

BYLAWS

OF

THE

INTERNATIONAL AUTOMOTIVE CERTIFICATION BODIES

ASSOCIATION

Amendment 6, January 24, 2017

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ARTICLE I

OFFICES

Section 1.01. Registered Office.

The International Automotive Certification Bodies Association (IACBA) herein referred to as the "Association", shall have and continuously maintain in the State of Michigan a registered office. The registered office is located at 131 Garnet Drive, Holland, MI 49423. The Association may, by resolution of the board of directors (the "Board"), change the location of the registered office to any other place in the State of Michigan.

SECTION 1.02. Other Offices. The Association may also maintain offices or mailing addresses at such locations within or without the State of Michigan, as the Board may, from time to time, establish.

ARTICLE II

SCOPE, PURPOSE AND OBJECTIVE

SECTION 2.01. Scope.

Subject to limitations provided by law or the Articles of Incorporation, these Bylaws, as amended from time to time, shall contain the provisions for regulation and management of the affairs of the Association.

SECTION 2.02. Purpose.

The purpose of the Association is set forth in the Association's Articles of Incorporation, and initially is as follows: The purpose of the Association is to facilitate the third-party assessment of suppliers in the automotive industry supply chain and, as applicable, registration of automotive companies in a consistent manner; to promote the integrity and credibility of the assessment and registration processes through education and training with regard to conformity with Automotive Management Systems, including maintenance and improvement of same, through the consistent application of ISO/TS 16949 and successor provisions. For purposes of this provision and other references to "automotive" within these Bylaws, automotive companies are defined as manufacturers of production and/or service parts that are used on or in passenger cars, light commercial vehicles, heavy trucks, buses and motorcycles.

SECTION 2.03. Objectives.

The objectives of the Association are to encourage and promote the establishment of effective Automotive Management Systems, including improvement of same, through the consistent application of the ISO/TS 16949 (or successor provision) Technical Specification with the requirements of ISO/IEC 17021 (or successor guide), as applicable, and IATF Automotive Certification Scheme for ISO/TS 16949 (or successor provisions). These objectives will be achieved by:

- A. Establishment of a forum for discussion and the formulation of consensus on matters of interest to all parties concerned;
- B. Representing the consensus interests of member certification bodies,
- C. Following appropriate codes of professional practices in providing certification services to global automotive suppliers.

SECTION 2.04. Non-Profit Status.

The Association is a tax-exempt non-profit organization. No part of the net earnings of the Association shall inure to the benefit of, or be distributable to its members, directors, officers, or other private person, except as allowed in the Articles of Incorporation. In the event of any liquidation or dissolution of the Association, no Director or officer shall be entitled to any distribution or division of the Association's property or the proceeds thereof and liquidation shall be governed by the terms of the Articles of Incorporation of the Association.

ARTICLE III

MEMBERSHIP

SECTION 3.01. Members.

Any qualified certification entity (including by way of example and not limitation, any business or nonprofit organization) may become a member of the corporation upon paying in full its membership dues, submitting such application data as the Board may prescribe from time to time, and, if it is an entity, by appointing in writing an individual as its proxy to exercise its vote. A "qualified certification entity" must: (i) be a certification body recognized by the International Automotive Task Force (IATF) or its successor organization to perform

ISO/TS 16949 (or successor provision) assessments and certification globally, (ii) provide third-party certification services for the automobile industry in compliance with such standards as the Board may prescribe and (iii) meet such other criteria as are prescribed in this corporation's Bylaws from time to time. Each member shall have one vote on any matter submitted to a vote of the membership. The Board may from time to time establish a secondary class of membership without voting rights or with limited voting rights on such matters as are specified by the Board.

SECTION 3.02. Eligibility.

The Board may prescribe eligibility guidelines consistent with the Articles of Incorporation of the Association from time to time. Initially the eligibility guidelines shall be as follows:

(a) **Membership is open to any certification body that:**

1. Is recognized by the IATF to perform ISO/TS 16949 (or successor provision) Assessments and certification;
2. Provides third party certification services in compliance with ISO/IEC 17021 (or successor provision) and the IATF Automotive Certification Scheme (or respective successor provisions);
3. Is willing to observe and abide by the provisions of these Bylaws.
4. Makes application for membership, which is accepted in accordance with the Bylaws and eligibility guidelines of the Association.

(b) **Application:**

1. Applications for membership in the Association shall be submitted to the Membership Director, and include the following:
 - a) Proof that the applicant is an IATF recognized certification body; accompanied by a copy of the applicant's certificate from an IATF oversight body;
 - b) Payment of first year's dues (see Section 3.03).
2. Applications for membership shall be reviewed by the Membership Director prior to the next scheduled membership meeting. The purpose of this review is to

verify the information submitted by the applicant and to execute a preliminary investigation to determine if there are any known applicant-related issues that could preclude acceptance of the applicant.

3. Acceptance of the application shall be accomplished via either a vote at the next scheduled meeting or via consent of members. If the vote is conducted at a scheduled meeting, acceptance of the applicant requires a favorable vote by two-thirds of the members where a quorum exists. If the vote is conducted via letter ballot, acceptance of the applicant requires a favorable vote by two-thirds of the total membership.

(c) **Suspension or Termination of Membership:**

1. The Board of Directors ("Board") is authorized to suspend any member for failure to pay membership invoices when due and for loss of IATF recognition or for failure to meet any other qualification for membership. Suspension shall be accomplished by written notification from the Board to the member's designated representative informing him/her of the reason for suspension, its effective date, and the requirements for reinstatement. Suspended members shall not actively participate in the functions of the Association (i.e.: attend meeting, hold any office).
2. Membership shall only be terminated by a two-thirds vote of the membership where, having been given notice, the Member has not rectified a failure to:
 - a) Observe the provisions of the Association's Bylaws.
 - b) Support the activities of the Association;
 - c) Pay annual dues;
 - d) Retain IATF recognition;
 - e) Otherwise continue to qualify for membership pursuant to Sections 3.01 and 3.02.
3. Resignations of Membership - A member of the Association may resign at any time in writing to any Board member.

(d) **Reinstatement of Membership:**

Whenever membership is terminated by a vote of the members, reinstatement requires the following criteria to be met. Voluntary resignations are excluded from the following requirements:

- Written and oral presentation to be made to the full membership explaining why and how the Certification Body will now commit to compliance with Section 3.02;
- Provide specific corrective action(s) that address the reason(s) given for the previous termination;
- Payment of one year back dues are paid in full in addition to the current initial membership fee or balance owed;
- Full membership vote for reinstatement must constitute at least two thirds (2/3rds) of the membership;
- A 'No' vote will require a new application to be submitted.

SECTION 3.03 Membership Fee.

The amount of dues shall be set by the majority vote of the Membership and Board and shall be set/ payable annually. Each member shall pay an initial and annual membership fee which shall be used towards the payment of expenses incurred by the Association for meetings, answering inquires, and other endeavors determined by the Association's Board. Each year, hereafter, each member shall within thirty (30) days of invoice pay the annual dues. Upon resignation by a member, members shall not be entitled to reimbursement of moneys paid.

SECTION 3.04. Articles and Bylaws.

The power to adopt, amend, or repeal the Association's Articles of Incorporation and these Bylaws is reserved exclusively to the Association's members as set forth in Article XV.

SECTION 3.05. Transfer of Membership Interest.

A member may not transfer its membership interest. When an existing member has a change in ownership, it is at the discretion of the Board of Directors to determine the status of the member's interest and report to the membership.

SECTION 3.06. Nonvoting Advisory Membership.

Any secondary class of members which do not otherwise qualify for membership may be established from time to time by the Board. This secondary class of members (i) shall have no voting rights, (ii) shall serve in an advisory capacity, (iii) shall pay such dues as the Board may set from time to time, and (iv) shall have only such rights as are set forth in the resolution authorizing creation of such class.

ARTICLE IV

MEETINGS OF THE MEMBERS

SECTION 4.01. Annual Meeting.

An annual meeting of the members for the election of the Board or for such other business as may come before the members shall be held at a time and place to be determined by the Board.

SECTION 4.02. Special Meeting.

Upon notice, a special meeting of the members may be called by the Board or a special meeting may be called by the chairperson of the Association at the request of four (4) directors or not less than twenty-five percent (25%) of the members. Any request for a meeting shall specify the purpose for which the meeting is to be called. A special meeting may be held at such time and place as the Board or chairperson designates for transacting business specified in the notice of meeting.

SECTION 4.03. Adjournment.

When a meeting is adjourned to another time or place, it is not necessary to give notice of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken. At the adjourned meeting, only such business shall be transacted as might have been transacted at the original meeting.

SECTION 4.04. Notices.

Written notice of the time, place and purpose of a meeting of the members shall be given not less than ten (10) nor more than sixty (60) days before the date of meeting, either personally or by mail or electronic means (facsimile, e-mail or otherwise), to the members unless a longer minimum notice period is required by law. If mailed, such notice shall be deemed to be given when deposited in the United States mail, postage prepaid, and addressed to the members at the address which appears on the records of the Association. Upon a change of address, each member shall be solely responsible for updating its address of record by providing written notice to the secretary of the Association.

SECTION 4.05. Waiver of Notice by Members.

Whenever any notice is required to be given to any member of the Association under the provisions of these bylaws or under the provisions of the articles of incorporation or under the provisions of any statute, a waiver in writing, signed at any time, whether before or after the time of meeting, by the member entitled to such notice, shall be deemed equivalent to the giving of such notice. Attendance of a person at a meeting of members, in person or by proxy, constitutes a waiver of notice of the meeting, except when the member attends the meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

ARTICLE V

MEMBERSHIP VOTING

SECTION 5.01. Who Is Entitled to Vote.

On each matter submitted to a vote at a meeting of the members, each member is entitled to one (1) vote. The vote of an entity member shall be exercised by the member's authorized proxy, as set forth below.

SECTION 5.02. Proxies.

Any member may authorize a person to act for the member by proxy for purposes of member meetings and consents/dissents without a meeting. Any member, which is not an individual, must authorize a person to act for the member by proxy for purposes of member meetings and consents/dissents without a meeting. The proxy card shall be signed by the member, or an authorized agent or representative of the member and filed with the secretary of the Association. A proxy card may name one or more alternate proxies who shall have authority to act if the proxy is not present, and the Association, the members, the directors and the officers may rely upon the acts of any alternate proxy so named. A proxy is revocable at the pleasure of the member following written notice to the secretary of the Association, except as otherwise provided by law. Proxies shall be in writing, but need not be sealed, witnessed or acknowledged, and shall be filed with the secretary of the Association at or before a meeting, or at or before the consent or dissent without a meeting is given. To protect the non-individual members and allow fellow members assurance of any proxy's authority, each member which is not an individual must have a proxy card on file in order to act at any meeting.

SECTION 5.03. Written Consent.

Any action required or permitted to be taken at an annual or special meeting of the members may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, is signed by members holding not less than the minimum number of votes required to take the action at a meeting at which all members entitled to vote on the action are present and voted. Prompt notice of taking action without a meeting by less than unanimous written consent must be given to members who have not consented in writing.

SECTION 5.04. Quorum.

One-half (1/2) of the members entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of members. The members may take action by a majority of the members present in person, by proxy or by electronic means at any meeting at which a quorum is present.

ARTICLE VI

OFFICERS

SECTION 6.01. Number.

The executive officers of the Association shall be a Chair, Vice Chair, Secretary and Financial Officer.

SECTION 6.02. Executive Officers. Each officer shall hold office for a four (4) year term and until a successor is chosen and approved by the Board, or until the resignation or removal of the officer. Any officer may be reelected for multiple four (4) year terms, except that no person may serve in the same office for more than two (2) successive terms. Two (2) or more offices may be held by the same person, but an officer shall not execute, acknowledge or verify an instrument in more than one capacity if the instrument is required by law or the articles of incorporation or these bylaws to be executed, acknowledged or verified by two (2) or more officers. Individuals desiring to serve, or serving as executive officers shall be an employee of a member organization, and must be assured that their respective organization endorses and will provide financial support of said individual to actively participate in related activities. Said individual must be able to speak with authority and vote for the member organization.

SECTION 6.03 Nominations and Election.

The Board will request officer nominations from each member (one nomination per position per member). Nominations shall be returned within fifteen (15) days to the Board which will produce a ballot sheet based on the three individuals who obtain the highest number of nominations for each office. At the first meeting of the year the Board will request a second for each nomination and will produce a ballot sheet of those nominees receiving a second's endorsement. The Board will then issue one ballot sheet to each member. A quorum of one-half (1/2) of the members shall be present for an election to be considered valid. Each member will vote upon the names listed and those obtaining a majority of the votes for each position will be duly elected. In the event of a non-majority vote an immediate re-ballot will be executed. Self-nominations will be permitted.

SECTION. 6.04. Resignation, Removal and Suspension.

An officer elected or appointed by the Members may be removed by the Members, with or without cause. The removal of an officer shall be without prejudice to any contractual rights. The election of an officer, of itself, does not create contractual rights. An officer may resign by written notice to the Association. The resignation is effective upon its receipt by the Association, or at a subsequent time specified in the notice of resignation.

SECTION 6.05. Vacancies.

Any vacancy occurring in any office of the Association shall be filled for the unexpired term by the Board, or upon failure of the Board to do so, by vote of a quorum of the members.

SECTION 6.06. Duties of Officers.

An officer has such authority and shall perform such duties in the management of the Association as may be provided in these bylaws, or as may be determined by resolution of the Board consistent with these bylaws.

SECTION 6.07. The Chairperson.

The chairperson shall be the principal executive officer of the Association and, subject to the control of the Board, shall, in general, supervise and control all of the business and affairs of the Association. He or she shall, when present, preside at all meetings of the members and Board. He or she may sign any deeds, mortgages, bonds, contracts, or other instruments which the Board has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board or by these bylaws or some other law to be otherwise signed or executed, and in general shall perform all duties incident to the office of chairperson and such other duties as may be prescribed by the Board from time to time. Without limitation of the foregoing, the chairperson shall:

- (a) Preside at meetings of the Board;
- (b) Call special meetings of the Board after consultation with the other officers;
- (c) Appoint subcommittees;

- (d) Coordinate the function of the Board;
- (e) Serve as the Board's liaison with the community;
- (f) Form general policies of the Association in cooperation with the Board; and
- (g) Remove at any time with or without cause, with the approval of not less than two thirds (2/3) of the whole Board, any subcommittee member.

SECTION 6.08. The Vice Chairperson.

The vice chairperson shall:

- (a) Preside at meetings of the Board in the event of the absence of the chairperson;
- (b) In the absence of the chairperson, serve in the chairperson's role at all subcommittee and Board functions, and when so acting, shall have all the powers of and be subject to all the restrictions upon the chairperson; and
- (c) Assist the chairperson in carrying out his or her duties including forming the general policies of the Association.

SECTION 6.09. The Secretary.

The secretary shall:

- (a) Record all minutes of the meeting of the Board;
- (b) Be responsible for all correspondence with the Board;
- (c) See that all notices are duly given in accordance with the provisions of these bylaws or as required by law;
- (d) Be custodian of the corporate records;
- (e) Keep a register of the post office address of each member; and
- (f) In general perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him by the chairperson or by the Board.

SECTION 6.10. The Financial Officer.

If required by the Board, the financial officer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the Board shall determine. The financial officer shall:

- (a) Act as chairman of the finance subcommittee, if any;
- (b) Serve as representative of the Board in all matters relating to funding and finances;
- (c) Have charge and custody of and be responsible for all funds and securities of the Association; receive and give receipts for monies due and payable to the Association from any source whatsoever and deposit all such monies in the name of the Association in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of these bylaws; and
- (d) In general perform all of the duties incident to the office of financial officer and such other duties as from time to time may be assigned to him by the chairperson or by the Board.

SECTION 6.11. Salaries.

The salaries of the officers shall be fixed from time to time by the Board and no officer shall be prevented from receiving such salary by reason of the fact that he is also a director of the Association.

SECTION 6.12. Officer Reimbursement.

Each officer by accepting his office agrees that any payments made to him by the Association such as a salary, commission, bonus, interest, or rent, or entertainment expense incurred by him, which shall be disallowed in whole or in part as a deductible expense by the Internal Revenue Service, shall be reimbursed by such officer to the Association to the full extent of such disallowance. It shall be the duty of the directors, as a board, to enforce payment of each such amount disallowed. In lieu of payment by the officer, subject to the determination of the directors, proportionate amounts may be withheld from his future compensation payments until the amount owed to the Association has been recovered.

SECTION 6.13. Bonds.

Any officer, employee, agent or factor shall give such bond with such surety or sureties for the faithful performance of his or her duties as the Board may, from time to time, require. The Association shall pay for bonds unless prohibited by law from doing so.

ARTICLE VII

MANAGEMENT

SECTION 7.01. Number.

The Board shall consist of such number of directors as is determined by action of the members from time to time.. The Board shall include the officers identified in these Bylaws, and the chairperson of the following committees: Bylaws Committee, Membership Committee, Communications Committee, and At-Large Committee. The number of Directors at Large may be determined as needed by the Board of Directors.

SECTION 7.02. Qualification/Election.

Each director must be a member or the member's proxy. The Board shall be elected by vote of the majority of the members. Candidates for the Board shall be nominated and selected as set forth in these Bylaws.

SECTION 7.03. Term of Office.

After the first four (4) years of the Association's existence, directors shall serve staggered terms such that one-fourth (1/4) of the total number of the Board shall be up for election each year. The term of office of a director shall be four (4) years, or a lesser term if (a) the director is completing an unexpired term or (b) the director is elected to the initial Board for a term intended to allow for staggered elections of directors. A director may serve for any number of consecutive terms.

SECTION 7.04. General Duties and Powers.

Except as otherwise provided in these bylaws, the Board shall exercise all of the duties and powers to manage the affairs of the Association as provided under the Michigan Nonprofit Corporation Act, including, but not limited to, the following:

- (a) To manage the business and activities of the Association.
- (b) To employ or provide by contract such management, employees, staff, accountants, attorneys and other advisors as are necessary to carry out the purposes and programs of this Association.
- (c) To communicate the mission and services of the Association to the community at large. To develop and coordinate the relationship between this Association and the community.
- (d) To let out for bid, approve and execute such service, marketing and other contracts as are necessary to accomplish the activities deemed necessary to carry out the purposes of the Association.
- (e) To select a certified public accountant;
- (f) To adopt a capital budget and annual operating budgets;
- (g) To recommend any voluntary dissolution, merger or consolidation of the Association or the sale or transfer of all or substantially all of the Association's assets, or the creation or acquisition of any subsidiary or affiliate corporation of the Association;
- (h) To borrow any sum which has a stated term greater than one (1) year or which is secured by a security interest in the Association's assets or revenues or by a mortgage of all or any portion of the Association's real property, if any; and
- (i) To adopt a long range plan for the Association.

SECTION 7.05. Accountability to Members.

The Board shall provide for the operation of the programs of this Association within the budget which is submitted to, and approved by, the members on an annual basis. The Board shall not engage in any of the following activities without prior approval by the members:

- (a) Incurring any indebtedness in excess of \$50,000, any indebtedness which is not in the ordinary course of business, or any indebtedness secured by any of the assets of the Association which are not a part of the annual budget.
- (b) Acquiring or constructing any buildings, additions or improvements to facilities which cost in excess of \$5,000.00 and which are not a part of the annual budget.
- (c) Incurring any obligations, debts or liabilities which are not part of the annual budget.
- (d) Conducting any fund raising campaigns.

SECTION 7.06. Absence from Meetings.

Directors are encouraged to maintain regular attendance at Board meetings. Board members who are absent from three (3) consecutive meetings or more than forty percent (40%) of the regular meetings are encouraged to submit their resignation to the Board for acceptance or rejection. Failure to submit such resignation may result in the removal of that director from the Board. In the event business or personal circumstances prevent regular attendance of a director, he/she should discuss the situation with the chairperson or vice-chairperson of the Board.

SECTION 7.07. Resignation.

A director shall hold office for the term for which the director is elected or appointed, and until a successor is elected or appointed and qualified, or until the director's resignation or removal. A director may resign by written notice to the Association. The resignation is effective upon its receipt by the Association or a subsequent time as set forth in the notice of resignation.

SECTION 7.08. Removal.

A director may be removed, with or without cause, by the members or by two-thirds (2/3) vote of the Board after notice and opportunity to hear from the director and other Board members.

SECTION 7.09. Vacancies.

If a director resigns or is removed for any reason, his or her position on the Board may be filled by the remainder of the Board. During periods when there are unfilled vacancies on the Board, actions taken by a majority of the quorum of the reduced number shall constitute actions of the Board.

SECTION 7.10. Regular or Special Meetings.

The Board shall meet at least twice a year. Regular or special meetings of the Board may be held either within or without the State of Michigan. A special meeting shall be held upon notice as prescribed in these bylaws. Attendance of a director at a meeting constitutes a waiver of notice of the meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, a regular or special meeting need be specified in the notice or waiver of notice of the meeting unless required by these bylaws. Unless otherwise restricted by the articles of incorporation or these bylaws, a member of the Board or of a subcommittee designated by the Board may participate in a meeting by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this section constitutes presence in person at the meeting.

SECTION 7.11. Notice of Special Meeting.

Special meetings of the Board may be called by the chairperson or by any four (4) directors for the transaction of such business as may be designated in the notice of the meeting. A special meeting shall be held only when notice of the time and place thereof is mailed to each director, at the address which appears on the records of the Association, at least three (3) days before the day on which the meeting is

to be held, or sent to such place by facsimile, e-mail,, telephoned or delivered personally, not later than three (3) days before the day on which the meeting is to be held.

SECTION 7.12. Written Consents.

Any action, required or permitted to be taken pursuant to authorization voted at a meeting of the Board, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action to be taken, is signed by each member of the Board. The written consents shall be filed with the minutes of the meetings of the Board.

SECTION 7.13. Quorum.

A quorum at a meeting of the Board is constituted by one-half (1/2) of the members of the Board then in office.

SECTION 7.14. Required Vote.

Unless the vote of a larger number is required by Michigan law, the vote of a majority of the directors present at a meeting at which a quorum is present constitutes the action of the Board. At all meetings of the Board, each director present shall have only one (1) vote.

SECTION 7.15. Adjournment.

In the absence of a quorum, a majority of the directors present at the time and place of any meeting may adjourn such meeting from time to time until a quorum is present.

SECTION 7.16. Rules.

The parliamentary procedure for conduct of regular and special meetings of the Board shall be "Roberts Rules of Order."

SECTION 7.17. Compensation.

The directors shall serve without compensation. Upon resolution of the Board not in conflict with the Association's articles of incorporation, the directors may receive reimbursement of expenses for attendance at any meeting of the Board. No director shall have any financial interest in any contractual arrangement entered into by the Association in connection with the rendition of the services, the provision of goods or supplies, management of any facility owned and operated by the Association, procurement of furnishings and equipment, construction of the project, procurement of the site, for the project, or other matters whatsoever.

SECTION 7.18. Presumption of Assent.

A director of the Association who is present at a meeting of the Board or a subcommittee at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment or shall forward such dissent by registered mail to the secretary of the Association immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

SECTION 7.19. Policy.

No action by any subcommittee nor of any members, division, bureau, board, department, affiliate, employee, officer, or director shall be binding upon or constitute an expression of the policy of the Association unless or until it shall be approved by the Board.

ARTICLE VIII

BOARD SUBCOMMITTEES

SECTION 8.01. Board of Directors' Power.

The Board may designate one (1) or more subcommittees, each subcommittee to consist of one or more of the directors of the Association and such non-directors as are approved by vote of the majority of the

Board, to serve at the discretion of the Board. Each subcommittee shall include not less than one Board member. The directors may designate one (1) or more Board members as alternate members of a subcommittee, who may replace an absent or disqualified member at a meeting, of the subcommittee. In the absence or disqualification of a member of a subcommittee, the members thereof present at a meeting and not disqualified from voting, whether or not they constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in place of such an absent or disqualified member.

SECTION 8.02. Permanent Subcommittees.

Initially, the permanent subcommittees of the Board, consisting of not less than one (1) director each, shall be as follows:

- (a) Bylaws Committee: This subcommittee is responsible for assuring the validity and integrity of the Bylaws, proposing changes to the Bylaws; submitting Bylaw changes to the members for their vote of acceptance or rejection.
- (b) Membership Committee: This subcommittee is responsible for promoting membership to eligible organizations, reviewing applications for membership, and submitting applications for membership to the members for their vote of acceptance or rejection.
- (c) Communications Committee: This subcommittee is responsible for developing and executing communications with the members on matters of interest to the Association.
- (d) At-large Committee: This subcommittee of three (3) directors is responsible for providing guidance and direction to the heads of non-management committees and special task forces. One director per subcommittee or special task force will be appointed by the Board. The appointed director will continue to provide such guidance until the subcommittee or special task force has accomplished its mission or the term of the director has expired, whichever occurs first.

- (e) Other committees, workgroups or special task forces can be established for a particular purpose as deemed appropriate.

SECTION 8.03 Term of Office/Qualifications.

A subcommittee designated pursuant to this Bylaw, and each member thereof, shall serve at the pleasure of the Board. Individuals desiring to serve, or serving as a subcommittee chair of the Board shall be an employee of a member, and must be assured that their respective member endorses and will provide financial support of said individual to actively participate in Association activities. Said individual must be able to speak with authority and vote for the member.

SECTION 8.04. Communications Equipment.

A member of a subcommittee may participate in a meeting by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this section constitutes presence in person at the meeting.

SECTION 8.05. Voting.

A majority of the members of each subcommittee constitutes a quorum for the transaction of business. The vote of the majority of members present at a meeting at which a quorum is present constitutes the action of the subcommittee.

SECTION 8.06. Written Consents.

Any action required or permitted to be taken pursuant to authorization voted at a meeting of a subcommittee may be taken without a meeting, if, before or after the action, all members of the subcommittee consent thereto in writing. The written consents shall be filed with the minutes of the proceedings of the subcommittee. The consent has the same effect as a vote of the subcommittee for all purposes.

SECTION 8.07. Power and Authority.

A subcommittee designated by resolution of the Board may exercise any or all powers and authority of the Board in management of the business and affairs of the Association as is determined by the Board.

However, a subcommittee does not have power or authority to:

- (a) Adopt an agreement of merger or consolidation.
- (b) Recommend to the member the sale, lease, or exchange of all or substantially all of the Association's property and assets.
- (c) Recommend to the member a dissolution of the Association or a revocation of a dissolution.
- (d) Fill vacancies in the Board.

SECTION 8.08. Minutes.

Each subcommittee shall keep minutes of its meetings, and shall send a copy thereof to each member of the Board. Its recommendations and reports shall be in writing and forwarded to the Board.

ARTICLE IX

ANTITRUST

SECTION 9.01. Antitrust.

Any violation of the antitrust laws can be a felony, punishable by imprisonment and fines or serve as the basis for a civil lawsuit by the government or private plaintiffs. Association gathering(s) of competitors in the same business, by their nature involve interaction among competitors and frequently their suppliers and customers. Consequently Association gatherings are subject to close scrutiny for antitrust violations and must be conducted so as to keep their activities within proper bounds. The following guidelines have been prepared to assist in avoiding antitrust violations or the appearance thereof.

SECTION 9.02. Guidelines.

At any meeting or other type of gathering, whether in person or through other means incident to a meeting, whether seriously or in jest, discussions, comments, or other exchanges of information on the following will not be allowed and could result in removal of members found to be in violation of these guidelines:

- (a) Prices (past, present and future), pricing patterns or policies, price differentials, price changes, or other terms or conditions of sales.
- (b) Costs, markets, capacity, or sales or plans regarding the design, distribution or marketing of specific services.
- (c) Industry practices or plans with respect to prices, service capability, or client levels.
- (d) Specific bids or contracts or bidding procedures.
- (e) Territorial restrictions, allocations of customers, restriction on types of services, or any other kind of marketing.
- (f) Matters relating to any customer, supplier, or competitor that have the effect of excluding it from any market or of influencing the business conduct of any company toward it.

ARTICLE X

CONFLICT OF INTEREST

SECTION 10.01 Board/Officers/Agents.

Any duality of interest or possible conflict of interest on the part of any officer, director or agent of the Association shall be disclosed to the Board and made a matter of record through an annual procedure. Also, when the interest becomes a matter of Board action, such disclosure shall be reflected in the record of the proceedings of the Board. In all cases where a officer, director or employee of the Association may have a conflict of interest because he or she, or a member of his or her family, has an interest in any contract or transaction with the Association, either directly or indirectly through an interest in or employment by any legal entity which has an interest in such contract or transaction, or otherwise, that such officer, director or employee shall disclose such conflict of interest and refrain from taking any action to authorize, approve or ratify such transaction or contract; provided, however, that the ownership of a

non-controlling minority interest in a publicly held legal entity shall not be deemed to be an interest requiring such disclosure. Any required disclosure shall be made, in the case of an employee, or the officer to whom such employee reports and in the case of an officer or director, to the Board or subcommittee prior to its acting on such contract or transaction. Such disclosure shall include any relevant and material facts, known to such person, about the contract or the transaction, which might reasonably be construed to be adverse to the Association's interest. Such person may be counted in determining the existence or a quorum at any meeting where the contract or transactions is under discussion or is being voted upon and may participate in the discussions with respect thereto, but shall not vote or use personal influence on the matter. The minutes of the meeting shall reflect the disclosure made, the vote thereon and the abstention from voting. Nothing contained here shall preclude the Association from entering into such transaction or contract provided such disclosure is made and the officer, director or employee of the Association involved abstains from voting on the action taken to authorize, approve or ratify such transactions or contract.

SECTION 10.02. Others.

The officers, administrative staff members, employees, volunteers and staff members with administrative responsibilities shall exercise the utmost good faith in all transactions in which they are involved in the course of their duties for the Association. In their dealings with and on behalf of the Association, they shall be held to a strict standard of honest and fair dealings between themselves and the Association. They shall not use their position, or any knowledge gained therefrom, in such a way that a conflict may arise between the interest of the Association and that of the individual. All acts of such persons shall be for the best interest of the Association. Such persons shall not accept any gift, favor or hospitality that will influence their decisions or actions which affect the Association. Any duality of interest or possible conflict of interest on the part of officers, administrative staff members, employees, volunteers and staff members with administrative responsibilities shall be disclosed and made a matter of record through an annual reporting procedure or when the interest is involved in matters for action by such persons.

ARTICLE XI
INDEMNIFICATION

SECTION 11.01. Proceedings Against Corporate Agents.

The Association shall, to the extent that the status of the Association as a Corporation exempt under Section 501 (c) (6) of the Internal Revenue Code of 1986 as amended is not affected thereby, indemnify a person who was or is a party to, or is threatened to be made a party to, any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative or investigative, and whether formal or informal (other than an action by or in the right of the Association), by reason of the fact that the person is or was a director, officer, employee, or agent of the Association, or is or was serving at the request of the Association as a trustee, officer, partner, director, employee or agent of another foreign or domestic corporation, business corporation, partnership, joint venture, trust or other enterprise, whether for profit or not for profit. The indemnification shall be against expenses (including reasonable attorney's fees), judgments, penalties, fines and amounts paid in settlement, actually and reasonably incurred in connection with the action, suit, or proceeding. The Association shall indemnify the director, officer, employees, or agent of the Association, only if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Association or its member, and with respect to any criminal action or proceeding, if the person had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, of itself shall not create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Association, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

SECTION 11.02. Proceedings by or in the Right of the Association.

The Association shall indemnify a person who was or is a party to, or is threatened to be made a party to, a threatened, pending, or completed action or suit by or in the right of, the Association to procure a judgment in its favor by reason of the fact that the person is or was a director, officer, employee or agent of the Association, or is or was serving at the request of the Association as a trustee, officer, partner, director, employee or agent of another foreign or domestic corporation, business corporation, partnership, joint venture, trust, or other enterprise, whether for profit or not. The indemnification shall be against expenses (including actual and reasonable attorney's fees) and amounts paid in settlement incurred by the person in connection with the action or suit. The Association shall indemnify any person only if that person acted in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the Association or its member. However, indemnification shall not be made for a claim, issue, or matter in which the person has been found liable to the Association unless, and only to the extent that, the court in which the action or suit was brought has determined upon application that, despite the adjudication of liability, but in view of all circumstances of the case, the person is fairly and reasonably entitled to indemnification for expenses which the court considers proper.

SECTION 11.03. Association Agent Successful in Proceeding.

To the extent that a director, officer, employee, or agent of the Association has been successful on the merits or otherwise in defense of an action, suit, or proceeding, referred to above, or in defense of a claim, issue, or matter in the action, suit or proceeding, the successful party shall be indemnified against expenses (including actual and reasonable attorney's fees) incurred in connection with the action, suit or proceeding and in any action, suit, or proceeding brought to enforce the mandatory indemnification provided in this section.

SECTION 11.04. Determination that Indemnification is Proper.

Unless ordered by a court, any indemnification under Section 1 and Section 2 of this Article shall be made by the Association only as authorized in the specific case upon a determination that indemnification of the director, officer, employee, or agent is proper in the circumstances because that person has met the

applicable standard of conduct set forth in those sections. Such determination shall be made in either of the following ways: (a) by the Board upon a majority vote of a quorum consisting of Board members who were not parties to such action, suit, or proceeding, or (b) if such quorum is not obtainable, then by a majority vote of a subcommittee of directors who are not parties to the action, such subcommittee to consist of not less than two (2) disinterested directors, or (c) by independent legal counsel in a written opinion, or (d) by the members.

SECTION 11.05. Indemnification for Portion of Expenses.

If a person is entitled to indemnification under Sections 1 or 2 for a portion of expenses including attorneys' fees, judgments, penalties, fines, and amounts paid in settlement but not for the total amount thereof, the Association may indemnify the person for the portion of the expenses, judgments, penalties, fines, or amounts paid in settlement for which the person is entitled to be indemnified.

SECTION 11.06. Expenses Payable in Advance.

Expenses incurred in defending a civil or criminal action, suit, or proceeding described in Section 11.01 and Section 11.02 of this Article may be paid by the Association in advance of the final disposition of the action, suit, or proceeding, upon receipt of an undertaking by or on behalf of the director, officer, employee, or agent to repay the expenses if it is ultimately determined that the person is not entitled to be indemnified by the Association. The undertaking shall be by unlimited general obligation of the person on whose behalf advances are made but need not be secured.

SECTION 11.07. Rights Not Exclusive.

The indemnification or advancement of expenses provided under Sections 1 to 4 of this Article is not exclusive of other rights to which a person seeking indemnification or advancement of expenses may be entitled under the articles of incorporation, bylaws, or a contractual agreement. However, the total amount of expenses advanced or indemnified from all sources combined shall not exceed the amount of actual expenses incurred by the person seeking indemnification or advancement of expenses.

SECTION 11.08. Continuation of Indemnification.

The indemnification provided in this Article continues as to a person who ceases to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of the person.

SECTION 11.09. Construction.

For purposes of this Article, "Association" includes all constituent corporations absorbed in a consolidation or merger and the resultant or surviving corporation or business corporation, so that a person who is or was a director, trustee, officer, employee, or agent of the constituent corporation or is or was serving at the request of the constituent corporation as a director, officer, partner, trustee, employee, or agent of another foreign or domestic corporation, business corporation, partnership, joint venture, trust, or other enterprise, whether for profit or not, shall stand in the same position under the provisions of this section with respect to the resulting or surviving corporation or business corporation as the person would if the person had served the resulting or surviving corporation or business corporation in the same capacity.

SECTION 11.10. Liability Insurance.

The Association shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, or agent of the Association, or is or was serving at the request of the Association as a trustee, director, partner, officer, employee or agent of another foreign or domestic corporation, business corporation, partnership, joint venture, trust, or other enterprise, whether for profit or not, against any liability asserted against that person and incurred by that person in any such capacity or arising out of that person's status as such, whether or not the Association would have power to indemnify that person against liability pursuant to the Michigan Nonprofit Corporation Act.

ARTICLE XII

EQUAL OPPORTUNITY

The Association shall operate without restriction by reason of race, color, sex, age, national origin or religious and ethical beliefs with any person or persons seeking or having any affiliation with the Association.

ARTICLE XIII

RECORDS

SECTION 13.01. Corporate Books, Records, Minutes.

The Association shall keep books and records of account, minutes of the meetings and proceedings of the Board. The books, records and minutes shall be kept within the State of Michigan. Any of such books, records or minutes may be in written form or in any other form capable of being converted into written form within a reasonable time. The Association shall convert into written form, without charge, any such record not in such form, upon written request of the person entitled to inspect such record. At the annual meeting of the Board, the Association shall cause a report of the Association for the preceding fiscal year to be made and distributed to each member of the Board. The report shall include the Association's year-end statement of assets and liabilities, including trust funds, and the principal change in assets and liabilities during the year preceding the date of the report and, if prepared by the Association, its source and application of funds and other such information as may be required by the Michigan Nonprofit Corporation Act.

ARTICLE XIV

FISCAL MANAGEMENT

SECTION 14.01. Fiscal Year.

Except as from time to time otherwise provided by the Board, the fiscal year of the Association shall commence on the first day of January of each year and end on the thirty-first day of December.

SECTION 14.02. Preparation and Approval of Budget.

(a) **Adoption.** On or before the first day of December of each year, the Board shall adopt an annual budget for the Association containing an estimate of the total amount necessary to pay the cost of management, operation, insurance premiums, license fees, legal services, supplies and other expenses that may be declared as "expense" by the Bylaws or a resolution of the Board and which will be required during the ensuing fiscal year for the administration, and operation. Such budget shall also include reasonable amounts as the Board considers necessary to provide working capital, a general operating reserve and reserves for contingencies and replacements. The budget shall segregate general "expenses" and expenses to be paid by special or direct assessments, if any are anticipated.

(b) **Available for Inspection.** On or before the next succeeding fifth day of December the Board shall send each member a copy of the budget in a reasonably itemized form that sets forth the amount of the "expense". Such budget shall constitute the basis for determining each member's assessment for expenses of the Association and shall automatically take effect at the beginning of the fiscal year for which it is adopted, subject to Section 12.03 below.

(c) **Reasonable Efforts.** The directors shall make reasonable efforts to meet the deadlines set forth above, but compliance with such deadlines shall not be a condition precedent to the effectiveness of any budget.

SECTION 14.03. Assessment and Payment of General Expenses.

The Board will determine the amount of annual dues. Members will be required to pay annual dues/fees. Any net amounts received in excess of expenses will be retained and used to offset the next year's budget requirements. Any anticipated or realized short fall shall be cleared by the end of the budget year by an assessment of the membership. Within sixty (60) days after the end of each fiscal year, the Board shall prepare and deliver to each member an itemized accounting of the expenses and funds received during such fiscal year less expenditures actually incurred and sums paid into reserves. The manner, timing or other specifics of payment of such assessments will be set as the Board determines.

SECTION 14.04. Rejection of Budget, limitations on Expenditures and Borrowing. Anything herein to the contrary notwithstanding, the Association by a vote or more than seventy-five percent (75%) of the members excluding the Board may reject any budget or capital expenditure approved by the directors within thirty (30) days after approval by the directors.

SECTION 14.05. Initial Budget.

At or prior to the time assessment of expenses commences, the directors shall adopt the budget, as described herein. The period shall commence on the date the directors determine that assessments shall begin and end on the last day of the fiscal year during which such commencement date occurs.

SECTION 14.06 Checks.

All checks, drafts, and orders for the payment of money shall be signed by such officer or officers, or such other persons, as the Board may from time to time determine. All endorsements for deposit shall be made by the treasurer, or in his or her name, or by such other persons as may from time to time be determined by the Board. Except as to expense disbursements provided in the annually approved budget, no funds disbursement shall be made unless the same shall have been approved or authorized by the Board.

SECTION 14.07. Notes.

All promissory notes of the Association and acceptances must be authorized by the Board, after any necessary approvals by the member, and signed by the chairperson of the Association, or such other officer as the Board may designate.

ARTICLE XV

AMENDMENTS

All Bylaws of the Association shall be subject to alteration or repeal. Changes to the Articles of Incorporation may be made by 2/3rds vote of the members, obtained at any meeting at which a quorum

shall be present, provided that notice of the proposed alteration or repeal of the proposed new Bylaws is included in the notice of such meeting.

INTERNATIONAL AUTOMOTIVE CERTIFICATION BODIES ASSOCIATION

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