

July 2012



International Federation of Inspection Agencies

Council regulation one



Categories of IFIA Members, IFIA Membership Criteria and Application Procedure

Regulation 1 made by the Council Pursuant to Article 37 of the Articles of Association on 12th October 2001 (amended with effect from 1st July 2012)

Part One

1.1 Definitions

The Definitions contained in Article 1 of the Articles of Association form part of this Regulation. References in these Regulations to Articles means the Articles of Association for the time being of the Federation.

1.2 Categories of Members

1.2.1 There are four categories of Member as set out in Article 6 namely:-

- i Members whose annual turnover from activities relevant to the Federation ("Relevant Turnover") exceeds Euros 500,000,000 shall be A Members with full voting rights.
- i Members whose Relevant Turnover from activities relevant to the Federation is less than Euros 500,000,000 but is more than Euros 100,000,000 shall be B Members with full voting rights.
- i Members whose Relevant Turnover from activities relevant to the Federation is less than Euros 100,000,000 shall be C Members with full voting rights.
- i Other categories of Members (non-voting) admitted by the Council under Article 74. Any such Members shall be Associated Members.

1.2.2 A Member shall be a Corporation or Firm or other legal entity (but not an individual) engaged in its own right and/or through Subsidiary Companies, Associated Companies or Related Firms in carrying on the business of the Profession which meets the criteria for membership, including any entity designated as a group Member under Article 7(a) of the Articles of Association.

1.2.3 An Associated Member shall be any Corporation, association, Firm or other legal entity whether incorporated or unincorporated (but not an individual) which is connected with or interested in the Profession but is not engaged in carrying on the business of the

Profession and which is admitted by the Council to be an Associated Member pursuant to Article 74 of the Articles of Association. Such Associated Members shall be Members of the Federation but shall not be entitled to vote at meetings.

1.2.4 Regulations may from time to time be made by the Council for the establishment and admission of other categories of membership pursuant to Article 74 of the Articles of Association.

1.3 Criteria for Membership (Applicable to Members but not to Associated Members)

1.3.1 Upon admission to membership and at all times thereafter the Member shall meet, and continue to comply with, the IFIA Membership Requirements set out in Part 2 of this Regulation.

1.3.2 The Council shall exercise its discretion in determining for the purposes of Requirements 2.7 and 2.8 the degree of ownership or control which is not compatible with IFIA membership, taking into account common ownership or directors, contractual arrangements, confusing common names, informal understandings or other means by which government or other interested parties may have the ability to influence the outcome of a service provided by a Member.

1.3.3 Prior to being accepted into membership an applicant Member (being a corporation) shall provide a statement from its auditors and/or a competent authority which confirms to the reasonable satisfaction of the Director General that it meets Requirement 2.4 and that its net assets are not less than its issued capital. Members, whether corporations or not, shall be able to demonstrate cash flow solvency on demand by the Director General.

1.3.4 In connection with Requirement 2.5, the Member is expected to be able to show what factors have been taken into account when determining the necessary level of insurance. One of the factors that should be taken into account is the risk associated with the performance of the Member's activities. (IFIA has no responsibility whatsoever for ensuring that Members are insured.)

1.4 New Member Applicants

In applying for membership in accordance with paragraph 1.6 below a new applicant will need to demonstrate compliance with all of the Requirements in Part 2. In the case of Requirement 2.12, applicants are required to fully implement the IFIA Compliance Code using documentation which must be made available to IFIA in the English language prior to being accepted into membership. Compliance has subsequently to be demonstrated by an external audit report issued by the member's approved external audit firm in respect of the Member's first full or part financial year of membership within six months of the end of that year.

1.5 Existing Members

All Members shall confirm their ongoing compliance with the requirements in Part 2 of the Regulation on an annual basis by means of a signed declaration, supported by such documentary evidence of compliance as the Director General may reasonably request. In particular, the Director General may request a Member to provide a statement from auditors and/or competent authorities as referred to in paragraph 1.3.3 above, and may request evidence of the ultimate ownership of a Member in order to demonstrate compliance with Requirements 2.7 and 2.8. At the written reasoned request of the Director General or any two Members the Council may at its discretion cause to be carried out a compliance audit of any Member at that Member's expense by auditors nominated by IFIA. Nothing in this paragraph affects a Member's annual obligation to obtain an external audit report under the IFIA Compliance Code.

1.6 Applications for Membership

- 1.6.1 An applicant for new membership shall deliver to the Secretary a completed application form containing complete information relevant to the category of membership applied for and regarding all the criteria referred to in this Regulation. When returning the application form the applicant will be asked to pay a non returnable fee to cover the reasonable costs incurred by IFIA in processing the application.
- 1.6.2 The Secretary will acknowledge receipt of the application form. The Director General will review the application. Further documents or information may be called for. A meeting between the applicant and Director General may be arranged.
- 1.6.3 Once the Director General is satisfied that sufficient information has been submitted to support the applicant's claim that all the criteria have been met, the Director General will arrange with the applicant for an audit to be carried out by auditors nominated by IFIA. The purpose of such audit is limited to checking conformity with the criteria for membership and is not a financial audit. The audit will be carried out at the applicant's expense and the estimated audit cost will be payable in advance.
- 1.6.4 Upon completion of the audit and when the Director General is satisfied that all relevant information has been received, the Director General will, if the applicant so requests, submit the application to the Council for decision. The Director General or the Secretary will notify the applicant promptly of the Council's decision once that decision has been made.

1.7 Applications for Associated Membership

The Council at its discretion may admit to membership of IFIA as an Associated Member an applicant which is connected with or interested in the Profession but is not otherwise eligible to be a Member of IFIA. The Council shall admit such an applicant subject to such subscription and on such terms as the Council may from time to time determine.

1.8 Complaints Procedure

In the event that complaints arise in respect of the IFIA membership application process such complaints will be considered by reference to the IFIA Complaints and Disciplinary Procedures from time to time approved by the Council of IFIA.

1.9 Powers of Council

The Council may make, revoke or vary from time to time regulations and procedures as to the criteria for the admission, qualification, rights, privileges, subscriptions and suspension or termination of each or any category of member of the Federation.

Part Two – IFIA Membership Requirements

- 2.1 The Member shall be a Corporation or Firm or other legal entity (but not an individual) engaged in its own right and/or through Subsidiary Companies, Associated Companies or Related Firms in carrying on the business of the Profession (*The Profession is defined in IFIA's Articles of Association as the fields of business concerned with the assessment of relevant requirements as per normative documents such as standards, technical specifications, client specific requirements, codes of practice and regulations including but not limited to, sampling, testing, inspection, analysis, evaluation, verification, conformity assessment and certification*).
- 2.2 The Member shall have been active in this business for at least three years.
- 2.3 Each of the Directors and Officers of the Member shall be a fit and proper person to be engaged in the Profession, and in particular shall not have been convicted of any offence related to the management of any company or its business.
- 2.4 The Member shall have adequate financial resources. The issued capital of a Member if it is a corporation shall be at least 25,000 Euros or equivalent thereof.
- 2.5 The Member shall have adequate professional liability insurance based on a proper risk assessment analysis.
- 2.6 A subsidiary company or division of a larger group may not become a member of IFIA unless all of that group's worldwide activities in the Profession are undertaken by the subsidiary or division that constitutes the IFIA member or by a group Member under its control. (*This is to ensure that the Member's activities in the Profession are not carried out indirectly by entities which do not meet IFIA's membership requirements.*)

- 2.7 The Member shall be an independent third party organization. In particular:
- i No trader, broker, insurance company or other such user of the services of the Profession shall own the Member or have a controlling shareholding in it;
 - i The Member shall be independent of ownership or control by any government, government agency or government controlled entity.
- 2.8 The Member shall implement processes and controls to ensure that the Member and its staff are free from conflicts of interest. In particular:
- i The Member and its staff responsible for carrying out its activities in relation to any goods, services or materials shall not be the designer, manufacturer, supplier, installer, purchaser, owner, user or maintainer of such goods, services or materials, nor shall they be the authorised representative of any of these parties except where they are engaged by such a party to provide services within the Profession and such representation (for example in the context of investigations or negotiations relating to a possible loss) is one of the purposes of such engagement;
 - i The Member and its staff shall not engage in any activities that may conflict with their independence of judgment and integrity in relation to the provision of technically objective services.
- 2.9 The Member shall implement processes and controls to ensure the impartiality, independence and integrity of its services and its personnel. In particular:
- i The personnel of the Member shall be free from any commercial, financial or other pressures which may affect their judgment;
 - i Persons or organisations external to the Member shall not be in a position to influence the results of inspections or other work carried out.
- 2.10 The Member shall operate a quality management system in conformity with the requirements of ISO 9001 and/or, where applicable to comply with ISO/IEC 17020 – “General criteria for the operation of various types of bodies performing inspection” or ISO/IEC 17025 “General criteria for the operation of testing laboratories”:
- i Compliance with ISO 9001 shall be demonstrated by a certificate issued by a certification body accredited by a signatory to the International Accreditation Forum Multi-Lateral Agreement (IAF-MLA);
 - i Compliance with ISO/IEC 17020 or ISO/IEC 17025 shall be demonstrated by an accreditation document issued by an accreditation body which is a signatory to the International Laboratory Accreditation Co-operation Arrangement (ILAC MRA);

- i The geographical coverage of the certified quality management system should cover the Member's predominant permanent service units.
 - i The scope of the certification or accreditation should cover all that part of the Member's business which falls within the fields of business set out at requirement 2.1 above.
- 2.11 The Member shall operate a Health and Safety Management Programme to maintain safe working environments for its personnel and, as a minimum, compliance with all applicable health and safety legislation.
- 2.12 The Member shall comply with the IFIA Compliance Code and ensure that the requirements of the Code are implemented throughout its Organisation. (*"Organisation" means all subsidiaries, offices, branches, premises, locations, operations and activities in which or through which the Member (as defined in paragraph 1.2.2 above, including a Group Member) carries on its business in the Profession*).
- 2.13 The Member shall have an adequate number of permanent personnel who are employed by or are under contract to the Member with the range of expertise to perform its services:
- i The personnel responsible for the Member's professional activities shall have appropriate qualifications, training, experience and knowledge of relevant requirements;
 - i The personnel shall where appropriate have the ability to make professional judgements as to conformity with general or client-specific requirements and shall understand the significance of deviations found with regard to the normal use of the products/services or processes concerned.
- 2.14 Each IFIA Committee shall consider from time to time the operation of Requirements 2.7 to 2.13 above in the business sector with which it is concerned, and shall if appropriate recommend additional membership criteria or codes of practice for that sector, which may be mandatory if approved by the Council or if adopted in accordance with procedures approved by the Council from time to time. Irrespective of membership of any IFIA Committee, all Members are required to implement fully any sector specific requirements of IFIA Committees if they are active in that sector.
- 2.15 The foregoing Requirements are not intended to and shall not be interpreted or implemented in such a way as to illegally restrict competition or entry into the Profession.

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