

# Standard Terms and Conditions for Aircraft Engineering and Consultancy Services

The following standard terms and conditions (hereinafter "Standard Terms and Conditions") apply to any aircraft engineering and consultancy services (as further defined under "Services" below), which are performed by Lufthansa Technik AG.

## 1. DEFINITIONS AND ABBREVIATIONS

The following terms, expressions and abbreviations used in these Standard Terms and Conditions shall have the following meanings:

<b>Affiliates</b>	Any companies or entities (i) directly or indirectly controlled by LHT, for which purpose control means either ownership of more than fifty per cent (50%) of the voting rights and/or share capital (or equivalent right of ownership) of such companies or entities, or power to direct its policies and management, whether by contract or otherwise; or (ii) by which LHT is controlled in the aforementioned manner; or (iii) which are controlled by companies or entities in the aforementioned manner while LHT is controlled in the aforementioned manner by the same company or entity.
<b>BGB</b>	means Bürgerliches Gesetzbuch, i.e. the German Civil Code.
<b>CRAS</b>	means Change/Repair Approval Sheet, which is a binding document issued by LHT that approves minor design changes or minor repairs to an aircraft, engine or component.
<b>Customer</b>	A person or legal entity who or which, when entering into a Customer Agreement with LHT, acts in exercise of his or its trade, business or profession.
<b>Customer Agreement</b>	A contract between LHT and the Customer (including these Standard Terms and Conditions) under which LHT agrees to perform Services in return for payment by the Customer.
<b>DOA</b>	Design Organisation Approval (DOA) is the recognition that a Design Organisation complies with the requirements of Part 21 Subpart J of Commission Regulation (EU) 748/2012.
<b>Electronic Form</b>	Any declaration made on a storable electronic medium such as, but not limited to, an e-mail or pdf copy and for which a hand-written signature of a person making such declaration is not required. The Electronic Form also comprises a declaration made in Written Form.
<b>IP Rights</b>	All intellectual property rights, including, but not limited to patents, utility models, designs, copyrights (including, but not limited to, software), trademarks, trade names, know-how (including, but not limited to, documents, sketches, data and other information) and trade secrets.
<b>LHT</b>	Lufthansa Technik AG
<b>OEM</b>	Original Equipment Manufacturer
<b>Parties</b>	The parties to the Customer Agreement, i.e. LHT and the Customer.
<b>Services</b>	One or a combination of the following actions (as further specified in the Customer Agreement): engineering and consultancy services for aircraft, such as, but not limited to establishing and improving maintenance programs, line maintenance procedures, providing assistance with respect to identifying and interpreting OEM guidelines, assisting in aircraft lease-in and lease-returns, providing design developments under the DOA (or the FAA equivalent), providing livery & marking services as well as software management services.
<b>Vicarious Agents</b>	LHT's directors, officers, personnel and other persons, e.g. subcontractors used by LHT to support LHT in the performance of its obligations under the Customer Agreement.
<b>Written Form</b>	Any declaration signed by the issuer with its name in its own hand in original

## 2. SCOPE AND EXCLUSIVE VALIDITY OF THESE TERMS AND CONDITIONS

- 2.1 These Standard Terms and Conditions shall exclusively apply to all agreements between LHT and its Customers, unless either (i) LHT expressly waives their applicability, or (ii) LHT and the Customer have expressly agreed on any other terms and conditions.
- 2.2 The Customer's standard terms and conditions shall not apply, even if LHT has not expressly rejected their applicability. Further, if LHT replies to any communication of the Customer that refers to the Customer's standard terms and conditions or any other set of terms and conditions, such reply shall not constitute an acceptance of such terms and conditions.

## 3. CONCLUSION OF CUSTOMER AGREEMENT

- 3.1 Any offer submitted by LHT shall be indicative only and non-binding.
- 3.2 Orders submitted by the Customer are binding for the Customer for a period of 14 days.

- 3.3 The Customer Agreement is concluded if either (i) LHT has submitted an order confirmation to the Customer in Electronic Form or (ii) upon LHT's rendering of the Services. If, however, the Services consist of design developments under the DOA (or the FAA equivalent) the Customer Agreement shall be concluded only after LHT's order confirmation in Electronic Form.

## 4. SCOPE OF SERVICES

- 4.1 LHT is entitled, without the prior consent of the Customer but at the Customer's expense, to perform additional services that LHT considers necessary for the proper performance of the Services if (i) the Customer's prior consent cannot be obtained without causing a delay in the completion of the Services and (ii) the price for the additional Services does not exceed ten percent (10%) of the value of the original order.
- 4.2 Unless otherwise agreed in Written Form, LHT shall perform the Services in accordance with the LHT quality manual and procedures as approved by the competent authority. LHT reserves the right to use qualified electronic signatures for signing airworthiness release certificates, such as but not limited to EASA Form 1, and the Customer acknowledges and accepts this practice.
- 4.3 Where LHT's Services consist of reviewing existing plans and/or procedures (such as maintenance plans or line-maintenance procedures), LHT will review and revise those plans/procedures as necessary and/or propose improvements. However, LHT does not guarantee that any improvements in efficiency will result from the revisions.
- 4.4 If LHT assists in identifying or interpreting OEM-regulations, LHT's Service is limited to such assistance Services and the final decision as to which regulation is to be applied and how it is to be interpreted always remains with the Customer.

## 5. PLACE OF PERFORMANCE

The place of performance shall be at the relevant LHT location where the Services are performed (hereinafter "Place of Performance").

## 6. CUSTOMER'S OBLIGATIONS

- 6.1 The Customer shall provide LHT in due time prior to the performance of the Services with all basic data of the aircraft, which is relevant for the performance of the Services (e.g. the aircraft's load data, structural condition, etc.), and with all other documents and/or information on the operation, maintenance and repair history of the aircraft that is necessary for completing the Services.
- 6.2 If the Customer fails to supply LHT with the documents and/or information as per Article 6.1 above or if such documents/information are incomprehensible, incorrect or incomplete, LHT is not responsible for any delays and/or damages caused thereby and is entitled to terminate the Customer Agreement with immediate effect after expiry of a reasonable grace period to be set by LHT. In such case, LHT shall be entitled to claim payment for any Services rendered up to the date of termination.
- 6.3 If the Customer becomes aware that the safe operation/airworthiness of the aircraft is adversely affected due to LHT's design or for any other reasons attributable to LHT, the Customer shall promptly give notice in writing to LHT and follow any safety instruction issued by LHT.
- 6.4 The Customer may only use the results of the Services for the contractually agreed or intended purpose. Any other use is prohibited to the Customer.
- 6.5 If the Services consist of design developments under the DOA (or the FAA equivalent) and if LHT issues a CRAS or any other document approving such developments upon finalizing the Services the Customer shall be solely responsible for ensuring that the Services and any approvals pertaining to the Services (including the CRAS or such other document) are recognized by other authorities and regulatory bodies relevant to it.
- 6.6 If LHT issues a CRAS or any other document upon finalizing the Services, the Customer shall be obliged to strictly adhere to all limitations specified in the CRAS or such other document.
- 6.7 Notwithstanding the Customer Agreement, the Customer shall bear the overall maintenance, engineering and airworthiness responsibility for the aircraft towards its competent aviation authority for having the Services in compliance with the applicable aviation and airworthiness laws, regulations and directives. Any entries in the technical log book of an aircraft by LHT do not constitute any indication with respect to the airworthiness of the aircraft as a whole. However, the entry in the technical log with the signature does constitute a release to service with regard to the respective Services performed by LHT.

## 7. PERFORMANCE TIMES; DEADLINES

- 7.1 Dates and deadlines indicated by LHT for the completion of the Services are provisional and non-binding and shall serve as general information only, unless they have been explicitly agreed between the Parties as binding or confirmed by LHT as binding.
- 7.2 If LHT becomes aware that it is likely to miss the indicated date or deadline, LHT shall notify the Customer thereof without unreasonable delay.



## 8. ACCEPTANCE

If an acceptance is agreed or required by law, acceptance shall take place at the Place of Performance.

## 9. WARRANTY

9.1 If the Services are subject to the provisions of the contracts for works pursuant to sections 631 et seqq. BGB ("Werkvertragsrecht"), the following provisions of this Article 9 shall apply.

9.2 The warranty period for the Services is twelve months starting from acceptance of the relevant Services.

9.3 A warranty claim must be raised by the Customer within thirty (30) days after the defect has or could have become reasonably apparent.

9.4 If a defect is covered by this warranty, LHT shall first have the opportunity to correct any defect at its own cost and expense at LHT's choice by means of rectification of the defect or renewed service provision ("Subsequent Performance"). If such Subsequent Performance has failed or if a reasonable time limit for the Subsequent Performance to be set by the Customer has expired without a result or is superfluous, the Customer may request (i) a reduction in price or (ii) may withdraw from the Customer Agreement and (iii) claim damages. The Customer, however, is only entitled to claim damages in accordance with Article 10 of these Standard Terms and Conditions.

9.5 The warranty set forth in this Article 9 shall be the exclusive and sole remedy for the Customer in case of any defect.

9.6 The warranty period of Article 9.2 shall also apply to contractual and non-contractual claims for damages, which are based on a defect in the Services. However, if LHT is liable for damages in accordance with Article 10.1, the statutory limitation period shall apply.

## 10. LIMITATION OF LIABILITY FOR DAMAGES

10.1 LHT's liability for willful misconduct and gross negligence is governed by the statutory provisions. The same applies for loss or damage arising from injury to life, limb or health culpably caused by LHT, a violation of a guarantee or a breach of the German Product Liability Act.

10.2 If there is no event which falls within Article 10.1, LHT's liability for loss or damage, regardless of the legal grounds, is excluded in the event of simple negligence (so-called "einfache Fahrlässigkeit") of LHT and its Vicarious Agents, unless such liability results from the violation of any material contractual obligation (so-called "wesentliche Vertragspflichten"). Material contractual obligations are those obligations, (i) the performance of which make the fulfilment of the contract in accordance with its terms at all possible, and (ii) the compliance with which the Customer is entitled to rely on and regularly does so rely.

10.3 If LHT is liable in accordance with Article 10.2 due to a simple negligent breach of material contractual obligations, LHT's liability shall be further limited as follows: LHT shall not be liable for non-foreseeable damages which are not typical for Services of the kind constituting the Service under the relevant Customer Agreement.

10.4 The liability of LHT set forth in this Article 10 is exclusive and the Customer explicitly waives any other rights to claim damages it may have at law or otherwise.

## 11. THIRD PARTY CLAIMS

The Customer shall indemnify and hold LHT and its Vicarious Agents harmless from and against all claims of third parties to the extent that LHT would not be directly liable to the Customer for such claims under this Customer Agreement.

## 12. INSURANCE

12.1 If the Customer is an airline/aircraft operator:

The Customer agrees to maintain the following insurances:

- Hull All Risks/Hull War/Spares All Risks Insurance including a waiver of subrogation in favour of LHT and its Vicarious Agents except in case they are liable according to Article 10.

- Aviation Legal Liability Insurance in line with industry practice including aircraft third party, passenger, products and war and allied perils with a combined single limit in accordance with Article 7 Regulation (EC) No. 785/2004 naming LHT and its Vicarious Agents as additional insureds to the extent of indemnity agreed upon according to Article 11.

Upon request, Customer will provide LHT with a certificate of insurance (reinsurance if applicable).

12.2 If the Customer is not an airline/aircraft operator:

The Customer agrees to maintain the following insurances:

- Aviation Legal Liability Insurance in line with industry practice including third party, products and war and allied perils with a combined single limit as would be carried by prudent companies engaged in the Customer's industry naming LHT and its Vicarious Agents as additional insureds to the extent of indemnity agreed upon according to Article 10

- and provided the Customer takes out Spares All Risks insurance, such insurance shall include a waiver of subrogation in favour of LHT and its Vicarious Agents except in case they are liable according to Article 10.

Upon request, Customer will provide LHT with a certificate of insurance (reinsurance if applicable).

## 13. PRICES AND PAYMENTS

13.1 If not agreed otherwise between the Parties, LHT's price list in the current version shall apply to the Services.

13.2 All prices are quoted as net prices. Any tax (including, but not limited to value added tax and withholding taxes), duty, fee or other public charges whatsoever imposed on the invoiced prices shall be borne by the Customer or shall be refunded by the Customer to LHT. Customer shall provide LHT with the necessary evidence that any such taxes have been paid as well as a transfer sheet (in the form specified by LHT) showing the amounts paid in taxes corresponding to the amounts invoiced by LHT pursuant to this Customer Agreement. If this Customer Agreement results in recurring services over the course of more than one calendar quarter, then Customer shall provide such evidence and transfer sheet quarterly. LHT shall have the right to cease any ongoing Maintenance Services without notice, and claim prepayment for any future Maintenance Services, until any default under this Article 13.2 is cured.

13.3 LHT may issue one invoice or several partial invoices to the Customer.

13.4 All payments are due and immediately payable upon receipt of the invoice(s) without any deduction.

13.5 The Customer shall not be entitled to set off any counter-claims against LHT's claims or exercise a right of retention, unless the Customer's counter-claim or right of retention is determined by the final decision of a court or are undisputed.

13.6 LHT shall always be entitled to assign its payments claims against the Customer to third parties.

## 14. IP RIGHTS

Title to all IP Rights disclosed in documents or data (including but not limited to plans, drawings, patterns or designs) supplied by LHT to the Customer under the Customer Agreement or created during the Services, shall remain with LHT or any third party which is entitled to such IP Rights.

## 15. LIEN, AUTHORITY TO SALE; RIGHT OF RETENTION; SET-OFF RIGHTS

15.1 LHT has by virtue of the Services performed a contractual lien with respect to the object of Services in its custody as well as with respect to other items of the Customer in LHT's custody to secure any claims of LHT against the Customer out of or in connection with the Customer Agreement as well as to secure any claims against the Customer of LHT's Affiliates. Such contractual lien shall also exist for claims resulting from services previously performed or material previously supplied. The contractual lien shall entitle LHT and/or any of its Affiliates to publicly offer the object of Services and/or other items in LHT's custody for sale no earlier than one (1) month after advising the Customer of its intent to do so. To effect such sale LHT shall not be required to obtain an enforceable title or to comply with the regulations governing forced sale.

15.2 Further, LHT has by virtue of the Services performed a right of retention with respect to the object of Services in its custody as well as with respect to any other items of the Customer in LHT's custody to secure any claims of LHT against the Customer out of or in connection with the Customer Agreement as well as to secure any claims of Affiliates against the Customer. Such right as well as a set-off right may also be asserted for services previously performed or material previously supplied.

15.3 LHT shall also have the right to cease any ongoing Services without notice until all payments due under the Customer Agreement or any other contractual relationship between the Customer and LHT or the Customer and any Affiliate have been made.

## 16. ASSIGNMENT

In addition to any other statutory or contractual right of assignment, LHT may assign its rights and obligations under the Customer Agreement in total or in part to any of its Affiliates. The Customer shall be informed about such assignment duly in advance. The assignee shall perform the Services under the Customer Agreement in the quality and standards and in accordance with the terms and conditions laid down in these Standard Terms and Conditions. Any other assignment of rights or obligations arising from the Customer Agreement shall require the prior approval in written form of the other Party.



## 17. FORCE MAJEURE

All events or circumstances, the prevention of which is beyond the control of LHT, such as, but not limited to, acts of the public enemy, terrorism, war, insurrections or riots, blockades, fires, floods, explosions, earthquakes, storms, serious accidents, epidemics, pandemics, endemics or quarantine, any act or omission of government or governmental authority (such as, but not limited to, delays with any customs clearance despite LHT having properly applied for it in due time or as a result of clarifications with customs authorities), strikes or labor troubles causing cessation, slowdown or interruption of work, general hindrance in transportation, general supply shortages and interruptions, shall release LHT from its obligation of providing Services for the duration and to the extent of such events or circumstances.

## 18. TRADE CONTROL COMPLIANCE

### 18.1 General Compliance

The Customer undertakes to conduct any activities under or in connection with the Customer Agreement in compliance with applicable export, import and sanction laws and regulations (in their most current version), including but not limited to those of, the United States (as stipulated in the U.S. Export Administration Regulations (EAR), 15 CFR Parts 730-774, or in the International Traffic in Arms Regulations (ITAR), 22 CFR Parts 120-130), the United Nations (as stipulated the United Nations Security Council Consolidated List), and those of other relevant foreign jurisdictions (collectively referred to as "Trade Control Laws"). The Customer represents and warrants that neither itself nor any of its affiliates are listed on any applicable sanctioned party list or controlled by a sanctioned person. If at any time following the entry into force of the Customer Agreement the Customer or any of its affiliates becomes a sanctioned person, or a sanctioned person acquires control of the Customer or its affiliates, the Customer shall promptly notify LHT. The Customer acknowledges that performance by LHT of its obligations under this Agreement shall remain subject to obtaining, and to the terms of, any export license required under Trade Control Laws. Upon LHT's request, the Customer shall promptly provide LHT with appropriate documents or certifications as required by or to comply with Trade Control Laws. LHT reserves the right to not execute shipment until the Customer has provided necessary documents or certifications to enable LHT to use existing export licenses such as acknowledgement of LHT's license conditions. LHT further shall be released from its obligations if Trade Control Laws prevent LHT from fulfilling its obligations.

### 18.2 No Re-Export

(i) The Customer shall not sell, export or re-export, directly or indirectly any goods or technology supplied by LHT in connection with the Customer Agreement which fall under the scope of (1) Article 12g of the Council Regulation (EU) 833/2014 as of 31 July 2014 (as amended from time to time and in its most current version, defined as the "Regulation") to the Russian Federation or for use in the Russian Federation and/or (2) Article 8g of Council Regulation (EU) No 765/2006 (as amended from time to time) to Belarus or for use in Belarus.

(ii) The Customer shall use all necessary efforts to implement adequate measures to prevent any direct or indirect sale, export or re-export of any goods or technology supplied by LHT in connection with the Customer Agreement that fall under the scope of (1) Article 12g of the Regulation (as amended from time to time) by third parties to the Russian Federation and/or (2) Article 8g of Council Regulation (EU) No 765/2006 (as amended from time to time) by third parties to Belarus.

(iii) The Customer shall inform LHT about any relevant activities by third parties that could be in conflict with the purpose of Article 18.2(i).

The Customer shall provide LHT any information requested concerning compliance with the obligations under this Article 18.2 at no cost to LHT.

In case of any breach of the obligations as set out in this Article 18.2 by the Customer, LHT shall be entitled to terminate the Customer Agreement upon written notice and with immediate effect.

## 19. LAW AND JURISDICTION

19.1 The Customer Agreement and these Standard Terms and Conditions and any legal relationship with the Customer that may arise therefrom shall be exclusively subject to and construed exclusively in accordance with the laws of the Federal Republic of Germany excluding their conflict of laws rules. The United Nations Convention on the International Sale of Goods (CISG) shall not apply. In the event of a conflict between the English and the German meaning of any expressions used in these Standard Terms and Conditions or any part thereof the German legal meaning shall prevail.

19.2 The courts of Hamburg, Germany, shall have jurisdiction. In case of any claims asserted against LHT this jurisdiction shall be exclusive.