



**GENERAL TERMS AND CONDITIONS**  
**Maintenance, overhauls and repair**

**1. PREAMBLE**

- 1.1 These *General Conditions* shall apply on repairs, maintenance and overhaul of engines and other engine components and of spare parts to engines and other engine components, and sale of engines and engine spare parts (hereinafter collectively referred to as goods) when the parties agree in writing, or *CraftStoff* (CS) acknowledge order, or in other similar manners thereto.
- 1.2 Deviations from the *General Conditions* shall not apply unless agreed in writing.

**2. QUOTATION AND ORDER**

- 2.1 If a quotation submitted by CS does not contain a period of validity, then the quotation shall be deemed to expire ten (10) days after it has been issued.
- 2.2 If CS receives an order within the period of validity of quotation, such order shall not be binding upon CS until CS has confirmed the order in writing.
- 2.3 Data and information in price lists or similar documentation is binding for CS only if agreed by CS in writing.

**3. DELIVERY AND TIME FOR DELIVERY**

- 3.1 Delivery will be effected "Ex works" at CS ordinary facilities, save when the work has been performed at a place assigned by CS.  
In such case the delivery, unless otherwise agreed, shall be at the place assigned by CS.
- 3.2 If the order fails to receive delivery after CS has given notice that the goods are ready for delivery,  
CS may, but is not obligated to, arrange storage of the goods at the Order's risk and expense.
- 3.3 CS shall devote themselves to deliver the goods at the agreed time for delivery.

3.4 If, instead of a fixed date for delivery, the parties have agreed on a period within which delivery shall take place, such period shall start to run at the last of the following events:

- (I) the day when the agreement was entered into,
- (II) CS reception of the goods,
- (III) CS reception of necessary instructions and/ or technical data.
- (IV) CS reception of demanded security and/or advance payment.

#### **4. DELAY**

4.1 If CS finds that it will not be able to deliver at the agreed time for delivery, CS shall as soon as possible notify the Order, stating the reason for the delay and if possible the time when delivery can be expected.

4.2 If a delay is caused by a circumstance that under Article 12.1 shall be considered a case of relief or by an act of or omission of the Order, or if a delivery from a sub-contractor is delayed or if the Manufacturer of the goods or an Authority requires modification of the goods or if the goods do not, due to circumstances that cannot be considered gross negligence by CS, meet agreed specifications, the time for delivery shall be extended by a reasonable period. The time for delivery shall be extended even if the reason for delay occurs after the original time for delivery.

4.3 If CS does not deliver the goods on time and CS is not entitled to extension of delivery, the Order is entitled to liquidated damages from the date on which delivery should have taken place.

The liquidated damages shall be payable at a rate of 0.5 percent of the agreed price for each complete week of delay. The liquidated damages shall not exceed 5 percent of the agreed price.

The liquidated damages become due thirty days after CS receipt of the Order's written demand of such compensation.

The Order loses its right if he has not lodged a claim in writing within thirty days after delivery should have taken place.

- 4.4 If the Order is entitled to maximum liquidated damages according to clause 4.3, and if the goods is still not delivered, the Order shall in writing demand delivery within a final reasonable limit of time, which shall be not less than two weeks.

If CS does not deliver within such final period and this is not due to any circumstance for which the Order is responsible, then the Order may, by notice in writing to CS, terminate this contract.

In case of such termination the only remedy available to the Order is liquidated damage under clause 4.3.

- 4.5 The Order is, in case of delay of delivery, not entitled to any other remuneration but liquidated damage.

## **5. PRICE**

- 5.1 In addition to the agreed price Value Added Tax is charged in accordance with the Swedish Value Added Tax Law and the EU regulation.

- 5.2 If not otherwise agreed, CS is entitled to charge cost increases due to circumstances, which CS reasonable could not avoid or caused by the Order, such as, without limitation, increase of costs due to modifications ordered by any authority or manufacturer, increases of costs for spare parts or other equipment, costs for customs duty and advance payments or deposits for such duty and interest for such deposits, increases of taxes and other charges or fluctuation in exchange rates in relation to the Swedish Crown if the contract wholly or partially is concluded in a foreign currency or if CS cost for spare parts or other equipment is influenced by such fluctuation or charges, provided that the fluctuation during the contractual relationship is equal to or exceeds two percent.

- 5.3 CS will carry out its work at CS ordinary facilities and during normal working hours. For overtime work ordered by the Order or emergency service or work performed outside CS facilities, CS is entitled to charge the Order every additional cost in connection with such work.

- 5.4 Regardless of the value of the work carried out by CS. CS shall always be entitled to charge a price amounting to 1.200 SEK excluding Value Added Tax (Minimum Order Value).

**6. PAYMENT**

6.1 Payment shall, unless otherwise agreed, be made in cash when CS has given notice to Order that the goods is ready for delivery. CS is entitled to assign to the Order the place and means of payment as well as the currency of payment.

6.2 If the Order fails to pay by the agreed date, CS is entitled to penalty interest at an annual rate of the Central European Bank's MRO (The interest rate of the main refinancing operations) plus 10% from the day on which payment became due, until CS has received payment in full.

6.3 CS is at any time entitled to demand security acceptable to CS for payment and/or advance payment.

6.4 If CS has reason to assume that the Order will not fulfil its obligations under this Agreement CS may immediately suspend the work on the goods and demand security acceptable to CS or advance payment in accordance with Article 6.3. If security, acceptable to CS, is not provided CS may terminate this Agreement forthwith.

6.5 If the Agreement is terminated CS is entitled to dismantle and repossess any property that CS has inserted in the goods without any obligation to install the dismantled or exchanged parts of the goods.  
CS is also entitled to claim compensation for the loss it has suffered, including indirect loss, loss of profit and any other consequential economic loss.

**7. RESERVATION OF TITLE**

Goods delivered by CS shall remain the property of CS until paid for in full, and may be repossessed by CS in accordance to Article 8.

## **8. SECURITY**

8.1 The Order hereby grants CS, a continuing security interest in all the Order's goods possessed by or within CS control, for any demand of payment or damages that CS, its affiliates, subsidiaries or associated companies may have on the Order or its parent or its affiliates, subsidiaries or associated companies. The security interest does also include any right to insurance compensation that may be disbursed with respect to goods within CS control. In addition hereto CS is entitled to set off receivables against debts to the Order or its parent or its affiliates, subsidiaries or associated companies.

8.2 If CS, its affiliates, subsidiaries or associated companies do not receive payment for the amount due within two months, CS is entitled to sell the goods as CS may see fit without observing the provisions in chapter 10 section 2 of the Swedish Commercial Code. CS is also entitled to repossess the goods referred to in Art.7 immediately.

The Order shall, at CS request, sign a written notice of such security to any third party.

## **9. UNCOLLECTED GOODS**

9.1 Should Order's goods not have been collected six months after the time at which they were ready to be collected, then CS shall no longer be responsible for the goods.

CS may at that time sell the goods or, should the goods be worth less than 25 000 SEK, dispose of the goods in whatever other way CS sees fit.

If the goods are sold, then CS shall be entitled to keep part of the proceeds, corresponding to CS claim on the Order as well as any other costs incurred by CS in connection with the storage or sale of the goods.

**10. LIABILITY FOR DEFECTS**

- 10.1 CS shall, at its own cost and expense, remedy defects in the goods resulting from faulty workmanship carried out at CS facilities. CS liability is limited for twelve (12) months or three hundred (300) operating hours, whichever occurs first, from the time when CS given notice to Order that the goods is ready for delivery.
- 10.2 CS undertakes no liability for defects from faulty workmanship carried out by a third part or defects in equipment from faulty design or materials delivered to CS by a third part. CS shall use its best endeavours to extend to the Order, if requested, the benefit of any warranty or all CS rights to claim compensation for defects from faulty workmanship carried out by a third party or defects in equipment from faulty design or materials delivered to CS by a third party.
- 10.3 CS undertaking to remedy defects shall only apply if the goods are used and maintained in a correct way under normal operations, if mothballing and reactivation after mothballing have been carried out in a correctly manner and if correct fuel and lubricants have been used. CS is not, in any case, liable for damages resulting from overloading, corrosion, misuse or omission of maintenance.
- 10.4 The Order shall notify CS in writing of a defect without delay after the defect has become apparent, and not later than two weeks after the expire of the period defined in clause 10.1. The notice shall contain a detailed description of how the defect manifests itself and the Order shall state if he wishes to requisite CS Guarantee and the information therein shall be verified by the guarantee-card and logbook and journal if it is prescribed that such logbook or journal shall be kept. CS liability is subject to the dismantling of the Aircraft or part thereof.
- 10.5 If the Order fails to notify CS of a defect in writing within the time limits set forth in Article 10.4 or if the notice does not contain the information required, the Order shall forfeit its right to make any claim in respect of the defect.
- 10.6 Remedy of the defect shall take place at CS ordinary premises. All transports in connection with repair or replacement shall be at the Order's risk and expense. Also, the cost resulting from dismantling or reinstallation shall be borne by the Order.
- 10.7 The Order shall bear all and any increases costs for remedying a defect if the work must be performed outside CS premises and/or beyond ordinary working hours.

10.8 If the Order gives such notice as described in Article 10.4 and no defect is found for which CS is liable, CS shall be entitled to compensation for the work and costs which it has incurred as a result of the notice.

10.9 If CS fails to fulfil its obligation to remedy a defect for which CS is liable within a reasonable time, the Order shall by written notice require it to do so within a final time, which shall not be less than two weeks.

If CS fails to fulfil its obligations within that time limit, the Order may apply the provisions of Article 4.3 – 4.5.

10.10 Notwithstanding the provisions of Articles 10.1-10.9 CS shall have no liability for any defects in the goods for more than twelve months after CS given notice to the Order that the goods is ready for delivery.

10.11 CS shall in no case be liable for any indirect loss that a defect may cause. This includes, but is not limited to, loss of production, loss of profit, and any other consequential economic loss. CS liability is limited to a total equal to five percent of the contract sum or, if it is lower, the price for the work conducted on the defect part.

## **11. PRODUCT LIABILITY etc.**

11.1 CS shall not be liable for loss or damage to property or, death or injury to persons caused by the goods or technical specifications, save if the Order can prove that CS has caused the incident due to gross negligence.

11.2 The Order shall indemnify and hold harmless CS to the extent that CS incurs liability towards any third party due to damage, loss, death and injury, caused by the goods.

11.3 CS shall under no circumstance be liable for loss of production, loss of profit or any other consequential economic loss.

11.4 CS liability is limited to an amount equal to actual payment of insurance compensation from its liability insurer.

## **12. GROUNDS FOR RELIEF (FORCE MAJEURE)**

- 12.1 The following circumstances shall be considered as grounds for relief if they impede the performance of the contract or makes performance unreasonably onerous; labour disputes or conflicts and any other circumstance beyond the control of the parties such as fire, war, mobilisation or military call up a comparable scope, requisition, seizure, instructions by authority, currency restrictions, insurrection and civil commotion, shortage of transport, general non-availability of materials, restrictions in the use of power and defects or delays in deliveries by subcontractors caused by any such circumstance as referred to in this clause.

A party shall immediately in writing notify the other party if an event referred to above should occur.

- 12.2 Notwithstanding other provisions in this contract either party shall be entitled to terminate this contract without incurring any liability by notice in writing to the other party if the performance of the contract is delayed more than six months by reasons stipulated in Art. 11.1.
- 12.3 If grounds for relief prevent the Order from fulfilling its obligations, the Order shall compensate CS for expenses incurred in securing and protecting the goods.

## **13. GOVERNING LAW**

These General Terms and Conditions shall be governed and by and construed in accordance with Swedish law.

## **14. DISPUTES**

- 14.1 All disputes, claims or differences, which arise out of or in connection with these General Terms and Conditions, shall be finally settled by arbitration in Sweden pursuant to the rules of the Swedish arbitration Act of 1929.
- 14.2 The place of Arbitration shall be Stockholm and the language to be used shall be English.
- 14.3 The arbitration tribunal shall apply the Swedish Code of judicial Procedure provisions regarding voting and dispersion of legal costs.
- 14.4 CS may, however, claim amounts due, interest and reimbursements of costs and expenses included, and payable by the Order, at any formally competent court or authority in Sweden, or in any other competent jurisdiction