



BYE-LAWS OF THE SHELL-EAST STAFF INVESTMENT CO-OPERATIVE SOCIETY

**RULES AND REGULATIONS OF THE SHELL-EAST
STAFF INVESTMENT CO-OPERATIVE SOCIETY**

2011 Amendments

I. INTERPRETATION

(i) All words and expressions used in these Byelaws and defined by Section 57 of the Nigerian Cooperative Societies Act Cap 90, Laws of the Federation of Nigeria, 1993 shall have the meaning assigned to them in the above named section. The following words or expressions shall have the meaning respectively assigned to them below.

"**Financial Year**" means the period of twelve months beginning on 1st January and ending the following 31st December.

"**Laws**" means the Nigerian Cooperative Societies Act, Cap 90 laws of the Federation of Nigeria 1993 and any amendments or re-enactments thereof.

"**Federal Director**" means the Director of Cooperative Societies of the Federation under the Nigerian Co-operative Societies Act Cap 90 of 1993 or his accredited representative.

"**Director/Chief Registrar**" means the Director of Cooperatives, Rivers State."

"**Regulation**" means regulations made under the Nigerian Cooperative Societies Act Cap 90 of 1993, as amended from time to time.

(iii) If there shall arise any doubt regarding the meaning or intention of any of these Byelaws, the matter shall be referred to the Chief Registrar for his ruling.

(iv) "**Society**" or **Coopeast**" means the Shell East Staff Investment Co-operative Society Limited

II. NAME, ADDRESS AND AREA OF OPERATIONS

Name This Society shall be called: THE SHELL-EAST STAFF INVESTMENT CO-OPERATIVE SOCIETY LTD."

. (b) Registered Address

The registered address of the Society shall be c/o SPDC-East Industrial Area, P.O. BOX 263, Rumuobiakani, Port Harcourt, Rivers State.

. (c) Area of Operations

The area of operation of the Society shall be within Nigeria.

III OBJECTS

3. The objects of the Society are to promote the economic interests of its members and especially:

- (i) To encourage regular savings amongst members so that each member may cultivate the habit of making savings at least once in every one month, with a view to build up funds for his/her future use.
- (ii) To encourage fixed deposits from members out of which a fund may be established for giving short-term loans to members and non-members.
- (iii) To stock consumers and producers goods for distribution to members and non-members.
- (iv) To undertake, where practicable, the production or manufacture of such consumers-or/and producers goods for distribution to members and non-members.
- (v) To acquire movable and immovable properties of any description either as assets of the Society or for distribution, supply or sale to members.
- (vi) To engage in any other economic or social activity as may be approved by the general meeting of the members
- (vii) To raise capital and do such other things as are necessary for the attainment of these objects.
- (viii) To affiliate with such Secondary or Apex Co-operative Societies as may encourage and promote the above objectives.
- (xiv) To promote Cooperative spirit among the members, to work for the improvement of local educational and living standards and to encourage the development of Cooperative Movement in Rivers State of Nigeria and Nigeria as a whole

IV. MEMBERSHIP, QUALIFICATION, ADMISSION AND LIABILITY:

4. MEMBERSHIP:

4.1 The Society may have Ordinary and Associate members.

4.1.1 Ordinary Member

An ordinary member shall be

- a. a serving staff of any of the Shell Companies in Nigeria (SCIN) and a contributor to the fund of the Society; and
- b. a holder of the minimum in the shares of Society as may from time to time be prescribed by the Society.

4.1.2 Associate Member

An Associate Member of the Society shall be a registered contributor to the fund of and holder in the shares of the Society who is a former Staff, a contract staff on the payroll of any of the Shell Companies in Nigeria, or a member of the Shell Supernumerary Police Force, who has applied for membership and has been admitted in the prescribed manner.

4.2 Other Qualifications

A member of the Society shall

- i. be a person of good character in the assessment of the Management Committee.
- ii. Above 18 years of age.
- iii. be a person of sound mind.
- iv. must not have been convicted by any Court of competent jurisdiction for a criminal offence involving violence, fraud or dishonesty.

4.3 Admission

Any interested and qualified person shall apply in writing or complete an application form or apply by electronic mail giving required details to the Society, and on admission, shall pay the admission fee, subscribe to the required minimum shares and begin to make savings contributions to the fund of the Society.

4.4 Membership Rights

Members of the Society shall be entitled to enjoy all membership rights and fully participate in the activities of the Society, provided that: -

- i. an Associate Member shall not be entitled to seek any elective office of the Society.
- (ii) an Associate Member may not be granted credit facilities by the Society in excess of the member's net savings with the Society and repayment period shall not be more than the contract end date for Retiree members & Contract staff members respectively.

5 Liability of Members

A member's liability for the debts of the Society shall be limited to the nominal value of the shares subscribed by him.

6 Withdrawal / Termination of Membership

Membership shall be terminated by:-

- (a) Death

(b) Permanent Insanity

(c) Expulsion under this Byelaw.

(d) Consistent failure to make savings, to repay loans, or do any of the things required of a member in these Byelaws.

(e) Ceasing to be on Shell SPY Police payroll.

(f) Failing to hold one full share

(g) Withdrawal after 6 month's notice conveyed in writing to the Secretary, provided that the member withdrawing is neither in debt to the Society nor surety for an unpaid debt.

ii. A member shall not withdraw from membership until he/she has been a member for at least one full year.

iii. **Expulsion**

A member may be expelled for:

(1) Failure to make thrift savings or subscribe to the minimum required shares of the Society in accordance with the provisions of these byelaws.

(2) Conviction on a criminal offence involving dishonesty,

(3) Misconduct or other acts contrary to the stated objects of the Society

(4) Failure to exhaust in-house dispute resolution options before commencing any court process against the Society

(5) On being adjudged bankrupt under the law.

7 Nominees

(i) Every member of the Society may nominate a person to whom in the event of the member's death, the Society shall pay a sum representing the deceased member's share or interest at the time of his death.

(ii) Every appointment of a nominee by any member shall be made in writing and signed by the member in the presence of two attesting witnesses.

(iii) Where desired by the member, the nomination may be confidential and may be kept in a sealed envelope.

(vi) Where any money is paid to a nominee who is a minor, a receipt given either by the minor or by his guardian and witnessed shall be sufficient discharge to the Society.

(vii) Any nomination made by a member may be varied when the member desires.

(viii) Where more than one Nominee is appointed by any member, the number of shares to be transferred, or the exact proportion of the amount available that is to be transferred to each of these nominees, shall be specified at the time of his appointment. The total value of any share or interest transferred shall be represented by the sum actually paid for this share or interest by the deceased unless these Bye-Laws otherwise provide.

8 Right of Set-off:

Any money due on any account from this Society to a member, or a past member, shall be set off in payment of any sum which he owes or for which he stands Surety.

V. POWERS AND DUTIES OF GENERAL MEETING

9 Ultimate Authority

The Ultimate Authority of the Society shall be vested in the General Meeting of members which every member has a right to attend and at which he has a right to vote on all questions.

10. Quorum

The presence of at least one quarter of the members shall be necessary for the disposal of any business at a general meeting, provided that where the total number of members exceeds one hundred and twenty, twenty-five members shall form the quorum.

11. First General Meeting

The first general meeting of members shall have the same powers as are given to the Annual General Meeting and shall be held immediately or not later than two months after the receipt of the Certificate of Registration of the Society.

12. Annual General Meeting

The Annual General Meeting of members shall be convened by the Management Committee as soon as the Annual audited Accounts have been approved by the Director of Cooperative Societies, Rivers State. At least twenty-one (21) days notice shall be given to members before the meeting.

13. Functions of Annual General Meeting

The functions of the Annual General Meeting shall be:

(a) to consider the Management Committee's annual report including the annual budget and the annual accounts and balance sheet as approved by the Director of Cooperative Societies or auditor

(b) to decide upon the disposal of the net surplus of the preceding year subject to the Director's approval

(c) to elect officers and Management Committee members for the ensuing year

(d) to appoint delegates out of the Management Committee who will represent the Society at the meetings of the Secondary or Apex Societies to which the Society is affiliated;

(e) to deal with any other business of an ordinary general meeting;

(f) to consider any communication received from the Director of Cooperative Societies.

(g) to consider the Audit Report and the Director's audit comments on the Report, and ensure that whatever faults are indicated in the report are put right.

14 Duties of Ordinary General Meeting:

When necessary, a General Meeting may:

(i) Suspend or remove from office any Officer or member of the Committee in accordance with these Byelaws.

(ii) Amend or repeal any existing Bye-laws or enact new Bye-Laws

(iii) Decide on the expulsion of a member.

(iv) Fix the rate of interest to be charged upon loans to members

(v) Decide upon the manner of investment of the Society's funds.

(vi) Elect persons to fill any vacancies arising in the Management Committee.

(vii) Decide upon the social and economic projects to be pursued by the Management Committee.

(viii) Fix from time to time, the maximum liability it may incur in loans or deposits from members.

(ix) Consider and approve the Lending Policy submitted by the Management Committee.

(xii) Deal with complaints by members.

(xiii) Fix the limit of cash that shall be kept by the Cashier in the safe, for meeting the daily payments of the Society.

(xiv) Dispose of any other business duly brought forward by the Committee.

(xv) Consider Inspection Reports and any communications from the Registrar.

(xvi) Consider and approve the appointment and remuneration of the Independent External Auditors.

(xvii) Appoint or constitute the Audit Committee of the Society from among the members of the Society.

15. Special General Meeting

A Special General Meeting may be convened at any time by the Management Committee or by the Director or Chief Registrar or at the written request of at least one-fifth of the members or twenty-five members which ever is less,

Provided that:-

(a) such written request shall state the object of the proposed meeting

(b) if the Committee fails to call the meeting within fourteen days from the receipt of such written request, the members requesting for the Special General Meeting may convene the meeting by notice which shall contain the object of the proposed meeting and statement to the effect that the meeting is convened on the failure of the Committee to convene the meeting demanded. Only the advertised object of such proposed meeting shall be transacted or discussed at such meeting; and

(c) where the Director or Chief Registrar convenes a Special General Meeting, he may direct what matters shall be discussed at the meeting.

16. Attendance of Members

It shall be the duty of every member to attend General Meetings. The general meeting shall have power to impose fines on members who without good reason fail to attend.

17. Voting

17.1 All questions shall be decided by a majority of votes of the members present and voting. Each member shall have one vote only. At all meetings, the President shall have a casting vote in addition to his ordinary vote.

17.2 Voting for elections into the Management Committee may be carried out by electronic means as determined by the Electoral Committee set up for the purpose at the Annual General Meeting.

VI: THE MANAGEMENT COMMITTEE

18. Election of Management Committee members

18.1 Only the General Meeting shall have the powers to elect members of the Management Committee.

18.2 The Management Committee shall consist of 7 members made of the following officers:(a)
The President;

(b) The Vice President;

(c) The Secretary

(d) The Assistant Secretary/Publicity Secretary

(e) The Financial Secretary

(f) The Treasurer

(g) The Ex-Officio member

18.3 The tenure of office for a Management Committee member shall be a period of two (2) years after which he retires and may be re-elected for a second term. No member of the Management Committee shall hold office for more than two consecutive terms, provided that a past member of the Management Committee may be eligible to contest after an interval of four years from the end of his last consecutive two terms in office.

18.4 No person shall be eligible for election to the office of a Management Committee member at any general meeting unless not less than three or more than twenty-one days before the date appointed for the meeting there shall have been left at the Shell East Investment Cooperative Society Limited office notice in writing, signed by a member duly qualified to attend and vote at the meeting for which such notice is given, of his intention to propose such person for election, and also notice in writing signed by that person of his willingness to be elected. Such notice of nomination shall also be supported by at least 25 other members of the Society.

18.5 No person other than bonafide Ordinary members of the Society with at least two years good membership record is eligible to be a member of the Management Committee

18.6 Eligibility For Election As Management Committee Member

- a. Candidates must be bonafide Ordinary members of the Society with current minimum shareholding of at least 500 shares valued at N50,000.
- b. No member is eligible to contest if the member has held any office for two consecutive terms, except after an interval of 4 years from the last tenure.
- c. Candidates for the position of the President shall be at least 8 years in SHELL employment & 5 years' good membership* of the Society, with at least N100,000 share capital.

- d. Candidates for the position of Financial Secretary & Treasurer shall be at least 6 years in SHELL employment, 4 years' good membership* of the Society, with at least N100,000 share capital. In addition:
- e. The Financial Secretary shall be a member of a recognized professional Accounting body
- f. The Treasurer shall be a member of a professional Accounting, Finance and/or banking body, or possess an MBA from a recognized University
- g. Candidates for Secretary and Assistant/Publicity Secretary shall be at least 5 years in SHELL employment and 4 years' good membership* of the Society, with at least N100,000 share capital.
- h. Vice-President and Ex-Officio member positions are bound only by the general membership requirements as in the Bye-laws.
- i. In addition to this provision as regards to Ex-Officio, the person shall be a former Management Committee member without contravening Article 18.3 of the COOPEAST Bye-Laws.

19. REMOVAL OF MANAGEMENT COMMITTEE MEMBERS

19.1 The Society may by Ordinary Resolution remove a Management Committee member before the expiration of his period of office.

19.2 Intention to remove a Management Committee member under this section, or to appoint some other person instead of a Management Committee member so removed shall be clearly indicated in the notice for the meeting. At the meeting at which he is removed, and on receipt of notice of an intended resolution to remove a Management Committee member under this section, the Management Committee member shall be entitled to be heard on the resolution at the meeting.

19.3 Where notice is given of an intended resolution to remove a Management Committee member under this section and the Management Committee member concerned makes with respect to it representations in writing to the Society (not exceeding a reasonable length) and requests their notification to members of the Society, the Society shall, unless the presentations are received too late for it to do so;

(a) In any notice of the resolution given to members of the Society, state the fact of the representations having been made; and

(b) send a copy of representations to every member of the Society to whom notice of the meeting is sent (whether before or after receipt of the representations by the Society); and if a copy of the representations is not sent as required in this section because it is received too late or because of the Society's default, the Management Committee member may (without

prejudice to his right to be heard orally) require that the representations shall be read out at the meeting,

Provided that copies of the representations need not be sent out and the representations need not be read out at the meeting if, on the application either of the Society or any other person who claims to be aggrieved, the Chief Registrar or the Director, of Cooperatives, Rivers State is satisfied that the rights conferred by this section are being abused to secure needless publicity for defamatory matter.

19.4 A vacancy created by the removal of a Management Committee member under this section, if not filled at the meeting at which he is removed, may be filled as a casual vacancy.

20. PROCEEDING OF THE MANAGEMENT COMMITTEE

20.1 The Management Committee members may meet for the despatch of business, adjourn and otherwise regulate their meetings as they think fit.

20.2 Any question arising at any meeting shall be decided by a majority of votes. Each member shall be entitled to one vote, and in case of an equality of votes, the President shall have a second casting vote.

20.3 A Management Committee member may, at any time summon a meeting of the Management Committee if the request is supported by a simple majority of members of the Management Committee.

20.4 The President shall be the Chairman at meetings of the Management Committee, and in his absence, the Vice President shall act as Chairman. In the absence of either the President or the Vice President, the Management Committee members present may choose one of their members to be Chairman of the meeting.

20.5 A Resolution in writing, signed by all the Management Committee members for the time being entitled to receive notice of a meeting of the Management Committee, shall be as valid and effectual as if it had been passed at a meeting of the Management Committee duly convened and held.

20.6 The quorum necessary for the transaction of the business of the Management Committee shall be 4.

20.7 Where the Management Committee is unable to act because a quorum cannot be formed, the general meeting may act in place of the Management Committee.

21 HONORARIUM AND OTHER PAYMENTS

22.1 The honorarium of the Management Committee members shall from time to time be determined by the Society in general meeting and such honorarium shall not be more than 5% of the net profit (before charging the honorarium, but after charging the interest paid on

members' savings) of the Society from its business activities for any particular year. The amount will be shared equally by all members of the Management Committee.

23.2 The Management Committee members may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Management Committee or any Committee of the Management Committee or general meetings of the Society or in connection with the business of the Society.

22.3 The honoraria payment to Management Committee members shall be part of the appropriation from profit.

22.4 The Management Committee shall have the power to authorize reasonable honoraria for any member of the Society who carried out any special assignment on behalf of the Society. These honoraria would however be subject to ratification and/or amendment by the General Meeting.

23. DUTIES OF MANAGEMENT COMMITTEE MEMBERS

23.1 A Management Committee member of the Society stands in a fiduciary relationship towards the Society and shall observe the utmost good faith towards the Society in any transaction with it or on its behalf.

23.2 A Management Committee member shall act at all times in what he believes to be the best interests of the Society as a whole so as to preserve its assets, further its business, and promote the purposes for which it was formed and in such manner as a faithful, diligent, careful and ordinarily skilful Management Committee member would act in the circumstances.

23.3 The matters to which the Management Committee member of the Society is to have regard in the performance of his functions include the interests of the Society's employees in general, as well as the interests of its members.

23.4 A Management Committee member shall exercise his powers for the purpose for which it is specified and shall not do so for a collateral purpose, and the power, if exercised for the right purpose does not constitute a breach of duty, if it, incidentally, affects a member adversely.

23.5 A Management Committee member shall not fetter his discretion to vote in a particular way.

23.6 Where a Management Committee member delegates his powers under any provision of this bye-law, such a Management Committee member shall not delegate the power in such a way and manner as may amount to an abdication of duty.

23.7 No provision, whether contained in this bye-laws, or in any contract shall relieve any Management Committee member from the duty to act in accordance with this section or relieve him from any liability incurred as a result of any breach of the duties conferred upon him under this section.

23.8 Any duty imposed on a Management Committee member under this section shall be enforceable against the Management Committee member by the Society.

24 CONFLICTS OF DUTIES AND INTERESTS

24.1 The personal interest of a Management Committee member shall not conflict with any of his duties as a Management Committee member under these bye-laws.

24.2 A Management Committee member shall not in the course of management of the affairs of the Society or in the utilization of the Society's property make any secret profits or achieve other personal benefits to the detriment of the Society.

24.3 A Management Committee member shall be accountable to the Society for any secret profit made by him or any personal benefit derived by him contrary to the provisions of this section.

24.4 The duty not to misuse corporate information shall not cease by a Management Committee member or an Officer having resigned from the Society, and he shall still be accountable and can be restrained by an injunction from misusing the information received by virtue of his previous position.

24.5 Where a Management Committee member discloses his interests to the General Meeting before the transaction and before the secret profits are made, he may escape liability for any resulting profits, but he shall not escape liability if he discloses only after he has made the secret profits, and in this case, he shall account for the profits to the Society.

25. DUTY OF CARE AND SKILL

25.1 Every Management Committee member of the Society shall exercise the powers and discharge the duties of his office honestly, in good faith and in the best interests of the Society, and shall exercise that degree of care, diligence and skill which a reasonably prudent Management Committee member would exercise in comparable circumstances.

25.2 Failure to take reasonable care in accordance with the provisions of section 7.1 of these byelaws shall be ground for removal of such Management Committee member from office.

25.3 Each Management Committee member shall be individually responsible for the actions of the Management Committee in which he participated, and the absence from the Management Committee's deliberations, unless justified, shall not relieve a Management Committee member of such responsibility.

26. LEGAL POSITION OF MANAGEMENT COMMITTEE MEMBERS

Management Committee members are Trustees of the Society's money, property and their powers and as such must account for the money over which they exercise control and shall

refund any money improperly paid away, and shall exercise their powers honestly in the interest of the Society and all the members, and not in their own or sectional interests.

27. PROPERTY TRANSACTION BY MANAGEMENT COMMITTEE MEMBERS

27.1 The Society shall not enter into an arrangement:

(a) Whereby a Management Committee member of the Society, or a person connected with such a Management Committee member, acquires or is to acquire one or more non-cash assets of the requisite value from the Society, or;

(b) Whereby the Society acquires or is to acquire one or more non-cash assets of the requisite value from such a Management Committee member or person so connected; unless the arrangement is first approved by a resolution of the Society and such connection expressly disclosed.

27.2 For the purpose of subsection (1) of this section, a non-cash assets is of the requisite value if, at the time the arrangement in question is entered into, its value is not less than N100,000 or 10 per cent of the Society's total assets value, whichever is less. The total assets value shall be based on accounts prepared and laid in respect of the preceding year of the Society's operations.

28 LIABILITIES ARISING FROM CONTRAVENTION OF SECTION 27:

28.1 An arrangement entered into by the Society in contravention of section 27 of this Bye-law and any transaction entered into in pursuance of the arrangement (whether by the Society or any other person), shall be voidable at the instance of the Society unless one or more of the conditions specified in subsection (2) of this section is satisfied.

28.2 The conditions are that:

(a) Restitution of any money or other asset which is the subject-matter of the arrangement or transaction is no longer possible or the Society has been indemnified in pursuance of the section by any other person for the loss or damage suffered by it, or

(b) Any rights acquired bona fide for value and without actual notice of the contravention by any person who is a party to the arrangement of transaction would be affected by its avoidance; or

(c) The arrangement is, within a reasonable period, affirmed by the Society in general meeting.

28.3 If an arrangement is entered into with the Society by a Management Committee member or a person connected with him in contravention of section 27 of these Bye-laws, that Management Committee member and the person so connected, and any other Management Committee member of the Society who authorizes the arrangement or any transaction entered into in pursuance of such an arrangement, shall be guilty of an offence and liable to:

28.3.1 account to the Society for any gain which he has made directly or indirectly by the arrangement or transaction; and

28.3.2 jointly and severally with any other person liable under this subsection, indemnify the Society for any loss or damage resulting from the arrangement or transaction.

28.4 Subsection (3) of this section shall be without prejudice to any liability imposed otherwise than by that subsection, and is subject to the following two subsections, and the liability under subsection (3) of the section arises whether or not the arrangement or transaction entered into has been avoided in pursuance of subsection (1) of this section.

28.5 If an arrangement is entered into by the Society involving a person connected with a Management Committee member of the Society in contravention of section 27 of this Bye-laws, that Management Committee member shall not be liable under subsection (3) of this section if he shows that he took all reasonable steps to secure the Society's interest.

28.6 This section shall have effect with respect to references in section 27 of this Bye-laws to a person being "connected" with a Management Committee member of the Society, and to a Management Committee member being "associated with" or "controlling" a body corporate.

28.7 A person is connected with a Management Committee member of the Society if he (not being himself a Management Committee member) is:-

(a) that Management Committee members spouse, child or step-child.

(b) except where the context otherwise requires, a body corporate with which the Management Committee member is associated; or

(c) a person acting in his capacity as a trustee of any trust the beneficiaries of which include:

(i) the Management Committee member, his spouse, any children or step-children,; or

(ii) a body corporate with which he is associated, or of a trust whose terms confer a power on the trustees that may be exercised for the benefit of the Management Committee member, his spouse or any children or step-children of his, or any such body corporate; or

(d) a person acting in his capacity as partner of that Management Committee member or of any person who, by virtue of paragraphs (a) (b) or (c) of this subsection, is connected with that Management Committee member.

29 REGULAR OPERATIONS OF THE SOCIETY

29.1 The regular operations of the Society and its day-to-day activities shall be carried out by the staff of the Society.

29.2 The Management Committee shall set guidelines for the running of the Society and shall monitor compliance with such guidelines by the staff on a regular basis.

29.3 The Management Committee shall be responsible for the employment, remuneration, and discipline of the staff of the Society, and shall ensure efficient manning levels for the Society at all times.

29.4 The staff of the Society may be organised into departments or sections for efficient handling of the activities of the Society, and may hold such meetings as are required to ensure efficient delivery of services to the members.

VII. CREATION OF FUNDS

30. **Sources of funds:** The funds of the Society shall compose of;

- . (i) The Share Capital of the Society
- (ii) Entrance Fees as prescribed by the Management Committee from time to time and approved by members in general meeting.
- (iii) Savings and fixed Deposits.
- (iv) Interests receivable on Loans and Investments.
- (v) Proceeds from the sales of farm products.
- (vi) Surplus from the distribution of producers and consumers goods.
- (vii) Deposits and loans from non-members and banks as in section 38 of this Bye-Law.
- (viii) Grants or donations.
- (ix) Rents.
- (xi) Miscellaneous sources approved by the Management Committee, the General meeting and the Director or Chief Registrar.
- (xii) Surplus arising out of the business of the Society.

31 Ordinary Share Capital:

31.1 Share Capital in the Society shall be of the unit value of One Hundred Naira (100.00) and each member shall subscribe to a minimum of two hundred (200) shares.

31.2 No member shall be entitled to withdraw his share capital unless his membership is terminated, provided that no share capital may be withdrawn until the Society has repaid any loan it has received from outside sources.

32. WITHDRAWAL OF SHARES:

Shares are not unconditionally withdraw able; but if at the end of the financial year the Society's financial situation is favourable, the Committee may repay to any member whose membership was terminated during the year a sum not exceeding the amount paid by him on account of shares, provided that not more than five per cent of the total paid share capital shall be thus paid out in any one year without the Director's or Chief Registrar's permission. Such a withdrawal shall be made by application in writing, and shall not be made earlier than two years from commencement of membership.

33. PAYMENT OF SHARES:

Shares shall be paid up in not more than 12 monthly instalments. Any member may pay up the full value in advance at any time. Members not paying their instalments by the due date may be penalised for every full month of arrears.

34. LIMIT ON SHARE HOLDING

No member shall hold more than one tenth of the total number of shares actually paid up. If any member, by inheritance or other wise holds more than the maximum holding permitted, the Committee, may sell the excess or buy them from the member for disposal by the Society.

35 ENTRANCE FEES:

Every member on joining the Society shall pay an entrance fee as prescribed by the Management Committee and approved by members in General Meeting from time to time

36 DEPOSITS AND LOANS FROM NON-MEMBERS

36.1 The Society shall not incur any liability towards non-members in excess of a sum equal to seventy five percent (75%) of the total aggregate value of the paid-up share capital, all Reserves and thrift savings. The Society may accept any deposits from non-members and give out loans to them provided the Management Committee takes all necessary measures to ensure the security of the money, and granted that the a simple Majority of the Management Committee approves of it.

36.2 The Society may borrow from Banks and other Financial Institutions approved by the Federal Government of Nigeria or a Co-operative Central Financing Organization of which it is a member to the extent laid down in the Byelaws of such organization.

37. LIMIT ON RENEWALS:

The Society shall not renew any loan or deposit, which would make its liability to non-members exceed the limit laid down in section 38 of these Bye-Laws.

38. INTEREST PAYABLE TO NON-MEMBERS:

The rate of interest payable to non-members on loans or deposits shall not exceed 10% per annum or three fourths of the rate of interest charged by the Society on loans to members (whichever is lower) except for loans from Banks and other Financial Institutions approved by the Federal Government of Nigeria. The rate of

interest payable to Banks and other Financial Institutions shall be as approved by the Federal Government of Nigeria for such transactions. This provision shall however not apply to any funds placed with the Society on its "Special Pooled Funds Arrangement" for the purpose of the Society investing such funds directly with the banks on behalf of the members and /or non-members.

39 COMPULSORY SAVINGS:

39.1 Every member shall make regular thrift savings, which shall be withdraw able only with the permission of the Committee for necessary or productive purposes;

39.2 The rate of interest paid on regular thrift savings shall be 5% lower than the rate of dividend to be paid on share capital by the Society in any year to be proposed by the Management Committee and ratified by the Society in its General Meeting after the surplus has been ascertained and necessary reserves created;

39.3 The Committee may exempt a member from the obligation to make compulsory savings for any period during which his circumstances do not permit of such savings.

VIII. USE AND CUSTODY OF FUNDS

40. INTERNAL FUNDS:

The funds of the Society may be held in the form of:-

(i) A Reserve Fund.

(ii) A Depreciation Fund.

(iii) An Insurance Fund.

(iv) Development, Educational or other Funds approved by the general meeting and the Director or Chief Registrar.

(vi) Current, Deposit or Saving bank Accounts or Cash

(vii) Fixed and Current Assets

41. USE OF FUNDS:

The funds of the Society shall be applied only to the furtherance of its stated objects in accordance with these Byelaws.

42. INVESTMENT:

The Funds of the Society that are not required for current use may be invested in any manner permitted by Law and Regulations and approved by the Director or Chief Registrar.

43. OPERATION OF BANK ACCOUNT:

43.1 The Society's Bank Accounts shall be Trustee Accounts. Before money is withdrawn from the Bank, the cheques or withdrawal slip shall be signed by at least two of the Trustees.

43.2 For the purpose of complying with section 43.1 above, the Trustees of the Society shall consist of all members of the Management Committee.

IX. LOANS

44. PURPOSE OF LOAN:

Loans may be granted to members only for purposes which in the opinion of the Management Committee are productive, or necessary and in the best interest of the borrower.

45. CONDITIONS GOVERNING LOANS:

45.1 No regular loan shall be granted to:-

- (a) any individual other than a member of the Society.
- (b) any member whose instalments of shares are in arrears.
- (c) any member who has not paid thrift savings under this Bye-Laws.

45.2. Regular loans are those loans that are tenured with definite repayment periods, that could extend up to twenty-four (24) months.

45.3 On meeting specified conditions and to the satisfaction of the Committee, non-members (individuals and Corporate bodies) may be extended loan / credit facilities by the Society under such special terms and conditions as may be defined by the Management Committee, provided that the loans are repaid in full en bloc or within a short period not exceeding six (6) months for Corporate bodies or twelve (12) months for individuals.

46. APPLICATIONS FOR LOANS:

Loan applications shall be made through the office of the Society and disposed of by the staff of the Society with the approval of the Management Committee.

47. LOAN TO ANOTHER REGISTERED SOCIETY:

47.1. With the prior approval of the Director or Chief Registrar a loan may be granted to another registered Society based on terms agreed between the Societies.

47.2. Where a non-member indicates interest in benefiting from a loan and the Management Committee is satisfied about the purpose of the loan and terms defined by the Management Committee are acceptable to the borrower, such loan could be granted.

48. LOANS TO MEMBERS:

No regular loans shall be made to a member within six month of his admission by the Committee except in the case of transfer of an existing loan of a past member to his nominee or other successor in interest who is or becomes a member of the Society.

49. NO LOAN SHALL BE GRANTED:

49.1 For a period exceeding the time limit fixed by the General Meeting.

49.2 If it would bring a member's total indebtedness at the time of the loan to an amount exceeding his maximum credit level.

49.3 Unless approved by a majority of the members of the Management Committee who are present at the meeting at which the application is considered.

50. MAXIMUM CREDIT LIMIT:

The maximum credit limit of each applicant for a regular loan shall, for the time being, be Two Million Naira (N2,000,000.00) only, excluding back-to-school loan (repayable in 6 months maximum) and one-time loans (repayable in the next month). This shall exclude any loan granted under other major Schemes like Car Loan scheme; Mortgage Loan scheme; Special Loan scheme; etc, which shall be in line with their applicable terms defined by the Committee and approved by the General Meeting. The General Meeting may, from time to time, review this ceiling having regard to the operations and finances of the Society.

51. INTEREST ON LOAN TO MEMBERS:

Interest on loan to members shall be charged at a rate to be fixed by the Committee annually and approved by the General Meeting. In case of default in repayment penal interest shall be charged at twice the nominal rate.

52. SUPPLY OF CONSUMER GOODS:

52.1 The Society shall purchase for supply to members and non-members such equipment or items as are necessary for the improvement of their living conditions. Where the member or non-member is not in a position to pay cash for these requirements, the value of the supplies may be treated as a loan in accordance with this Byelaw, with applicable interest rate.

52.2 The Society shall also stock for sale to members and non-members domestic and personal requirements, including foodstuff. No such foods may be supplied on credit if the member has reached the ceiling or the maximum number of credits he is entitled to from the Society.

53. BONDS AND SURETIES:

Every borrower shall execute a bond and shall furnish two Sureties. No extension of the period of repayment shall be granted without the written consent of the Sureties. Sureties must be members of the Society.

54. DUTIES OF SURETY:

A Surety must be a reputable member of the Society and by signing as Surety, he is personally guaranteeing;

- (i) repayment of the loan if the borrower defaults;
- (ii) the correctness of the particulars on which the value of the borrower's securities is based, especially in case of non-members;
- (iii) that the loan is to be used for the purpose stated by the borrower on the application. The Surety should report misuse of the loan to the Committee immediately.

55. RECALL OF LOANS:

All loans shall be issued subject to the right of the Society to call the loan for immediate repayment:

- (i) if any misapplication is proved;
- (ii) if the borrower gives an indication of resignation.

56. APPROPRIATION OF DEBIT PAYMENT:

When a member from whom money is due pays any sum to the Society, it shall be appropriated in the following orders:

- 56.1 to share payments, penalty and other miscellaneous charges due by him.
- 56.2 to interest on loan, and
- 56.3 to loan principal repayment.

X. DISPOSAL OF SURPLUS

57. APPROPRIATION:

At the close of each financial year, the excess of the Society's income over expenses including the interest payable on deposits and loans from non-members and audit and Supervision Fee due, shall be appropriated to the following funds:

- (1) Reserve Fund
- (2) Other funds approved by the Society
- (3) The balance shall be utilized for one or more of the following purposes:-
 - (a) Payment of honorarium to the Management Committee and that approved by the Management Committee for other members that served the Society during the year.
 - (b) Donations, not exceeding 10% of the net surplus to any Charitable or Social purpose approved by the Director or Chief Registrar.
 - (c) Payment of interest on member's savings.
 - (d) Building up a General Reserve.
 - (e) Payment of a dividend on shares subject to section 60 of this Bye-Laws.

58. DIVIDEND:

The dividend paid on shares shall be determined by the Management Committee and no dividend shall be paid if any overdue claim to a depositor or lender remains unsatisfied. The rate of the dividend payment on shares shall always be 5% higher than the rate of interest to be paid on members' savings.

59. DIRECTOR OR CHIEF REGISTRAR'S APPROVAL:

The appropriation of the net surplus shall be subject to approval by the Director or Chief Registrar and governed in all respects by the spirit and letter of the law and the Regulations.

XI. AUDIT AND SUPERVISION FEES

60. AUDIT AND SUPERVISION FEES:

60.1 Audit and Supervision Fees at the rate assessed by the Director or Chief Registrar and published in the Rivers State of Nigeria Gazette shall be made annually to the Rivers State Government.

60.2 Where the Society so approves, an independent Auditor (who must be a firm of Chartered Accountants with current Practice Licence from the Institute of Chartered Accountants of

Nigeria (ICAN)) may be appointed to receive, review and audit the accounts of the Society. Any such firm to be appointed MUST have a functional office in Port Harcourt, Rivers state.

60.3 The Independent Auditor shall be appointed by the Audit Committee of the Society, based on the Director or Chief Registrar's recommended list of Auditors, if any. The Director or Chief Registrar's recommended list shall however only be a guide for the Audit Committee of the Society in making final appointment. The Committee could go outside the list to appoint any firm of Chartered Accountants that meets the qualification in subsection 2 of this section.

60.4 The appointment of the Independent External Auditors by the Audit Committee shall be subject to ratification by the General Meeting of the Society or the AGM. Any appointment not so ratified shall remain void and of no effect.

60.5 The fees of the Independent Auditors shall be recommended by the Audit Committee, approved by the Management Committee and ratified by the General Meeting or AGM.

60.6 The Independent Auditors report shall be presented to the General Meeting at the Annual General Meeting by a representative of the Audit firm.

60.7 The Management Report (if any) arising from the Independent Auditor's audit work shall be for the action of the Management Committee of the Society, with the Audit Committee to monitor the compliance / implementation.

XII. BOOKS OF ACCOUNTS

61. PRESCRIBED BOOKS OF INSPECTION:

Accounts and Records (either in manual or electronic form) shall be maintained in the forms prescribed by the Director or Chief Registrar and shall include the following:

- (1) A Membership and Attendance Register, showing the name, address and occupation of every member, the number of shares held by him, the date of his admission to membership, the Nominee appointed under this Byelaw, and the member's attendance at general meeting.
- (2) A cashbook showing the receipts, expenditure, and balance on each day on which business is done;
- (3) A General Ledger;
- (4) Personal Ledger with accounts for each member, depositor, and creditor;
- (5) Loan register showing instalments for repayment of loans;
- (6) Minute book for proceedings of General and Management Committee Meetings;
- (7) Register of Share payments;

(8) Loan bond book showing particulars of and containing bonds for all loans issued;

(9) Such other records as may be prescribed by the Director or Chief Registrar.

62. INSPECTION OF BOOKS:

The books, accounts, register and papers of the Society shall be open at all reasonable times for the inspection of members and of any accredited Co-operative Official provided that no person other than an Officer or Committee member of the Society or a Co-operative Official shall be allowed to see the personal account of any member without that member's consent. Copies of the Law, the Regulations and of these Byelaws shall be available for inspection at the registered address of the Society at all reasonable hours.

63. ANNUAL STATEMENT:

Each member shall be issued an Annual Statement showing particulars of his personal account with the Society.

64. RECEIPTS:

It is the duty of every member to:

(i) insist on obtaining a separate printed receipt from the proper receipt book, for every sum of money paid to the Society.

(ii) sign, or make his thumb print in the proper book, in token of receipt whenever any sum of money is paid or repaid to him by the Society.

XIII. DISSOLUTION AND DIVISION OF THE SOCIETY

65. SPLITTING UP OF THE SOCIETY:

At any time, the Director or Chief Registrar may, on written request of not less than one third of the members - the number not being less than 50 - or when the membership exceeds 200, on written request of at least 150 members, authorize such members to form themselves into a separate Society of the same type, and to such newly formed Society shall be transferred the share capital of those members, and a proportionate amount of the original Society's Accumulated Funds.

66. LIQUIDATION:

The Society shall not be liquidated except in accordance with section 69 of this Byelaw, and any other Laws in Rivers State applicable at that point in time.

67. DISPOSAL OF FUNDS:

On the dissolution of the Society, the Reserve and other funds of the Society shall be applied in the order stated below:

- (a) To discharging the liabilities of the Society, and
- (b) To the repayment of the paid-up share capital of members;
- (c) The remainder shall be placed by the Director or Chief Registrar in the bank until a new Co-operative with a similar area of operation is registered, in which event the funds shall be credited to the Reserve Fund of the new Society.

XIV. MISCELLANEOUS PROVISIONS

68. AFFILIATION TO CREDIT UNION:

Unless there are reasons to the contrary accepted by the Director or Chief Registrar, the Society may affiliate itself to any Credit Union formed in its area of operations.

69. DISPUTES:

Any dispute arising in or concerning the Society and its members or past members which cannot be amicably resolved by the Management Committee shall be referred to the Director or Chief Registrar for settlement by arbitration under the provision of section 51 of the Co-operative Societies Laws of Rivers State.

70. SEAL:

The Management Committee shall hold in safe custody the seal of the Society. The seal shall be of a pattern approved by the Director or Chief Registrar. Documents shall be sealed by at least two members of the Management Committee.

71. SURCHARGE:

The General Meeting of the Society may impose surcharges on members, not exceeding Five Thousand Naira (N5,000.00) in any one case, for flagrant or repeated contravention of the Byelaws.

72. AMENDMENT OF BYE-LAWS

Any amendment of or addition to these Byelaws shall be made by the General Meeting of the Society in accordance with the regulations and shall not be valid until registered by the Director or Chief Registrar.

73. APPROVAL:

This Bye-law was reviewed and approved by the General Meeting of the Shell East Investment Co-operative Society Limited on 4TH day of NOVEMBER 2011