

ANNEX A

CORRECTIVE PLANS AND CONTRACTUAL PENALTIES

<u>PROVISION</u>	Corrective Plan (C), Levels 1, 2 or 3
SCOPE	
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.	N/A
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.	N/A
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.	N/A
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.	3
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.	3

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37. CFM agrees to waive fees (both upfront fee and royalty) for Overhaul Shops for the use of its ESM (i.e. overhaul instructions and Fully Disclosed Repairs) charged under CFM's PLA and will not require any other form of financial compensation for such use by shops overhauling CFM engines.	1
38. CFM maintains a standard license agreement for the use of the ESM and the Fully Disclosed Repair instructions contained therein.	C
39. CFM reserves the right to continue charging fees for technical support and other services provided under CFM's GSLA. These fees will remain reasonable in relation to the services provided and CFM's past practices. CFM will reduce the fees currently charged for the GSLA by the amount charged for the PLA, in order to eliminate from the GSLA charges for access to the ESM for Overhaul Shops. CFM will not arbitrarily change the fee structure in its GSLAs to compensate for this fee reduction.	1
41. CFM will include in the provisions of future CFM overhaul and part repair license agreements, including license agreements for substantiated repairs, a statement that the license is not limited to the overhaul of engines, or the repair of parts in engines, that contain only OEM parts and repairs.	1
42. CFM will issue guidance to state that CFM's licenses do not limit the use of the overhaul and part repair instructions in the ESM to engines that contain only OEM parts and/or repairs and that these principles will override any contrary interpretation of language in CFM's ESMs or existing agreements.	C
43. CFM will issue and maintain internal guidance and regularly train CFM employees and staff and issue guidance to licensed MRO shops to operate in compliance with these principles when negotiating or implementing CFM	C



<u>PROVISION</u>	<i>Corrective Plan (C), Levels 1, 2 or 3</i>
agreements. CFM will share the training and guidance material with IATA and allow IATA to comment on the material.	



WARRANTIES

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.	C
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.	N/A
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.	C
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.	C
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 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.	C
44. CFM will include a statement in all future contracts to make clear that the mere use or presence of non-OEM parts and repairs does not render void CFM	1

warranties. CFM will also amend language in future contracts as needed to eliminate potential ambiguity.	
45. CFM will issue guidance to state that the principles of the Conduct Policies override any contrary interpretation of existing CFM agreements. This also applies to contract extensions.	C
46. CFM will include in its internal administrative operating practices related to warranty processing a statement expressing these principles.	C
47. CFM will issue and maintain internal guidance and regularly train CFM employees and staff to operate in compliance with this principle when negotiating or implementing CFM agreements. CFM will share the training material with IATA and allow IATA to comment on the material.	C
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.	2
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.	3
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	1

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.	1
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.	2
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).	3

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.	3
21. CFM's licenses for use of the ESM and part repair instructions do not require licensees to only use OEM parts and repairs.	3
<p>48. CFM will issue guidance that:</p> <p>a. CFM does not refuse to service engines because they contain non-OEM parts or repairs.</p> <p>b. CFM licenses, including CBSAs, do not limit the use of CFM ESMs and part repair licenses to engines containing only OEM parts and repairs.</p> <p>c. All airlines and MRO Shops may purchase all proprietary repairs developed by GE and SAE, including substantiated repairs, from GE, SAE or their licensees, irrespective of whether the purchased repaired part is to be installed in an engine containing non-OEM parts or repairs.</p> <p>d. 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 modules of the engine that are not covered by the contract irrespective of the presence of the non-OEM parts or repairs.</p>	C
49. CFM's guidance will make clear that these principles override any contrary interpretation of CFM engine manuals, agreements or existing contractual provisions.	C
50. CFM will also communicate in marketing materials that, while complying with applicable airworthiness regulations, Operators are free to choose among OEM and third-party service providers and OEM and non-OEM service products for	C

the overhaul, maintenance or repair of their CFM engine in connection with promoting CFM's open MRO approach.	
51. CFM will include a statement in its contracts to state that 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; that CFM's licenses for use of the ESM and part repair instructions do not require licensees to only use OEM parts and repairs; that the mere use or presence of non-OEM solutions does not render void CFM warranties; and/or will amend existing language as appropriate.	1
52. CFM will issue and maintain internal guidance and regularly train CFM employees and staff to operate in compliance with these principles when negotiating or implementing CFM agreements. CFM will share the training material with IATA and allow IATA to comment on the material	C
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.	3
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.	3
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.	C
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	1

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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.

53. CFM will issue guidance that sets out the principles of the Conduct Policies.	C
54. CFM will include in relevant policies and procedures for DR requests an explicit statement expressing that the presence of non-OEM parts and repairs is only relevant to a DR request to the extent it affects CFM's ability to perform the relevant engineering analysis, and that the mere presence or use of non-OEM parts or repairs unrelated to the DR request does not preclude a DR consideration.	1
55. CFM will issue and maintain internal guidance and regularly train CFM employees and staff to operate in compliance with these principles. CFM will share the training material with IATA and allow IATA to comment on the material.	C
56. The DR process and its compliance with these principles will be audited by CFM parent companies through (i) their quality audits ISO 9000 and (ii) the audits carried out by the regulatory authorities. The Liaison Officer will ensure that such audits are implemented within the organizations of CFM's parent companies. Audit results and documentation will be made available to the Trustee upon request and on a confidential basis in the event of a complaint by a Beneficiary in relation to the application of paragraphs 23-25 of the Conduct Policies.	C
THIRD PARTY-DEVELOPED PARTS AND REPAIRS COMMUNICATION	
57. CFM will communicate the following regulatory airworthiness provisions through a statement issued to its airline and MRO customers: a. Parts approved by the FAA under 14 CFR Part 21 and 14 CFR Part 43 and/or approved by the EASA under Part 21.A.109 and Part 21.A.451 are eligible for installation in CFM engines. b. Parts that have been repaired with a repair approved by an FAA DER under 14 CFR Part 183 and/or an EASA DOA holder in accordance with Part 21, Subpart J	1

and related Acceptable Means of Compliance and Guidance Material, are eligible for installation in CFM engines.	
c. CFM AOWs and other communications concerning third party-developed parts and repairs are drafted so as to be consistent with the above. They should not be interpreted as suggesting that the FAA and/or EASA have not approved such parts and repairs for use in CFM engines.	
58. CFM reserves the right to reproduce relevant regulatory provisions addressing the use of the ESM when relevant in its communications.	N/A
59. CFM will not issue AOWs, or other official statements, to notify Operators of the existence of non-OEM parts or repairs, or CFM's position with respect thereto unless necessary to notify Operators of (i) relevant engineering-based analysis, or safety or operability issues, or (ii) the existence of new non-OEM parts or repairs influencing CFM LLP parts (without making any qualitative statement concerning such non-OEM parts or repairs).	C
60. CFM will regularly train its customer support organization, and other departments that make official statements on behalf of CFM related to non-OEM parts or repairs to ensure that communications related to non-OEM parts or repairs are based on data that validates the proposed communication. CFM will share the training material with IATA and allow IATA to comment on the material.	C
61. CFM will review, and if necessary, update any internal company policies that specify the process for AOWs.	C
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.	2
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.	C
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.	2
29. CFM, GE and SAE, as appropriate, determine whether to license part repairs (other than Fully Disclosed Repairs) based on commercial considerations.	N/A
30. For licensed repairs that require substantiation, CFM assists licensees to substantiate all relevant repairs for which they hold a license.	C
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:	N/A

<p>(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;</p> <p>(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.</p>	
62. In the event that CFM removes a Fully Disclosed Repair from the ESM, it will disclose the technical basis for the removal of the repair to the Trustee upon request on a confidential basis.	C
63. CFM will adopt engineering practices to ensure that repair instructions for current part numbers are not removed from Fully Disclosed Repairs when upgraded parts and accompanying repairs are included in ESM revisions, unless there is a technical basis for removing the repair. In the event a previously disclosed repair is removed, CFM will issue guidance explaining the reason for the removal to customers. The full process may be reviewed by the Trustee upon request and on a confidential basis in the event of a complaint by a Beneficiary in relation to the application of paragraph 28 of the Conduct Policies. CFM will train relevant engineering personnel on these practices on a regular basis.	C
64. CFM will review past revisions of the ESM and insert repairs that have been removed unless there was a technical basis for the removal. If CFM decides not to reintroduce a repair, it will disclose the technical basis for the removal of the part to the Trustee upon request and on a confidential basis.	C
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.	N/A

33. CFM will not enter into exclusive MSAs with airlines except in response to the airline's request for an exclusive MSA.	3
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.	N/A
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.	3
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.	1
65. Paragraphs 33 and 35 shall not affect the validity of any existing MSA. CFM will however consult with airlines that currently have exclusive MSAs and offer them the possibility to terminate their current agreement and renegotiate non-exclusive agreements if they choose not to maintain the existing agreements.	C
66. CFM will communicate to MRO Shops that, in parallel to promoting CBSAs, it welcomes requests for PLAs and GSLAs	C
67. CFM will address written requests, made within 6 months from the entry into force of the Implementing Measures, from customers that currently have non-risk-transfer, non-exclusive, MSAs with volume-related discounts and offer them the possibility to either terminate and renegotiate their agreements on different terms, or maintain the existing agreements.	N/A

