



Guidance on CFM's licensing, warranty, servicing, and technical support & departure record policies.

On 31 July 2018, CFM International (CFM) and the International Air Transport Association (IATA) entered into a commercial agreement concerning CFM's MRO (maintenance, repair and overhaul) policies and activities.

As part of this agreement, CFM has published Conduct Policies and associated Implementing Measures, specifying its product support policy related to licensing, warranties, servicing, technical support, repairs, communication, and contracting.

The Conduct Policies confirm CFM's commitment to maintain and foster robust and open competition within the MRO market, as well as the competitive nature of its MRO model, which serves as a reference in the jet engine industry and has been a key element in the ongoing success of the CFM product line.

This guidance highlights, to the benefit of CFM's customers, some of the principles of the Conduct Policies and Implementing Measures. The full text of the Conduct Policies and Implementing Measures, which shall prevail over this guidance, is available at <https://www.cfmaeroengines.com/cfm-conduct-policies-implementing-measures>. CFM refers to the Conduct Policies for the definitions of the capitalized terms used in this guidance.

The principles of the Conduct Policies override any contrary interpretation of CFM engine manuals, existing agreements or contractual provisions, including contract extensions, and preexisting policy applied by CFM in relation to the subject matter of the Conduct Policies.

The Conduct Policies do not modify the respective regulatory responsibilities of the various actors in the industry.

The Conduct Policies do not modify CFM's ability to market OEM solutions only.

CFM has appointed a Liaison Officer in order to receive and address questions or concerns that customers, MRO Shops and other actors may have on the implementation of the Conduct Policies and Implementing Measures.

1. LICENSING

1.1 CFM's licenses apply on a non-discriminatory basis and 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. For the avoidance of doubt, it is nevertheless recalled that CFM's overhaul and part repair instructions are not intended to apply to non-OEM parts and repairs.

1.2 Licensed MRO Shops are free to use the CFM licenses with all CFM engines regardless of whether they also contain non-OEM parts or repaired parts and regardless of any contrary interpretation of language in CFM's ESMs, agreements or contractual provisions.

2. WARRANTIES

2.1 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 non-OEM-repaired parts.

2.2 The mere installation of non-OEM parts and/or non-OEM-repaired parts in the engine does not in itself render the warranty void.

2.3 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.

2.4 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. CFM will carry out its engineering analysis without undue delay consistent with its standard warranty administration practices.

2.5 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.

3. SERVICING

3.1 CFM does not refuse to service engines because they contain non-OEM parts or repairs.

3.2 CFM licenses, including CBSAs, do not limit the use of CFM ESMs and part repair licenses to engines containing only OEM parts and repairs.

3.3 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 non-OEM parts or repairs.

3.4 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.

3.5 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/repaired parts or Influenced CFM LLPs in its service proposals to Operators. Removed non-OEM parts and Influenced LLPs, at the customer option, will either be returned to the Operator upon request and at its cost or scrapped.

3.6 If non-OEM parts/repaired parts 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.

CFM recommends that CBSA shops adopt the same approach as CFM with respect to reinstallation of influenced LLP and serviceable non-OEM parts or repairs.

4. TECHNICAL SUPPORT & DEPARTURE RECORDS (DR)

4.1 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.

4.2 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.

4.3 When technically feasible, CFM will leverage fleet experience and update the Engine Shop Manual (ESM) to reflect new or extended inspection, serviceability and/or repair criteria or limits addressed by DRs.

4.4 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:

a) 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.

b) 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.

c) 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.

5. THIRD PARTY-DEVELOPED PARTS AND REPAIRS COMMUNICATION

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 and related Acceptable Means of Compliance and Guidance Material, are eligible for installation in CFM engines.

- c. CFM All Operators Wires (“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.
- d. As part of the FAA approval process, applicants for replacement and modification parts, along with the operators, have responsibility to determine whether ICA issued by CFM remain valid when those parts are installed in CFM engines or require supplemental ICA. For parts that influence life-limited parts (LLP), applicants and operators determine whether FAA-approved Airworthiness Limitations developed by CFM remain valid when those parts are installed in CFM engines.
- e. Operators and their suppliers are authorized by the FAA and/or EASA and are responsible for determining the airworthiness of non-OEM approved parts or repairs and the applicability of CFM’s ICA.

Guidance on CFM's Conduct Policies

Frequently Asked Questions

Since the publication by CFM of its Conduct Policies (“CP”), various stakeholders have raised questions regarding their application and their impact on CFM’s MRO activities. To bring clarity as to the correct understanding of the CP, CFM hereby summarizes the answers to a number of questions that were raised.

General

1. Q: What is the purpose of the CP?

A: The objective of the CP is to describe certain CFM MRO’s commercial and support policies in a single document for the purposes of transparency, consistent understanding, and to confirm that these policies do not discriminate against customers that use PMA/DER, even though CFM does not promote PMA/DER.

2. Q: Did CFM change its MRO model as a result of the publication of the CP?

A: The CP reiterate CFM's practice to maintain an open and competitive MRO network model which CFM believes customers value and is a key factor in CFM’s success. Being an original equipment manufacturer (OEM), CFM is and will remain a user and provider of OEM parts only. This being said, CFM’s MRO model is open and competitive, as shown by the existence of non-OEM competition for overhaul.

3. Q: Which engine models are covered by the CP?

A: All CFM56 and LEAP engine models.

4. Q: Are CFM’s commercial services modified by the CP?

A: CFM continues to offer a full range of OEM service products, including the possibility to enter into risk transfer products like rate per flight hour agreements. CFM is and will remain a user and provider of OEM parts only.

5. Q: Do the CP change airworthiness responsibilities?

A: The CP do not change the respective regulatory responsibilities of CFM and operators. Operators therefore remain responsible for determining airworthiness if they choose to install non-OEM parts or repairs.

6. Q: Are there changes to the TRUEngine program as a result of the CP?

A: TRUEngine is a voluntary, no-cost, non-exclusive label that verifies an engine configuration and will remain an available option for customers.

Licensing

7. Q: My licensing contract with CFM contains a clause which, I understand, could limit my ability to use the Engine Shop Manual (ESM) for CFM engines containing non-OEM material. Do I need to replace this contract before I can use the ESM for CFM engines with non-OEM parts?

A: No. The CP state that CFM's contracts, including this language, will not be interpreted to limit licensees' rights to use non-OEM material consistent with regulatory agency approvals. CFM will clarify the clause stating: "the ESM was developed with OEM parts and was intended for use with OEM parts". When regulatory agencies approve non-OEM parts and repairs, their approval includes an assessment by the regulator and the non-OEM supplier as to whether the OEM's instructions apply, or whether alternate instructions are to be provided by the non-OEM supplier. The intent of the language in the CFM ESM was not to prohibit the potential applicability of the CFM ESM, but to highlight to operators and maintenance providers that CFM has had no involvement in determining the applicability of the CFM ESM for non-OEM parts and repairs.

8. Q: Can I use part repairs fully disclosed in the ESM on a CFM engine that has non-OEM parts installed elsewhere in the engine?

A: The part repair instructions fully disclosed in the ESM are limited to OEM parts and cannot be used to repair non-OEM parts. This being said, the presence of non-OEM parts in an engine does not affect your ESM license with respect to OEM parts.

9. Q: Can I provide the CFM ESM to my overhaul shop for the servicing of my engine?

A: You cannot transfer the ESM license. However, CFM's policy has always been to provide licenses for the ESM to all certified overhaul shops and CFM has agreed to waive fees for certified overhaul shops for the use of the ESM. However, CFM charges fees for its technical support and other types of services. Licensees other than certified overhaul shops will continue to be charged customary fees and royalties for use of the ESM.

10. Q: Are there changes as a result of the CP to license fees for part repair licensees, leasing companies, airline operators or line maintenance providers?

A: No.

11. Q: Are there changes as a result of the CP to usage rights of the data included in the ESM by PMA and DER providers?

A: No. Technical data included in CFM's ESM is CFM's intellectual proprietary and cannot be used by third parties to develop alternate parts or repairs.

Warranties

12. Q: Does CFM change its warranty policy relative to engines containing non-OEM material?

A: No, warranty claims will continue to be dispositioned based on causation. That means that if a non-OEM part or repair causes the damage covered in the warranty claim, CFM will not pay. However, the mere presence of a non-OEM part or repair in the engine does not void the warranty. Under the CP, CFM will provide customers with additional visibility and opportunity for dialogue relating to their warranty claims.

13. Q: Does the use of non-OEM material impact the duration of the warranty administration process?

A: Regardless of whether the engine contains non-OEM material, CFM carries out its engineering assessment on a non-discriminatory basis in accordance with its standard warranty administration practices. However, it is possible that the engineering assessment may take additional time when there are non-OEM boundary conditions.

Servicing

14. Q: Does CFM overhaul engines that contain non-OEM parts?

A: Yes, CFM bids for shop visit regardless of engine configuration. However, CFM only offers an OEM workscope and OEM solutions. This is stated in our standard contract terms provided in every proposal to our customers.

15. Q: Are CFM shop visits more expensive when the engine contains non-OEM material?

A: CFM bids for shop visits based on offering an OEM workscope. If non-OEM parts or non-OEM repaired parts are known to be in the engine contracted workscope, CFM has proposed – and will continue to propose – to replace such parts and the price for such replacement will be included in the shop visit price.

16. Q: Do CFM shop visits take longer or are delayed when the engine contains non-OEM material?

A: In principle, shop visits do not take longer and are not delayed. CFM bids for shop visits offering the replacement of all non-OEM material for modules that fall within the customer determined workscope. This normally does not affect turnaround time.

17. Q: Does CFM install non-OEM parts in the shop visits it performs?

A: CFM continues to offer and promote only CFM parts and repairs in all its proposals. CFM's policy does not offer to install (customer-furnished) non-OEM parts. Operators are fully informed of CFM's policy in this respect during the bidding and contracting phase with CFM. If they wish to install non-OEM solutions, operators have the option to contract

with one of the non-OEM overhaul and/or repair shops that result from CFM's open MRO support model.

However, CFM (and GE and SAE shops) will re-install serviceable non-OEM parts if during an overhaul, non-OEM parts are unexpectedly discovered (i.e. parts that were unknown to the customer and CFM during the bidding and contracting process). In that circumstance, CFM will give the customer the option of reinstalling the part if that part is serviceable as removed. If the customer wishes to make use of this option, the part will be returned to the customer for coordination with the non-OEM supplier to determine serviceability and, where an appropriate amendment to the contract with CFM is mutually agreed, including customer execution of a legal release and indemnification and amended commercial terms, CFM will reinstall the serviceable non-OEM part.

18. Q: If an airline contracts an overhaul for a limited workscope, for example, for an engine core restoration with CFM, and there are non-OEM parts in the low-pressure turbine module (outside the contracted workscope), will CFM replace those non-OEM parts during the overhaul?

A: No. CFM's contracted workscope is for the core only in this scenario and CFM would not expand workscope to another module without a contract with the customer for such extended workscope.

19. Q: Do I have to incur any additional charges for having CFM shops reinstall serviceable non-OEM parts/repairs?

A: It is possible that additional charges may be incurred. The reinstallation of non-expected non-OEM parts/repairs by CFM may only occur as provided in CP17. In such a case, the CP allows CFM to re-open the contract to address changes resulting from the unexpected non-OEM parts, including for example delays or additional costs incurred.

20. Q: Does the reinstallation by CFM of non-OEM material impact CFM warranties?

A: CFM's warranty is not voided merely as a result of installing non-OEM parts. Rather, CFM's liability under the warranty is based on causation, i.e., if a non-OEM part fails or causes damage, CFM's warranty does not cover it. Of course CFM does not warrant the non-OEM parts, but it does, however, provide a workmanship warranty addressing CFM's reinstallation pursuant to the operator's instructions.

Technical Support & Departure Records

21. Q: Does CFM perform Departure Records (DR) on engines with non-OEM parts or repairs?

A: CFM supports all customers and engines to the fullest extent possible. This means that CFM does not reject DR requests merely because a customer uses non-OEM parts or repairs, or even because an engine contains some non-OEM parts or repairs. The only reason the presence of non-OEM parts would be the basis for rejecting a DR request is

when the part(s) for which the DR was requested, and the parts affecting the boundary conditions of that part, prevent CFM from performing necessary engineering analysis.

22. Q: Does CFM perform DR on non-OEM parts?

A: No, CFM does not have the technical data to perform these analyses, nor has it the data necessary to perform these analyses for CFM LLPs “influenced” by non-OEM Critical Influencing Parts.

23. Q: Does CFM update the ESM with DR?

A: Yes, when technically feasible CFM updates the ESM to reflect new or extended inspection, serviceability and/or repair criteria or limits addressed by DRs.

24. Q: Does the use of non-OEM parts limit the availability of other types of technical support?

A: 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. Any limitations are based on technical reasons alone.

25. Q: Do LLP Critical Influencing Parts (CIP) still impact CFM’s performance of DR?

A: Yes, CFM does not have the technical data to understand the effect certain non-OEM parts and repairs have on LLP boundary conditions. While the FAA allows non-OEM part manufacturers and repair providers to state that CFM’s LLP life limits to apply when non-OEM CIP are installed, it also recognizes that CFM does not have the ability to perform the lifing analysis necessary to provide a DR on an LLP that has been operated with non-OEM CIP.