

# Terms and Conditions of sale

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# Terms and Conditions of sale

## BACKGROUND:

- A. STS Engine Services Limited has facilities for maintenance and/or storage services in respect of certain aircraft engines and APU's at its base at Stansted Airport ("**Stansted Airport**"), England (the "**STS Engine Services Facility**").
- B. The Customer wishes STS Engine Services to perform certain maintenance and/or storage services in respect of certain engines as stated in this Agreement.
- C. STS Engine Services shall carry out the Services under the terms of this Agreement.

## THE PARTIES AGREE AS FOLLOWS:

### Definitions and Interpretation

1.1 In this Agreement the following expressions have the following meanings:

Affiliate	means any person that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under the common control with the party specified. For the purpose of this definition, "control" shall mean the possession, direct or indirect, of the power to cause the direction of the management and policies of a person, whether through ownership of 50% or more of the voting securities of such person or by contract or otherwise. A person shall only be considered an Affiliate as long as such control exists.
APU	means an Auxiliary Power Unit.
Business Day	means a day (other than a Saturday, Sunday or bank or public holiday) on which banks are open for business in London.
Component	means a Rotable or Repairable.
Consumable	means a Part which can only be used once and is replaced irrespective of apparent condition during the course of removal, maintenance, repair, overhaul or inspection.
Customer Group Company	means the Customer, its shareholders and any Affiliate of the Customer and/or any shareholder and/or any entity for which the Customer acts as representative.
Customer Indemnitee	means the Customer, Customer Operator, Customer Affiliates and their respective directors, officers, employees, servants, agents and subcontractors.
Customer Operator	means the party that owns and/or operates the Engines.
Engine	means an aircraft engine.
Engine Bay	means a temperature controlled dedicated maintenance bay within STS Engine Services Facility.

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Incoterms	means Incoterms 2020, published by International Chamber of Commerce.
Indemnitor	means STS Engine Services and its respective directors, officers, employees, servants, agents and subcontractors.
Losses	means any losses, costs, liabilities, damages, action, claims, proceedings, charges and expenses (including legal costs).
Maintenance	means any one or combination of repair, inspection, replacement, modification or defect rectification of an Engine.
NAA	means the applicable National Aviation Authority of the Customer.
Parts	means any one or more Rotable, Repairable, or Consumable.
Purchase Order	means the document that forms part of this Agreement as stated in Clause -6-.
Repairable	means a Part of or for an Engine which may be economical to repair to a serviceable condition.
Rotable	means a Part of or for an Engine which may be economically repaired to a serviceable condition and which in the normal course of operations is repeatedly rehabilitated to a serviceable condition except when it is BER.
Serviceable Condition	means, with respect to an item, a repaired, inspected, tested or modified item in an airworthy condition which can be used for the same purpose as a newly manufactured item.
Services	means those services applicable to an Engine as set out in this Agreement and as more particularly set out in Annex A and B and in individual Purchase Orders.
Taxes	means duties including custom duties, excises, fees, commissions and/or equivalent charges of any kind other than VAT.
Work Scope	means a clear, concise and unambiguous work request defining the work to be carried out.
VAT	means value added tax and any other similar sales, services, purchase or turnover tax or duty levied by any way by any competent authority.

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1.2 In this Agreement the following technical abbreviations have the following meanings:

AD	Airworthiness Directive.
AMM	Aircraft Maintenance Manual
BER	Beyond Economical Repair
CMM	Component Maintenance Manual
CRS	Certificate of Release to Service
DER	Designated Engineering Representative.
DDP	Delivered Duty Paid (Incoterms 2020)
EASA	European Aviation Safety Agency
EXW	Ex Works (Incoterms 2020)
FOD	Foreign Object Damage
IOD	Internal Object Damage
IATA	International Air Transport Association.
LLP	Life Limited Part.
LRU	Line Replaceable Unit
MHRS	Man-hours.
MPD	Maintenance Planning Document
NDT	Non Destructive Testing
OEM	Original Equipment Manufacturer
PMA	Parts Manufacturer Approval.
QEC	Quick Engine Change.
SB	Service Bulletin.
STN	Stansted Airport
GBP	Great Britain Pound

1.2 Clause headings are to help the parties understand the terms and conditions but will not be used to interpret them. Words which are plural shall include the singular and the reverse shall apply

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## 2 Services

2.1.1 STS Engine Services shall perform the Services

2.1.2 STS Engine Services shall provide the services at the STS Engine Services Facility, unless otherwise agreed.

## 3 Standard of Services

3.1.1 The Services shall be performed in accordance with:

3.1.2 CAA Part 145 – UK.145.01265 GT Engine Services' repair station approval.

3.1.2. EASA Part 145 - EASA.UK.145.3187, STS Engine Services' repair station approval;

3.1.3. STS Engine Services working methods and procedures in accordance with all applicable Engine OEM manuals, e.g. ESM, AMM and the Customer's Operator AMM. applicable to each Engine.

3.1.4. The current version of STS Engine Services' Maintenance Organisation Exposition.

3.1.5. The applicable rules and regulations of CAA, EASA and the NAA applicable to each Engine.

3.1.6. Latest revision applicable when performing the Services of OEM's Maintenance Planning Document (MPD) or to the documentation provided by the Customer; and

3.2. STS Engine Services will:

3.2.1 carry out the Services in relation to the Engines with all reasonable care, skill and attention and to the highest standard of workmanship using fully qualified and experienced personnel, fully licensed (where applicable) to provide the Services;

3.2.2 ensure that its employees, contractors and agents engaged in the delivery of the Services are at all times properly trained with regard to their respective tasks and are trained with regard to all rules and procedures concerning health and safety at work and other relevant regulations including those as may be notified by the Customer (acting reasonably) from time to time; and

3.2.3 provide such equipment and other facilities as are necessary and suitable for the performance of the Services.

3.3. STS Engine Services shall: -

3.3.1 safeguard the Engine and the Engine logbook, log cards and other related documents and make these items available as reasonably required by the Customer; and

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3.3.2. ensure that while in storage no parts are removed from the Engine without the written consent of the Customer ('Robberies') and permitted parts removals shall be performed only by STS Engine Services authorised engineers in accordance with STS Engine Services company procedures.

3.4 STS Engine Services, will store, care for and keep maintained whilst on its premises all Engines delivered to STS Engine Services by Customer as serviceable engines in a fully Serviceable Condition in accordance with clause 3.1. If an Engine delivered by the Customer to STS Engine Services in a Serviceable Condition becomes an Engine in an unserviceable condition as a direct result of STS Engine Services breaching its obligations. STS Engine Services shall bear the cost of restoring such Engine to a Serviceable Condition. The Engines shall be stored in a temperature-controlled environment. For the avoidance of doubt, if an Engine in an unserviceable condition is delivered by the Customer to STS Engine Services, STS Engine Services shall not be applied to repair it but shall store or preserve it for the Customer.

3.5 The Customer shall: -

3.5.1 ensure that Engines delivered to STS Engine Services under the terms shall have been maintained in accordance with the relevant AMM and the Customer's and manufacturers operational procedures. The Customer shall provide a valid EASA Form 1 with each Serviceable Engine delivered to STS Engine Services.

3.5.2 provide STS Engine Services with a list of approved Customer personnel who have the authority to formally request and sign for the provision of Services undertaken by STS Engine Services, in accordance with the Customer operating procedures.

3.5.3 the Customer shall be solely responsible for all cost and risk associated with the delivery and collection of the Engines at STS Engine Services Facility.

3.5.4 be responsible for the update and maintenance of all technical records and logbooks associated with the Engines stored at STS Engine Services Facility; and

3.5.5 give STS Engine Services reasonable prior notice (and in any event not less than 2 Business Days) of any requirement that involves an Engine being removed from the STS Engine Services Facility. In the event that the Customer requires the Engine to be removed from the STS Engine Services Facility within 2 Business Days, STS Engine Services reserves the right to charge additional fees, which include but are not limited to Aircraft on Ground fees.

3.6 At the Customer's request in a Purchase Order or as agreed by each Party in a Work Scope applicable to that Engine, STS Engine Services will when Engines delivered by the Customer in a Serviceable Condition are stored at the STS Engine Services Facility perform storage maintenance tasks in respect of such Engines at the STS Engine Services Facility in accordance with the "long term" storage provisions of the applicable AMM, and the applicable Engine Maintenance Manual for that Engine. The Customer accepts that STS Engine Services cannot be required to maintain or store any Engine delivered by the Customer in an Unserviceable Condition other than to the condition to which the Engine has been so received by STS Engine Services.

3.7 If parts are removed from a stored Engine, STS Engine Services will ensure that such parts are stored separately and securely from equipment stored or owned by STS Engine Services and clearly labelled as the property of owner of the applicable Engine in the same condition as such equipment was in when it was received from the Customer at STS Engine Services Facility until such time as it is installed on the Engine. In addition, if parts are:

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- 3.7.1 unserviceable or nonfunctional when removed, they shall promptly be made available to the Customer for collection for repair or replacement or at the Customer's reasonable request (i.e. where such parts are capable of repair or replacement), STS Engine Services shall repair and replace them; or
- 3.7.2 serviceable when removed but they become unserviceable or nonfunctional prior to installation on an Engine, they shall either promptly be made available to the Customer for collection for repair or replacement or STS Engine Services shall at the Customer's reasonable request (i.e. where such parts are capable of repair or replacement) carry out such repair and replacement. STS Engine Services shall bear the cost of such repair or replacement of such part in the event that such part becomes unserviceable or non-functional as a direct result of STS Engine Services breaching its obligations under this Agreement

and in the event that any such parts are unserviceable or non-functional STS Engine Services shall promptly notify the Customer in writing that such parts should be collected by the Customer as soon as possible (Notification). STS Engine Services shall make 3 three separate Notifications to the Customer providing the Customer with 20 Business Days within which to respond. If, following the third such Notification the Customer has provided no response to STS Engine Services, STS Engine Services will be entitled to dispose of the relevant parts (the subject of the Notification) in any way it sees fit without any further obligation or liability to the Customer.

- 3.8 STS Engine Services will maintain in the English language full and complete records of all Services performed in relation to an Engine and upon the Customer's request provide copies of such records to the Customer.
- 3.9 Where any maintenance carried out by STS Engine Services in accordance with the terms of this Agreement and any parts are replaced such parts must be with parts of the same make, equivalent or better status than the part it replaced and be supplied with accurate evidence that the source of the part is fully traceable back to birth (in the case of limited life parts) for time and/or cycle life limit (ultimate life) and the Equipment is fully compliant with any calendar timed threshold requirements (if applicable) as stated in the AMM. A statement that the Equipment is not incident related and has not been subjected to unusual stress or heat as required by ICAO Annex 13. will be required together with an Dual cert serviceability tag for all maintenance carried out. **No PMA parts or DER repairs are acceptable.**
- 3.10 The Customer shall retain full responsibility for Component life management, including the tracking, recording, and compliance with all applicable life limits, cycles, hours, and airworthiness requirements. STS Engine Services shall have no responsibility for verifying or managing such Component life data.

## 4. Title

- 4.1 STS Engine Services shall ensure that title in and to the Engines shall at all times remains vested with the owner of the Engine and shall not permit any liens or any other security interest to be placed on the Engines or any part thereof and shall cause any lien or other security interest which may arise to be promptly removed or discharged. STS Engine Services shall indemnify the Customer Indemnitees and keep the Customer Indemnitees indemnified against any loss suffered or incurred by the Customer Indemnitees as a result of a breach by STS Engine Services of this clause 4.1.
- 4.2 Title to all parts and Components supplied by STS Engine Services or any of its subcontractors in respect of the Engine shall pass to the owner of the Engine upon installation in the Engine.

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- 4.3 STS Engine Services acknowledges that the Customer may not be the owner of the Engine. STS Engine Services will promptly give details of the location of each Engine stored at STS Engine Services' Facility when requested to do so by the Customer, the Customer Operator or the owner of the Engine as identified by the relevant engine plate affixed to the Engine.
- 4.4 STS Engine Services will not remove or deface any engine plate which is installed on an Engine and will ensure that at all times the Engine is clearly marked as being the property of the owner of the Engine.
- 4.5 STS Engine Services will, on reasonable request of the Customer permit the Customer, Customer Operator or representatives of the Engine owner to visit the STS Engine Services' Facility to inspect the Engine and its records. Such inspection shall be in business hours.

## 5. Audit.

- 5.1 STS Engine Services will on reasonable request and having received reasonable notice, provide the Customer, Customer Operator and the NAA access during normal business hours to any and all necessary facilities including those of its subcontractors and will provide or procure that its subcontractors provide information as is reasonable required to enable the Customer and the NAA to perform such quality surveillance (including audits) in order to fulfil the Customer's airworthiness obligations to its NAA.
- 5.2 The Customer will, at its discretion on reasonable request and having provided reasonable notice, perform periodic reviews of the STS Engines Service's Facility and STS Engine Services will ensure that the Customer is granted all necessary access during normal business hours (but such periodic review shall not take place more than once a year, unless otherwise agreed in writing by STS Engine Services) and assistance in order to perform such quality audits both in relation to STS Engine Services and its sub-contractors. The results of each audit will be recorded in an audit report and will be listed in the report along with any necessary corrective action. Non-conformance reports arising from an audit will be processed separately.

## 6. purchase order

- 6.1. STS Engine Services will perform the Services applicable to each Engine subject to the following process being completed:

The Customer shall request STS Engine Services to provide Services by providing STS Engine Services with such information as STS Engine Services requests in order for it to prepare a scope of work for the Services required by the Customer.

Following receipt of the information requested from the Customer, STS Engine Services shall as soon as reasonably practicable:-

6.1.1.1. inform the Customer that it declines to provide the Services; or

6.1.1.2 inform the Customer that it agrees to provide the Services.

Following acceptance by the STS Engine Services of the scope of work, the Customer shall issue a Purchase Order to STS Engine Services. The Purchase Order shall include the details applicable to the Engine as set out in Annex C section D-1-1 together with at or prior to the delivery of the Engine to STS Engine Services, the documentation listed in C-1.2 to C-1.3. The terms of this Agreement shall be incorporated by reference into each Purchase Order issued by the Customer hereunder. Should a conflict arise between the terms of a Purchase Order and the terms of this Agreement, the terms of this Agreement, (unless otherwise agreed between the parties) shall prevail.

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STS Engine Services shall not be under any obligation to perform any Services that have not been agreed in accordance with clause 6.1.1

- 6.2. A valid Purchase Order must be received at least 2 full working days prior to the scheduled engine slot date. Working days are defined as Monday to Friday, between 08:00 and 16:00. Delays in receiving a PO may result in rescheduling or postponement of the job.

## 7. Delivery/Collection

- 7.1 The Customer shall be responsible for delivery and collection of Engines in accordance with the latest revision of the OEM Transportation Reference Guide at the Customer's cost. The Customer shall be liable for insurance whilst in transit.
- 7.2 The Engine(s) will be made available FCA at the STS Engine Services Facility. Necessary documentation shall be issued by STS Engine Services according to clause 9 and Annex C-2. STS Engine Services shall ensure that the Engine which is being transported is prepared for transportation and shipment in accordance with the OEM Manuals applicable to that Engine.
- 7.3 The Customer shall bear all costs incurred in transport including government levies, taxes, customs duties, transportation insurance associated with the transport of each Engine.

## 8. Subcontracting of Work

- 8.1 STS Engine Services may subcontract the performance of Services wholly or partially to appropriately EASA 145 approved or accepted subcontractors subject to the prior written consent of the Customer, which consent shall not be unreasonably withheld or delayed. STS Engine Services will supply a list of its subcontractors to the Customer prior to the commencement of the Services hereunder together with sufficient information in relation to what part of the Services such sub-contractors perform. Where such a subcontracting is made with the Customer's consent, STS Engine Services remains fully responsible and liable for the provision of the Services as if such subcontracted work was performed by STS Engine Services itself. STS Engine Services will ensure that all sub-contracted work shall be performed in compliance with the Agreement, EASA and all other applicable regulatory agencies or bodies.

## 9. Documentation

### 9.1. Documentation to be Provided

- 9.1.1. The Customer shall supply to STS Engine Services the documents and data stated in Annex C-1.2 and C-1.3. STS Engine Services shall supply to the Customer the documents stated in Annex C-2.
- 9.1.2. The Customer shall ensure the conformity of all documents and data to the actual status of the Engine on the date of delivery to STS Engine Services.
- 9.1.3. The Customer shall ensure that all documents are supplied in a timely manner so as not to delay the performance of the Services.

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## 9.2. Incompletely Supplied Documentation

9.2.1. If any documentation required under clause 9.1 is not supplied by the Customer on time and/or is supplied incomplete and/or is not in accordance with the technical status of the Engine then, STS Engine Services may (but is not obliged to):

9.2.1.1. provide engineering support as far as possible,

9.2.1.2 request the missing documentation and/or assistance from the relevant manufacturer in order to perform the work scope embodied in the Services.

## 10. Rates and Charges

10.1. The rates and charges stated in this Agreement do not include VAT. Where applicable, VAT shall be added to any and all sums due under this Agreement and the Customer must also pay such VAT to GT Engine Services.

10.2. All quotes are issued in GBP and will be converted into USD using the live exchange rate upon date of invoice.

10.3. Customer Bay Holding Fee: When work starts on an engine, customers must acknowledge & respond to STS' queries within 72 hours. This helps us manage resources and bay availability effectively and reduces the risk of delays for the next engine scheduled in the bay. If work is halted due to a delayed customer response or late delivery of customer-supplied parts, a fee may apply. If the engine cannot be progressed and blocks the bay, a bay blockage fee per day will be charged and Resources may need to be reallocated during delays caused by the customer. Reallocation depends on availability, and the engine will be rescheduled for completion in the next available bay slot.

10.4. 3<sup>Rd</sup> Party Bay Holding Fee: When work begins on an engine, it is essential that all required third-party documents and feedback are provided promptly. Delays in receiving these materials impact our ability to plan resources and bay usage effectively, potentially causing disruptions to subsequent scheduled work. If work is halted due to late third-party input or non-delivery of customer-supplied parts, a delay fee will apply. If the engine cannot be progressed and continues to occupy a bay, a bay blockage charge per day will be incurred. In such cases, resources may be reallocated to other projects. Once all required items are received, the engine will be rescheduled into the next available bay slot, subject to availability.

## 11. Invoicing and payments

11.1. Rates and charges are invoiced upon performance of Services, and such rates and charges shall be paid by the Customer upon receipt and engines will be held at our facility until we have received payment, unless agreed otherwise.

11.2. If the Customer is in default of its payment obligations, STS Engine Services reserves the right to suspend performance and/or completion of the Services or any part thereof until it has been paid any outstanding amounts in full.

11.3. Rates and Charges will be invoiced in either GBP or USD.

11.4. If any payment would be due on a day which is not a business day, the customer must pay in on the succeeding day.

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- 11.5. If the Customer does not pay any invoice within the specified date of such invoice, the Customer must pay interest calculated at an annual rate (based on a year of 365 days) of 5% above the base rate from time to time of Natwest PLC from time to time on any unpaid amount until the date of payment. Such interest shall not start to accrue until the day after the date of such invoice which remains unpaid and not disputed under clause 11.6 until STS Engine Services receives payment in full. Interest may be invoiced monthly (and regardless of whether, in the meantime, STS Engine Services obtains a judgement for amounts owed to it).
- 11.6. Should the Customer have a bona fide dispute in respect of any charges then the Customer shall notify the STS Engine Services' Account Manager of the nature of such dispute in writing within twenty (20) days of the date of the invoice. Any invoice or part thereof not disputed within such twenty (20) days shall be deemed to be accepted and payment shall be made as specified in the invoice. Each Party shall negotiate in good faith to resolve any payment dispute within 30 days of the Customer's notification of such dispute. If such dispute is resolved and the resolution thereof includes a payment by the Customer to STS Engine Services then the Customer shall immediately pay the relevant amount to STS Engine Services (save that under no circumstances will the Customer be required to pay the relevant amount to STS Engine Services less than 30 days from the date of the relevant invoice). If such dispute is resolved and the resolution thereof includes a reduction in the amount charged by STS Engine Services it shall make the reduction to the invoice or, if already paid by the Customer, promptly refund that amount to the Customer or make a reduction to the next invoice it issues.
- 11.7. STS Engine Services shall send all original invoices to the Customer's accounts payable electronically via email to the Customer's email address stated in Clause 21.
- 11.8. All Quotes will be issued in GBP if you require the invoice to be issued in USD this will be converted using the live FX rate upon invoice.

## 12. Taxes, Tariffs and Duties

12.1 The Customer shall bear all Taxes, Tariffs and Duties levied on all payments due to STS Engine Services hereunder other than (i) Taxes on income, gains or profits levied against STS Engine Services by any competent taxing authority as result of or arising from this Agreement and/or the performances of the Services hereunder; (ii) Taxes which STS Engine Services has expressly agreed to be responsible for; (iii) Taxes imposed as a result of STS Engine Services breach of the provisions of this Agreement, its negligent or fraudulent behaviour; (iv) Taxes which would not have been imposed but for the existence of a lien or other security interest created by or through STS Engine Services or arising out of any financing it has for its business; (v) Taxes which would constitute penalties, fines or interest on taxes payable by STS Engine Services which would not have arisen but for a failure to file any tax returns, statements or other documentation to the tax authority; (vi) Taxes which are import taxes or VAT which is payable by the STS Engine Services to its subcontractors for the provision of material for the Services; and (vi) Taxes in relation to its premises where the Engines are stored. (The items set out in 12.1 (i) to (vi) shall together be referred to herein as '**STS Engine Services Taxes**'). STS Engine Services will indemnify the Customer Indemnitees from and against any Losses suffered or incurred by the Customer Indemnitees arising out of or in connection with STS Engine Services Taxes.

12.2. All payments by the Customer hereunder shall be made in full free and clear of and without any deduction or withholding for or on account of any Taxes (excluding STS Engine Services Taxes for which STS Engine Services is responsible for), except to the extent that any such deduction or withholding is required by law in effect at the time of payment. Any such Tax required to be withheld on amounts payable under this Agreement shall promptly be paid by the Customer on behalf of STS Engine Services to the appropriate governmental authority, and the Customer shall upon request; furnish STS Engine Services with proof of such payment of such Taxes.

## 13. Representations and Warranties

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## 13.1. Representations and Warranties by both Parties

Each Party Hereby represents and warrants to the other party as follows:

- 13.1.1. it is duly organized and validly existing under the laws of its incorporation and has full corporate power and authority to enter into this Agreement and to carry out the provisions hereof.
- 13.1.2. it is duly authorized to execute and deliver this Agreement and to perform its obligations hereunder and the person executing the Agreement on its behalf has been duly authorized to do so by all requisite corporate actions.
- 13.1.3. this Agreement constitutes legal and valid obligations binding upon it and is enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, fraudulent conveyance, insolvency, reorganization, moratorium and other laws relating to or affecting creditors' rights generally and by general equitable principles and public policy.
- 13.1.4. the execution, delivery and performance of this Agreement by it does not conflict with any agreement, instrument or understanding, oral or written, to which it is or by which it may be bound, nor violate any law or regulation of any court, governmental body or administrative or other agency having authority over it.
- 13.1.5. that its obligations pursuant to this Agreement will be carried out diligently and carefully within the agreed specifications and timelines and in accordance with all applicable laws and regulations.

## 13.2. Additional Representations and Warranties by STS Engine Services

- 13.2.1. Subject to the remaining provisions of this clause 13 and the limitations in clause 14, STS Engine Services warrants that the work carried out by STS Engine Services or its subcontractors under this Agreement will be free from defects in workmanship and materials. This warranty does not apply to defects caused by normal wear and tear or if the Engine is not operated, handled or stored by the Customer in accordance with manufacturer's recommendations or the flight manual or the Customer's NAA requirements.
- 13.2.2. STS Engine Services shall rectify free of charge defects or failures of any Engine caused by faulty workmanship or materials in rendering services under this Agreement ("Defect Parts"). STS Engine Services shall not be liable for defects or failures of other parts or Components of the Engine which occur as a direct consequence of the Defect Parts unless it can be reasonably demonstrated that such defects or failures have been caused due to STS Engine Services' negligence or wilful misconduct.
- 13.2.3. STS Engine Services is only liable to rectify defects as per clause 13.2.2 if such defect or failure occurs within one thousand five hundred (1500) engine flying hours or 12 months (or in the case of an APU running hours) after the date of STS Engine Services CRS and which are reported in writing by the Customer to STS Engine Services as soon as practicable but in any event within thirty (30) days after the Customer becomes aware of it. After warranty repairs have been performed, the remaining portion of the remaining warranty period shall apply. The warranty period and obligations herein will remain in effect in case of termination for whatever reason of this Agreement.

STS Engine Services undertakes to assign insofar as it is lawfully able to the Customer operator of the Engine, its owner or the next operator (as requested by the Customer) any

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and all warranties provided by suppliers, subcontractors and STS Engine Services with regards to materials used for the performance of the Services or as regards the Services.

- 13.2.4. The warranty set out in clause 13.2.1 above together with the other rights and remedies available to or provided to the Customer under or in this Agreement is in lieu of and the Customer waives all other warranties (express or implied) (except those given by STS Engine Services in clause 13) of STS Engine Services arising by law or otherwise with respect to or relating to (a) material supplied by STS Engine Services, (b) any implied warranty of merchantability or fitness, (c) any warranty against patent infringement, (unless such infringement was caused by STS Engine Services). Nothing in this provision shall entitle any Party to a greater exclusion of liability than that permissible under applicable law.
- 13.2.5. If STS Engine Services cannot perform the rectification of warranty work in a reasonable time, or if the return of the Engine to STS Engine Services Facility is not reasonably practicable, the Customer may at STS Engine Services' expense (a) carry out the work itself or (b) get a third party to carry out the rectification at STS Engine Services' expense (provided always that the costs of such third party rectification are subject to the prior approval of STS Engine Services (such approval shall not be unreasonably withheld or delayed)). If the defect is in respect of any non-removable materials, STS Engine Services and the Customer shall promptly and in good faith agree how to rectify such defect in a way and at a time convenient for Customer and reasonably acceptable to STS Engine Services.
- 13.2.6. In addition to the above terms of this Clause 13.2, the above warranty contained in clause 13.2.6.1 shall not be applicable if:
- 13.2.6.1.1. after the date the Engine is redelivered to the Customer, the Customer has not maintained the Engine in accordance with the applicable regulations, Customers Operator's AMM or the applicable OEM manuals resulting directly or indirectly in the item being defective; or
  - 13.2.6.1.2. the Engine has been subjected to misuse, neglect or accident due to non-observance of the manufacturer's instructions; or
  - 13.2.6.1.3. the Engine has suffered deterioration due to external causes, e.g. foreign object damage, degradation on the ground, damage due to non-observance of instructions, etc resulting directly or indirectly in the item being defective.

Nothing in this clause shall entitle any Party to a greater exclusion of liability than that permissible under applicable law.

## 14. Liability and Indemnification

The extent of STS Engine Services liability to the Customer under this Agreement including for breach of warranties (Clause 13.2.1) is subject to the following limitations:

### 14.1. No consequential damages

None of the Indemnitors shall be liable for the loss of the use, revenue or profit with respect to the Engine or any aircraft (including its parts or Components) to which the Engine may be fitted or for any other indirect, incidental or consequential damages.

No Customer Indemnitee will be liable to an Indemnitor for any indirect, special or consequential loss or damage arising out of or in connection with this Agreement.

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## 14.2. Engine in custody of STS Engine Services

The Indemnitors shall not be liable for loss of or damage caused to any Engine, any part thereof or any other property of the Customer or Customer Operator, while being in the custody or under the care of STS Engine Services or any subcontractor unless such damage or loss is caused by any breach of this Agreement by STS Engine Services, the negligence, wilful misconduct or, recklessness with knowledge of the probable consequences or from an act or omission of STS Engine Services or their respective subcontractors done (or not done) with intent to cause damage or loss.

14.3. Nothing in this Agreement limits any liability which cannot legally be limited.

14.4. Subject to clause 14.3, the total liability of STS Engine Services to Customer Indemnitees under this Agreement in respect of each individual Purchase Order shall not exceed the price of the Services payable to STS Engine Services by the Customer under that Purchase Order.

The obligations under this provision shall survive termination.

## 15. Insurance

15.1. The Customer shall insure the Engines whilst held as a spare and/or in transit for their full value for all risks. For the avoidance of doubt, the Customer shall arrange hull and spares all risk cover (the latter including transit as applicable) in addition to the Aviation Legal Liability insurance and will cause its insurers to name the Indemnitors as additional insureds for their respective rights and interests under such insurances. The Aviation legal liability policy will provide a breach of warranty clause in favour of the additional insureds.

15.2. STS Engine Services shall arrange and maintain throughout the term of this Agreement and for a period of two years following the termination of this Agreement) insurances to support its obligations under this Agreement, including but not limited to hangar keepers, premises and products liability insurance (details of which will be given to the Customer prior to the commencement of this Agreement and on each renewal) with a liability limit of not less than USD 750,000,000 any one occurrence and shall be in accordance with standard industry practice.

## 16. Force Majeure

16.1. Save for any payment default (other than any payment default arising as a result of a problem with the transmission of moneys by reason of a technical default with the Customer bank, or terrorist activity, local, national or regional emergency), no delay or failure to perform by either Party shall be a default under this Agreement or give rise to any claim for any Losses including anticipated profits if caused by Force Majeure.

16.2. "Force Majeure" means any of the following:

16.2.1. An occurrence beyond the control and without fault or negligence of the affected party and which the affected party cannot prevent or provide against by the exercise of reasonable diligence. The term includes act of God or public enemy, expropriation or confiscation of facilities, any form of Government intervention including embargos and sanctions, war, hostilities, rebellion, terrorist activity, local, national or regional emergency, sabotage, riots, floods, unusually severe weather conditions which could not reasonably be anticipated, fires, explosions or other catastrophes;

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16.2.2. national or district strikes, slowdowns or work stoppages or any other concerted act of workmen or other similar occurrences; other than strikes or concerted acts of the affected Party's workforce; or

16.2.3. any other matter beyond the affected party's control.

16.3. Without affecting any other term of this Agreement, if either Party cannot perform any part of this Agreement because of Force Majeure, it shall be excused from liability for such failure and the time for completing any work shall be extended accordingly. The party claiming an event of Force Majeure shall tell the other party if any Force Majeure event happens or is likely to happen and must use reasonable efforts to minimise the effects of any delay caused including finding commercial work around solutions and resume the Services as soon as possible after the event of Force Majeure ends.

16.4. If any delay or failure in performance stated in clause 17.1 continues for thirty (30) days or more, either party may terminate this Agreement by giving the other Party thirty (30) days written notice and, for the avoidance of doubt, the terms of clause 16 shall apply.

## 17. Intellectual Property

17.1. Title to and all intellectual property rights (including copyrights, trademarks, patents, registered design rights or design rights) in all documents or data (including plans, drawings, patterns or designs) supplied by the Customer to STS Engine Services, shall remain with the Customer or any third party which is entitled to such intellectual property right.

17.2. Title to and all intellectual property rights (including copyrights, trademarks, patents, registered design rights or design rights) in all documents or data (including plans, drawings, patterns or designs) supplied by STS Engine Services to the Customer, shall remain with STS Engine Services or any third party which is entitled to such intellectual property right.

## 18. Confidentiality

Unless required by law, court action or applicable regulatory agency neither Party shall disclose the terms of this Agreement to any third party (other than its professional advisers or, in the case of the Customer, to any Customer Group company or in the case of a Customer Operator to any of its potential or existing lessees or purchasers of Engines serviced or stored by STS Engine Services pursuant to this Agreement).

## 19. Counterparts

19.1. This Agreement may be executed in any number of counterparts, each of which shall constitute a duplicate original, but all the counterparts shall together constitute the one agreement.

19.2. Transmission of an executed counterpart (but for the avoidance of doubt not just a signature page by email (in PDF, JPEG or other agreed format) shall take effect as the transmission of an executed "wet-ink" counterpart. If this method of transmission is adopted, without prejudice to the validity thus made, each party shall on request provide the other with the "wet ink" hard copy originals of their counterpart.

19.3. No counterpart shall be effective until each party has provided to the others at least one executed counterpart.

## 20. Notices

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- 20.1. All notices, correspondence and documents to be given must be in English. If they are not in English, they must be given with a signed English translation. If there is any difference between the English version and any version in any other language, the English version shall apply.

All notices, correspondence and documents given shall be given by hand or by pre-paid mail from the Customer addressed to STS Engine Services at:

STS Engine Services Limited  
Building 6025  
Taylors End  
Stansted Airport  
Stansted  
Essex  
CM24 1RL  
United Kingdom Phone: +44 (0) 1279681122  
Attention: Tracey Clark

## 21. Governing Law and Jurisdiction

The governing law including any non-contractual disputes or claims arising out of or in connection with this Agreement is the law of England. All disputes (including any non-contractual disputes or claims arising out of or in connection shall be brought before the English courts.

## 22. Compliance

Each Party shall during the term of this Agreement shall:-

- (A) comply with all applicable laws and statutes relating to anti-bribery and anti-corruption including the Bribery Act 2010;
- (B) not engage in any activity, practice or conduct which would constitute an offence under sections 1, 2 or 6 of the Bribery Act 2010 if such activity, practice or conduct had been carried out in the UK;
- (C) ensure that neither it nor its directors or employees and shall use reasonable endeavours to procure that its Affiliates will not in respect of this Agreement undertake any action or activity or refrain from any action or activity where doing so is intended to facilitate any offence of tax evasion.

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## **Annex A: Scope of services.**

Subject to capability and capacity of STS Engine Services and the requirements of the Customer, STS Engine Services shall perform the following services listed in Annex B. For all engines in accordance with STS Engine Services standard of services to be provided by STS Engines Services is set out in in clause 3.1.1.

For each individual Engine, the Customer shall send a Purchase Order to STS Engine Services in accordance with clause 6 and Annex C-1.

### A-1 Quality System

A-1.1. STS Engine Services shall regulate the above Services via a recognised Quality System and shall liaise directly and promptly with the Customer to ensure problematic items are identified and tracked and managed efficiently.

### A-2 Transportation / Logistics

Delivery and Redelivery terms are set out in clause 0.

#### A-2.1 Packing

For transport from Customer to STS Engine Services and vice-versa, the Engine(s) shall be securely wrapped or placed in a shipping bag in accordance with the latest revision of the relevant Engine Shop Manual.

#### A-2.2 Shipping Marks

Each Engine shipped to STS Engine Services shall be marked as follows:

STS Engine Services Limited  
Building 6025  
Taylors End  
Stansted Airport  
Stansted  
Essex  
CM24 1RL  
United Kingdom

Tel: +44 (0) 1279 681122

#### A-2.3 Notification of Dispatch

The Customer shall notify dispatch of shipments to STS Engine Services including expected date of arrival, and if applicable flight number and Air Way Bill (AWB) Number, to address as stated in A-2.2 above.

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## Annex C: Documentation

### C-1 Documentation to be delivered to STS Engine Services

For each Engine dispatched to STS Engine Services pursuant to this Agreement, the Customer shall provide to STS Engine Services the documentation set out in clauses C-1.1, C-1.2 and C-1.3:

#### C-1.1. Purchase Orders

Before the commencement of any work, the Customer shall send STS Engine Services a Purchase Order containing the following information:

- Identification of the Engine or parts thereof
- Primary cause for removal and date the removal occurred
- Total hours and cycles accrued to date and time since last overhaul and/or last shop visit
- Accessory list
- Detailed instructions as to the service required

#### C-1.2 Certification

- Certificate of Release to Service and Certification of Maintenance (CAA Form 1 Dual Release) if the engine is serviceable.

#### C-1.3 Technical Documentation, Manuals, Service Bulletins, etc.

- The Customer shall be responsible for the supply of the technical work pack instructions to which the Engine Redelivery Check is to be performed. These instructions are to be in accordance with the relevant MPD and AMM.
- The Customer shall be responsible for the supply of any necessary technical documentation required to perform the Services, including but not limited to manuals and SB's applicable to the Engine.

### C-2 Documentation to be delivered to the customer

STS Engine Services shall deliver a document pack to the Customer including but not limited to the following, where applicable:

- Certificate (original) of Release to Service and Certification of Maintenance (EASA Form 1,) upon re-delivery of Engine
- Copies of the work pack and/or shop report
- Engine Preservation Tag/no incident report
- Fan Blade Distribution Sheet
- Accessory List (inventory If requested by the customer)
- Missing part list (transit sheet)

All Documents shall be supplied in English language.