



**International certification of the quality of goods and services being purchased (certification standard of quality "ICSQ-775" of the International Union of Commerce and Industry (IUCI; London, UK))**

**EXTRACTS FROM THE REGULATIONS OF THE IUCI**

**I. Benefits of certification:**

1. A reliable expert quality audit of the production, services, technologies, company management system.
2. Pointing the company's national and international market position.
3. An image-building achievement of a certain professional recognition of the international status, which is a promotional asset and a constituent element of the authority of the enterprise in the international market.
4. Demonstration of the company's openness and absolute transparency (integrity) of its activity to the shareholders (owners), potential contractors and the public.
5. Demonstration of certain fearlessness against any possible expert verdict, self-confidence and company's aspiration towards eliminating flaws and improvement.
6. Motivating and promotion of company's self-improvement.
7. A proactive way of foreign market entry and achieving international reputation.
8. An actual declaration of intent to acquire a wide range of partners and potential customers and to join the international system of economic cooperation.
9. An examination of the future (potential) contract partner for its integrity, testing the quality of its products as well as the compliance with other requirements of a bargain to be concluded or a contract in operation.
10. An analysis of the counterparty's meeting obligations under the contract by means of conducting a certification examination.
11. Getting a performance bond for any contractor from IUCI in respect of the quality of his production or services and the compliance with other requirements of a bargain to be concluded or a contract in operation.
12. Transaction support as a third party expert and an involved witness of its performance that gives additional advantages to the interested party under the procedure of a commercial dispute trial.
13. Examination of the quality of a commercial transaction performance and claims confirmation.

**II. Main objectives of certification:**

- a) consolidation of businessmen of different countries;
- b) implementation of a new common international standard for production and services quality evaluation that allows to "globalize" international market and integrating economics of different countries into global economic system more closely and consistently;
- c) cultivation of an additional and effective tool for monitoring the quality of production and services;
- d) implementation of an objective criterion for consumer evaluation of a comparable production and services quality that allows rationalizing consumer choice and economic resources and goods acquisition costs;
- e) promotion of competition by means of determining higher quality products and services produced by less known companies;
- f) development of international trade and economic cooperation;
- g) international protection of human (consumer) economic rights and freedoms.

### **III. Aims of the IUCI in the course of implementation of the certification mechanism:**

- a) receiving commercial profit by means of carrying out paid certifications and related actions;
- b) gaining of a certain share in global (European) standardization and certification market;
- c) extending the sphere of influence of the IUCI in the international business environment;
- d) realization of own business projects of the IUCI;
- e) recommendation of quality leaders to market demand subjects.

### **IV. System arrangement of the project "ICSO-775":**

- a) certification register website;
- b) advertising information periodical of certification register;
- c) expert team;
- d) certification procedure;
- e) certification documents;
- f) international certification standard of quality register;
- g) international quality leaders rating;
- h) rating, image-building, honorary and incentive diplomas, certifications, medals and symbolic prizes.

### **V. The concept of certification standard (register) naming:**

The register, the certification procedure and the certificates themselves are international-based and intended for implementation and development within the global international business practices.

#### **Nominal part of the name of the certification standard (register):**

International certification standard of quality – 775

Abbreviation: ICSQ-775

#### **Numerical part of the name (register index): 775**

- The first digit "7" - 7 expert review categories (levels);
- The second digit "7" - 7 maximum criteria and elements of expert review within the last (the highest) expert review category;
- The third digit "5" - 5 maximum possible symbolic stars within each expert review category.

**The maximum possible ranges of quality estimates in numerical terms of the register index:**

- The first digit of the register index varies from 1 to 7, and determines one out of seven possible expert review categories (levels) under which the certification was carried out;
- The second digit of the register index varies from 1 to 7, and determines how many elements and evaluation criteria of the seven possible were used during the certification;
- The third digit of the register index varies from 1 to 5, and determines how many "stars" of 5 possible (points - according to 5-point scale) given in the process of certification for the corresponding category using a defined number of expert review criteria.

**Possible ranges of registers indexes: 1-7:1-7:1-5.**

E.g. when the index register is 135 (maximum five quality standard "stars" (points) awarded as a result of three certification criteria evaluation under expert review category (level) 1), the certification standard will be defined as ICSQ-775/135.

## **VI. Expert review categories (levels)**

Categories (levels) of expert review define in a quantitative value and substantial equivalent the scale, the depth and the quality of an expert review and the number of experts involved, the level of their qualifications and the scope of expert analysis.

### 1. Category (775/1): 775/13...

#### 1.1. Experts:

- Experts of the IUCI.

#### 1.2. Test subject:

- The certificated object (product, service, technology) as is.

#### Evidence observed:

- 1.3. Objective description.

### 2. Category (775/2): 775/25...

#### 2.1. Experts:

- Experts of the IUCI.

#### 2.2. Test subject:

- The certificated object (product, service, technology) as is.

#### Evidence observed:

- 2.3. Objective description;

- 2.4. Copies of technical documentation

- 2.5. Photographic material complementing the object perspective.

### 3. Category (775/3): 775/36...

#### 3.1. Experts:

- Experts of the IUCI.
- External experts.

#### Test subject:

- 3.2. The certificated object (product, service, technology) as it is;

- 3.3. Company management system.

#### Evidence observed:

- 3.4. Objective description;

- 3.5. Copies of technical and other documentation;

- 3.6. Photographic material complementing the object perspective.

### 4. Category (775/4): 775/47...

#### 4.1. Experts:

- Experts of the IUCI.
- External experts.

#### Test subject:

- 4.2. The certificated object (product, service, technology) as it is;

- 4.3. Company management system;

- 4.4. The technology of goods and services production or process of the technology execution (implementation).

#### Evidence observed:

- 4.5. Objective description;

- 4.6. Copies of technical and other documentation;

- 4.7. Photographic & video material complementing the object perspective.

### 5. Category (775/5): 775/57...

#### 5.1. Experts (visiting the site of the object):

- Experts of the IUCI.
- External experts.

#### Test subject:

- 5.2. The certificated object (product, service, technology) as it is + its position in the competitive market;

- 5.3. Company management system;

- 5.4. The technology of goods and services production or process of the technology execution (implementation).

#### Evidence observed:

- 5.5. Objective actually given information and description;

- 5.6. Copies of technical and other documentation;

5.7. Photographic & video material complementing the object perspective.

6. Category (775/6): 775/67...

6.1. Experts (visiting the site of the object):

- Experts of the IUCI.
- External experts.

Test subject:

6.2. The certificated object (product, service, technology) as it is + its position in the competitive market;

6.3. Company management system + achievements analysis + analysis of experts', partners', colleagues' and other specialists' recommendations and comments;

6.4. The technology of goods and services production or process of the technology execution (implementation).

Evidence observed:

6.5. Objective actually given information and description;

6.6. Copies of technical and other documentation;

6.7. Photographic & video material complementing the object perspective.

7. Category (775/7): 775/77...

7.1. Experts (visiting the site of the object):

- Experts of the IUCI.
- External experts.

Test subject:

7.2. The certificated object (product, service, technology) as it is + its position in the competitive market;

7.3. Company management system + marketing effectiveness analysis + achievements analysis + analysis of experts, partners, colleagues and other specialists recommendations and comments + analysis of the company's social infrastructure development + analysis of the company's environmental activity and ecological effectiveness + analysis of the company's charitable activity;

7.4. The technology of goods and services production or process of the technology execution (implementation).

Evidence observed:

7.5. Objective actually given information and description;

7.6. Copies of technical and other documentation;

7.7. Photographic & video material complementing the object perspective.

In the framework of each of the expert review categories, positive expert review and certification (evaluation) results are fixed by giving the certificated object a corresponding number of symbolic "stars".

5		Over 90% experts voted "aye" or more than 90 points
4		Over 80% experts voted "aye" or more than 80 points
3		Over 70% experts voted "aye" or more than 70 points
2		Over 60% experts voted "aye" or more than 60 points
1		Over 50% experts voted for passing the category certification or in total over 30 of possible 100 expert review points

## **VII. External experts: invitation, work management and payment**

### Experts qualitative characteristics:

- Within review categories 1-2.

IUCI staff members + specialists in the field of economy, management, marketing, sociology, psychology, engineering and technologies provided by the International Academy of Science and Higher Education (the IASHE; London, UK).

- Within review categories 3-4.

IUCI staff members + specialists in the field of economy, management, marketing, sociology, psychology, engineering and technologies provided by the IASHE + scientists of the leading universities of the world + experts and specialists from foreign companies.

- Within review categories 5-7.

IUCI staff members + specialists in the field of economy, management, marketing, sociology, psychology, engineering and technologies provided by the IASHE + experts and specialists from foreign companies + leading scientists in the field of physics, chemistry, engineering, technologies, marketing and management + experts from different countries' chambers of commerce & industry + national and international mercantile exchanges specialists.

### Experts registration:

- a) actual registration: copies of regular and international passports, CV, photo, bank account and credit card details, links to Internet resources containing mentions of a person; personal website or email address, information on the level and quality of knowledge of foreign languages;
- b) remote registration via the website: copies of regular and international passports; CV, photo, bank account and credit card details, links to Internet resources

containing mentions of a person; personal website or email address, information on the level and quality of knowledge of foreign languages; nickname, login, password, slogan (motto), electronic signature.

The website contains a list of IUCI experts with their photographs but without specifying their contact information.

The mechanism of remote work with the experts:

- the IUCI makes contracts with experts using electronic and facsimile messages and electronic signatures;
- invitations and instructions for participation in review are delivered via e-mail;
- a detailed briefing on participation in review (date, mechanisms and criteria for registration) is available in expert's personal account on the website;
- registration procedure (nickname, login, password, slogan (motto)) is needed to get an expert's personal account on the website;
- after confirming participation in the review, the expert receives all necessary materials (in digital form and via postal mail) for carrying out a remote review (expert review categories 1-4);
- along the whole period of a remote expert review, the experts are not informed of the panel membership, and make their conclusions independently;
- upon reaching the check date the expert sends his conclusion to the IUCI via postal or electronic mail (in accordance with his assignment);
- after receiving and recording the opinions of all panel members the IUCI introduce them to each other and provides for a certain time an opportunity to discuss the results of the review in a private chat on the website;
- further to the discussions each expert has the right to change the previous estimates by no more than 2 points and to record an individual (separate) opinion in an expert conclusion;
- experts' previous concert, known partiality or maliciously illegal expertise leads to contract termination and holding the expert financially liable.

The mechanism of direct work with the experts:

- the IUCI makes contracts with experts using electronic and facsimile messages and electronic signatures;
- invitations and instructions for participation in review are delivered via e-mail;
- a detailed briefing on participation in review (date, mechanisms and criteria for registration) is available in expert's personal account on the website;
- registration procedure (nickname, login, password, slogan (motto)) is needed to get an expert's personal account on the website;
- after confirming participation in the review, the expert receives all necessary materials (in digital form and via postal mail) to prepare for carrying out an actual review (expert review categories 5-7);
- experts involved in actual review are not informed of the full panel membership before their arrival to the review site;
- to get to the review site an expert previously receives a travel cost to his bank account or card or gets a ticket purchased in advance;
- an expert sends to the IUCI information about purchasing or receiving a ticket, as well as of the date, place and time of his arrival;
- in a place of arrival experts are met by the panel curator;
- when carrying out an expert analysis on all the review criteria, the experts are completely independent and autonomous in their judgments, and make their expert conclusions individually;

- after receiving and recording the opinions of all panel members, the IUCI provides them for a certain time an opportunity to discuss the results of the review collectively on a panel session;
- further to the discussions each expert has the right to change the previous estimates by no more than 2 points and to record an individual (separate) opinion in an expert conclusion;
- experts' previous concert, known partiality or maliciously illegal expertise leads to contract termination and holding the expert financially liable.

#### Experts' payment and refund of charges.

The followings are transferred to expert's bank account out of the amounts paid to the IUCI accounts by the review customer, in accordance with the approved tariff scale represented in each expert's personal contract, under the piece wage system:

- a) before the review:
  - advance payment specified in contract;
  - amounts needed for purchasing the ticket and some other necessary charges;
- b) after the review:
  - remainder of the contractual amount of remuneration;
  - refund of costs outlaid by the expert due to his participation in the review (based on bills submitted to the IUCI accounting).

The most positively proven experts can be invited by the IUCI regularly to carry out reviews (taking into account the correlatability of their speciality and qualification with the review subject and methodology), and promoted to the higher expert categories (in the context of admission to various review categories). More frequent participation in reviews, as well as participation in the reviews of a higher expert analysis category provides the expert with a higher level of income.

#### **VIII. The mechanism of work with the review customers and carrying out reviews consists of the following elements:**

1. Informing, advertising, familiarizing.
2. Communications.
3. Questionnaires.
4. Contract.
5. Review payment.
6. Providing necessary information for a remote review.
7. Organization of an actual review, and creation of working conditions for experts.
8. Opportunities for rating (raising) reviews on preferential terms.
9. Bonuses for engaging other review customers.
10. Bonus and discounts for participation in other IUCI programs.
11. Issue of certification documents and related material symbols (stars, statuettes, etc.).
12. Warranty.
13. Claims.

#### **IX. Documents accompanying the review:**

1. Contract with the expert.
2. Customer's questionnaire.
3. Contract with the customer.
4. Customer's bonus certificate.
5. Certification sheets filled by experts.
6. Detailed review report.
7. Certificates of passing the review by categories (+ medals, statuettes, stars).

8. Design standard of placing certification marks on the product and information about certification passing and its results in the rooms.
9. Warranty of the products or services quality.
10. Complaint conclusions.
11. Manufacturer consent for the review (in case of review ordered by contractors and third parties).

#### **X. Rates for the services related to certification:**

The status of the review customers' country of nationality (GDP x income (standard of living) of the population)	Review Category	1	2	3	4	5	6	7
		Price - €						
1. Developing countries		€ 500.0	€ 1,000.0	€ 5,000.0	€ 8,000.0	€ 16,000.0	€ 25,000.0	€ 35,000.0
1. Stable countries		€ 1,000.0	€ 2,000.0	€ 10,000.0	€ 15,000.0	€ 25,000.0	€ 35,000.0	€ 45,000.0
1. Growing countries		€ 2,000.0	€ 4,000.0	€ 15,000.0	€ 20,000.0	€ 30,000.0	€ 40,000.0	€ 50,000.0
1. Developed countries		€ 3,000.0	€ 6,000.0	€ 20,000.0	€ 25,000.0	€ 35,000.0	€ 45,000.0	€ 55,000.0

- In case of a stakeholder demanding formal quality assurance from the IUCI for counterparty's product or service when concluding a bargain, the cost of certification increases by 1% of the total transaction cost. In this case the assurance can be provided only on the basis of passing the certification review by at least 5 certification categories.

- In case of a stakeholder demanding responsible quality assurance from the IUCI for counterparty's product or service when concluding a bargain, with a perspective of the IUCI bearing joint responsibility for transaction performance with the products or services producer (provider) with regard to products and services quality, the cost of certification increases by 2-5 % of the total transaction cost. In this case the assurance can be provided only on the basis of passing the certification review by all 7 certification categories.

- Examination of the quality of a commercial transaction performance and claims confirmation are realized under passing the certification review by at least 5 certification categories, with an increase in the declared cost of certification by 25%.

- The cost of the review within the 7 categories of expert analysis, including additional physicochemical analysis of products, services and technologies for their compliance with the required consumer quality, safety requirements and international standards, increases by 10-50% depending on the complexity of relevant scientific laboratory studies.

- The cost of the review within the 7 categories of expert analysis, including additional analysis and evaluation of company's financial and economic activity and accounting and tax reporting for their compliance with the requirements of law-abidance, security and international standards, increases by 10-50% depending on the complexity of relevant studies.

- The cost of the review within the 7 categories of expert analysis, including additional analysis and evaluation of company's legal (juristic) activity and its meeting corporate and business obligations increases by 10-50% depending on the complexity of relevant studies.

- The travel, room and board costs for experts and panel curator, in conducting reviews by categories 5-7, are paid by the IUCI if they do not exceed 10% of the certification cost.

- In case the travel, room and board costs for experts and panel curator, in conducting reviews by categories 5-7, account for 10-20% of the certification cost, the review customer

(customers) assume additionally 50% of the travel, room and board costs for experts and panel curator.

- In case the travel, room and board costs for experts and panel curator, in conducting reviews by categories 5-7, exceed 20% of the certification costs, the review customer (customers) assume additionally 100% of the travel, room and board costs for experts and panel curator.

## **XI. The general mechanism and terms of carrying out reviews**

### **1. Reviews may be ordered by:**

- a producer of relevant goods, services and technologies;
- a supplier (commercial broker, agent, dealer, distributor) of goods, services, technologies, and other persons engaged in their bulk sale or marketing promotion (with the consent of the producer);
- a counterparty - purchaser of goods, services, technology (with the consent of the producer);
- third party stakeholders (with the consent of the producer):
  - a) owners of the producing company;
  - b) auditors;
  - c) banks;
  - d) insurance companies;
  - e) investors;
  - f) state authorities placing orders for production.

### **2. Review payers:**

- a) review purchaser;
- b) jointly: review purchaser and other stakeholders - in specified proportions.

### **3. Mechanism of review payment:**

- a) reviews of categories 1-2 are paid on the basis of 100% prepayment;
- b) reviews of categories 3-4 are paid on the basis of 75% prepayment;
- c) reviews of categories 5-7 are paid on the basis of 50% prepayment.

### **4. Prepayment for reviews is made:**

- a) for review categories 1-2 - at least 7 days prior to the review;
- b) for review categories 3-4 - at least 10 days prior to the review;
- c) for review categories 5-6 - at least 15 days prior to the review;
- d) for review category 7 - at least 21 days prior to the review.

In case of review payment on terms of partial prepayment, the second part of the required amount is paid within 3 days after the completion of the review - before the announcement of its results and awarding certification documents.

### **5. Payment methods:**

- a) cashless payment to IUCI bank account as per the invoiced bill from payer's credit card - through the IUCI website;
- b) cashless payment to IUCI bank account as per the invoiced bill - through the bank;
- c) cash payment as per the invoiced bill - via IUCI regional pay offices.

### **6. Processing documents:**

- a) agreements (contracts) are processed:
  - in electronic form, using electronic signatures - through the IUCI website and e-mail;
  - through the postal correspondence exchange;
  - through the facsimile documents exchange;
  - by signing and sealing documents in the nearest to the customer IUCI regional office.

- b) guarantees, reclamation acts, as well as certification documents are completed and handed during the first direct contact of IUCI official representatives and review customers and companies subject to expert review.
7. The following number of experts takes part in carrying out reviews:
- a) for review categories 1-2 - 2 to 3 experts representing at least 2 different countries;
  - b) for review categories 3-4 - 3 to 5 experts representing at least 3 different countries;
  - c) for review categories 5-6 - 4 to 6 experts representing at least 4 different countries;
  - d) for review category 7 - 5 to 10 experts representing at least 5 different countries.
8. Duration of reviews:
- a) for review categories 1-2 - 7-10 days;
  - b) for review categories 3-4 - 10-14 days;
  - c) for review categories 5-6 - 14-21 days (including the period of staying directly at the review site of 3 to 7 days);
  - d) for review category 7 - 21-30 days (including the period of staying directly at the review site of 7 to 10 days).
9. Special Terms and Provisions
- 1) When carrying out a remote review with the study of actual materials, the latter are sent by the review customer or any other person via postal or courier delivery at his own expense. The day following the arrival of such sending, is considered the first day for the calculation of the review prepayment period.
  - 2) The travel, room and board costs for experts are calculated and entered in the contract before its signing and paid by the review customer (customers) in corresponding part according to the rules specified by pp. 15.3, 15.4.
  - 3) The customer of the review of categories 5-7 or the company subject to expert review of these categories or both of the mentioned parts (if present), assume the responsibility for creating necessary conditions for panels working at the site of review, access to reviewed objects, providing materials necessary for the review, as well as the objectivity of all provided information.
  - 4) International ratings of quality leaders are formed at the year-end and are subject to monthly correlations.
  - 5) Providing of comfortable and high quality travel, room and board for experts and panel curator is jointly assigned to the IUCI and review customer.
  - 6) Organization of comfortable and high quality travel, room and board for experts, as well as organization of the panel activity, is directly guided by the panel curator.
  - 7) The basic document for carrying out expert review is either of the followings: a) a contract between the IUCI and the company having initiated the expert review and at the same time subject to the expert review or having its products or individual objects reviewed; b) a contract between the IUCI, the company subject to the expert review or having its products or individual objects reviewed and third party stakeholder having initiated the expert review;
  - 8) Information necessary for the review is provided by the company subject to the expert review or having its products or individual objects reviewed according to the content of expert review subjects and criteria. If the information provided by the company is insufficient, it is demanded by the panel in required quantity. The company is obliged to provide the information required by the panel, except for that part which is the company's commercial secret. Yet, if the panel is not able to make their expert conclusion by corresponding expert review criteria objectively and reasonably without having studied the information belonging to the company's commercial secret, the panel has the right to lower the expert review category (without refunding the price of the higher level review category) or to record low estimations for corresponding review criteria. However, if the company decides to provide information necessary for the expert review belonging to its commercial

secret, the IUCI according to the review contract bears the whole legal responsibility for possible illegal dissemination of such information by experts and other persons involved in the review, and the latter bear such responsibility before the IUCI.

- 9) The company subjected to the expert review or having its products or individual objects reviewed or third party stakeholders have the right to reasonably contest the expert review results by appealing to the IUCI, and in case of not reaching a mutually acceptable compromise with the IUCI on this issue by appealing to the American International Commercial Arbitration Court.

## **XII. Periodic confirmation of expert evaluation**

It is obvious that an expert evaluation performed once, logically, cannot subsequently be of unlimited duration and invariable validity for an extended period. This is due to the fact that absolutely all processes in the reality have, in qualitative and quantitative parameters, a variable nature. This variation is to a great degree characteristic of business and production processes, including the quality of the products. Therefore, as the need arises due to the demand from contractors or independent need of an interested company in the current analysis of the quality of its products, the review under the standard ICSQ - 775 carried out before can be subject to prompt confirmation under the program of accelerated expert analysis, the methodology of which is selected in each specific case by agreement with the customer of the review. However, neither the repetition or multiplicity of review itself nor the periodization of expert examinations are not required by the program ICSQ – 775, and they are implemented only by request of persons concerned.