



## **ILMA ETHICS INITIATIVE FREQUENTLY-ASKED QUESTIONS**

***1. In a “nutshell,” what is the ILMA ethics initiative or testing program?***

ILMA will use a process similar to API’s Aftermarket Audit Program (AMAP) to collect and test samples of products manufactured and sold by ILMA members. The objective of ILMA’s ethics initiative is to protect and enhance the image and reputation of independent lubricant manufacturers by verifying on a random basis that its members comply with the Association’s Code of Ethics. Compliance with the ILMA Code of Ethics will expand the protection of consumers by minimizing or eliminating misrepresentations of the contents and quality of oils.

Each year, ILMA expects that at least 20 tractor hydraulic fluids and 20 engine oils manufactured or marketed by its member companies will be randomly collected and evaluated for conformance to the original equipment manufacturer’s specifications or industry standards claimed by the oil marketer. Bulk and packaged products will be tested as part of the ethics initiative.

***2. Who will collect and test the samples?***

Aqualified sample collection organization and lubricant testing laboratory will be used by ILMA for ethics initiative sample collection and testing. ILMA will conduct this process on a confidential basis.

***3. What authority does ILMA have to collect and test my products?***

As part of your affirmation executed on behalf of your company when it renewed its dues with ILMA for the year, you agreed to have your products (both packaged and bulk) collected and tested by ILMA under its ethics initiative.

***4. What products will be tested?***

The ILMA Ethics Initiative program includes the random testing of (a) tractor hydraulic fluids manufactured and sold by ILMA members and represented to meet specifications issued by original equipment manufacturers, and (b) engine oils manufactured and sold by ILMA members and represented to meet the performance requirements of both current and older industry specifications. The Association may expand the program to include other products such as automatic transmission fluids.

***5. How will tractor hydraulic fluids and engine oils be selected for testing?***

ILMA has developed from multiple sources, including member listings in the Association’s *Directory*, a list of its members who manufacture tractor hydraulic fluids and engine oils and the brand names for these products. This list will be updated on an ongoing basis. Each year, ILMA will randomly generate a list of up to 40 each of ILMA members’ tractor hydraulic fluids and engine oils to be collected and tested.. ILMA will provide this list to the sample collection contractor. In addition, as part of its budget for the ethics initiative, ILMA has set aside funds for the collection and testing of a *limited* number of samples based upon complaints made under the Association’s Code of Ethics.

**6. *How will tractor hydraulic fluids and engine oils selected for testing be collected?***

A different organization collects the tractor hydraulic fluid and engine oil samples from the laboratory organization that tests and analyzes the samples. The collection organization is notified of the tractor hydraulic fluid and engine oil products randomly selected. The collection company will collect 20 samples from each list on a timely basis consistent with maintaining cost efficiencies. ILMA will ask the collection company to collect at least 20 percent of the samples (both tractor hydraulic fluids and engine oils) in bulk. The collection company then will repackage each of the samples collected into a new bottle labeled only with a blind number, viscosity grade, and API service category, as applicable. The collection organization will use a numbering scheme that allows for easy identification of the ILMA samples. The coded samples are then sent to the testing laboratory for analyses.

**7. *How will the engine oils be tested?***

The testing of the selected ILMA engine oil samples will be run in two tiers. Under Tier I, the following tests will be run on each ILMA sample:

- D445 – Kinematic Viscosity at 100°C and 40°C
- D2270 – Viscosity Index for VI Improver
- D4684 – Low Temperature Pumping Viscosity & Yield Stress for PPD & Base Oils
- D5800 – Volatility Loss (NOACK) for Base Oil
- D4951 – Additive Elements by ICP
- D5762 - Nitrogen
- E168 – Infrared to Supplement ICP for Antioxidants and Dispersants

The acceptance ranges for the above tests will be a combination of published industry limits and proprietary ILMA profiles for applicable performance categories. The profiles have been developed by the Industry Task Force from the substantial database of engine oil samples maintained by the Institute on Materials (IOM). A profile will be a “band” in which a statistically-significant number of IOM’s samples of “good” oils fall. Different profiles will be developed for different performance levels. ILMA will not publish the profiles. Many of the Tier I tests were selected because they are commonly-recognized and used tests throughout the industry.

**8. *What happens with the Tier I Engine Oil Test Results?***

The test results from the laboratory will be returned to an independent industry consultant for evaluation. ILMA has retained a consultant with substantial experience in interpreting the laboratory results of testing on lubricant products. ILMA’s consultant be given the testing results and will determine, whether based on the test results, each product is within or outside the limits and profiles. If the product test results fall within the limits and profiles, no further action will be taken.

If the product test results fall outside the limits and profiles, the consultant’s report will be provided to ILMA Counsel and the Chair of the Association’s Ethics Committee. The Chair may seek to resolve test result issues directly with the ILMA member company or he may ask that Tier II testing be conducted on the product. All of this activity will be conducted on a confidential basis.

**9. *What is Tier II Engine Oil Testing?***

If Tier II testing is requested, the some or all of the following tests will be run by the testing laboratory on retained samples of the product:

- Orbahn shear to characterize VI Improver

- HFRR Coefficient of friction measurement to detect friction modifiers
- D5293 – Low temp cranking viscosity to characterize base oil, VII & PPD
- D130 Copper strip to detect non-dispersant nitrogen

As noted above, the frequency of or the need for Tier II testing will be decided on a case-by-case basis by the Chairman of ILMA’s Ethics Committee. The acceptance ranges for the tests will be published limits and profiles prepared by the Industry Task Force. These tests were selected because they are used to analyze engine oils in areas where problems frequently are found. Results of this additional testing will be reviewed by ILMA’s consultant.

**10. *How will tractor hydraulic fluids be tested?***

The testing of the selected ILMA tractor hydraulic fluid samples, similar to engine oil samples, will be run in two tiers; however, the approach is different. Under Tier I, the following tests will be run on each ILMA tractor hydraulic sample:

- D445 – Kinematic Viscosity at 100°C and 40°C
- D2270 – Viscosity Index for VI Improver
- D4951 – Additive Elements by ICP

If the product test results for Tier I fall outside the limits set, the product will be kicked out and will be referred by the consultant to the Chair of the Association’s Ethics Committee.

All tractor hydraulic fluid samples that pass the Tier I testing will undergo Tier II testing. Under Tier II, the following tests will be run on each tractor hydraulic fluid sample:

- D2983 – Brookfield Viscosity

**11. *What happens with the Tier II Tractor Hydraulic Fluid Test Results?***

The test results from the laboratory will be returned to an independent industry consultant for evaluation. ILMA has retained a consultant with substantial experience in interpreting the laboratory results of testing on lubricant products. ILMA’s consultant be given the testing results and will determine, whether based on the test results, each product is within or outside the limits and profiles. If the product test results fall within the limits and profiles, no further action will be taken.

If the product test results fall outside the limits and profiles, the consultant’s report will be provided to ILMA Counsel and the Chair of the Association’s Ethics Committee. The Chair may seek to resolve test result issues directly with the ILMA member company. All of this activity will be conducted on a confidential basis.

**12. *Will I receive a letter from ILMA with the results of the testing on my product?***

If your product test results for either tractor hydraulic fluids or engine oils fall within the limits and profiles you will *not* receive a notification from ILMA that your product was tested. This is to ensure that no one uses the passing test results in their company’s marketing efforts – that is, the Association does not want advertising to the effect that “ILMA tested my products and say that they are quality oils.” However, if your product test results fall outside the limits and profiles, ILMA’s Ethics Committee will provide you by letter with the test results and will ask you to provide documentation to support the performance claims being made. The Ethics Committee will handle the resolution of the matter on a

confidential basis.

**13. *What happens if my product fails the Tier II testing?***

As an ILMA member, and as a result of your affirmation of the Association's Code of Ethics, you agree that your products can be tested. In addition, as part of your affirmation, ILMA's Ethics Committee can ask you to provide documentation, including the candidate data package, to support your marketing claims for the product in question. If the results show that the product is "off specification," and after further discussions, the Chairman of ILMA's Ethics Committee concludes the product claims cannot be supported, you could be subject to an enforcement action under ILMA's Code of Ethics. As you should know, the Association's Code of Ethics seeks foremost to encourage voluntary correction and compliance. To the extent that voluntary correction and compliance cannot be assured, the Code of Ethics sets forth administrative procedures for resolving the matter and possible remedies and sanctions. In certain egregious circumstances, ILMA reserves the right to report the matter to the appropriate governmental authorities.

**14. *Will ILMA publish the names of companies whose products have been tested and the results of the test?***

No. ILMA only will publish aggregate data on the number of products tested and the "Pass/Fail" ratio of samples tested.

**15. *Will ILMA make available the infrared profile that is going to be used for assessing additives in engine oils?***

No. The profile has been developed by the industry committee from reference oils submitted by the additive companies for "typical" engine oils within a performance category. The infrared profile is not intended to establish "minimums" or "limits", but could be used as a basis for asking for further information, including a candidate data package, in support of the claims made.

**16. *I am concerned about confidentiality. Who within ILMA will know about my products?***

ILMA has gone to great lengths to protect each member's proprietary and confidential information. Except for matters brought by ILMA's Ethics Committee, ILMA will not designate specific products to be tested beyond providing a list of up to 40 randomly-selected tractor hydraulic fluids and 40 randomly-selected engine oils to the sample collection company with instructions to obtain any 20 samples of each from the list. The testing laboratory will not know whose product it is testing. ILMA's consultant who will review the test results is subject to a confidentiality provision.. ILMA Counsel will handle information and is obligated to keep it confidential. Matters before the ILMA Ethics Committee are handled on a confidential basis.

**17. *Bulk oils present challenges. Will bulk oils be tested?***

Yes. ILMA has developed appropriate procedures for collecting and sampling bulk oils, including issues such as chain-of-custody. As part of the affirmation you sign at the time of dues renewal each year, you give ILMA's sample collection company the authority to come to your facility and collect a bulk sample of your tractor hydraulic fluid or engine oil. An ILMA member refusing to provide a bulk sample of its product will be referred to the Association's Ethics Committee for follow-up action.

**18. *I have API-licensed engine oils. Will my products be tested twice?***

No. If your engine oils are currently licensed by API, these products will continue to be subjected to random testing under AMAP. Your API-licensed engine oils would be tested against published limits and the information you submitted to API with your license application.

To the extent there is any testing issues with your licensed engine oils, they will be handled by API under AMAP.

**19. *How is the testing program being funded?***

ILMA is covering the costs of the testing program from its projects fund. For your information, this is funded from investment income (another way that ILMA is providing return on investment to its members). At some point, however, the Association's Board of Directors could decide to include the program costs in ILMA's annual operating budget.

**20. *What is the role, if any, of State weights and measures offices?***

The National Conference on Weights and Measures' *Handbook 130* includes regulatory provisions that, in part, mandate the proper representation of the performance of the lubricant on the container label and shipping papers, including for bulk oils. State weights and measures offices implement and enforce differently these provisions. As previously noted, in certain egregious situations, ILMA could turn the information over to the appropriate weights and measures office for handling. At a minimum, ILMA expects to share the existence and purpose of the testing program with the National Conference on Weights and Measures.

**21. *Who do I contact if I have any other questions?***

You should contact the ILMA office, and your inquiry will be directed to the appropriate person for response. Your questions and comments are always welcome.

**22. *Why is there an indemnification in the affirmation my company signed as part of its ILMA dues renewal?***

ILMA counsel has insisted on the indemnification for several reasons. First, ILMA wants your acknowledgment that your company is responsible for its products. ILMA makes no representation or warranty about the fitness of your products because of the testing program. Second, the Association is not an insurer of your products by conducting any testing on them. For example, if your product was to "pass" the testing and then there is a failure of an engine in which the product is being used, ILMA does not want to become a party to the dispute as a result of the testing.

***Note: ILMA views this as a "living" document. It will be updated and revised periodically based upon questions from members and developments as they occur. Please submit any questions you may have to the ILMA office.***