Misconduct of the Service Provider.
- 15.7. The Service Provider warrants that no part of the Maintenance Services, including without limitation any Material, equipment, operation or software, will or does infringe any Intellectual Property right of any third party. The Service Provider shall indemnify, defend and hold harmless Customer against all Claims in any way asserted against Customer to the extent the same is based on a claim that the Maintenance Services or anything else related to this Agreement constitutes an infringement of any Intellectual Property rights.
- 15.8. In no event shall Service Provider or Customer or its subsidiaries or affiliates, have any liability for any indirect, incidental, special, consequential or punitive damages.



16. INSURANCE

16.1. Customer's (Re)Insurance

16.1.1. At all times during the term of this Agreement, Customer shall, at Customer's sole cost and expense, carry and maintain, or cause to be carried and maintained, (re)insurance in line with usual industry standards and with insurers (and reinsurer(s) as applicable) reasonably acceptable to the Service Provider; this (re)insurance shall include:

- i. Hull and Spares All Risk, including war and allied perils coverage. Under this (re)insurance Customer shall ensure that the applicable insurers/reinsurer(s) agree to waive any and all rights of subrogation against the Service Provider in accordance with this Agreement;
- ii. Passenger, baggage, cargo, mail and aircraft third party legal liability, plus general aviation legal liability (bodily injury and property damage) insurance including products legal liability. Under this (re)insurance Customer shall ensure that the applicable insurers/reinsurer(s) agree to add the Supplier as an additional insured for its respective rights and interests in accordance with this Agreement, along with severability of interest clause and that the (re)Insurance provided shall be primary and without right of contribution from any other insurance which may be available to the Supplier.

These liability insurances for a combined single limit shall be specified in an amount not less than the limit specified in Section 41 of Annex 2 – Engine Maintenance Agreement for any one occurrence, and in the aggregate for products and also for third party war and allied perils coverage.

16.1.2. Prior to the commencement of Maintenance Services Customer shall furnish the Service Provider with (re)insurance' certificates in forms reasonably satisfactory to the Service Provider, and certifying that all of the required insurance is in full force and effect and describing such insurance and the limits in reasonable detail.

16.1.3. The Service Provider shall be given thirty (30) days or (seven (7) days or such lesser period as is customary for War Risk coverage) prior written notice of cancellation or Material change of Customer's (re)insurance specified hereunder.

16.2. Service Provider's (Re)Insurance

16.2.1. At all times during the term of this Agreement, the Service Provider shall, at the Service Provider's sole cost and expense, carry and maintain (re)insurances in line with usual industry standards to cover its obligations under this Agreement, including, but not limited to, aviation general legal liability (bodily injury and property damage) insurance to cover hangar keepers, premises and products legal liabilities for a combined single limit of not less than the one specified in Section 42 of Annex 2 – Engine Maintenance Agreement for any one occurrence, and in the aggregate for products.

16.2.2. Prior to commencement of the Maintenance Services, the Service Provider shall furnish Customer with (re)insurance certificates, in forms and substance reasonably acceptable to Customer, certifying that all of the aforementioned insurance policies are in full force and effect and describing such (re)insurance and the limits in reasonable detail.

16.2.3. Customer shall be given thirty (30) days (seven (7) days for War Risk coverage) prior written Section of cancellation or Material change of this (re)insurance.

16.2.4. Title to the Engine, its equipment, components and Engine stand at all times remains with Customer or the owner of the Engine and Engine stand, as the case may be.

16.3. Other insurance provisions

16.3.1. Insurance for shipment and transport of Customer Furnished Material shall be carried out by the Party responsible for it according to INCOTERMS as per Section 45 of Annex 2 – Engine Maintenance Agreement.

16.3.2. Any self-insured retention, deductible or exclusion in any (re)insurance policy maintained by either Party shall be assumed by, for the account of, and at the sole risk of the Party which maintains the (re)insurance.



17. DURATION/TERMINATION OF THE AGREEMENT

17.1. Duration and Termination by either Party

17.1.1. This Agreement shall be legally binding and remain in force for the period and starting from the date as set out in Section 43 of Annex 2 – Engine Maintenance Agreement.

17.1.2. The Parties may terminate this Agreement upon mutual consent with not less than 3 months prior notice.

17.1.3. Either Party may give written notice to the other Party to terminate this Agreement with effect from the date stated in such notice or, if none, with immediate effect, if:

- i. The other Party ceases or threatens to cease to carry on its business or substantially the whole of its business;
- ii. The other Party stops or suspends making Payments of undisputed amounts or announces an intention to do so for a period of more than 30 days after the due date (whether of principal or of interest);
- iii. The other Party calls a meeting for the purpose of passing a resolution to wind it up, or such a resolution is passed, or a resolution is passed by the directors of the other Party to seek a winding up or administration order, or the other Party presents, or has presented, a petition for a winding up order, or presents, or has presented, a petition to appoint an administrator, or has an administrative receiver, or a receiver appointed over all or any part of its business, undertaking, property or assets (otherwise than for the purposes of a solvent amalgamation or reconstruction where the resulting entity is at least as creditworthy as the other Party and assumes all of the obligations of the other Party under this Agreement);
- iv. A secured lender to the other Party takes any steps to obtain possession of the property on which it has a security interest or otherwise to enforce its security interest;
- v. The other Party commits a material breach of its obligations under this Agreement which is incapable of being remedied; or
- vi. The other Party commits a material breach of its obligations under this Agreement (including incomplete work and work not performed at agreed and/or applicable standards) which is capable of being remedied and is not remedied within thirty (30) days from the receipt by the other Party of a written notice from the Party not in breach requiring the remedy of such breach. No Party shall, however, be liable for loss of profit or consequential damages arising as a result of such breaches described in this Article 17.1.3, unless otherwise mutually agreed to by the Parties in writing.

17.1.4. The premature termination of this Agreement by acts of the Parties, or otherwise, shall not relieve the Parties of any liabilities, obligations, expenses or charges accrued up to the date of such termination and all rights accruing to either Party up to the date of termination shall likewise remain in full force and effect.

17.2. Termination by the Service Provider

17.2.1. The Service Provider may terminate this Agreement by giving advanced written notice to Customer in the event that the Customer is at any time during the continuance of this Agreement required to take (or refrain from doing or taking) any action which may be contrary to any applicable law, or any order, regulation, approval or authorization of any government, quasi-government or regulatory body or authority to which it is subject.

17.2.2. If the Service Provider becomes entitled under Paragraphs 18.1.3 or 18.2.1 or in accordance with the applicable law to terminate this Agreement, then the Service Provider may at its option:

- i. Suspend provision of any or all of the Maintenance Services or complete the Maintenance Services; and/or
- ii. Take other reasonable steps as the Service Provider considers necessary or desirable to cause as little disruption as possible to the Service Provider's business; provided in each case the Service Provider notifies Customer in writing of its actions within 24 hours.

17.3. Termination by Customer



17.3.1. Customer may terminate this Agreement by giving advanced written notice to the Service Provider in the event that:

- i. The Service Provider and its contractors at any time during the continuance of this Agreement ceases to hold all necessary approvals and licenses to provide the Service, including any approval or license required by the relevant NAA.
- ii. The Service Provider shall be in default of this Agreement if: (a) the Service Provider refuses to implement any remedy provided for its failure to meet the TAT or other guarantees herein; (b) any representation made herein by the Service Provider was false in any respect when made or when treated as being made; (c) the Service Provider files a voluntary petition under any chapter of applicable bankruptcy laws or any involuntary petition under any chapter of applicable bankruptcy laws is filed against the Service Provider which is not dismissed within sixty (60) days after the date the petition was filed against the Service Provider; or (d) the Service Provider does not observe, perform, or comply with any other material provision of this Agreement which, if curable, is not cured by the Service Provider within thirty (30) days from the date Customer notifies the Service Provider of such default.

17.3.2. At any time following the occurrence of a default by the Service Provider, after the expiration of any applicable cure periods, the Service Provider has not cured the default, Customer may take one or more of the following actions: (a) terminate this Agreement; or (b) have Maintenance Services not being performed by the Service Provider performed by another maintenance provider. If this Agreement is terminated in accordance with this Section, the Service Provider shall refund to Customer, within thirty (30) days after the date of such Termination, the full amount of all Payments made for Maintenance Services not yet received by Customer. In addition, Customer may pursue any other remedy it may have at law or in equity.

17.4. Consequences of Termination

17.4.1. Upon Termination of this Agreement for whatever reason of its expiry, each of the Parties shall as soon as reasonably practicable return to or make available for collection by the other Party and at the other Party's sole cost:

- i. All confidential information of the other Party in its possession at the date of termination or expiry, together with copies thereof or, if the other Party so requests in writing, destroy and make no further use of such confidential information;
- ii. All tooling and equipment of the other Party in its possession at the date of termination or expiry and make no further use of such tooling and equipment.

17.4.2. The Service Provider shall as soon as reasonably practicable, following termination or expiry, return to Customer or make available for collection by Customer the Engine and any unused Materials belonging to Customer which are in the Service Provider's possession.

17.4.3. The expiration or Termination of this Agreement, however arising, shall not affect those terms of this Agreement which are expressed to operate or have effect after the Termination of this Agreement without prejudice to any right of action already accrued to either Party in respect of any breach of this Agreement by the other Party.

17.4.4. In the event of early Termination of this Agreement for any reason attributable to Customer, Customer shall pay the Service Provider for all the Maintenance Services performed up to the date of such termination and the cost of any commitments undertaken by the Service Provider which cannot be cancelled, recovered or otherwise utilized by the Service Provider.

17.4.5. No remedy referred to in this Article 17 or in any other part of this Agreement is intended to be exclusive, but each shall be cumulative and in addition to any other legal remedy referred to above or otherwise available to either Party.

17.4.6. Prior to or upon termination, the Service Provider shall return to Customer all Maintenance Records produced by the Service Provider, or required to be produced, relating to the Maintenance Services performed on the Engine



18. GOVERNING LAW AND ARBITRATION

18.1. Governing Law

18.1.1. This Agreement and any legal matters which may arise out of it or in connection herewith shall be subject to, construed and interpreted exclusively in accordance with the laws indicated in Section 44 of Annex 2 – Engine Maintenance Agreement.

18.2. Arbitration

18.2.1. Any dispute or difference arising between the Parties as to the construction this Agreement, or any other matter or thing arising hereunder or in connection therewith shall in the first instance be settled by the Parties in good faith through friendly negotiations.

18.2.2. If the Parties are unable to resolve any claim, disagreement or dispute within sixty (60) days after one Party has given written notice to the other Party of any claim, disagreement or dispute, either Party may require the issue to be settled by arbitration in accordance with the rules of the arbitration institute indicated in Section 44 of Annex 2 – Engine Maintenance Agreement, which rules are deemed to be incorporated by reference into this clause.

18.2.3. Prior to starting Arbitration proceedings the work in question may, by mutual agreement, be submitted to a relevant manufacturer for judgment in order to enable the Parties to settle any claim, disagreement or dispute in good faith.

18.2.4. The arbitration proceedings shall be held in the location and conducted in the language specified in the Section 44 of Annex 2 – Engine Maintenance Agreement. The arbitral award shall be final and binding upon both Parties. The total arbitration costs shall be borne by the Parties equally unless the arbitrator determines that the conduct of either Party is such that either one of the Parties should bear all or a greater proportion of the arbitration costs.

18.2.5. Pending the final resolution of any dispute, the Service Provider shall proceed with the performance of the undisputed order(s) according to Customer's instructions and according to this Agreement so long as Customer continues to pay the amounts not in dispute.



19. FORCE MAJEURE

19.1. Non-liability of the Parties

19.1.1. Neither Party shall be liable for failure to perform its obligations (excluding payment of obligations) under this Agreement if such a failure is caused by events including but not limited to the following:

- i. Fires;
- ii. Typhoons;
- iii. Floods;
- iv. Explosions;
- v. Earthquakes;
- vi. Epidemics or quarantines;
- vii. Riots;
- viii. Insurrections;
- ix. Acts of public enemy;
- x. Wars;
- xi. War-like operations;
- xii. Any act of Government or any regulation, including economic sanctions, affecting directly or indirectly an Engine, either Party hereto or any Materials or facilities;
- xiii. Terrorism; and
- xiv. Any other event beyond the reasonable control of either Party.

19.1.2. For the avoidance of doubt, any failure by a Subcontractor of the Service Provider to perform shall not be considered beyond the reasonable control of the Service Provider for the purposes of this Article, unless such failure falls under the cases described in Paragraph 20.1.1 above.

19.2. Management of force majeure events

19.2.1. Should either Party be prevented from performing in whole or in part its obligations under this Agreement by cases of force majeure, the affected Party shall notify the other Party in writing promptly and provide a detailed description of the events, explaining the reason for its inability to perform or its Delay in performance.

19.2.2. In cases of events caused by force majeure, the affected Party shall:

- i. Use commercially reasonable efforts to mitigate or limit damages to the other Party;
- ii. Use commercially reasonable due diligence to overcome force majeure;
- iii. except as prevented by the force majeure event, continue to perform its obligations under this Agreement; and
- iv. Cause any suspension of its performance to be of no greater scope and of no longer duration than the force majeure requires.

19.2.3. If performance of the Maintenance Services is delayed or hindered for a substantial period of time, Customer may, without being in breach of any obligation:

- i. At its own cost and expense, have the Maintenance Services performed by another service provider until the Service Provider as per this Agreement restores its capability to perform the Maintenance Services; or
- ii. Terminate the Agreement or the applicable part of the Work Package.

19.2.4. In cases of Delay affecting the schedule for the performance of Maintenance Services by the Service Provider, it shall develop a commercially reasonable schedule for performing the delayed Maintenance Services as soon as practicable without discriminating against Customer in favor of the Service Provider's other top-tier customers.



20. AGREEMENT CHANGES, ASSIGNMENT AND CONFIDENTIALITY

20.1. Agreement Changes

20.1.1. This Agreement shall not be varied in terms or amended except by an instrument in writing explicitly termed as an amendment and signed by a duly authorized executive of both contracting Parties and dated as of or subsequent to the date of this Agreement. Additional letter agreements executed by authorized representatives of both Parties during the period of this Agreement shall become part of this Agreement.

20.1.2. Verbal agreements reached during the period of this Agreement shall not be binding upon either Party except to the extent mutually confirmed in writing and duly signed by authorized executives.

20.2. Invalidity / unenforceability of terms

20.2.1. If any term or condition of this Agreement shall to any extent be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby and each other term and condition shall be valid and enforceable to the fullest extent permitted by law.

20.3. Assignment

20.3.1. Neither Party shall cede, assign, delegate or in any other manner transfer any of its rights and/or obligations under this Agreement without the prior written consent of the other Party whose consent shall not be unreasonably withheld, provided if either Party is merged, consolidated or sold, or if either Party sells or transfers all or substantially all of its assets relating to the use of the aircraft, either Party shall have the right to transfer its rights and obligations under this Agreement to the surviving or buying entity, provided that this Party shall not be relieved of its obligations hereunder, and the successor must assume the terms and conditions of this Agreement in a manner reasonably acceptable to the Service Provider. Notwithstanding the above, the Service provider may, upon at least thirty (30) days' notice to Customer, change the bank to which Payments hereunder should be made or assign its right to receive money to any bank or related entity based in the same jurisdiction as Service Provider; in any such case provided that Customer does not incur any additional fees or charges as a result.

20.3.2. Customer may assign its rights under this Agreement (or any part thereof including the Warranty set forth in Article 13 to any subsequent owner or lessee of any aircraft or engine in respect of which the Service Provider has performed any work under this Agreement.

20.4. Confidentiality

20.4.1. Confidential Information shall mean any information or material proprietary to or treated as confidential by the disclosing party, whether in written, oral or other tangible or intangible form, including, but not limited to, information concerning the business, operations, projects, technologies and affairs of the disclosing party that has been or may be disclosed by the disclosing party (or its directors, officers, employees, agents, advisers or other representatives) to the receiving party (or its directors, officers, employees, agents, advisers or other representatives), including the provisions of this Agreement and any and all documents and information regarding or relating to this Agreement, wholly or partly which is marked as confidential by either party. Confidential Information shall not include information which (i) is or becomes publicly known or within the public domain without the receiving party's breach of this Agreement; (ii) was known to the receiving party prior to its receipt thereof from the disclosing party; (iii) has been or is lawfully obtained by the receiving party from third parties without an obligation of confidence to the disclosing party; (iv) has been or is subsequently independently conceived or discovered by the receiving party; (v) is approved for release by written authorization of the disclosing party; or (vi) is required to be disclosed pursuant to a requirement of law or government agency, in which event the receiving party shall give prompt written notice to the disclosing party of such requirement.

20.4.2. Proprietary Information is defined as sensitive information such as technical data and other information (including but not limited to descriptions, drawings, compositions, business and financial information, or computer software) originated by or peculiarly within the knowledge of a company, which is not generally available to others third party and is declared by such company as proprietary



information and which is identified as proprietary by the Company in accordance with the following guidelines:

- i. When in writing, Proprietary Information shall be clearly and conspicuously marked by appropriate stamp or legend by the Company as Proprietary information;
 - ii. When orally, Proprietary Information shall be identified as Proprietary Information; within thirty (30) days of disclosure, the Company shall reduce the oral discussion to written form, mark it as proprietary, and deliver it to the receiving third party;
 - iii. When in the form of magnetic recording or some other machine-readable form, Proprietary Information shall be identified as Proprietary Information when transmitted; if possible, the container and form of the information shall be clearly and conspicuously marked by the Company as proprietary; within thirty (30) days of disclosure, the Company shall confirm the disclosure and specifically identify the Proprietary Information disclosed; any physical embodiment of such information shall be clearly and conspicuously marked as the proprietary information of the disclosing Party.
- 20.4.3. Each Party shall maintain in strict confidence, and shall not disclose to any third party without prior written consent of the other Party all information (including Confidential Information), whether technical or commercial, obtained or received by it as a result of entering into or performing its obligations under this Agreement and relating to the negotiations relating to, or the provisions or subject matter of, this Agreement.
- 20.4.4. The confidentiality provisions of this Article apply to and also protect Confidential Information of third Parties, involved in execution of this Agreement or having any commercial, legal, administrative, and financial or any other business relationship with any of the Parties in reference to this Agreement.
- 20.4.5. Each Party may disclose Confidential information if but only to the extent, that:
- i. Such disclosure is required by law or by any securities exchange or regulatory or government body having jurisdiction over it, wherever situated, and whether or not the requirement has the force of law;
 - ii. The Confidential Information was lawfully in such Party's possession prior to its disclosure by the other Party (as evidenced by written records) and had not been obtained from the other Party;
 - iii. The Confidential Information was in the public domain at the time of such disclosure or use;
 - iv. The Confidential Information was independently developed by a Party; or
 - v. The Confidential Information became known without restrictions to a Party from a source other than the other Party without breach of this Agreement.

20.5. Survival

Articles 13 – 16, 18, and 20 of this Agreement shall survive the termination or expiration of this Agreement in addition to any provisions that by their nature should, or by their express terms do, survive or extend beyond termination or expiration of this Agreement.



21. REPRESENTATIONS

21.1. Each Party represents and warrants to the other that the person executing this Agreement on its behalf has the full authority to so execute on behalf of such Party.

21.2. Each Party represents and warrants that it is a company duly incorporated or amalgamated under the laws of the jurisdiction in which it is incorporated or amalgamated, has the legal right to enter into this Agreement, and that this Agreement has been duly executed and delivered.



22. MISCELLANEOUS

22.1. No Third-Party Beneficiaries

This Agreement shall not confer any rights or remedies upon any person other than the Parties hereto and their respective successors and permitted assigns and no third party may seek to enforce any of the terms hereof.

22.2. Time is of the Essence

With regard to all dates and time periods set forth in this Agreement, time is of the essence.

22.3. Notices

Whenever any notice is required or permitted to be given by either Party to the other, such notice shall be in writing and be delivered or sent by mail, express delivery, telex, E-Mail, or facsimile transmission to the respective Parties at the addresses provided in Section 33 of Annex 2 – Engine Maintenance Agreement. Such notices shall be effective from the date of receipt in the case of letter, from the date of appropriate answer back in the case of telex, or from the date of telephone acknowledgement in the case of facsimile transmission. Change of addresses, telex numbers or facsimile numbers may be accomplished by written notice to either Party without changing the Agreement.

22.4. Publicity

Neither Party shall, without the other Party's prior consent in each instance use in advertising, publicity or marketing communications of any kind the name or other trademarks of the other Party or represent, directly or indirectly, any product or service provided by a Party.

22.5. Complete agreement

This Agreement constitutes the final agreement between the Parties. It is the complete and exclusive expression of the Parties' agreement on the matters contained in this Agreement. Therefore all prior contemporaneous negotiations and agreements between Parties on the matters contained in this Agreement are expressly merged into and superseded by this Agreement.

22.6. Attachments, Precedence

Every Annex to this Agreement and Customer Workscope is an integral part of this Agreement and is incorporated into this Agreement. In the event of any conflict between the terms of this Agreement and the terms of any purchase order, invoice or any other similar documentation issued in connection with the transactions contemplated under this Agreement, the terms of this Agreement governs and controls.

22.7. Savings Clause

If any of this Agreement is determined to be invalid, illegal or unenforceable, the remaining provisions of this Agreement remain in full force if the essential terms and conditions of this Agreement for each Party remain valid, binding and enforceable



ANNEX 1 – CUSTOMER WORKSCOPE

I. ENGINE WORK SCOPE¹⁾

ENGINE BUILD-UP STANDARD FOR THE ENGINE OPERATIONAL THRUST		[***] Engine Cycles	
Engine Module No.	Engine Module Name	Workscope ²⁾	Note ³⁾
21	Fan and Booster		
22	Fan Shaft		
23	Fan Frame		
31	HPC Rotor		
32	HPC Front Stator		
33	HPC Rear Stator		
41	Combustion Chamber		
42	Combustion Case		
51	HPT Nozzle Guide Vanes		
52	HPT Rotor		
53	LPT Stage 1 Nozzle Guide Vanes		
61	Inlet Gearbox		
62	Accessory Gearbox		
63	Transfer Gearbox		
75	QEC Mechanical		
76	QEC Electrical		
81	Components		

II. SERVICE BULETINES TO BE INCORPORATED, IF APPLICABLE

SERVICE BULETINE NO.	SERVICE BULETINE CATEGORY	SERVICE BULETINE NAME

III. COMPONENTS WORKSCOPE (IF APPLICABLE)

NAME	PART NUMBER	WORKSCOPE ⁴⁾

NOTES:

¹⁾ WS template given for reference modules No and names can vary for other engine types

²⁾ following WS types are recommended for use

- General visual inspection (applicable for low workscope engines for not-exposed modules if allowed by OEM);
- Minimum (in accordance with OEM WSPG definition)
- Repair (applicable when engine removed due to specific defect and limited repair for rectification of such defect to be performed)
- Performance (in accordance with OEM WSPG definition)
- Overhaul/Full/Heavy (in accordance with OEM WSPG definition)

For QEC and Components following WS levels are recommended:

- General Visual Inspection;
- In accordance with OEM WSPG recommendation for Performance Restoration/Overhaul (Full, Heavy) workscope;



- Workscope specifically determined

³⁾ Notes to be used if any specific additional work in addition to the specified WS to be incorporated (i.e. for mod 21 General Visual Inspection – Fan Blades Lubrication)

⁴⁾ for components following workscope types can be applicable:

- General Visual Inspection;
- Functional Test (during Engine Test in the Test Cell);
- Bench Test;
- Repair (if specific known repair need to be incorporated to rectify defect);
- Overhaul;



ANNEX 2 – ENGINE MAINTENANCE AGREEMENT

PART I – ENGINE MAINTENANCE AGREEMENT [NUMBER, DATE, IF APPLICABLE]

This Agreement is stipulated between

[COMPANY NAME] having its legal address at [COMPANY ADDRESS] represented by [NAME], [POSITION], respectively referred to as Customer and

[COMPANY NAME] having its legal address at [COMPANY ADDRESS] represented by [NAME], [POSITION], respectively referred to as the Service Provider

Entering into the force since – Effective date: [date]

This Agreement refers to and incorporates the terms of IATA Document No. 2016-01 MASTER ENGINE MAINTENANCE AGREEMENT ([Master EMA, 2016])

This Agreement modifies the Master EMA, and, as so modified, constitutes a single contract applicable to Engine Maintenance of Engine(s) detailed below

PART II – REFERENCED PROVISIONS

1. Engine type:	2. Engine Serial #:
3. Engine Operational Thrust: lbs	4. Turn Around Time:
5. TAT Exceedance Penalty/TAT exceedance penalty cap: [per Day or fixed amount, Maximum Penalty/Cap in Days, alternative way of coverage, like lease engine expenses coverage]	
6. Maintenance Base Location:	
7. Customer NAA:	
8. Certification: FAA Certificate #: EASA Certificate #: Customer NAA Certificate # (if applicable):	
9. EGT Margin Guarantee: [degrees Celsius for specific thrust rate defined]	
10. EGT Margin Guarantee ceiling (percentage of the factory new EGTM):	
11. Contractual EGT Margin Acceptable Deviation:	
12. EGT Margin Remedy: a. [per degree Celsius, Maximum Penalty/Cap in degrees Celsius] b. re-induction if EGT Margin degrees Celsius less than EGT Margin Guarantee	
13. Time on Wing Guarantee a. Guaranteed Cycles: b. Time On-Wing Guarantee Monetary Compensation Ceiling:	
14. Engine Delivery Condition: [conditions as per Incoterms 2010] [place of delivery] as per Incoterms 2010	
15. Engine Delivery Condition: [conditions as per Incoterms 2010] [place of delivery] as per Incoterms 2010	
16. Customer's Compensation for Engine Transportation: [credit, transportation arranged and paid, etc]	
17. Party responsible for Engine insurance during Engine transportation:	
18. Engine pick-up timeframe:	



19. BER limit:
20. CLP value of parts where scrap replacement to be approved by Customer:
21. Scrap Materials retention period:
22. Currency of the Agreement:
23. First labor price adjustment date:
24. Recurrent labor price adjustment date:
25. Labor Price Annual Adjustment Formula:
26. First Material Price Adjustment Date:
27. Recurrent Materials Price Adjustment Date:
28. Engine test cell run fee annual adjustment formula/index:
29. NTE Price / Fixed Price First Adjustment Date:
30. Recurrent Fixed Price/NTE Price Adjustment Date:
31. Fixed Price / NTE Price annual adjustment policy:
32. Payment Scheme (installments and deadlines): [For example: Advance Payment (if any): to be paid within – Estimated invoice: issued - , to be paid within – Final invoice: issued - , to be paid within -]
33. Notices and Communication (contact person of Customer and Service Provide shall be indicated):
34. Service Provider Legal address and Bank Details:
35. Late Payment Charge / Default Interest rate:
36. Invoice dispute submittal period:
37. Warranty: [Flight Hours, Flight Cycles, months]
38. Additional remedy related to the workmanship warranty (if any):
39. Warranty claims to Service Provider Subcontractors to be handled by:
40. OEM warranty handling policy
41. Combined liability limit for Customer’s insurances:
42. Combined liability limit for Service Provider’s insurances:
43. Agreement effective date and duration period:
44. Governing Law and Arbitration, legal language:
45. Customer’s Furnished Material Shipment Insurance:

PART III – OTHER MODIFICATIONS TO MASTER ENGINE MAINTENANCE AGREEMENT:

[Refer to an Article of Master EMA and describe deviation or Modification]
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Each Party represents and warrants to the other that the person executing this Agreement on its behalf has the full authority to so execute on behalf of such Party. This Agreement and any amendments to it may be executed by exchange of counterparts by facsimile or other electronic means, including by exchange of sig-nature pages in PDF form.



IN WITNESS WHEREOF the contracting Parties hereto have caused this Agreement to be executed by their authorized executives in two (2) originals.

For and on behalf of Customer: Date: _____ Name: _____ Position: _____ Signature: _____	For and on behalf of the Service Provider: Date: _____ Name: _____ Position: _____ Signature: _____
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Core removal/reinstallation	
Fan and Booster removal/reinstallation	
Fan Shaft removal/reinstallation	
Fan Frame removal/reinstallation	NIL
HPC Rotor removal/reinstallation	NIL
HPC Front Stator removal/reinstallation	
HPC Rear Stator removal/reinstallation	
Combustion Chamber removal/reinstallation	NIL
Combustion Case removal/reinstallation	
HPT Nozzle Guide Vanes removal/reinstallation	
HPT Rotor removal/reinstallation	
LPT Stage 1 Nozzle Guide Vanes removal/reinstallation	
Inlet Gearbox removal/reinstallation	
Accessory Gearbox removal/reinstallation	
Transfer Gearbox removal/reinstallation	

b) Specific workscope levels

Engine Module No.	Engine Module Name	Fixed Routine Labor Pricing			
		Minimum level	Performance level	Overhaul level	[OTHER]
21	Fan and Booster				
22	Fan Shaft				
23	Fan Frame				
31	HPC Rotor				
32	HPC Front Stator				
33	HPC Rear Stator				
41	Combustion Chamber				
42	Combustion Case				
51	HPT Nozzle Guide Vanes				
52	HPT Rotor				
53	LPT Stage 1 Nozzle Guide Vanes				
61	Inlet Gearbox				
62	Accessory Gearbox				
63	Transfer Gearbox				

III. Fixed Pricing for In-house Repairs:
Reference (web link, reference to the documents etc.): [***]

IV. Test Cell Pricing:

[***]	Including preparation/de-preparation for test, fuel, oil, test cell usage, labor, BSI
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V. Time and Materials Pricing:



Mechanic MH rate	[***]
Engineering MH rate	[***]
New Materials	CLP price plus [***] % handling charge capped at [***] per item and [***] line item
BER level	[***]
Used Materials	[***] % of CLP plus [***] % handling charge capped at [***] per item and [***] line item
New Life Limited Part	CLP price plus [***] % handling charge capped at [***]. per item
Repaired Life Limited Part	[***]% of Prorated Value of LLP as per formula below plus [***] % handling charge capped at [***] per item Prorated Value of LLP = CLP * remaining cycles / OEM authorized cycle limit
Subcontracted services	Subcontractor invoice plus [***] % handling charge capped at [***] per invoice
Parts Exchange used to used part, non-LLP	[***] % of CLP plus [***] % handling charge capped at [***] per item and [***] line item plus repair cost of unserviceable part
Parts Exchange unserviceable to repaired Part, non-LLP	[***] % of CLP plus [***] % handling charge capped at [***] per item and [***] line item plus repair cost of unserviceable part plus [***] of CLP for the difference in value between the new part and replaced part.
LLP Parts Exchange	Prorated Value of LLP according to the formula above for the exchange (new or repaired) part minus Prorated Value of LLP for the unserviceable part plus [***] % handling charge on the calculated Prorated Value of LLP according to the formula below capped at [***] per item. Note: the exchange fee can be both debit and credit.
Customer Furnished Materials	[***]% of CLP plus [***]% handling charge capped at [***] per item and [***] line item Minimum applied CLP per item is [***]
Storage Fee	[***] per Day

VI. Special Pricing:
[***]



ANNEX 4 – ENGINE DOCUMENTS

1. Documentation to be provided by Customer to Service Provider prior to induction of the Engine

ITEM	DESCRIPTION OF DOCUMENTS REQUIRED FOR SHOP INDUCTION	APPLICABLE (YES/NO)	PREFERED FORMAT OF DATA	DATE OF DOCUMENT DELIVERY
1	Customer Purchase Order			
2	AD Status & SB Status of each shop visit including ADs and SBs performed since last shop visit			
3	Customer Workscope Request (specify work to be carried out, including but not limited to SB, AD, and LLP Build Life Requirement)			
4	Signed LLP Sheet (Status at Engine Removal)			
5	Back to birth history (thrust rating, duration of assignment for specific thrust rating) for each LLP if such LLPs will be changed and/or rating change take place during shop visit			
6	Acceptance using FAA DER Approved Repairs /PMA			
7	Engine change/removal report with indication of Reason for Removal, Removal date and total accumulated hours and cycles up to date			
8	Non-Incident Statement			
9	Engine Data Submittal from Birth			
10	Components list			
11	Last Shop Visit Report (with modules serial number total time and total cycles accrued to date)			
12	Powerplant Build-up Manual			
13	Wiring Diagram Manual			
14	Aircraft Maintenance Manual			

2. Service Provider shall deliver the following documents to Customer after completion of the Engine Shop Visit, under the provision that the necessary documentation listed in the Article 1 of this Annex 4 has been provided from Customer to the Service Provider.

ITEM	DESCRIPTION OF DOCUMENTS REQUIRED FOR SHOP INDUCTION	APPLICABLE (YES/NO)	PREFERED FORMAT OF DATA	DATE OF DOCUMENT DELIVERY
1	Certificate of release to service (EASA Form 1 and / or FAA Form 8130)			
2	Engine Preservation and serviceable tag			



3	Engine Component list			
4	Missing Parts list			
5	LLP time and cycle assignment			
6	The remaining hours and cycle to go of all LLP as of completion of the Engine Shop Visit and the back to birth history (thrust rating, duration of assignment for specific thrust rating) of all exchanged, replaced and thrust rating changed LLP			
7	On-log of Engine, module and parts inventory			
8	Fan blade distribution sheet			
9	Engine AD status at completion of the Shop Visit and Engine SB list which have been carried out during the Shop Visit			
10	ETOPS status (only if applicable)			
11	Engine test summary log			
12	Borescope inspection and filters inspection results after outbound test			
13	Engine shop visit report			
14	Workscope escalation history			
15	Scrap report			



ANNEX 5 – NATIONAL HOLIDAYS

[National holidays of Service Provider when Service Provider's facility is closed to be defined with dates where applicable]



ANNEX 6 – AUTHORITIES REQUIREMENTS [EASA JURISDICTION EXAMPLE]

This Annex 6 is compiled in order to comply with the requirements as laid down in EASA Part M [the latest reference to be specified]

1. LOCATION IDENTIFIED FOR THE PERFORMANCE OF MAINTENANCE SERVICES UNDER THIS AGREEMENT IS AS FOLLOWS:

[Service Provider facility location as per EASA certificate to be specified]

Service Provider holds authorization to perform such tasks under EASA Approval EASA No. [***] and FAA Air Agency Certificate No: [***], [NAA] Approval [***]

2. SUBCONTRACTING

Service Provider has the right to forward parts of Engines and Accessories to third parties (approved/accepted in accordance with EASA Part 145) for execution of the work required in case the work to be performed on them pursuant to this Agreement cannot be executed by Service Provider for any reason. Any such subcontracted work shall be controlled to the requirements of applicable directives Ref: EASA Part 145.[reference to EASA guideline to be inserted]. Customer/NAA will be granted full access to quality information concerning the Subcontractors involved in this Agreement.

3. MAINTENANCE PROGRAM

All work performed by Service Provider on Engines operated by Customer shall be performed in accordance with Customer's approved engine maintenance program, the OEM Engine Shop Manual and associated publications and bulletins published by the respective manufacturer or other technical data approved by the NAA. Customer shall accept the use of Service Provider's in-house engineering documents pertaining to Service Provider airworthiness data, the engineering repair manual and engineering process standard manual.

4. QUALITY MONITORING

- 4.1 Service Provider will permit access by Customer to its premises, maintenance records and personnel for the performance of quality surveillance and audits which Customer is required to perform for the purposes of obtaining/maintaining their operator approval, and will document the non-conformities and the appropriate corrective action within the agreed upon period.
- 4.2 Customer shall discuss the nonconformities with Service Provider. Customer and Service Provider must mutually agree on the content of the nonconformity and Customer shall then notify Service Provider in writing of the nonconformity.
- 4.3 Any tasks performed by Service Provider under this Agreement which constitute part of the EASA Part M maintenance management responsibility of Customer will be subject to monitoring, as required, by Customer's quality system.
- 4.4 Service Provider shall incorporate into its quality system auditing program any EASA Part M responsibility delegated by Customer to Customer.



5. AIRWORTHINESS DATA

The airworthiness data to be used in the execution of this Agreement is as follows:

- 5.1 Customer's approved Engine maintenance program as approved by the EASA and/or NAA.
- 5.2 Type Certificate Authority and NAA Airworthiness Directives supplied by Customer.
- 5.3 The then-current OEM Engine Shop Manual to be supplied by Service Provider.
- 5.4 Any other technical data approved by the EASA and/or NAA.

6. AIRWORTHINESS DIRECTIVES

The ADs which must be applied to the Engines are those published by the Type Certificate Authority or applicable NAA. The responsibility for AD compliance rests with Customer, as the operator of the Engines, and Customer shall supply all Engine documents specified in the Annex 4 for each Shop Visit.

7. SERVICE BULLETINS AND MODIFICATIONS

- 7.1 Service Provider shall obtain from Customer all relevant service information for the Engine as published by the respective manufacturer. Customer shall ensure that it transmits promptly to Service Provider any service information it receives directly from the manufacturers unless both parties establish that Service Provider possesses such information.
- 7.2 SB compliance is Customer's responsibility but an SB baseline is provided in Customer's Engine maintenance program and any additional SB compliance shall be agreed upon prior to or during the Shop Visit.
- 7.3 Service Provider reserves the right to recommend SBs determined to be performance or reliability enhancing but it is Customer's responsibility to determine whether it will incorporate the SBs.

8. COMPONENT CONTROL

The control of component lives is Customer's responsibility and Customer shall advise Service Provider of any component changes required during the Shop Visit in accordance with Customer's Engine maintenance program.

9. LIFE LIMITED PARTS

- 9.1 Customer is responsible for the control of LLPs and shall maintain continuously updated records of the LLP status of the Engines and inform Service Provider on a regular basis such that Service Provider, jointly with Customer, can effectively plan for tasks to be carried out when they become due.



- 9.2 Service Provider shall provide Customer with the necessary information about the LLP removal/installation so that Customer can update its records in accordance with Article 13 of this Annex 6.

10. SCHEDULED MAINTENANCE – DOCUMENTATION

Customer shall be solely responsible for planning and controlling scheduled Shop Visits in accordance with Customer's Engine maintenance program. For each Engine Shop Visit Customer shall supply Service Provider with all Engine Documentation in accordance with Annex 5. If Service Provider determines, for any reason, to defer a maintenance task, the deferment shall be approved by Customer, such approval not to be unreasonably withheld. If the deferment goes beyond an approved limit, the procedure set forth in Article 12 of this Annex 6 (Deviation From the Engine Maintenance Program) shall apply.

11. UNSCHEDULED MAINTENANCE – DEFECT RECTIFICATION

- 11.1 Service Provider shall perform unscheduled defect rectification in accordance with the OEM Engine Shop Manual or other Approved Technical Data. Major repairs shall be discussed with Customer.
- 11.2 Any major repair outside the OEM Engine Shop Manual shall be discussed with Customer for its approval (such approval not to be unreasonably withheld) and incorporation. Deferment of any unscheduled maintenance shall be submitted to Customer and, if applicable, to its NAA.
- 11.3 Service Provider shall, at Customer's request, and based on availability, provide on-wing support personnel, on a Time and Material basis, to rectify defects or tasks of an unscheduled nature. The personnel shall be under the direct control of Customer who shall provide the final Certificate of Release to Service ("CRS") after satisfactory completion of tasks.

12. DEVIATION FROM THE ENGINE MAINTENANCE PROGRAM

- 12.1 Service Provider will support Customer with technical justification for all variations or deviations from the schedule of maintenance where the Engine maintenance program allows for such a provision and where approval of such a change is required from the EASA and/or NAA.
- 12.2 Customer must obtain approval from the EASA and/or NAA for any deviation or variation to the Engine maintenance program.
- 12.3 Customer will not effect any permitted variations or deviations without notifying Service Provider.

13. MAINTENANCE RECORDING

- 13.1 Customer shall supply Service Provider with a completed Engine Documentation list as per Annex 4.
- 13.3 Following completion of the Maintenance Services, and redelivery of the Engine to Customer, Service Provider shall provide Customer with documentation and reports specified in Annex 4.



13.4 Service Provider will keep all the records of maintenance and records of LLPs during the term of this Agreement and for a period of at least two (2) years after this Agreement has expired. Such records shall be maintained in either a hardcopy form or an electronic form as approved by the EASA and/or NAA.

14. MEETINGS

Regular meetings shall be held between Customer and AG. These meetings may encompass the following subjects: technical aspects, workscope planning, final workscope at table inspection and quality control.

15. REPRESENTATION

Customer's representative

Customer may send to Service Provider Facility as defined in the Article 1 of this Annex 6 one (1) representative for an agreed period of time during the performance of the Maintenance Service. Customer's representative shall be qualified and authorized to agree to the performance of any Additional Work. Service Provider shall provide Customer's representative with (i) appropriate office space and (ii) access to communication facilities, at no costs involved for Customer. Customer shall pay all costs of such representative including travel and accommodation. Customer shall be responsible for all visas. Service Provider shall reasonably support Customer in obtaining permission to access to the facilities from the competent authorities; however Service Provider shall not be responsible if such Permission is delayed or not granted.

16. ACCESS FOR CIVIL AVIATION AUTHORITY INSPECTORS

Service Provider shall allow inspectors of Customer's NAA reasonable access during normal business hours to its facilities to perform audits or to inspect the work on Engines. If such inspectors require Service Provider to do any Additional Work or to alter or vary the scope of services, these services will only be provided with the prior written approval of Customer in accordance with the terms of this Agreement.



ANNEX 7 – PARTS WITH LIMITATION AND RESTRICTION

- a) List of OEM Alternative Parts approved for use during Engine Shop Visit

Part Number/ Part Name / Part Group	Note

- b) List of DER / DOA repairs approved for use during Engine Shop Visit

Part Number / Part Name/ Part Group	Repair Type	Repair facility	Note

- c) List of Customer Furnished Materials

Part Name	Part Number	Quantity	Condition

- d) List of parts where scrap replacement require prior Customer approval / special instruction

Part Number / Part Name/ Part Group	Note / special instruction

- e) List of parts not eligible for exchange or where exchange require special instruction

Part Number / Part Name/ Part Group	Note / special instruction



ANNEX 8 - INCIDENT/ACCIDENT CLEARANCE STATEMENT

(ON COMPANY LETTERHEAD)

Date

Incident/Accident Clearance Statement

To Whom It May Concern:

Engine serial number [insert ESN], details of which are specified below, has been operated by [insert company name] during the period from [insert delivery date] to [insert redelivery date].

Configuration details as of date of this statement;

Description	Type/Part No.	Serial No.	TSN	CSN
Engine				

I hereby certify that, to the best of my knowledge, during the period stated above:

1. Neither the engine, nor any part installed have been
 - a. damaged during, or identified as the root cause of, a reportable incident or accident as defined by Annex 13 to the Chicago Convention, or
 - b. subjected to severe stress or heat (such as in a major engine failure, accident, or fire) or has been submersed in salt water,unless its airworthiness status was re-established by an approved maintenance organization in accordance with the applicable airworthiness regulations and instructions of the type certificate holder and/or OEM of the part, and supported by an authorized airworthiness release certificate.
2. No part has been installed on the engine which was obtained from a military source or was previously fitted to a state aircraft as deemed by Article 3 of the Chicago Convention.

Authorized Airline Representative

Signature: _____

Name: _____

Position: _____

Note: Please see also the Guidelines for understanding the Incident / Accident Clearance Statement (ICS) associated with this form.