



CFM CONDUCT POLICIES

PREAMBLE

The goal of these Conduct Policies, which have been framed and agreed upon with IATA, is to set out the core policies or guidelines that CFM apply in its aftermarket practices, in particular in relation to non-OEM competition. CFM is committed to the spirit and the letter of these Conduct Policies, expects their communication will facilitate their awareness among CFM's customers, and supports IATA's intention to expand the application of these policies to other stakeholders in the aerospace industry. The Conduct Policies are designed to foster robust and open competition on the merits in relation to the jet engines aftermarket practices.

The Conduct Policies reaffirm the applicable EASA/FAA regulations, including on the responsibilities of the various actors in the industry. They also aim at continuously promoting an open competitive aftermarket for parts and services in relation to all CFM engine models, through the issuance of transparent statements and processes in compliance with applicable laws and regulations, in all aspects such as licensing, warranties, servicing, technical support, repairs, communication and contracting.

This Preamble should be read and understood in conjunction with the provisions of the accompanying Conduct Policies and Implementing Measures. It does not create any legally enforceable obligation by CFM, or grant any right to IATA, its members or any third party, beyond the rights and obligations set out expressly in the Conduct Policies and Implementing Measures.

No provision of the Conduct Policies or Implementing Measures, including this Preamble, may be construed or asserted by any party as an admission, or evidence of a violation of competition law or any other laws by CFM. CFM will take no action to deter, nor retaliate, any beneficiary of the Conduct Policies or Implementing Measures from raising concerns related to CFM's compliance with the Conduct Policies.

CONDUCT POLICIES

1. For the purposes of the Conduct Policies and Implementing Measures, the following terms shall have the respective meanings set forth below:

“Actual Competitors” has the meaning set forth in Section IX of the Implementing Measures.



“Affiliate” means, with respect to any Person, any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. For purposes of this definition, “control,” when used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of equity interests or otherwise; and the terms “controlling” and “controlled” have correlative meanings to the foregoing.

“AOW” means All Operators Wires.

“Arbitral Tribunal” shall mean an arbitral tribunal constituted in accordance with Section X of the Implementing Measures.

“Beneficiary” has the meaning set forth in Section IX of the Implementing Measures.

“CBSA” means CFM Branded Service Agreement.

“CFM” means CFM International Inc. and CFM International S.A. CFM also includes GE and SAE personnel, shops and policies relating to CFM engines including all maintenance, repair and overhaul operations.

“Conduct Policies or Implementing Measures Dispute” means (i) a claim by any Beneficiar(ies), or by the Trustee on behalf of any Beneficiary(ies), against CFM concerning whether CFM has complied with the Conduct Policies and/or Implementing Measures, (ii) a claim by CFM against IATA concerning whether IATA has complied with the Conduct Policies and/or the Implementing Measures or (iii) a claim by CFM against any other Beneficiary(ies) concerning the application of paragraph 73 of the Implementing Measures.

“Conflict of Interest” means any conflict of interest that, objectively, from the point of view of a disinterested party, impairs the Trustee’s objectivity and independence in discharging its duties under the Agreement.

“Critical Influencing Part” or “CIP” means a part for which EASA and FAA regulations require system level assessments to define the combination of loads, material properties, environmental influences and operating conditions to which a critical part will be subjected when establishing the approved life for critical parts. CIPs are those parts that establish the boundary conditions that form the operating environment for critical parts pursuant to the relevant FAA or EASA-approved engineering plan that determines the life limit for each critical part. CIPs are parts that:

- i. exert mechanical load(s) on the subject critical part by direct physical interaction between the influencing part and the critical part; or
- ii. exert pressure load(s) on the subject critical part if the influencing part directly affects the pressure load on the critical part itself or on a part that physically mates with the critical part; or
- iii. provide potential vibratory stimulus to the subject critical part if the influencing part has the potential to provide a direct or indirect vibratory stimulus to the critical part itself or to a part that physically mates with the critical part; or
- iv. influence the thermodynamic environment of the subject critical part if the influencing part has the potential to impact the primary flowpath parameters or secondary air circuits affecting cooling or purge flows.

All parts that constitute influencing parts are openly identified in the overhaul ESM (section 05■00-00 of CFM ESM). The applicable regulatory framework includes:

- EASA Certification Specifications and Acceptable Means of Compliance for Engines CS-E Book 1, CS-E 515 Engine Critical Parts, page 1-D-3 and CS-E Book 2, AMC E 515 Engine Critical Parts, pages 2-D-8 through 2-D-18.
- FAA 14 CFR para 33.70 Engine life-limited parts and Advisory Circular 33.70-1, Guidance Material for Aircraft Engine Life-Limited Parts Requirements Section 8 Guidance for Defining an Engineering Plan.

“DER” means Designated Engineering Representative pursuant to the U.S. FAA Regulations as published in the U.S. Code of Federal Regulations 14 CFR Parts 183.29.

“DOA” means Design Organization Approval pursuant to Commission Regulation (EU) No 748/2012 of 3 August 2012 laying down implementing rules for the airworthiness and environmental certification of aircraft and related products, parts and appliances, as well as for the certification of design and production organizations (Annex I Part 21 Subpart J – Design Organisation Approval).

“DR” means Departure Record and refers to the process used by CFM to document technical data and assessments provided to Operators for evaluation of specific conditions that depart from, or are not addressed by, published documents in relation to the serviceable limits originally indicated in the OEM manuals.

“EASA” means European Aviation Safety Agency.

“EPA” means European Part Approval and refers to an article that has been produced in accordance with approved design data not belonging to the type-certificate holder of the related product, except for ETSO articles, pursuant to Commission Regulation (EU) No 748/2012 of 3 August 2012 laying down implementing rules for the



airworthiness and environmental certification of aircraft and related products, parts and appliances, as well as for the certification of design and production organizations (Annex I Part 21).

“ESM” means CFM Engine Shop Manuals forming part of the Instructions for Continued Airworthiness pursuant to the FAA regulations published in the U.S. Code of Federal Regulations at 14 CFR Parts 21 and 33, Commission Regulation (EU) No 748/2012 of 3 August 2012, and the EASA Certification Specifications and Acceptable Means for Compliance of Engines (CS-E). Also included in “ESM” are Engine Maintenance Manual or Section and Engine Overhaul Manual or Section pursuant to the U.S. FAA Regulations as published in the U.S. Code of Federal Regulations 14 CFR Part 33 Appendix A.

“Event of Force Majeure” shall have the meaning set forth in Section XVI of the Implementing Measures.

“FAA” means Federal Aviation Administration.

“Fully Disclosed Repairs” means repairs which can be performed on the basis of the repair process instructions disclosed in the ESM.

“GE” means General Electric Company's Aviation Business unit and its Affiliates.

“GSLA” means General Support License Agreement.

“IATA” means International Air Transport Association, an association incorporated under the Statutes of Canada, 1945, Chap. 51 (assented to December 18, 1945), as amended from time to time.

“ICC” shall have the meaning set forth in Section X of the Implementing Measures.

“ICC Rules” shall have the meaning set forth in Section X of the Implementing Measures.

“Implementing Measures” means the implementing measures of the Conduct Policies.

“Independent MRO Shop” means any MRO Shop other than one that is owned and operated by CFM, GE or SAE. In particular, it includes airline MRO Shops when servicing third party airlines and MRO Shops that operate under the CBSA.

“Influenced CFM LLP” refers to CFM LLP influenced by non-OEM CIP.



“LCA” means Large Commercial Aircraft.

“Liaison Officer” has the meaning set forth in Section XI of the Implementing Measures.

“LLP” means Engine Life Limited Parts (FAA regulations) and Engine Critical Parts (EASA regulations) and refers to rotor and major static structural parts whose primary failure is likely to result in a hazardous engine effect. These parts have operating limitations established which specify the maximum allowable number of flight cycles for each engine life-limited part, pursuant to the FAA Regulations as published in the U.S. Code of Federal Regulations 14 CFR Part 33, and the EASA Certification Specifications and Acceptable Means for Compliance of Engines (CS-E).

“MRO Shop” refers to a provider of maintenance, repair or overhaul services for aircraft engines certified by the FAA, EASA or any other airworthiness authority.

“MSA” means Materials Services Agreement.

“OEM” means Original Equipment Manufacturer and refers to CFM.

“Operator” means the holder of an air operator’s certificate granted by a national aviation authority, including an air carrier certificate or an operating certificate.

“Overhaul Shop” refers to a provider of overhaul services certified by the FAA, EASA, or any other airworthiness authority. Overhaul refers to the following tasks, either performed by the Overhaul Shop directly or outsourced to a third party: (i) disassembly of an engine into piece parts; (ii) cleaning piece parts for inspection; (iii) inspecting piece parts for comparison to their respective serviceability limits; (iv) coordinating with the airline to define the work scope and desired goals for the overhaul; (v) managing material logistics; (vi) installing serviceable parts; (vii) reassembly of the engine; (viii) verifying engine performance via an engine test; and (ix) carrying out Fully Disclosed Repairs as part of an engine overhaul.

“Party” means each of CFM and IATA (and “Parties” means collectively CFM and IATA).

“Person” means any individual, corporation, partnership, association, limited liability company, trust, estate, unincorporated organization, government or agency or political subdivision thereof or other entity or any group comprised of two or more of the foregoing.

“PLA” means Purchase License Agreement.



“PMA” means Parts Manufacturer Approval and refers to articles produced in accordance with approved design pursuant to the U.S. FAA Regulations as published in the U.S. Code of Federal Regulations 14 CFR Parts 21 Subpart K.

“Potential Competitors” has the meaning set forth in Section IX of the Implementing Measures.

“Rules” shall mean either the ICC Rules or the UNCITRAL Rules, as applicable.

“SAE” means Safran Aircraft Engines and its MRO subsidiaries.

“Trustee” shall have the meaning set forth in Section XII of the Implementing Measures.

“UNCITRAL Rules” shall have the meaning set forth in Section X of the Implementing Measures.

2. The Conduct Policies apply to all CFM engines. They also apply to CFM, GE and SAE respective personnel, shops and policies relating to CFM engines.
3. The Conduct Policies do not apply to third-party vendors of parts, such as LRUs, that are installed on CFM engines, when such vendors have their own MRO practices and policies independently from CFM. CFM will nevertheless recommend to these vendors that they follow, as appropriate, the Conduct Policies.
4. The existence of these Conduct Policies does not constitute an admission of, or evidence of, a violation by CFM under any relevant law, including any competition law.
5. The Conduct Policies inure to the benefit of, and are intended only to benefit the Beneficiaries, as the term is defined and used in the Implementing Measures, and subject to the terms therein. The Implementing Measures are an accompanying and integral document, whose terms are incorporated herein. Any potential Beneficiary seeking to claim the benefit of these Conduct Policies should closely review the Implementing Measures, which can be found on CFM's website (www.cfmaeroengines.com).
6. Any Beneficiary claiming the benefit of the Conduct Policies or the Implementing Measures, agrees to be bound by the terms and conditions of the Conduct Policies and the Implementing Measures, including in particular, but not exclusively, its provisions regarding dispute resolution, damages and penalties. CFM shall be bound by the Conduct Policies and Implementing Measures towards IATA and any other Beneficiary as from the entry into force of the Conduct Policies and the Implementing measures. Any Beneficiary shall have the right to claim against CFM for any breach of the Conduct Policies and/or Implementing Measures that occurs after the entry into force thereof, pursuant to the



provisions thereof, whether or not that Beneficiary had by that point accepted the terms and conditions of the Conduct Policies and/or the Implementing Measures.

The Conduct Policies are:

Licensing

7. CFM licenses apply on a non-discriminatory basis and do not limit the use of CFM's ESM and part repair licenses, including licenses for substantiated repairs, to engines that contain only OEM parts and repairs.
8. Any CFM repair licensee may perform a CFM licensed repair, irrespective of whether the repaired part will be installed in an engine that also contains non-OEM parts or repairs.

Warranties¹

9. CFM warranties for engines, new parts and services apply on a non-discriminatory basis to CFM engines, including those that contain non-OEM parts or repairs. The mere installation of non-OEM parts and/or repairs in the engine does not in itself render the warranty void.
10. CFM's acceptance of a customer claim under a CFM warranty is based on the cause of the failure of the CFM part or repair for which the warranty claim was made.
11. For customers who choose to install non-OEM parts and/or repairs, CFM honors any warranty claim unless CFM's engineering analysis of the part failure demonstrates that the failure of the CFM part or repair was caused by the non-OEM part or repair. CFM will carry out its engineering analysis without undue delay consistent with its standard warranty administration practices.
12. The use of non-OEM parts or repairs is not relevant in the CFM's warranty administrator's evaluation of any warranty claim unless CFM's engineering analysis of the specific part/condition that is the basis for the claim demonstrates that the condition was caused by non-OEM parts or repairs.
13. If CFM engineering analysis demonstrates that failure was caused by a non-OEM part or repair, CFM will provide the customer with a detailed explanation and a copy of the findings of its engineering analysis, and will consider in good faith any additional relevant data that the customer may choose to provide to CFM. If the customer provides

¹ For the purpose of this document, "warranties" should be understood as all warranties and guarantees offered by CFM in its contracts with customers.



additional data to CFM, CFM will either (1) carry out a new analysis in light of these data, or (2) explain why the additional data do not merit a new analysis.

Servicing

14. CFM services engines on a non-discriminatory basis: CFM does not refuse to service engines on the basis that they contain non-OEM parts or repairs.
15. All Operators and MRO Shops, including Independent MRO Shops, can purchase CFM parts and/or services, including separate part repair services (including the repair of individual piece parts) from CFM, GE, SAE and/or their licensees, as applicable, on a non-discriminatory basis (i.e. irrespective of whether they otherwise utilize non-OEM parts or repairs). In particular, GE and SAE perform OEM part repair services and make all OEM part repairs (including substantiated repairs) available for purchase to all Operators and MRO Shops.
16. CFM offers an OEM solution to all requests for quote and clearly discloses the terms and conditions related to the replacement of non-OEM parts/repairs or Influenced CFM LLPs in its service proposals to Operators. Removed non-OEM parts and Influenced CFM LLPs, at the customer's option, will either be returned to the Operator upon request and at its cost or scrapped.
17. If non-OEM parts/repairs or Influenced CFM LLPs are unexpectedly found during a shop visit that was contracted with CFM in accordance with the above paragraph, CFM will, at the option of the customer, either remove and replace or reinstall the parts concerned if they are serviceable. If the customer elects to remove and replace the non-OEM parts concerned, CFM and the customer will enter into a binding amendment to the service agreement that provides for revised pricing (for additional OEM parts) and commercial terms. If the customer elects to have CFM reinstall the serviceable non-OEM parts concerned, CFM and the customer will enter into a binding amendment to the service agreement specifying (i) the revised commercial terms (non-discriminatory commercial terms as to the existence of the non-OEM parts) reflecting the revised work scope, and (ii) the responsibility of the Operator for the reinstalled parts (i.e., the Operator shall provide instruction for serviceability, release and indemnification) without warranty by, and responsibility for, CFM, other than a workmanship warranty addressing CFM's reinstallation of the non-OEM parts if and when feasible pursuant to the instructions provided by the customer.
18. When CFM services a module of an engine as contracted with the customer, it will only address that module and, unless otherwise agreed with the customer, it will not take any action on other modules of the engine that are not covered by the contract, irrespective of the presence of non-OEM parts or repairs in these other modules.



19. CFM's CBSA agreements will allow and CFM will recommend that CBSA shops adopt the same approach as CFM with respect to reinstallation of influenced LLP and serviceable non-OEM parts or repairs (as described in paragraph 17 above).
20. CFM's licenses apply on a non-discriminatory basis: any CFM part repair licensee may perform a CFM-licensed repair, irrespective of whether that part will be installed in an engine that also contains non-OEM parts or repairs.
21. CFM's licenses for use of the ESM and part repair instructions do not require licensees to only use OEM parts and repairs.

Technical Support

22. CFM supports each customer and each CFM engine on a non-discriminatory basis irrespective of whether the CFM engine contains non-OEM parts or repairs, subject to CFM's ability to perform the relevant engineering analyses.
23. The mere use of non-OEM parts or repairs in an engine does not preclude the evaluation of a DR request for a CFM LLP, unless the non-OEM part is a CIP for the LLP concerned.
24. When technically feasible, CFM will leverage fleet experience and update the ESM to reflect new or extended inspection, serviceability and/or repair criteria or limits addressed by DRs.
25. CFM evaluates each DR request in relation to engines that contain non-OEM parts or repairs on a non-discriminatory basis, based solely on CFM's ability to perform the engineering analysis necessary to compliantly issue a DR on the specific CFM part for which the DR is requested, taking into account the technical capability and engineering cost required to provide a DR.

In particular:

CFM LLP

- (a) CFM evaluates DR requests for CFM LLPs when the LLP part has been operated with CFM CIP for the LLP in question.
- (b) The presence of non-OEM parts or repairs only impacts CFM technical assessment to compliantly issue a DR if those parts are CIPs for the LLP in question or those repairs were performed on CIPs for the LLP in question. For the avoidance of doubt, non-OEM parts that are not CIPs, and non-OEM repairs performed on non-CIPs, do not impact CFM's evaluation process of a DR for CFM LLPs.



CFM non-LLP

- (c) CFM evaluates all DR requests for CFM non-LLPs, when the part is at the piece part level, irrespective of whether the part was operated in a non-OEM configuration.
- (d) CFM evaluates DR requests for CFM non-LLPs that are on an assembled engine, when the engine configuration allows CFM to perform the necessary engineering analysis to compliantly issue a DR on the part for which the DR has been requested.
- (e) Installation of non-OEM parts or repairs in positions that do not affect CFM's analysis of the specific CFM non-LLP DR request on assembled engines does not affect evaluation of the DR request.

Repairs in Engine Shop Manual

- 26. CFM will not subsequently remove a Fully Disclosed Repair from any existing or subsequent version of the ESM absent a technical basis for the removal of the repair.
- 27. CFM introduces new part numbers consistent with CFM's Operating Practice No. T-015 on CFM Configuration Control Process and the documents referred to therein.
- 28. On the occasions that CFM introduces a new/upgraded part version, and then issues a new available repair for the newer part version, CFM will ensure that the original repair instruction for the original part version remains available in the ESM (or by other means, e.g., through its website) unless there is a technical basis for removing the repair. CFM will also ensure that the original repair instruction remains available in the ESM for use with the new part number unless a relevant technical analysis demonstrates that there is a basis to remove the repair.
- 29. CFM, GE and SAE, as appropriate, determine whether to license part repairs (other than Fully Disclosed Repairs) based on commercial considerations.
- 30. For licensed repairs that require substantiation, CFM assists licensees to substantiate all relevant repairs for which they hold a license.
- 31. In accordance with airworthiness regulators' directives, CFM requires substantiation of repair sources when, due to the nature of the repair technology and/or the part being repaired, it is necessary to verify that the repair process is performed in a manner that returns the part to an airworthy condition.

Examples include:



- (a) CFM discovers, through part production or in-service experience, that some features of a given repair (e.g. thickness and/or hardness of a coating) may need to be placed under tighter control during the repair process;
- (b) CFM introduces a change in the design of the part being repaired and it is necessary to verify that the repair process is performed in a manner that returns the part to an airworthy condition.

Exclusive Agreements

- 32. Operators, aircraft owners and lessors have the freedom to opt for OEM solutions or for non-OEM solutions, and they may make their choice public.
- 33. CFM will not enter into exclusive MSAs with airlines except in response to the airline's request for an exclusive MSA.
- 34. CFM MRO model is open and characterized by the possibility of a variety of service product solutions for customers. This includes the right for CFM to offer risk transfer products. If, at any time, a customer requests a proposal for a different type of service product, CFM will also offer an alternative to a risk transfer product. In addition, the commitment expressed in paragraph 33 does not apply to CFM's current or future agreements that entail a transfer of risk of overhaul and/or material risk from the Operator to CFM.
- 35. CFM will not enter into exclusive MSAs with MRO Shops except in the context of a CBSA or in response to the MRO Shop's request for an exclusive MSA.
- 36. CFM will support early execution of license agreements with independent MRO Shops, to supplement the services offering provided by CBSA shops for the LEAP engine; CFM will consider all requests for license agreements from independent MRO Shops.