

CHARTER

Adopted at a meeting of Council on 27 October 2009

1. PREAMBLE

- 1.1 The purpose of a Classification Society ("CS") is to provide classification and statutory services and assistance to the maritime industry and regulatory bodies as regards maritime safety and pollution prevention, based on the accumulation of maritime knowledge and technology.
- 1.2 The objective of ship classification is to verify the structural strength and integrity of essential parts of the ship's hull and its appendages, and the reliability and function of the propulsion and steering systems, power generation and those other features and auxiliary systems which have been built into the ship in order to maintain essential services on board for the purpose of safe operation of a ship. Classification Societies aim to achieve this objective through the development and application of their own rules and by verifying compliance with international and/or national statutory regulations on behalf of flag Administrations. However, Classification Societies are not guarantors of safety of life or property at sea or the seaworthiness of a vessel because the Classification Society has no control over how a vessel is operated and maintained in between the periodical surveys which it conducts.
- 1.3 This Charter defines the rules on which the International Association of Classification Societies ("IACS" or "the Association") shall operate in order to support and enhance the ship classification and statutory activities of its Members.
- 1.4 This Charter can only be amended by a three quarters majority vote of the Council.

2. PURPOSES AND AIMS OF IACS

- 2.1 IACS is an Association of Classification Societies which:
 - (a) establishes, reviews, promotes and develops minimum technical requirements¹ in relation to the design, construction, maintenance and survey of ships and other marine related facilities.
 - (b) assists international regulatory bodies and standard organisations to develop, implement and interpret statutory regulations and industry

¹ IACS requirements are minimum requirements. Any Member or group of Members remains free to set and publicise requirements that result in an equivalent or higher safety level compared to the IACS requirements.

standards in ship design, construction and maintenance, with a view to improving safety at sea and the prevention of marine pollution.

- 2.2 Membership of the Association must be recognised as providing an assurance of professional integrity and the maintenance of high professional standards, by means of:
- (a) effective application of internal quality management systems complying with the IACS Quality System Certification Scheme (QSCS), verified by independent Accredited Certification Bodies²; and
 - (b) initial verification and periodical assessment that Members comply with this Charter and the Membership Criteria (including IACS QSCS) in accordance with the verification process set out in ***Procedures for Membership Applications and Periodical Verification of Existing Members*** at **Annex 1**.

3. MEMBERSHIP OF IACS

Membership Criteria

3.1 IACS' Membership Criteria are as follows:

- (i) Demonstrated ability of the Classification Society to develop, apply, maintain, regularly up-date and publish its own set of classification rules in the English language covering all aspects of the ship³ classification process (design appraisal, construction survey and ships-in-service periodical survey);
- (ii) Demonstrated ability to provide surveys of ships under construction in accordance with the Classification Society's rules and periodic surveys of ships in service, including statutory surveys in accordance with IMO and Flag State requirements;
- (iii) Sufficient international coverage by exclusive surveyors relative to the size of the Classification Society's construction programme and classed fleet in service;
- (iv) Extensive documented experience in assessing the design and construction of ships;
- (v) Significant in-house managerial, technical, support and research staff commensurate with the size of the Classification Society's classed fleet and its involvement in the classification of ships under construction;

² During a Transition Period, which will expire not later than 1 January 2011, compliance with the QSCS shall be assessed both by an independent Accredited Certification Body, chosen by each Member or Applicant, and by the IACS Operations Centre.

³ "Ships" are defined as any ships subject to SOLAS safety certification and capable of unrestricted navigation.

- (vi) Technical ability of the Classification Society to contribute with its own staff to the work of IACS in developing minimum rules and requirements for the enhancement of maritime safety;
- (vii) Contribution of the Classification Society on an ongoing basis with its own staff to the work of IACS as described in (vi) above;
- (viii) Maintaining in electronic form and updating at least annually a register of classed ships in the English language;
- (ix) Independence from ship-owning, ship-building and other commercial interests which could undermine the Classification Society's impartiality;
- (x) Compliance with the IACS Quality System Certification Scheme.

3.2 Interpretative guidance in respect of the Criteria is contained in the document ***Membership Criteria: Guidance***, which is published and kept updated on the IACS website.

Application for membership

- 3.3 Any CS which wishes to become a Member of IACS shall apply for membership in accordance with the IACS document ***Membership Applications and Periodical Verification of Existing Members*** (at **Annex 1** hereto).
- 3.4 An applicant that satisfies all criteria save for the criterion at 3.1 (vii) above shall be admitted as an IACS Member but shall have no voting rights. The criterion at 3.1 (vii) above shall be assessed over the first 3 years of membership and, upon satisfactory compliance with this Criterion at the end of that period, the Member shall automatically enjoy full voting rights.

Rights of Members

- 3.5 Without prejudice to Clause 3.4 above and 3.7 below, an IACS Member has the right to:
- (a) refer to itself as a Member of IACS;
 - (b) participate and vote in all meetings and discussions of Council and General Policy Group;
 - (c) participate and vote in all Working Groups;
 - (d) participate and vote in the Quality Committee; and
 - (e) participate in the IACS delegation to IMO meetings.

Obligations of Members

3.6 IACS Members shall:

- (a) contribute to IACS on an equal financial basis with other IACS Members (including, without limitation, bearing the salary, travel and other expenses of its own representatives to the Council and subsidiary bodies, and sharing the expenses connected with the Permanent Secretariat⁴, the Independent Appeal Board, the Panel Chairs and their secretariats);
- (b) continue to satisfy all of the Membership Criteria;
- (c) submit to the verification process set out in the ***Membership Applications and Periodical Verification of Existing Members*** (at **Annex 1** hereto);
- (d) abide by the IACS Procedures in force from time to time;
- (e) be Chairman of IACS Council, and Chairman of the General Policy Group for a period of one year on a fixed rotational basis;
- (f) comply with all IACS Resolutions, except in cases where reservations are allowed by IACS and made by Members.

Suspension and withdrawal of membership

- 3.7 Council shall have the power to suspend and withdraw membership from any existing member in accordance with the procedure laid down in the IACS document ***Membership Applications and Periodical Verification of Existing Members*** (at **Annex 1** hereto).

Appeals relating to the refusal, suspension or withdrawal of membership

- 3.8 Decisions of Council refusing, suspending and withdrawing membership of IACS may be appealed by the CS concerned to the Independent Appeal Board in accordance with Section 5 and the IACS document ***Appeal Board Rules of Procedure*** at **Annex 2** hereto.

Resignation from the Association

- 3.9 Any Member may resign from the Association by written notice to the Council, such notice taking effect 6 calendar months after the date thereof.

⁴ The expenses of the Quality Secretariat and IACS Operations Centre shall be shared among Members according to the current scheme in proportion to the individual tonnage of classed ships, until the end of the Transition Period.

4. STRUCTURE AND GOVERNANCE OF THE ASSOCIATION

- 4.1 The Association consists of a Council, a Permanent Secretariat and such other bodies as the Council shall at any time consider necessary (such as, without limitation, the General Policy Group, Quality Committee, Panels, Expert Groups, etc.).

The Council

- 4.2 The Council is the governing body of the Association and consists of one representative of each Member Society.
- 4.3 Regular meetings of the Council shall be held at least once a year but extraordinary meetings may be convened upon request of not less than one third of its Members. At such meetings each Council Member shall have one vote, subject to clause 3.4 above and subject to clause 1.3(g) in the *Procedures for Membership Applications and Periodical Verification of Exiting Members* (at **Annex 1** hereto). Each Council Member may be accompanied by advisers at the discretion of the Council. The Council shall meet at such places as may be convenient.
- 4.4 The Council shall elect a Chairman, by rotation, from among its Members. The term of office shall be for a period of one year or until the election of the next Chairman. The Chairman shall preside at the Council meetings and act as the Principal Officer of the Association.
- 4.5 The Council shall also elect a Vice-Chairman, by rotation, from among its Members. The election shall take place at the same meeting as that deciding the Chairmanship. The term of office shall be the same as that of the Chairman whom the Vice-Chairman shall normally succeed. The immediate past Chairman may act as second Vice-Chairman, primarily to facilitate continuity in external relations.
- 4.6 A Chairman, or a Vice-Chairman acting as Chairman, shall not vote at any Council meeting but may appoint another member of his or her Society to act as the representative of his or her Society on the Council.
- 4.7 If the Chairman is absent from a meeting or is unable to carry out his or her other duties on behalf of the Association, the Vice-Chairman shall preside over the meeting or take over such other duties as is necessary. If the Chairman, for any reason, is unable to complete the term of office, the Vice-Chairman shall act as Chairman pending the election of a new Chairman.
- 4.8 If the Chairman and Vice-Chairman are both unable to preside at a Council Meeting, the second Vice-Chairman shall preside and act as Chairman for as long as the Chairman and the first Vice-Chairman are unable to do so. If there is no immediate past Chairman fulfilling the role of second Vice-Chairman, the Council shall elect one of its Members to do so.

- 4.9 The Council shall appoint a Permanent Secretary under whose direction the Permanent Secretariat is operated. The Permanent Secretary's functions and duties, together with the procedure for his or her appointment, shall be prescribed by the IACS Procedures in force from time to time.
- 4.10 The Chairman and the Permanent Secretary, between them, shall be given sufficient authority by the Council to:
- (a) take initiatives to promote the concept of classification and explain the vital role that the Association plays in maintaining high professional standards, with the objective of maintaining safety at sea and the prevention of marine pollution;
 - (b) represent IACS before the IMO, Port State Control organisations, Flag State authorities, sub-groups of the above and/or any other relevant third party including the media, if necessary without consultation whenever it is required to defend the integrity of the Association or the value of classification.
- 4.11 The Council shall be informed and involved to the fullest practicable extent when action is taken under any of the above items. The ultimate authority of the Council shall be maintained.
- 4.12 It is recognised that decisions taken by the Council may require ratification by the governing body of each Member Society before becoming effective for that Member.
- 4.13 Notification of meetings shall be sent to the Council members at least six weeks before the meeting, unless otherwise agreed unanimously. Three-quarters of the representatives entitled to vote shall constitute a quorum.

Unless otherwise provided, all resolutions of the Council to be adopted at meetings or by correspondence shall require the agreement of three-quarters of all Council members entitled to vote.

- 4.14 Proceedings of the meetings shall be confidential unless otherwise decided by the Council.
- 4.15 The functions of the Council shall be:
- (a) to elect a Chairman and Vice-Chairman and to determine the items to be dealt with by the Association;
 - (b) to appoint a Permanent Secretary, a Permanent Representative at IMO, a Quality Secretary, and to make provision for the appointment of such other personnel as may be necessary to comprise the Permanent Secretariat and to determine the terms and conditions of service of the Permanent Secretariat staff;
 - (c) to confirm the establishment of the permanent or temporary subsidiary bodies considered necessary;

- (d) to appoint Chairs of the General Policy Group and of the Panels and their secretariats;
- (e) to receive and consider the recommendations and reports from subsidiary bodies and from committees formed jointly with other organisations and to present such recommendations as appropriate to the governing bodies of each Member Society, although it may delegate the adoption of IACS resolutions to the General Policy Group;
- (f) to make any agreements or arrangements covering the relationship of the Association with other international and national organisations, to establish permanent representation as necessary and to accredit and instruct representatives to their meetings;
- (g) to determine the location of the Permanent Secretariat;
- (h) to approve the budget and determine the financial arrangements of the Association;
- (i) to review the expenditures and approve the accounts of the Association;
- (j) to review the work programme and the annual progress report of the Permanent Secretariat;
- (k) to adopt amendments to the Charter, IACS QSCS, IACS Procedures and new or amended IACS Resolutions and such other resolutions as deemed necessary to meet the purposes of the Association;
- (l) to confirm the continued Membership or decide the action to be taken against any Member which fails to comply with the Association's Membership Criteria in accordance with the suspension and withdrawal procedures set out in ***Procedures for Membership Applications and Periodical Verification of Existing Members*** (at **Annex 1** hereto);
- (m) to appoint a Review Panel to assist with the review of applications for membership in accordance with the application procedures set out in ***Procedures for Membership Applications and Periodical Verification of Existing Members*** (at **Annex 1** hereto);
- (n) to appoint a Chairman and at least 10 adjudicators comprising the Independent Appeal Board;
- (o) to consider applications for membership, to make appropriate decisions, to review any contested decision in light of the findings of the Independent Appeal Board and render a new decision in accordance with the procedures set out in ***Procedures for Membership Applications and Periodical Verification of Existing Members*** (at **Annex 1** hereto);

- (p) to review and make a decision on whether an interested party is a Classification Society.

Administration

4.16 IACS shall maintain an appropriate legal entity, The International Association of Classification Societies Ltd, to enable it to employ staff and to rent or own property in the country in which the Permanent Secretariat is established. The Members of IACS shall be members of IACS Ltd.

5. APPEALS

5.1 The Independent Appeal Board shall comprise a Chairman (the "IAB Chairman") and a panel of at least 10 adjudicators, all of whom shall be appointed for a period of 5 years, have relevant technical and/or legal expertise⁵ and be independent⁶ of IACS Members, the Permanent Secretariat and any organisation which has been an IACS Member or "Associate" of IACS or which has ever applied for membership of IACS. Where the IAB Chairman is unavailable or indisposed, the IAB Chairman shall designate one of the other adjudicators to act as IAB Chairman. If the IAB Chairman fails to do so, Council shall designate one of the other adjudicators to act as IAB Chairman. In making appointments to the panel of adjudicators, Council shall ensure the representation of all major geographic areas of the world.

5.2 Appeals may be made to the Independent Appeal Board by the CS or interested party concerned against the following decisions made by IACS:

- (a) A decision to refuse membership of IACS
- (b) A decision to suspend membership of IACS
- (c) A decision to withdraw membership of IACS
- (d) A decision that an interested party is not a Classification Society
- (e) A decision taken by the Chairman of GPG in response to a grievance that a CS may have been denied the effective exercise of its rights to participate in IACS Working Groups
- (f) A decision (whether explicit or implicit) not to publish an IACS Resolution or existing Technical Background document available to IACS Members.

5.3 Appeals to the Independent Appeal Board are without prejudice to any right the appellant may have to apply to a civil court for redress. For the avoidance of doubt nothing in this clause 5.3 shall be taken to confer any rights or jurisdiction that would not otherwise exist under the applicable law or forum.

⁵ In this context, technical expertise shall mean proven knowledge of and expertise in the shipping sector, acquired in a professional capacity.

⁶ In this context, independence shall mean the absence of any business, personal or family links to any such entity or organisation.

5.4 The powers and procedures applicable to such appeals and applications are set out in **Annex 1** (*Membership Applications and Periodical Verification of Existing Members*), **Annex 2** (*Appeal Board Rules of Procedure*) and **Annex 3** (*Participation in IACS Technical Work and Access to IACS Resolutions and Technical Background Documents*).

6. APPLICABLE LAW AND FORUM

6.1 This Charter shall be construed in accordance with English law.

6.2 Without prejudice to clause 5.3 above, any dispute relating to its interpretation, application or enforcement shall be subject to the jurisdiction of the English High Court.

7. DEFINED TERMS

7.1 Defined terms contained in the Charter and Annexes to the Charter are contained in **Annex 4**, unless otherwise stated.

ANNEX 1

Procedures for Membership Applications and Periodical Verification of Existing Members

ANNEX 2

Appeal Board Rules of Procedure

ANNEX 3

Participation in IACS Technical Work and Access to IACS Resolutions and Technical Background Documents

ANNEX 4

Definitions

Annex 1

MEMBERSHIP APPLICATIONS AND PERIODICAL VERIFICATION OF EXISTING MEMBERS

This document sets out the procedure for membership applications and the periodical verification of existing IACS Members' compliance with the Membership Criteria.

1. Procedures for Membership Applications and Periodical Verification of Existing IACS Members

1.1 Application Process

The process governing applications for membership of IACS is as follows:

- (a) Any CS may apply for membership in accordance with the procedure laid down herein;
- (b) Before it is granted Applicant status, a party that is applying for membership shall provide to the IACS Permanent Secretary documentation evidencing that it is a CS as defined. The IACS Permanent Secretary is to review the documentation submitted and, if he finds that any relevant documentation needed to determine whether the party that is applying for membership is a CS is missing, he may ask this party to provide the missing elements within a reasonable deadline. The IACS Permanent Secretary shall, within 3 months from the initial submission of the documentation, review the documentation provided and make a recommendation to the IACS Council as to whether the interested party satisfies the definition of a CS and, in the light of the IACS Permanent Secretary's recommendation, the IACS Council shall then decide within 1 month of receipt of the recommendation whether to grant the interested party Applicant status. The IACS Council shall inform the interested party of its decision in writing and, if it declines to grant Applicant status, the decision shall include the IACS Council's reasons;
- (c) If the interested party is granted Applicant status, it shall then submit to the IACS Council, through the Quality Secretary, an application containing all relevant information, evidence and explanation, with a view to demonstrating that it fulfils the Membership Criteria. The application shall in particular include information responding to each Review Item set out in the document *Membership Criteria: Guidance*¹. In the event that the Applicant is re-applying for membership after a previous rejection or withdrawal decision, it shall provide evidence of any material changes made since that rejection or withdrawal decision. The Applicant shall bear the costs associated with its application, if any, and shall be required to specifically accept IACS' procedures;
- (d) A Review Panel shall be appointed by the IACS Council to assist with the review of applications for membership. The Review Panel shall be assisted by the IACS Permanent Secretary and Quality Secretary. The Review Panel shall be composed of three IACS Council members with one IACS Council

¹ Part of the IACS Procedures which are published on the IACS website

member being replaced each year so that any IACS Council member remains on the Review Panel for a maximum period of three years;

- (e) If the Applicant considers any of the information in its application to be confidential, it should advise the Review Panel in writing and provide a non-confidential summary to the Quality Secretary, together with the full confidential version of the application. In order to verify the accuracy of the non-confidential summary provided by the Applicant, the Quality Secretary only shall, upon signature of an appropriate confidentiality agreement with the Applicant, have access to the full confidential version of the application. The application shall then be considered in its non-confidential form;
- (f) The Review Panel is to review the application and, if it finds that any relevant information, evidence or explanation needed to make a determination on the application is missing, it may ask the Applicant to provide the missing element within a reasonable deadline set by the Review Panel;
- (g) Within 6 months of receipt of the application, the Review Panel shall assess whether the Applicant complies with the Membership Criteria and draw up its recommendation to the IACS Council. This recommendation, including the reasoning for it, will be communicated to the Applicant at the same time as it is communicated to the IACS Council;
- (h) Upon receipt of the Review Panel's recommendation and its file of information provided by the Applicant, the IACS Council shall inform the Applicant that it is entitled to a hearing by the IACS Council before the IACS Council takes its decision. The IACS Council is to determine whether the documentation is complete and may ask the Applicant to provide further information within a reasonable deadline set by the IACS Council;
- (i) Within 3 months of receipt of the Review Panel's recommendation, the IACS Council is to decide whether to accept or reject the application. The IACS Council may reject an application on the basis that the Applicant does not satisfy the Membership Criteria and/or that the Applicant has failed to provide sufficient evidence within the reasonable deadline laid down by the IACS Council to demonstrate that it satisfies the Membership Criteria. The Applicant is to be promptly notified of the IACS Council's decision and reasoning in writing;
- (j) An Applicant whose application is rejected may reapply for membership not less than one year following the IACS Council's final decision rejecting the application or, where an appeal is brought against the decision, the date of the Independent Appeal Board's decision rejecting the appeal, whichever is the later.

1.2 Verification Process

IACS shall verify all IACS Members' compliance with the Membership Criteria on a concurrent basis once every three years (the "Periodic Review Date").

The verification process is as follows:

- (a) For existing IACS Members, the first Periodic Review Date shall commence no later than 1 January 2011 and be finalised by 1 July 2011. For any new IACS Member, the first periodic review shall be the first Periodic Review

Date immediately following its admission to membership, unless that Date is less than 6 months from the date of the new IACS Member's admission to IACS;

- (b) On the occasion of its first periodic verification, each IACS Member is to submit to the IACS Council, through the Quality Secretary, a compliance statement containing all relevant information, evidence and explanation, with a view to demonstrating that it fulfils the Membership Criteria. The compliance statement shall in particular include information responding to each Review Item set out in the document *Membership Criteria: Guidance*;
- (c) For subsequent periodic reviews, a statement of any changes that have occurred in relation to the Membership Criteria since the last periodic review will be sufficient;
- (d) If the IACS Member considers that any of the information in its compliance statement is confidential, it should so advise the IACS Council in writing and provide a non-confidential summary to the Quality Secretary, together with the full confidential version of the compliance statement. In order to verify the accuracy of the non-confidential summary provided by the IACS Member, the Quality Secretary only shall, upon signature of an appropriate confidentiality agreement with the IACS Member, have access to the full confidential version of the compliance statement. The compliance statement shall then be considered by the IACS Council in its non-confidential form;
- (e) The IACS Council is to review the compliance statement and, if it finds that any relevant information, evidence or explanation needed to make a determination of continuing compliance is missing, it shall ask the IACS Member to provide the missing element within a reasonable deadline set by the IACS Council;
- (f) Each IACS Member has the right to a hearing by the IACS Council before the IACS Council takes its decision;
- (g) Once the IACS Council is satisfied that it has received all relevant information from the IACS Member, it shall so inform the IACS Member and within 3 months therefrom the IACS Council is to decide whether to:
 - confirm continued membership, or
 - initiate the suspension process in accordance with the procedure laid down in Section 1.3 below;
- (h) The IACS Member is to be notified of the IACS Council's decision in writing.

Each IACS Member is required to report to the IACS Council immediately that it ceases to have a valid QSCS certificate as required by Membership Criterion (x) in the IACS Charter. In such a case, the IACS Council is to initiate the verification process immediately to assess whether Membership Criterion (x) is fulfilled. Where the IACS Council determines that the IACS Member does not comply with Criterion (x), it shall immediately initiate the suspension process laid down in Section 1.3 below.

1.3 Suspension and withdrawal process

Where the IACS Council determines that an IACS Member is not compliant with the Membership Criteria, it is to initiate the following process:

- (a) The IACS Council is to notify the IACS Member in question in writing that it has initiated the suspension process;
- (b) Such notification is to state the reasons for the initiation of the suspension process and is to set a reasonable time period in which the IACS Member in question is to rectify the alleged cause(s) of non-compliance and/or justify its conduct;
- (c) If the IACS Council determines, upon expiry of the period referred to in sub-paragraph (b) above, that the IACS Member remains non-compliant with the Membership Criteria, the IACS Council shall take a decision to suspend the IACS Member's voting rights in IACS (the "suspension decision"). Where a suspension decision is taken in accordance with this procedure, the IACS Council shall notify the IACS Member of the reasons for the decision in writing;
- (d) The suspension decision is to set a reasonable time period in which the IACS Member is to rectify the cause(s) of non-compliance;
- (e) The suspension decision shall not take effect until the deadline for appeal to the Independent Appeal Board has expired or, where the IACS Member informs the IACS Council that it has made a request for interim measures in accordance with the Appeal Board Rules of Procedure, the date of any decision declining the request, whichever is the later;
- (f) At all times until a decision under Section 1.3(c) takes effect, IACS Ltd and each IACS Member will refrain from making any public announcement about the suspension decision. Once the suspension decision takes effect, IACS shall make an appropriate announcement on its website. IACS shall also make an appropriate announcement when the suspension decision expires;
- (g) Whilst the suspension is in force, the rights (including the right to participate fully in the work of IACS) and obligations of membership (including the obligation to contribute financially on the same basis as voting IACS Members) will continue to apply to the suspended IACS Member, except for the right to vote in the IACS Council, IACS GPG, the Quality Committee and IACS Working Groups;
- (h) IACS Council is to take a decision withdrawing IACS membership (the "withdrawal decision") if the IACS Member fails to rectify the non-compliance which led to the IACS Council's suspension decision within the applicable time period as set out under Section 1.3(d) above. Where membership is withdrawn in accordance with this procedure, the IACS Council is to state the reasons for the withdrawal in writing;
- (i) At all times until a decision under Section 1.3(h) takes effect, IACS Ltd and each IACS Member will refrain from making any public announcement about the withdrawal decision. Once the withdrawal decision takes effect, IACS shall make an appropriate announcement on its website;
- (j) An IACS Member whose membership is withdrawn may reapply for membership not less than one year following the IACS Council's final withdrawal decision or, where an appeal is brought against the decision, the date of the Independent Appeal Board's decision rejecting the appeal, whichever is the later.

1.4 Adoption of Council decisions to reject, suspend or withdraw membership

For the avoidance of doubt, the IACS Council decisions referred to in Sections 1.1(b), 1.1(i), 1.3(c), 1.3(h) and 1.6 of this Procedure shall be adopted as follows: when three-quarters of all IACS Council members entitled to vote are available they shall constitute a quorum to vote upon a decision, and that decision shall not be passed unless three-quarters of all IACS Council members entitled to vote vote in its favour.

1.5 Independent Appeals Process in relation to IACS Council decisions to reject, suspend or withdraw membership

The IACS Council shall appoint a Chairman of the Independent Appeal Board and a panel of at least 10 adjudicators for a period of 5 years, all of whom shall:

- (a) have relevant technical and/or legal expertise (in this context, technical expertise shall mean proven knowledge of and expertise in the shipping sector, acquired in a professional capacity); and
- (b) be independent of IACS Members, IACS Ltd and any organisation which has been an IACS Member or "Associate Member" of IACS or which has ever applied for membership of IACS (in this context, independence shall mean the absence of any business, personal or family links to any such entity or organisation).

Where the IAB Chairman is unavailable or indisposed, the IAB Chairman shall designate one of the other adjudicators to act as IAB Chairman. If the IAB Chairman fails to do so, Council shall designate one of the other adjudicators to act as IAB Chairman. In making appointments to the panel of adjudicators, the IACS Council shall ensure the representation of all major geographic areas of the world.

Appeals may be made to the Independent Appeal Board against decisions taken by the IACS Council in accordance with Sections 1.1(b), 1.1(i), 1.3(c) and 1.3(h) above and 1.6 below.

Appeals to the Independent Appeal Board are without prejudice to any right the appellant may have to apply to a civil court for redress. For the avoidance of doubt nothing in this clause shall be taken to confer any rights or jurisdiction that would not otherwise exist under the applicable law or forum.

The Independent Appeal Board is governed by the Appeal Board Rules of Procedure.

1.6 Procedure to be followed by the IACS Council in event of successful appeal

If the Independent Appeal Board upholds the appeal, it shall notify the IACS Council forthwith. Within 3 months of such notification, the IACS Council is required to review the contested decision in the light of the findings of the Independent Appeal Board and render a new decision.

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Annex 2

APPEAL BOARD RULES OF PROCEDURE

1. Definitions

Appeal Board means the Independent Appeal Board set up by IACS to hear Appeals in respect of Appealable Decisions.

Appealable Decisions means those decisions of IACS set out in Rule 2.1.

Appeal Board Members means the members of the Appeal Board appointed by IACS.

Appellant means a person wishing to appeal against an Appealable Decision.

Case Panel means the adjudicator(s) appointed under Rule 4.

Council means the Council of IACS.

Notice of Appeal means the Notice of Appeal referred to in Rule 2.

2. Commencement of appeal and time limits

2.1 Appeals may be brought in accordance with these Rules of Procedure against the following decisions made by IACS:

- (a) A decision to refuse membership of IACS
- (b) A decision to suspend membership of IACS
- (c) A decision to withdraw membership of IACS
- (d) A decision that an interested party is not a Classification Society
- (e) A decision taken by the Chairman of GPG in response to a grievance that a CS may have been denied the effective exercise of its rights to participate in IACS Working Groups
- (f) A decision (whether explicit or implicit) not to publish an IACS Resolution or existing Technical Background document available to IACS Members.

2.2 The **Appellant** should send a Notice of Appeal to the Appeal Board within the time limits laid down in these Rules. The contact details of the Appeal Board shall be published on the IACS website.

2.3 A Notice of Appeal must be lodged with the Appeal Board:

- (a) In the case of a decision referred to in Rule 2.1(a) or (c) above, within two months of the date of notification of the decision of the Council.
- (b) In the case of a decision referred to in Rule 2.1(b) and (d) above, within one month of the date of notification of the decision.
- (c) In the case of a decision referred to in Rule 2.1(e) above, within 14 days of the date of the decision.
- (d) In the case of a decision referred to in Rule 2.1(f) above, within two months from the date on which the IACS Resolution or existing Technical Background document becomes available to IACS Members.

2.4 The Appeal Board shall not extend the time for appealing save in exceptional circumstances.

2.5 The Notice of Appeal must be served on IACS Ltd at the same time as it is lodged with the Appeal Board. IACS shall be the **Respondent** to the appeal.

2.6 The Appellant and the Respondent may be legally represented, or not, as they wish.

3. **Notice of Appeal**

3.1 The Notice of Appeal shall contain:

- (a) The name and address of the Appellant and of any legal representative, identifying the person and address to which communications from the Appeal Board should be sent.
- (b) A statement of the grounds of appeal including all arguments that the Appellant wishes to make stating in particular to what extent the Appellant relies on error of fact, error of law, the wrongful exercise of discretion, or otherwise.
- (c) A schedule of supporting documents, and copies of all documents relied on, including a copy of the appealed decision, and copies of all documents and materials submitted to IACS in connection with the appealed decision.
- (d) A description of the decision which should, in the view of the Appellant, have been made by IACS.

4. **Constitution of the Case Panel hearing the appeal**

4.1 Subject to Rule 5, on receipt of a Notice of Appeal the Chairman of the Appeal Board shall appoint a Case Panel to hear the appeal from amongst the Appeal Board Members and shall notify the parties of the decision.

4.2 In the case of an appeal against refusal, suspension or withdrawal of membership, the Appellant and Respondent shall each have the right to select one member of the Case Panel from within the Appeal Board Members. The two Appeal Board Members selected by the parties and the Chairman shall comprise the Case Panel. In the event that the parties select the same Appeal Board Member, the Chairman will select a third Case Panel member having regard to the subject matter of the appeal, the identity of the Appellant and the need to ensure representation of all major geographic areas of the world, as well as any submissions on the composition of the Case Panel made by the parties. The Chairman shall be entitled to appoint two additional members of the Case Panel in exceptional circumstances having regard to any representations made by the parties as to the constitution of the Case Panel.

4.3 In the case of appeals against other Appealable Decisions, the Chairman of the Appeal Board will select one adjudicator from the Appeal Board Members or will appoint him/herself to hear an appeal alone. Once selected, this adjudicator, sitting alone, will form the Case Panel which will hear and adjudicate on the appeal and will act as Chairman.

4.4 The Chairman may appoint a Secretary who shall be responsible for communication between the Case Panel and the parties and for the expeditious and economical administration of the appeal.

5. **Summary dismissal**

5.1 The Chairman of the Case Panel acting alone may at any time dismiss an appeal if the Notice of Appeal contains no arguable ground of appeal, or is otherwise frivolous or vexatious.

6. Response to Notice of Appeal

- 6.1 Without prejudice to Rule 5, the Respondent shall lodge with the Appeal Board a Response to the Notice of Appeal.
- 6.2 The Response to the Notice of Appeal shall contain:
- (a) The address of the Respondent and of any legal representative.
 - (b) A response to the grounds set out in the Notice of Appeal, together with all arguments that the Respondent wishes to make.
 - (c) A schedule of supporting documents, and copies of all documents relied on, including copies of all documents and materials considered by the Respondent in making the appealed decision.
- 6.3 Unless the Chairman otherwise directs, the time for lodging the response shall be:
- (a) In the case of an appeal against refusal or withdrawal of membership, two months from the service of the Notice of Appeal on the Respondent.
 - (b) In the case of an appeal against a decision referred to in Rule 2.1(e) above, 14 days from the service of the Notice of Appeal on the Respondent.
 - (c) In the case of an appeal against any other Appealable Decision, one month from the service of the Notice of Appeal on the Respondent.

7. Reply

- 7.1 The Appellant shall have the right to lodge with the Appeal Board a Reply to the Response to the Notice of Appeal, within a deadline set by the Chairman with a copy to the Respondent.

8. Conduct of the appeal

- 8.1 The appeal will be conducted as flexibly and informally as possible, with a view to disposing of the appeal justly, economically and expeditiously. To that end, the Case Panel, or the Chairman acting alone, as the case may be, may make such procedural directions as he or they think fit. Such directions may include in particular directions:
- (a) Subject to Rule 2.4, setting, abridging, or extending any time limits.
 - (b) Directing the hearing of evidence on particular issues, including directions as to the manner in which evidence is to be given or heard, the witnesses whose evidence should be given or heard and any cross-examination.
 - (c) Allowing a party to submit further documents or arguments.
 - (d) As to the instruction of experts by the parties, and the manner in which expert advice is to be given.
 - (e) Determining the issues to be decided.
 - (f) Disposing of the appeal, or of issues in the appeal, by consent or agreement.
- 8.2 The Case Panel will review the documents submitted by the parties and shall indicate to the parties as soon as possible any further information that it may require for the purpose of determining the appeal and whether it is able to determine the appeal by reference to the papers only, and without a hearing.

8.3 Where a party requests an opportunity to appear before the Case Panel for the purpose of better presenting its case, the Case Panel shall make arrangements for a hearing and shall give the other party an opportunity to attend and, if it wishes to do so, to present its own case.

8.4 Any hearing may take place in the physical presence of the parties or if convenient by way of electronic conferencing facilities.

9. **Hearings**

9.1 The Chairman shall set a date for the hearing, and shall give any directions as may be necessary as to the issues to be addressed, the evidence to be called, the time limits to be observed or any other aspect of the hearing.

9.2 The hearing before the Case Panel, or the sole adjudicator, as the case may be, shall be conducted in a manner appropriate for ensuring the just, economical and expeditious handling of the proceedings.

10. **Confidentiality**

10.1 Any party seeking to rely on confidential information may request such information is dealt with on terms of confidentiality, which are to be at the discretion of the Case Panel.

10.2 If the confidential information is or may be material to the Case Panel decision, the Case Panel hearing the appeal, or the Chairman as the case may be, shall seek means of ensuring the fairness of the procedure while respecting the confidentiality claimed.

11. **The Case Panel's decision**

11.1 The Case Panel shall take its decision by majority vote. Each Case Panel member shall have one vote.

11.2 The Case Panel shall give its decision in writing, setting out its reasons. The decision shall state whether it was unanimous or by the majority. In the case of an appeal which is upheld in whole or in part, the Case Panel shall remit the matter to the relevant IACS body for a new decision. The relevant IACS body is required to review the contested decision in the light of the findings of the Independent Appeal Board and render a new decision. Such new decision is appealable to the Appeal Board under the same deadlines and the same procedures as the original decision.

12. **Costs**

12.1 The Case Panel may award costs reasonably incurred by a party in conducting the appeal against the losing party. The Case Panel shall have regard to the manner in which the appeal has been conducted by both parties and also the extent to which the losing party has been guilty of unreasonable, vexatious or frivolous behaviour in the conduct of the appeal.

12.2 Any costs awarded hereunder against one party are recoverable by the other party as a civil debt.

12.3 The Case Panel shall decide what contribution if any should be paid by a losing Appellant towards the costs and expenses of the Appeal Board in the administration of the appeal. Subject to any such contribution by the Appellant, the costs and expenses of the Appeal Board shall be borne by IACS.

12.4 The Appellant is required, on submission of its appeal to the Appeal Board, to lodge with the Appeal Board a sum of money as a deposit pending any orders made by the Case Panel as to payment of the costs and expenses of the Appeal Board following disposal of the appeal. In the case of an appeal against refusal or withdrawal of membership, the deposit shall be GBP25,000. In the case of an appeal against any other Appealable Decision, the deposit shall be GBP10,000.

12.5 In the event that the Case Panel decides that the Appellant should make a contribution to the costs and expenses of the Appeal Board incurred in the administration of the appeal, the deposit shall be applied by the Appeal Board to defray those costs and expenses to the extent determined by the Case Panel, and any remaining funds shall be returned forthwith to the Appellant.

12.6 Save as aforesaid, each party shall bear its own costs.

13. **Interim Orders**

13.1 The Chairman acting alone, or a Case Panel, as the case may be, may at any time make an interim order:

- (a) Suspending in part or in whole the effect of any decision appealed or to be appealed against pending the hearing of the appeal; or
- (b) Making such directions to prevent serious and irreparable damage to any person as may be necessary and consistent with the protection of the public interest in maritime safety.

13.2 In making an interim order the Chairman or Case Panel, as the case may be, shall take into account all relevant considerations, including the urgency of the matter, the effect on the person seeking the order if the order is not made, and in any case the effect on maritime safety or on any other aspect of the public interest of making or not making the order sought.

13.3 An application for any interim order must be made as soon as possible by making a written request to the Case Panel.

13.4 Rule 13.3 above applies to any application for an interim order even if a Notice of Appeal has not been lodged. In that event, the applicant must undertake to lodge a Notice of Appeal within the time limit.

13.5 The written request must set out all the considerations relied on in support of the request for a suspension of the Council's decision.

13.6 The Chairman, or the Case Panel as the case may be, shall give the other party the opportunity to be heard before ruling on the request for an interim order, unless the urgency of the matter otherwise requires. In the latter event the Chairman or Case Panel may make a temporary order until both parties can be heard.

13.7 The Chairman or the Case Panel, as the case may be, may at any time discharge an interim order after receiving submissions from the parties.

14. **Service**

14.1 Documents served on the Appeal Board or any party may be served by hand, post, fax or electronic means. Within one week of the lodging of a Notice of Appeal, Response, Reply, request for interim relief or response thereto, a signed original of the document in question shall be lodged with the Appeal Board.

15. **General**

15.1 Subject to the foregoing, the Appeal Board may regulate its own procedure.

Annex 3

PARTICIPATION IN IACS' TECHNICAL WORK AND ACCESS TO IACS RESOLUTIONS AND TECHNICAL BACKGROUND DOCUMENTS.

This document sets out the procedure for participation by non-IACS Classification Societies in IACS' technical work and for access by non-IACS Classification Societies to IACS' Resolutions and Technical Background (TB) documents.

1. PROCEDURES FOR PARTICIPATION BY NON-IACS CSs IN IACS' TECHNICAL WORK

- 1.1 IACS shall provide non-IACS CSs with the opportunity to participate fully in IACS' technical work, as described below.

Participation in the IACS TC Forum

- 1.2 IACS shall maintain a subscription-based online Technical Contributions Forum ("IACS TC Forum") on IACS' website providing CSs with a platform for publication of comments and discussion with other CSs (including both IACS Members and non-IACS CSs) relating to IACS' technical work programmes. The subscription shall be set to recover the reasonable costs of establishing and maintaining the IACS TC Forum only. The IACS TC Forum shall show all technical work items leading to new technical IACS Resolutions and, as soon as they become available, the initial draft related to those technical work items.
- 1.3 IACS shall publicise on its website the existence of this platform and the requirements for being granted access (i.e. the requirements for qualifying as a CS).
- 1.4 All subscribing CSs shall be informed by way of electronic notifications about any new work item or new draft of IACS Resolutions posted on the IACS TC Forum.
- 1.5 Any CS that subscribes to the IACS TC Forum has the right to comment on and discuss, through its own employees, the individual technical work programme items and to upload its own proposals on them.
- 1.6 The procedure for subscribing to the IACS TC Forum shall be as follows:
- (a) A request to subscribe to the IACS TC Forum shall be made by the interested party to the IACS Permanent Secretary by submitting documentation evidencing that the interested party is a CS. The IACS Permanent Secretary shall promptly review the documentation and make a recommendation on the application to Council for decision.
 - (b) Subject only to Council being satisfied that the interested party is a CS, the General Policy Group (GPG) shall make all necessary arrangements and provide the relevant CS with all relevant information to provide it with full access to the IACS TC Forum.
 - (c) An interested party which has applied for but has been refused access to the IACS TC Forum on the basis that it is not a CS shall be entitled to appeal this decision to the Independent Appeal Board in accordance with the Appeal Board Rules of Procedures.

Participation in IACS Working Groups (WG)

- 1.7 Any non-IACS CS which is registered on the IACS TC Forum can at its option participate with its own employees in IACS WGs in accordance with the following procedure:
- (a) Within 1 month of publication of a new technical work item on the IACS TC Forum, any non-IACS CS which wishes to participate in the work relating to that item may notify the IACS Permanent Secretary of its request to be granted full access to the relevant discussions of the WG in charge of that work item;
 - (b) The IACS Permanent Secretary shall promptly inform the relevant WG Chairman of any such request for participation, who shall make all necessary arrangements and provide the relevant non-IACS CS with all relevant information to allow the non-IACS CS full access to the work of the WG;
 - (c) A non-IACS CS which participates in a WG shall have full access to the same information, the same opportunities to state its views and to contribute to the discussions within the WG as any IACS Member in that WG on a non-discriminatory basis;
 - (d) A non-IACS CS which has made a request for participation in accordance with paragraph 1.7(a) but considers that it has been denied the effective exercise of the specific rights particularised in paragraphs 1.7(b) and (c) shall promptly raise the matter with the relevant IACS WG Chairman with a view to finding an agreeable solution:
 - (i) If not resolved at the WG level to the satisfaction of the non-IACS CS within 14 days of the grievance having arisen, the non-IACS CS shall, within 14 days of the determination at WG level, be entitled to refer the matter to the Chair of the IACS GPG for a decision. The reference shall be made in writing, shall be copied to the IACS WG Chairman and all WG members and shall, among other things, specify the specific nature of the alleged complaint; the precise nature of the redress sought; and details concerning the attempts made to resolve the matter at the WG level. The Chair of the IACS GPG shall decide the matter by way of a written and reasoned decision within 14 days.
 - (ii) The relevant non-IACS CS shall be entitled to appeal the decision of the Chair of the IACS GPG to the Chairman of the Independent Appeal Board in accordance with the Appeal Board Rules of Procedures.
 - (e) The WG Chairman shall summarise all views expressed by the WG participants in the technical recommendation that the IACS Members within the WG may resolve to put to GPG/Council for adoption by IACS;
 - (f) All IACS Members and non-IACS CSs which participate in a WG shall bear their own costs of their employees' participation in the WG and shall make a reasonable and proportionate contribution to the running expenses of the WG.

2. PROCEDURES FOR ACCESS BY NON-IACS CSs TO IACS RESOLUTIONS AND TB DOCUMENTS.

- 2.1 IACS shall place in the public domain, at the same time and in the same way as they are made available to IACS Members, all current and future versions of IACS Resolutions, as well as a history file containing the main points of discussion and any TB document.
- 2.2 IACS' website shall include a statement that non-IACS CSs are free to use such material, royalty free and without licence, by embedding it in their own classification rules, notwithstanding any intellectual property rights that may be held by IACS Members.
- 2.3 IACS shall place no restriction on their individual freedom to enter into any agreement with any CS in relation to the provision of further information or assistance with regard to the application of IACS Resolutions.
- 2.4 A decision (whether explicit or implicit) not to publish an IACS Resolution or existing Technical Background document available to IACS Members shall be appealable to the Independent Appeal Board.
- 2.5 The Procedure at paragraph 2.2 above is based on the premise that, where a CS decides to embed IACS Resolutions into its own published rules, it shall be the responsibility of that CS to verify the contents and the application of the IACS Resolutions. IACS, IACS Members and IACS Ltd shall not be taken to have made any representation that any CS using IACS Resolutions, pursuant to this paragraph 2.5 or otherwise, is operating in compliance with IACS Resolutions and they accept no liability (in contract, tort or otherwise) for any defect or deficiency in IACS Resolutions, or the related information, or for any resulting damage.
- 2.6 IACS shall release to the public, free of charge, a Common Structural Rules (CSR) Tracking Database to provide users with a searchable database on CSR revision history with supporting materials. IACS shall ensure that all relevant industry associations representing ship-owning, shipbuilding, cargo and insurer interests and non-IACS CSs are invited and able to register their users with the Permanent Secretariat, who shall then issue user log-in IDs so that they may access the CSR Tracking Database.

3. ADOPTION OF COUNCIL DECISIONS

- 3.1 For the avoidance of doubt, the Council decisions referred to in paragraphs 1.6 and 2.4 (where Council makes an explicit decision) of this Procedure shall be adopted as follows: when three-quarters of all Council members entitled to vote are available they shall constitute a quorum to vote upon a decision, and that decision shall not be passed unless three-quarters of all Council members entitled to vote vote in its favour.

Annex 4

DEFINITIONS

For the purpose of this Charter, the terms listed below shall have the following meaning:

Accredited Certification Body ("ACB"): an organisation recognised by a national accreditation body to comply with ISO-IEC 17021:2006 standard and International Accreditation Forum guidance on the application of ISO/IEC Guide 62:1996.

Applicant: a CS which has notified IACS Council that it wishes to become an IACS Member.

Classification Society ("CS"): an organisation which:

(i) publishes its own classification rules (including technical requirements) in relation to the design, construction and survey of ships¹, and has the capacity to (a) apply, (b) maintain and (c) update those rules and regulations with its own resources on a regular basis²;

(ii) verifies compliance with these rules during construction and periodically during a classed ship's service life;

(iii) publishes a register of classed ships;

(iv) is not controlled by, and does not have interests in, ship-owners, shipbuilders or others engaged commercially in the manufacture, equipping, repair or operation of ships; and

(v) is authorised by a Flag Administration as defined in SOLAS Chapter XI-1, Regulation 1 and listed accordingly in the IMO database, Global Integrated Shipping Information System (GISIS).

IACS: the International Association of Classification Societies, which is the association of IACS Members established on the basis of its Charter.

IACS Associate: an Associate member of IACS under earlier versions of the IACS Charter

IACS Common Structural Rules ("CSR"): a comprehensive set of minimum requirements for the classification of the hull structures of double-hull oil tankers and bulk carriers, in relation to which the contract for construction was signed on or after 1 April 2006.

IACS Council: IACS' highest decision-making body.

IACS GPG ("GPG"): IACS General Policy Group.

IACS Ltd: International Association of Classification Societies Ltd, a company limited by guarantees provided by IACS Members, the sole purpose of which is to provide permanent secretariat services to IACS.

¹ For the purposes of this Charter, "ships" are defined as any ships subject to SOLAS safety certification and capable of unrestricted navigation.

² For the purposes of this definition of CS only, the organisation may have legally acquired classification rules and regulations, as well as any modifications or additions thereto for the purpose of the application, maintenance and updating of those rules and regulations.

IACS Member: a member of IACS, having the rights and obligations laid down in IACS' Charter.

IACS Permanent Secretariat: the secretariat of IACS, incorporated as IACS Limited.

IACS Permanent Secretary: the head of the IACS Permanent Secretariat.

IACS Procedural Requirements ("PRs"): IACS resolutions on technical matters of procedure.

IACS Procedures: the IACS document that codifies the working procedures of IACS.

IACS QSCS Operations Centre ("OC"): a group of auditors and lead auditors, employed by IACS Ltd.

IACS Resolutions: IACS' URs (including CSR), UIs and PRs.

IACS TC Forum: the internet forum to be set up on IACS' website providing CSs with a platform for publication of comments and discussion with other CSs (including non-IACS CSs) relating to IACS' work programmes.

IACS Technical Background documents ("TB"): notes outlining the background and results of discussions in IACS technical groups relating to the development of specific IACS Resolutions.

IACS Unified Interpretations ("UIs"): IACS resolutions on matters arising from implementing the requirements of IMO instruments. They provide uniform interpretations of Convention Regulations or IMO Resolutions on those matters which in the Convention are left to the satisfaction of the Administration or where more precise wording is found to be necessary.

IACS Unified Requirements ("URs"): minimum technical requirements adopted by IACS which, subject to ratification by the governing body of each IACS Member, are to be incorporated in their rules and practices. URs set forth minimum requirements; each IACS Member remains free to set more stringent requirements.

IACS Working Group ("WG"): IACS Panels and GPG Expert Groups.

IACS WG Chairman: The chair of the WG as appointed by GPG.

IMO: the International Maritime Organisation.

Independent Appeal Board: the independent appeals board appointed by Council.

Membership Criteria: the Membership Criteria set out in IACS' Charter.

Month: where a period expressed in months is to be calculated from the moment at which an event occurs or an action takes place, the day during which that event occurs or that action takes place shall not be counted as falling within the period in question. A period expressed in months shall end with the expiry of whichever day in the last month of that period falls on the same date as the day during which the event or action from which the period is to be calculated occurred or took place. If, in a period expressed in months, the day on which it should expire

does not occur in the last month of that period, the period shall end with the expiry of the last day of that month. If the period would otherwise end on a Saturday, Sunday or an official UK holiday, it shall be extended until the end of the first following working day.

Non-IACS CS: a CS which is not an IACS Member.

Quality System Certification Scheme ("QSCS"): the audit and certification scheme adopted by IACS and which comprises (i) the QMSR and (ii) the IACS Resolutions.

SOLAS: the International Convention for the Safety of Life at Sea, as adopted by IMO.

Transition Period: period between 1st January 2010 and 31st December 2010.
