

**PHAPHAMANI MASWATI
SAVINGS & CREDIT
COOPERATIVE SOCIETY
LTD**

BY – LAWS

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PREAMBLE

These By-Laws are adopted by the members of Phaphamani Maswati Savings and Credit Cooperative Society Limited (the Society), in accordance with the provisions of the Co-operative Societies Act, 2003 and the Co-operative Societies (Amendment) Act, 2023. They establish the legal and regulatory framework within which the Society operates as a member-owned financial institution in the Kingdom of Eswatini.

The Society is founded on internationally recognised co-operative principles, including voluntary and open membership, democratic member control, member economic participation, autonomy and independence, education and training, co-operation among co-operatives, and concern for the community.

These principles guide the Society's governance, ensuring democratic elections, transparent leadership, prudent financial management, and accountability to its members.

The Society is committed to protecting members' personal information in accordance with the Data Protection Act, 2022. It ensures that the collection, processing, storage, and sharing of personal data comply with applicable laws and safeguard members' privacy and security.

Board remuneration and compensation are determined fairly and transparently, aligned with co-operative governance standards, and reflect the financial sustainability of the Society.

These By-Laws provide the framework for the governance, management, and operations of the Society, supporting its mission to promote the economic and social wellbeing of its members, foster financial inclusion, and ensure long-term sustainability and member empowerment.

DEFINITIONS/INTERPRETATIONS

Act

Means the Co-operative Societies Act No. 5 of 2003 as may be amended from time to time.

Allowance

Means the remuneration or reimbursement paid to any member of the Co-operative, including ordinary members, for attending special Co-operative events such as SACCO Indaba, Co-operative Day, Phaphamani Day, or other similar events. It also includes remuneration for services rendered to the Co-operative on a regular basis or participation in events, as determined by the Management Committee or as set forth in the By-Laws.

Amalgamation

Means the process by which the Society merges with one or more other Co-operative societies to form a single, larger entity. This may be undertaken to strengthen the financial position, improve operational efficiency, or ensure the sustainability of the Society, in accordance with the provisions of the Act and these By-Laws.

Annual General Meeting

Means the general meeting convened once in every financial year-end where the members exercise the functions stipulated in Section 47 of the Act, including (but not limited to) the approval and amendment of By-Laws as set out in Section 47(b).

Apex Organisation

Means a registered Co-operative established to facilitate the operations of all Primary Co-operatives of a particular type affiliated to it, and shall be deemed so if it represents at least fifty-one percent (51%) of the total members of Primary Co-operatives of that type in the country.

Appointment

Includes any appointment or re-appointment to an office by way of election or in any other manner provided for in the Act or as provided for in the By-Laws.

Book or Document

Includes such book or document in whatever form.

By-Laws

Means the registered By-Laws made by the members of the Society in the exercise of any power conferred by the Act, and includes a registered amendment of the By-Laws.

Chairperson

Means a person elected in terms of the Society's By-Laws to direct the working of a Committee or in charge of a Committee, irrespective of gender.

Co-operative

Means an autonomous association of people, duly registered, who have voluntarily come together to achieve a common economic, social, and cultural end through the formation of a democratically controlled organisation, making equitable contributions to the capital required and accepting a fair share of the risks and benefits of the undertaking in which the members actively participate.

Commissioner

Means the Commissioner for Co-operative Development appointed in terms of Section 5 of the Act or a person exercising such powers of the Commissioner as may have been conferred under that Section.

Delegates

Means a representative of a number of individual members of a Primary Co-operative in which the General Meeting of members is replaced by a meeting of Delegates.

Dividend

Means a share of the net surplus of the Co-operative distributed among the members in proportion to the paid-up share capital held by them in the Co-operative.

Honorarium

Means a portion of the net surplus of a Co-operative allocated to some or all of the Management Committee in consideration of their services, which would not otherwise be remunerated.

Liability

Means liability limited by shares or guarantee as prescribed in the By-Laws of the Co-operative.

Management Committee

Means the Board of Directors or the governing body of a Co-operative by whatever name it is called, to which the management of the affairs of the Society is entrusted.

Member

Means a natural person who holds Swazi citizenship and has been admitted to membership of the Society in accordance with the provisions of the Act, these By-Laws, and the Society's approved policies. Members may be classified as:

- a) **Primary Members:** Individuals with full membership rights, eligible to participate in all Society products and governance activities.
- b) **Dual Members:** Primary members who are also members of another SACCO. Dual members have the same rights as Primary members but may be restricted from holding Board positions to avoid conflicts of interest.
- c) **Secondary Members:** Individuals associated with a Primary member, such as spouses or dependents, who participate in specific products of the Society.
- d) **Future Members:** Minors registered by a Primary member to participate in savings products intended for their benefit, with full membership rights available upon reaching the age of majority.

Minute Book

Means the official record maintained by the Society in which all proceedings, discussions, decisions, and resolutions of General Meetings, Management Committee meetings, and other duly convened meetings are accurately recorded. The Minute Book shall be signed by the Chairperson (or presiding officer) and any other authorised person as required, and it serves as the legal and historical record of the Society's governance activities.

Net Surplus

Means the remaining portion of the surplus after provisions have been made for the statutory reserve fund as stipulated in Section 105 of the Act.

Nominee

Means a person nominated by a member of the Co-operative as a beneficiary in the event of the member's death.

Officer

Means the Manager or any other person empowered by the Act, the regulations, or the By-Laws to give directives concerning the business of the Society or to supervise such business.

Open Bond

Means a membership policy of the Society that permits any Swazi citizen, whether employed, self-employed, or otherwise, to become a member, provided they meet the eligibility requirements outlined in these By-Laws, without restriction to a particular employer, profession, group, or geographic area.

Past Member

Includes a member who has withdrawn or been expelled from membership, and a deceased member.

Political Office

Means a Member of Parliament, Headman, Bucopho, or anyone holding a position of political influence.

Prescribed

Means prescribed in the Act or Regulations.

Presiding Officer

Means the person who chairs or presides over a meeting of the Society, including General Meetings and Committee meetings, in accordance with these By-Laws. The Presiding Officer may be the Chairperson, or in their absence, another person appointed in accordance with the Society's By-Laws or procedures.

Primary Co-operative

Means a registered Co-operative society whose members are natural persons, formed to meet their common economic, social, and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.

Quorum

Means the minimum number of members required to be present at a duly convened meeting of the Society to lawfully conduct its business. The specific number or percentage constituting a quorum shall be as prescribed in these By-Laws.

Special General Meeting

Means a general meeting of the Society, other than the Annual General Meeting, convened at any time to consider urgent or specific matters that require the decision or approval of the general membership, in accordance with the provisions of the Act and these By-Laws. It may be called by the Management Committee, Supervisory Committee, Commissioner, or upon request of the members.

CO-OPERATIVE PRINCIPLES

The cooperative principles that guide Phaphamani Maswati Savings and Credit Savings and Credit Society to put her values into practice are:

1. VOLUNTARY AND OPEN MEMBERSHIP

Co-operatives are voluntary organisations; open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political, or religious discrimination.

2. DEMOCRATIC MEMBER CONTROL

Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary Co-operatives, members have equal voting rights (one member, one vote), and Co-operatives at other levels are organized in a democratic manner.

3. MEMBERS ECONOMIC PARTICIPATION

Members contribute equitably to, and democratically control, the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their co-operative, possibly by setting up reserve part of which at least would be indivisible; benefiting members in proportion to their transactions with the co-operative; and supporting other activities approved by the membership.

4. AUTONOMY AND INDEPENDENCE

Co-operatives are autonomous; self-help organizations controlled by their members. If they enter into agreements with other organizations, including Governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy.

5. EDUCATIONS, TRAINING AND INFORMATION

Co-operatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of their Co-operatives. They inform the general public-particularly young people and opinion leaders-about the nature and benefits of co-operation.

6. CO-OPERATION AMONG CO-OPERATORS

Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, local, national, regional, and international structures.

7. CONCERN FOR COMMUNITY

Co-operatives work for the sustainable development of their communities through policies approved by the General Meeting.

NAME AND LEGAL STATUS

- a) The SACCO is a legal entity duly registered under the Cooperative Societies Act, 2003, as amended by the Cooperative Societies (Amendment) Act, 2023. The Society is governed by the principles and provisions set forth in this Act.
- b) The registered Postal Address shall be **P. O. BOX 176 SIDVOKODVO M126 Eswatini.**
Telephone: +268 2537 3019 / 7872 7579
Fax: +268 2537 3020
WhatsApp: +268 7958 4784
Website: www.phaphamani.org
Email: phaphamani@swazi.net
- c) The Physical address shall be within the **Sidvokodvo Railway Station.**
- d) The area of operation of the Society shall be the **Kingdom of Eswatini.**

OBJECTIVES

The primary objectives of Phaphamani SACCO shall be in accordance with Section 6 of the Cooperative Societies Amendment Act, 2023, and shall include the following:

- a) To accept and invest members' funds, and to lease, rent, or operate plant, machinery, vehicles, and equipment as may be necessary for the furtherance of the Society's objectives.
- b) To raise funds by issuing shares to members, receiving deposits from members, issuing loans to members, engaging in other forms of self-financing, and borrowing from any other source as approved by the Registrar of Co-operatives. These funds shall be utilised to collectively address economic, social, and cultural challenges that members cannot solve individually, promoting mutual support and assistance in overcoming these issues.
- c) To coordinate the knowledge, skills, wealth, and labour of members to achieve better results and greater collective efficiency, and to enable members to acquire or improve management skills in the effective use of limited resources for their economic development.

- d) To promote self-reliance among members, fostering an environment where members are empowered to independently manage their financial and economic affairs.
- e) To improve the living standards of members by providing affordable financial services, reducing the cost of accessing credit and savings facilities, and helping members secure better returns on their savings and investments. In addition, to ensure the implementation of appropriate risk management strategies aimed at protecting members' loans, including securing cover with a registered insurer.
- f) To expand mechanisms through which technical knowledge and innovation can be effectively applied for the benefit of members, including by acquiring property through purchase or lease for operational purposes and making necessary improvements to enhance services and support member development.
- g) To develop and promote savings and credit services that are accessible, equitable, and beneficial to the members, ensuring financial security and growth.
- h) To minimise and reduce the individual impact of risks and uncertainties, such as financial risks, through collective action and mutual support. This includes implementing risk management strategies and financial literacy programmes aimed at strengthening members' financial resilience.
- i) To develop the social and economic culture of the members by providing education and training opportunities that foster growth, both personally and professionally.
- j) To empower young people by promoting education on the advantages of co-operative membership, encouraging financial literacy, and creating opportunities that lead to financial freedom and sustainable economic participation.

1. MEMBERSHIP

1.1 Membership Eligibility

Subject to provisions made hereinafter, the membership shall consist of:

- a) Persons who, being qualified for admission to membership, have signed the application or registration, have paid the admission fee and at least have purchased one share;
- b) Persons who, being qualified for admission to membership, have signed the application for registration, have paid the joining fee.
- c) The Executive Committee shall report the name of any person so admitted to the Board meeting and that meeting shall have the power to cancel the admission of any person who is not qualified for membership or who in its opinion is not of good conduct.
- d) The admission fee shall be E300.00 as may be amended by the Management Committee from time to time.
- e) Member spouses and children.
- f) The Board Chairperson shall report the number of new members who have joined during the year at the Annual General Meeting (AGM), welcoming them to the SACCO and acknowledging their participation in the cooperative's growth and development.
- g) Persons whose membership is not in contravention of section 37 of the Cooperative Act of 2003 as amended.
- h) A member may hold membership in other SACCOs or co-operatives (dual membership). Members with dual membership are eligible to enjoy all the rights and benefits of membership, as outlined in these By-Laws. However, such members shall not be eligible to stand for election to the Board of Directors, in order to avoid potential conflicts of interest and to ensure impartiality in governance.

Membership in the Society shall be open to all persons who meet the requirements set forth in these By-Laws and the Cooperative Societies Act. The Society shall not admit any person as a member unless they have signed the registration form, paid the required fees, and have been approved by the General Meeting. Members shall have the right to vote at the Annual General Meeting and receive dividends, in accordance with the Act.

1.2 Membership Admission

Every member admitted shall:

- a) Sign his or her name or mark, in the presence of two witnesses, in the register of members as token of his/her acceptance of these bylaws.
- b) Pay such joining fee as may be decided from time-to-time by the General Meeting.

1.3 Member Qualifications

A person shall be eligible for membership if he possesses the following criteria:

- a) Must be a Swazi citizen, as evidenced by a certified copy of a valid identity document.
- b) Must hold at least one (1) share in the Society (1/20th).
- c) Must demonstrate integrity and ethical conduct in line with the Society's values.
- d) Must have no criminal convictions involving fraud, dishonesty, or financial misconduct.
- e) Must be of sound mind and capable of managing their financial affairs (for revising).
- f) Must not be a moneylender or engaged in activities that conflict with or are detrimental to the objectives of the Society.
- g) Must have a regular source of income from employment, business, or trade.
- h) A former member seeking to re-join the Society must undergo an interview before acceptance.
- i) Must accept the objectives, obligations, and conditions of membership as outlined in these By-Laws.

1.4 Rights of Members

All members shall have the following rights and duties mentioned in Section 34 of the Co-operative Act of 2003, provided that:

- a) No member whose admission has not been reported to the General Meeting or who has held the first share for less than three (3) months shall have the right to attend or vote at a General Meeting.
- b) Members must have been a member for at least five (5) years before they are eligible to stand for election to the Board of Directors.

A member of the cooperative shall have the **RIGHT:**

- a) To participate in the General Meetings, take part in decisions at such meetings, and vote.
- b) To use services and exercise the rights established by the Cooperative Act, Regulations and these By-Laws.
- c) To be elected to the organs of the cooperative namely the Management Committee, the Supervisory Committee, any sub committees and delegate meetings, subject to the provisions of the SACCO by laws,
- d) To receive timely and accurate information about the cooperative's operations, financial status, and strategic decisions. The Management Committee shall ensure that members are regularly updated on key matters affecting the cooperative.

- e) To inspect official records, including but not limited to the By-Laws, financial statements, internal regulations, general meeting minutes, audit reports, and registers, at the registered office of the cooperative.
- f) To request clarifications from the Management Committee regarding the cooperative's management and financial performance. The Committee shall be obligated to provide reasonable responses within a specified period as outlined in these By-Laws.
- g) To call for a special General Meeting according to the procedures laid down in the Act and regulations.
- h) To call an inquiry into the constitution, organisation, working, and financial situation of the cooperative, as prescribed by Section 73 of the Act.
- i) To participate in the distribution of surplus (dividends) at the end of the financial year, under the conditions set out in the By-Laws.
- j) To withdraw from the cooperative as prescribed in these By-Laws.
- k) To claim a refund of the member's share upon termination of membership, subject to compliance with withdrawal procedures outlined in these By-Laws.

Each member shall have the right to participate in the activities of the Society, access its financial products, and receive dividends based on their contributions, in line with the Cooperative Societies Act, 2003 (as amended by the Cooperative Societies (Amendment) Act, 2023), particularly Section 3bis and Section 4, which emphasise cooperative values of financial participation, self-reliance, and economic empowerment.

1.5 Duties of Members

Every member of the cooperative shall:

- a) Honour their financial obligations to the Society in a timely manner.
- b) Uphold and protect the integrity and reputation of the Society by avoiding unnecessary publicity, incitement, or careless statements that may harm the Society. Maintain confidentiality and not disclose any confidential matters of the Society. Abide by the provisions of the Cooperative Societies Act, these By-Laws, and resolutions passed by the General Meeting and the Management Committee.
- c) Actively use the services and facilities provided by the Society as specified.
- d) Pay any fines or penalties lawfully imposed by the Society for breach of obligations. Subscribe to and pay for the required shares and make any other financial contributions as stipulated in these By-Laws. Report any misconduct or unethical behaviour by members of the Management Committee or other officials. Conduct themselves with honesty, integrity, and fairness in all transactions and interactions with the Society.

- e) To observe the law, the rules and these By-Laws whenever transacting any business with the Society.
- f) Observe and comply with the Society's Code of Conduct and Ethics refraining from corrupt practices in all dealings with the Society.
- g) Refrain from engaging in the business of money lending or financial activities that compete with the Society.
- h) Inform the Society in writing of any changes in employment, banking details, or other relevant personal information.
- i) Attend General Meetings, educational forums, and decision-making sessions. Mobilise and encourage potential, new members to join the Society.
- j) Engage constructively in discussions and problem-solving initiatives affecting the Society.
- k) Participate in the Society's development projects, both physically and financially.

2. MEMBERSHIP IN APEX CO-OPERATIVE ORGANISATIONS

The Society shall be a member of the national apex co-operative organisation and the national co-operative federation responsible for facilitating the development and operational support of co-operatives across Eswatini. The Society shall adhere to the principles and regulations of these organizations, in accordance with the Co-operative Societies (Amendment) Act 2023, particularly Sections 6sexies and 6quinquies, which outline the formation and role of apex co-operative organisations. As a member, the Society shall actively participate in the activities of these national bodies and contribute to their initiatives, ensuring alignment with the cooperative values of self-reliance, economic empowerment, and solidarity. The Society shall contribute to these organizations as required, in accordance with the provisions of the Act, and support the development and advocacy efforts for the collective benefit of co-operatives.

3. WITHDRAWAL OF MEMBERSHIP

3.1 Notice of Withdrawal

A member who wishes to withdraw from the Society shall submit a formal resignation in writing. The withdrawal shall be processed within **three (3) months** from the date of receipt of the resignation form.

3.2 Settlement of Financial Obligations

A withdrawing member shall be required to settle any outstanding obligations to the Society before their withdrawal is approved. Any deductions from their deposits shall be made in accordance with the Society's policies and applicable regulations.

3.3 Loan Clearance Requirement

A member with an outstanding loan balance shall not be permitted to withdraw their membership until the loan is fully repaid or appropriate arrangements for settlement have been made to the satisfaction of the Society.

3.4 Re-admission of Former Members

A member who has withdrawn from the Society may reapply for membership after a **minimum period of six (6) months** from the date of withdrawal. Re-admission shall be subject to approval by the Management Committee and compliance with all applicable membership requirements.

4. SUSPENSION

A member may be suspended for a maximum period of twelve (12) months for contravening Section 5 of the By-Laws. Suspension may be imposed by the Board of Directors, subject to ratification or expulsion by the Annual General Meeting (AGM). Grounds for suspension include but are not limited to:

- a) If a member is convicted of a criminal offence involving dishonesty or is sentenced to imprisonment for a period of three (3) months or more.
- b) Engaging in actions that are prejudicial to the interests, reputation, or objectives of the Society.
- c) Wilfully failing or refusing to comply with the Society's By-Laws, policies, agreements and contracts.
- d) Any act that undermines the Society's operations, governance, or financial stability.
- e) Spreading false, misleading, or malicious statements concerning the Society, its members, employees, or Board.
- f) Wilful default in loan repayments exceeding a period of six (6) months.
- g) Consistently failing to make the required savings contributions without valid justification.
- h) Providing false information or misrepresentation in their membership application.
- i) Engaging in any conduct deemed inappropriate as per the Society's Code of Ethics and Governance Standards.

4.1 Right to Appeal

A suspended member shall have the right to appeal in writing to the Supervisory Committee within thirty (30) days of the suspension notice. The appeal shall be reviewed in accordance with the Society's dispute resolution procedures.

5. EXPULSION FROM MEMBERSHIP

A member may be expelled by the Board of Directors if such member carried out or attempted to carry out an act seriously detrimental to the cooperative or if the member failed to respect all the obligations stipulated in Section 35 of the Cooperative Act and Clause 2.4 and 2.5 of the SACCO By-Laws.

Grounds for expulsion include but are not limited to:

- Engaging in fraud, embezzlement, or other acts of financial misconduct.
- Violating the By-Laws, policies, or resolutions of the General Meeting or Board.
- Wilful and persistent failure to meet financial obligations, including loan repayments.
- Participating in activities that directly compete with or undermine the Society's interests.
- Repeated non-compliance with the Society's Code of Ethics and Conduct.
- Any other serious misconduct that brings the Society into disrepute.

Upon formal and written announcement and proof that a member has committed a violation punishable by expulsion, the Board of Directors shall:

- a) Provide written notice to the member stating the reasons for the suspension and proposed expulsion and grant the member two (2) months for the member to prepare a defence if any.
- b) Upon expiry of the 14 days and taking into consideration the members defence, the Board shall initiate an administrative inquiry and take a decision on its findings within 14 days.
- c) A member so expelled by the Board of Directors shall have the rights to appeal (to supervisory).
- d) A member suspended or expelled loses voting rights and cannot attend the SACCO.

6. TERMINATION OF MEMBERSHIP

Membership shall be terminated by:

- a) Death;
- b) Being declared insane;
- c) Resignation after giving the Society three (3) months' notice in writing for consideration purposes;
- d) Ceasing to hold at least one share;
- e) Cancellation of admission to membership;
- f) Insolvency/bankruptcy;

- g) Being inactive for six consecutive months without any valid reason approved by the Board. Deposits of this member will be transferred to a non-interest bearing account, called Inactive or Dormant Account.

7. LIABILITY

- a) The liability of a member for the debts of the Society shall be limited to his subscribed shares.
- b) In the event of liquidation, where available funds are insufficient to pay the full nominal value of the shares held by the members, the funds shall be distributed pro rata among the shareholders according to the number of shares held by each.
- c) The estate of a deceased member shall be liable for the debts of the Society, as they existed at the time of his/her death unless otherwise covered under any other existing scheme in the Society.

8. REGISTER OF MEMBERS

The Society shall keep a members' register at its registered office. An electronic register shall be kept in an office safer and an update form will be in the members file.

8.1 Nominees

- a) Every member shall nominate a person(s) to whom upon death, shares and other interest shall be transferred.
- b) A member shall have power to cancel any nomination and to make a fresh nomination at any time.
- c) Nominations shall be made in writing and filed on record.
- d) The register of members shall show names of such nominees.
- e) Upon the death of a member and within three months thereof his nominees shall be paid the value of the shares held by member assessed as at the end of the last financial year less any sums due from the deceased member to the Society, provided that the nominee may instead be admitted to membership if he so applies and is qualified under these By-Laws, and be allotted such shares.
- f) Where any money is paid to a nominee who is a minor, a receipt given either by the minor or by his guardian shall be sufficient discharge to the registered Society making the payment.
- g) Disputes regarding shares, deposits or any other interests of a deceased member shall be referred to the tribunal. In the meantime the savings will treated in accordance with clause 7(i) of this document.

9. FUNDS

9.1 Capital

The capital of the Society shall be composed of:

- a) Number of shares
- b) Profits/ surpluses received or realised by any other means approved by the Commissioner and Registrar of SACCOs.

9.2 Shares

- a) The value of a share shall be **E5, 000.00** subject for review by the **Management Committee**.
- b) Every member shall hold at least one share at entry.
- c) Total number of shares shall be 20 monthly payment of E250.00 per month.
- d) No member shall hold more than one fifth of the total paid up shares
- e) Shares shall not be withdrawable, unless there is member termination.
- f) No member shall be eligible to participate in elections until he holds at least 12 fully paid shares.
- g) The unpaid balance for share capital shall be deemed a debt due to the Society.

9.3 Other Funds

- a) Deposits: the Society may accept deposits from members.
- b) Savings: savings shall be open to all members of the Society.

10. MAXIMUM LIABILITY

Should a need arise for the Society to borrow money from external institutions, a maximum amount to be borrowed must be approved by the Commissioner in accordance with section 90(2) of the Cooperative Act. The Society's borrowing decisions must be made in a manner that ensures financial prudence and risk management, safeguarding the long-term financial stability of the SACCO. The Board will carefully evaluate borrowing needs, considering the SACCO's overall financial health, asset base, and capacity to repay, ensuring that borrowing remains within sustainable and manageable limits.

11. BANKING ACCOUNT

Bank name: Standard bank

Account number: 911 -000- 3575- 422

Branch name: Manzini Main

Branch code: 660564

The Chairman, Secretary and Treasurer of the Society shall be signatories and any two can sign on behalf of the SACCO.

12. FINANCIAL YEAR

The financial year of the Society shall be from the first day of **August** to the last day of **July**.

13. FINANCIAL MANAGEMENT AND REPORTING

The Society shall maintain proper books of accounts in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Cooperative Societies Act. The Management Committee shall ensure that annual financial statements are audited by an independent auditor, in compliance with Section 59 of the Cooperative Societies Act. The audited financial statements shall be presented to the members at the Annual General Meeting (AGM), in accordance with the Act. The Society shall implement internal controls and financial management policies to ensure the accuracy, integrity, and transparency of financial reporting. The Society shall comply with Sections 59-61 of the Cooperative Societies Act, ensuring proper financial oversight, external auditing, and adherence to all statutory financial regulations.

14. SAVINGS MANAGEMENT AND GOVERNANCE

The Society shall govern its savings operations in accordance with its Savings Policy, ensuring members' financial interests are protected and aligned with cooperative principles. This policy shall be reviewed periodically and approved by the General Meeting to ensure fairness, transparency, and alignment with the Society's financial position, market conditions, and cooperative principles. The Board shall ensure the effective governance of savings through internal controls and regulatory compliance as per the Cooperative Societies Act.

15. GENERAL MEETINGS

General Meetings shall be held to facilitate key decision-making processes for the effective governance and operation of the Society.

- a) The Supreme Authority shall be vested in the Annual General Meetings of the members, which shall be held no later than **six (6) months** after the end of the financial year, in accordance with Section 47 of the Cooperative Societies Act. An approval shall be sought from the Commissioner in the event the meeting falls outside this threshold. Other General Meetings may be held at other times as and when necessary.

- b) There may be three types of General Meetings:
 - i. Annual General Meeting convened at least once every year,
 - ii. Ordinary General Meeting convened periodically, and
 - iii. Special General Meeting convened for special reasons,General Meetings may be conducted using a delegate system, in accordance with Section 47(4) of the Cooperative Societies Act.
- c) The General Meeting may be summoned by the Chairman of the Management Committee, or may be convened by the Commissioner, and shall be summoned as a written request of members not less than two (2) days prior to the meeting.
- d) Except in the case of an amendment to these By-Laws, all other questions before a General Meeting shall be decided by the majority of votes. When votes are equal, the Chairman shall have a deciding vote in addition to his deliberative vote.
- e) Except as qualified in these By-Laws, every member shall have one vote, and only one vote, irrespective of the number of shares held, in accordance with Section 44 of the Cooperative Societies Act. No voting by proxy shall be permitted.

15.1 General meetings shall be held for:

- a) The passing of estimates of income and expenditure for approval by the Commissioner, in accordance with the Cooperative Act;
- b) The amendments of the By-Laws, as provided for under Section 35 of the Cooperative Act, ensuring compliance with any legislative changes or co-operative principles;
- c) The fixing of the maximum amount that may be lent by the Society to any member in accordance with the Society's lending policies and relevant provisions under the Cooperative Act;
- d) The fixing of the commissioner to be charged by the Society on business undertaken on behalf of the members, ensuring alignment with the financial and operational policies of the SACCO as stipulated by the Cooperative Act;
- e) To hear and determine complaints of members, ensuring that members' grievances are addressed in accordance with the principles of fairness and equity as set out in the Cooperative Act;
- f) Approving new policies or policy amendments to ensure alignment with relevant legislation and regulatory requirements, including compliance with the latest amendments in the Cooperative Act, 2023, and other applicable laws;
- g) The outcomes of the Annual General Meeting shall include:
 - i. Passing resolutions after evaluating the general activities of the Society;

- ii. Election and dismissal of Management Committee and Supervisory Committee members in line with cooperative governance standards and Section 36 of the Cooperative Act, ensuring transparency and democratic process;
- iii. Determination of the share capital requirements ensuring sufficient capital to support operations;
- iv. Decision-making on the distribution of annual net profit, as set out in the By-Laws and in compliance with the Cooperative Act, taking into account the economic sustainability of the SACCO;
- v. Approval of the annual audit report, work plan, and budget.

16. NOTICES

- a) Publication of the notice at the business premises and the registered address of the Society shall be deemed sufficient notice provided, however, that it shall be the responsibility of the Secretary to give sufficient publicity of meetings in accordance with the practices established by the Society in its By-Laws. At least 14 days' notice shall be given of the date of the Annual General Meeting. Notice of any additions to the agenda of the Annual General Meeting shall be given at least three days prior to the date of the meeting.
- b) At least fourteen (14) days' notice shall be given for any Special or Ordinary General Meetings summoned by the Chairperson.
- c) When the Commissioner summons General Meetings or a person authorised on their behalf, the Commissioner or such other person may in their discretions give any suitable period of notice.
- d) Notice of General Meeting shall state the date, time and agenda of such meeting.
- e) It shall be the responsibility of the Manager to issue notices when required to do so by the Chairperson, the Committee, the Commissioner or other persons authorised by the Commissioner.
- f) Publication of the notice at the business premises and the registered address of the Society shall be deemed sufficient notice provided, however that it shall be the responsibility of the Management to sufficient publicity of meetings in accordance with the practices established by the Society in its By-Laws.

17. QUORUM

- a) The quorum for a general meeting summoned by the chairman or the committee shall be two-third (2/3) of the membership of the Society, inclusive of apologies.
- b) Only members whose admission has been confirmed by a general meeting shall be counted for a quorum.

- c) The commissioner or a person authorised by him to summon a general meeting, shall have the power to direct any meeting so summoned to proceed notwithstanding the lack of a quorum as prescribed in sub-paragraph 20 (a) above and such meetings shall have all the powers of a meeting conducted with a quorum in terms of sub-paragraph 20 (b).
- d) Any general meeting summoned at the request of members under by-law 20 (b) shall be abandoned if no quorum is present.
- e) General meetings other than those stated under sub-paragraph 20 (a) above shall, if no quorum is present within a reasonable time as decided by the chairman, stand adjourned to the same day in the week following at the same time and place and a notice to that effect shall be posted by the Secretary within three (3) days, and if at that adjourned meeting a quorum is not present within one (1) hour from the time appointed for the meeting, the members present shall form a quorum.

18. BUSINESS OF THE ANNUAL GENERAL MEETING

- a) Confirmation of the minutes of the previous annual general meeting and any intervening special meeting.
- b) The consideration and adoption of the annual accounts and balance sheet, the auditor's report and inspection notice of the commissioner.
- c) The disposal of surplus funds.
- d) The election, suspension and removal of members of the committee, including the chairperson and, if desired, the vice-chairperson.
- e) The confirmation of the admission of members.
- f) The fixing of the maximum amount that may be lent by the Society to any member, in accordance with the Society's lending policies.
- g) The fixing of the commission to be charged by the Society on business undertaken on behalf of the members.
- h) To hear and determine complaints of members.

19. MINUTES OF THE GENERAL MEETING

- a) All business discussed or decided at a general meeting shall be recorded in a minute file and signed by the chairperson of the meeting which the minutes are confirmed.
- b) Copies of minutes of the general meeting shall be sent to the Commissioner within 14 days of the meeting.

20. AMENDMENTS OF THE BY-LAWS

- a) No alteration shall be made to these By-Laws except at Annual General Meeting called specially to consider such amendment.
- b) A sub-committee appointed by the Management Committee shall amend the By-Laws every two years pending AGM approval.
- c) Members can raise a motion to amend By-Laws at the Annual General Meeting.
- d) If there is an urgent need for an amendment before the two-year review period elapses, such amendments may be made by a resolution passed by a majority of members present or voting at the Annual General Meeting, provided that the urgency is clearly demonstrated and justified. A quorum must be present as specified in the By-Laws, and all members must be given reasonable notice of the proposed amendments. In cases of extreme urgency, the Board may call a Special General Meeting to facilitate a timely decision.
- e) The following shall apply:
 - i. Where written voting papers are to be used, the voting papers shall be given to all members of the Society and only written votes shall be accepted, examined and counted amendment shall then be carried by a clear majority of the total number of members of the Society; and
 - ii. Where written votes are **NOT** used, the amendment shall only be carried by a clear majority of the members of the Society, **PROVIDED THAT** where the amendment majority of the members present in person at the general meeting.
- f) Amendments necessary for compliance with evolving laws, such as the Data Protection Act, 2022, and other regulatory requirements, shall be reviewed by the Board.
- g) Any amendments related to the Board Election Policy shall be reviewed periodically to ensure that election processes remain fair, transparent, and aligned with best practices. Such amendments shall require approval by the Board in accordance with these By-Laws.

21. LIEN

Any money due from the Society to a member, past member or a person claiming through him may be set off in payment of any sum which he owes to the Society or for which he may have stood surety.

22. MANAGEMENT COMMITTEE (THE BOARD)

22.1 Purpose of the Board

The Board's primary responsibility is to govern the Society in a manner that ensures the long-term sustainability of the organisation while promoting the interests of the members. The Board consists of the Management Committee, the Supervisory

Committee, and other subcommittees of the Society. The Board is responsible for setting the strategic direction, overseeing management, and ensuring the effective implementation of policies.

22.2 Governance Structure of the Society

The Society shall be governed by a Management Committee (The Board) elected by the members at the Annual General Meeting. The Management Committee shall consist of at least five (5) members and no more than thirteen (13) members, including Supervisory Committee members. Elections for the Management Committee shall be conducted at the Annual General Meeting, and members shall serve for a term of three (3) years, with a maximum of two consecutive terms. The Management Committee shall be responsible for the overall management and policy direction of the Society, ensuring compliance with the Cooperative Societies Act, the Society's By-Laws, and applicable regulations.

22.3 Authority, Governance and Oversight

- a) The Management Committee shall be the highest decision-making body of the Society, responsible for the overall direction, control, and performance of the Society. Each Board member shall contribute to the Society's governance and strategic direction by providing guidance on policy matters, overseeing management, and ensuring compliance with the legal framework, including these By-Laws and the Cooperative Societies Act. The Committee shall exercise all powers of the Society, except those reserved for the General Meeting, subject to any regulations or restrictions duly laid down by the Society in General Meetings or in the By-Laws.
- b) The day-to-day operations of the Society shall be managed by the SACCO Manager, who shall report directly to the Management Committee.
- c) The Management Committee shall oversee the Society's resources, ensuring that operations are conducted in a manner that promotes sustainability, protects members' interests, and aligns with cooperative values.

22.4 Ethical Conduct of Board Members

The Board shall ensure that its members act in good faith, uphold integrity, and avoid conflicts of interest in the governance of the Society. Board members shall disclose any conflicts of interest and recuse themselves from related decisions.

Specifically, Board members shall:

- a) Act honestly, ethically, in good faith, and in a manner that enhances the image and best interests of Phaphamani SACCO.

- b) Exercise the care, diligence, and skill that a reasonably prudent person would in similar circumstances in performing duties as a Board member.
- c) Refrain from taking unfair advantage of their position for personal gain or to advance personal interests, including avoiding self-dealing or self-interest in any transaction involving the SACCO.
- d) Disclose to the Board the nature and extent of any interest, direct or indirect, in any contract or transaction of the SACCO, in accordance with the conflict of interest policy.
- e) Treat other Board members, employees, and SACCO members with dignity, respect, and fairness, without discrimination based on age, race, colour, gender, sexual orientation, religion, tribe, or nationality.
- f) Not accept or give gifts or favours that could influence or be perceived to influence any business dealings of the Society.
- g) Maintain confidentiality on all matters involving the SACCO and its members, unless required by law or authorised by the Board for disclosure.
- h) Should any violation occur, the Board shall take appropriate disciplinary action as outlined in the SACCO's Code of Conduct and the relevant provisions outlined in the By-Laws.

22.5 Expulsion of Non-Performing Board Members

A Board member may be subject to expulsion if they consistently fail to contribute meaningfully to the governance, health, or financial stability of the Society. Expulsion shall follow a formal review process as defined in these By-Laws, and the Board shall have the authority to remove any member who is not fulfilling their duties effectively. This decision shall be made based on the Board's assessment of the member's contributions and overall impact on the Society's success, with due consideration to maintaining an effective and engaged leadership team.

22.6 Board Accountability

The Board shall ensure continuous improvement in governance practices and transparency by periodically reviewing its performance and effectiveness.

22.7 Continuity in Governance

The Board shall ensure leadership continuity by maintaining a structured transition process for Board members and key management personnel.

22.8 Board Remuneration and Compensation

Board remuneration shall be governed by the Society's financial governance framework, ensuring fairness, transparency, and alignment with cooperative principles. The detailed provisions regarding remuneration, including reimbursements, are outlined in the Board Charter and Remuneration Policy.

23. BOARD MEMBER ELIGIBILITY CRITERIA

(a) No member shall be qualified for election to the Management Committee (Board) if:

- i. Their admission to membership has not been confirmed;
- ii. They hold any office of profit under the Society;
- iii. They conduct business for personal profit that is in direct competition with the Society;
- iv. They have been convicted of any offence involving dishonesty, fraud, or financial misconduct or has been imprisoned for six months or more;
- v. They are under twenty-one (21) years of age;
- vi. They are not a citizen or permanent resident of Eswatini;
- vii. They have been found guilty of misusing or mismanaging the funds of a co-operative or any organisation;
- viii. They have not been a member of the co-operative for at least five years and have successfully completed basic co-operative education or training in co-operative concepts, principles, and practices as recognised and approved by the SACCO;
- ix. They are in default on any obligations to the Society, including unpaid loans or outstanding fees;
- x. They hold any political office;
- xi. They have reached the age of fifty-seven (57) years at the time of their election, such that completion of a full term would exceed retirement expectations for Board service ;
- xii. They are a dual member (i.e., a member of another SACCO or co-operative) at the time of standing for election. Dual membership creates a potential **conflict of interest** and impairs impartiality in decision-making processes, thereby rendering the member ineligible for election to the Board;
- xiii. They or any close family member (spouse, child, sibling, or parent) are employed by the SACCO, as this creates a **conflict of interest** that may impair the impartiality and objectivity of the Board member in decision-making processes.
- xiv. They have previously displayed hostility and a lack of cooperation when lodging grievances with the SACCO, particularly in interactions with staff.

Members who have shown an inability to engage constructively, demonstrated poor conduct, or lacked the emotional intelligence (EQ) necessary to resolve conflicts in a cooperative and professional manner will not be eligible to serve on the Board. This is to ensure that Board members possess the emotional intelligence and professionalism required to address and resolve conflicts in a fair and balanced way.

- xv. They have previously served as a member of the Management Committee (Board), resigned from membership, and later re-joined the Society, but have not met the reintegration and suitability requirements applicable to former Board members, as determined in accordance with the SACCO's governance framework and Board Election Policy.

24. NOMINATIONS AND VETTING

- a) Candidates for the Board shall be nominated through a formal process in accordance with the provisions of these By-Laws and the Board Election Policy.
- b) The Nominations and Vetting Committee shall ensure that candidates meet the eligibility requirements as outlined in the Election Policy, including the necessary experience, integrity, and governance standards. The Committee shall also ensure that nominees do not have conflicts of interest that could compromise the integrity of governance.

25. ELECTIONS

25.1 Eligibility to Stand for Election A person may only stand for election to the Management Committee (Board) if they meet all the Board Member Eligibility Criteria in Section 23 of these By-Laws. This includes any additional suitability or reintegration requirements that apply to former Board members who resigned and later re-joined the Society.

25.2 Conduct of Elections

- a) Members of the Management Committee shall be elected through a democratic process at the Annual General Meeting.
- b) The Management Committee shall consist of ten members (10) excluding the Supervisory Committee, making a total of thirteen (13) board members.
- c) Candidates for election must have been active members of the Society for at least five (5) years and must have demonstrated good financial conduct. Board members shall serve for a term of three (3) years and may be re-elected for a maximum of two consecutive terms. Upon completing two consecutive terms, a Board member must step

down for at least one term before being eligible for re-election. This rotation system ensures that the Board benefits from fresh perspectives while maintaining continuity.

- d) At least half of the members of the Management Committee shall step down at the end of each term to ensure continuity and renewal in governance.
- e) Vacancies on the committee shall be filled by co-option, within three months after elections.
- f) Meetings of the Management Committee shall be held at least once a month. The attendance of at least a quarter (1/4) of members are necessary for the disposal of any business. The chairperson or, in his absence, one of the other members shall preside. Each member shall have **one vote**, and in case of a tie, the chairperson shall also have a casting vote.

g) **Election of Board Members**

The election of Board members shall take place during the Annual General Meeting (AGM) or a Special General Meeting (SGM), after the following items have been addressed in the meeting agenda:

- Approval of previous minutes.
- Review and approval of financial statements and reports.
- Consideration of resolutions and any other business.

Voting may be conducted through secret ballot, electronic voting, or virtual voting, as approved by the General Meeting. Each member shall have one vote, regardless of the number of shares held. In the event of a contested election, the candidate with the highest number of votes shall be elected to the Board. Voting shall be conducted by an independent Election Officer appointed by the Society.

26. BOARD ELECTION DISPUTES AND APPEALS

- a) Election disputes shall be handled in accordance with the Board Election Policy and the provisions of the Cooperative Societies Act. Disputes arising from the nomination, vetting, voting, or declaration of results in Board elections shall be handled in accordance with the Society's Board Election Policy and the provisions of the Cooperative Societies Act.
- b) Members may appeal election outcomes through the internal dispute resolution mechanism established in the Board Election Policy.
- c) Disputes shall be resolved based on principles of fairness, transparency, and cooperative governance. All election disputes and appeals shall be resolved in a manner that upholds fairness, transparency, and cooperative governance principles.
- d) If the internal mechanisms fail to resolve the dispute, the matter may be referred to the Commissioner of Co-operatives for further determination, in accordance with the Act.

27. BOARD MEMBERSHIP, RESIGNATION, AND REMOVAL

- a) A Board member may be removed if they fail to meet the eligibility criteria, engage in misconduct, or violate these By-Laws or the Board Election Policy.
- b) A Board member may resign by submitting a written notice to the Board.
- c) Resignation from the Board or from membership shall **not** remove or reset any eligibility, suitability, or conduct requirements applicable to Board service under these By-Laws.
- d) Where a former Board member resigns from membership and later re-joins the SACCO, such member shall be treated as a returning member for purposes of Board eligibility and suitability.
- e) Any former Board member seeking to stand for election again shall be required to meet all applicable eligibility and reintegration requirements for former Board members, as determined in accordance with the SACCO's governance framework and Board Election Policy.
- f) In assessing the suitability of a former Board member, the SACCO may take into account the individual's prior Board conduct, leadership behaviour, professionalism, respect for cooperative values, and overall impact on the culture, stability, and continuity of the Board.
- g) A Board member may be removed from office for misconduct, breach of these By-Laws, or failure to meet eligibility requirements, subject to a resolution of the Board and ratification by the General Meeting.
- h) Any vacancy arising from resignation or removal shall be filled in accordance with these By-Laws

28. CESSATION

A member of the Committee shall cease to hold office if he;

- a) Ceases to be a member of the Society.
- b) Applies for or is declared insolvent.
- c) Becomes of unsound mind.
- d) Is convicted of any offence involving dishonesty or imprisoned for six months or more.
- e) Operates for his own profit a similar business to that conducted by the Society.
- f) Accepts salaried employment under the Society.
- g) Fails to attend three consecutive meetings but may be re-instated by the committee for good reasons given.
- h) Is removed by the General Meeting.

29. DUTIES OF THE MANAGEMENT COMMITTEE

The committee shall exercise all the powers of the Society except those reserved for the general meeting, subject to any regulations or restrictions duly laid down by the Society in general meetings or in the By-Laws; and in particular shall have the following duties;

- a) To confirm the minutes of the previous meeting
- b) To ensure that business is conducted in accordance with the Act and these By-Laws
- c) To maintain true and accurate accounts of all monies received and expended and of all items of business conducted by the Society
- d) To keep a true and accurate account of assets and liabilities of the Society
- e) To keep a register of members correct and up to date
- f) To prepare and lay before the Annual General Meeting true accounts of the business undertaken and an audited balance sheet.
- g) To examine the accounts and the conduct of the business at all meetings
- h) To admit new members, to issue and transfer old shares, subject to confirmation by the general meeting
- i) To formulate, subject to the approval of the general meeting, rules for the orderly conduct of the Society
- j) To contract loans as necessary subject to the maximum liability imposed by general meeting and approved by the Commissioner
- k) To examine applications for loans from members; to ensure that proper provisions have been made for repayment of the loan in due time; and if satisfied to approve loans subject to the maximum laid down by the general meeting
- l) To ensure that loans are used for the intended purpose.
- m) To take necessary steps for the recovery of the loan
- n) To ensure that all contracts and By-Laws binding on the business of members with the Society are complied with
- o) To arrange for the safe custody and insurance of the Society's financial and operational assets.
- p) To supervise business conducted by the employees
- q) To appoint, suspend, or dismiss employees subject to any scales of pay approved by the General Meeting in compliance with the labour laws
- r) To implement security, where necessary, for the proper performance of the duties of employees
- s) Present to the Annual General Meeting a work plan and the budget for the next financial year for approval
- t) Appoint sub-committees where the General Meeting has authorised it to do so, defining their mandates and oversight responsibilities.
- u) Review and approve major policies, strategic goals, financial plans, and budgets.

- v) Monitor the performance of the Society against set goals, ensuring compliance with corporate governance, accountability, and transparency principles.
- w) Implement all decisions taken by the General Meeting and generally carry on the business of the Society.

29.1 Induction and Training

All elected or appointed members of the Management Committee shall undergo induction and training in cooperative governance, leadership, and basic financial management within a period determined by the Society, as approved or facilitated by the Society.

30. PERSONAL LIABILITY OF MANAGEMENT COMMITTEE MEMBERS

In the conduct of the affairs of the Society, the Committee shall exercise the prudence and diligence of ordinary men and women of business and shall be responsible for any loss sustained through acts contrary to the law or these By-laws.

31. MINUTE FILE

All business discussed or decided at a meeting of the committee shall be recorded in a minute file which shall be signed by the Secretary General at the meeting which confirms the minute.

32. SUB-COMMITTEES

The Board shall establish the following committees to assist in carrying out its duties and responsibilities effectively:

- Executive Committee
- Credit Committee
- Education Committee

Each committee shall have a clear mandate and terms of reference, as well as defined responsibilities and powers. The committees shall report regularly to the Board on their activities, findings, and recommendations. The Board may also draw up additional rules of procedure and appoint sub-committees to advise and assist in the execution of their duties. The rules about the membership, terms of reference, and functions of the sub-committees will be added in the By-Laws from time to time. The Members at the Annual General Meeting elect other sub-committees.

32.1 Executive Committee

The Executive Committee shall consist of the Chairperson, Vice Chairperson, Treasurer and Secretary of the Society. It is established to provide governance

oversight, support policy implementation, and facilitate emergency decision-making when necessary. The responsibilities of each committee member are further detailed in the Board Charter.

- a) The Executive Committee shall function as a subcommittee of the Management Committee, carrying out delegated responsibilities in line with the Society's By-Laws and governance framework.
- b) All actions and decisions of the Executive Committee shall be subject to ratification by the Management Committee.
- c) The Executive Committee shall ensure that all decisions made align with the Cooperative Societies Act, the Society's By-Laws, and approved governance policies.

32.1.1 Responsibilities of the Executive Committee

- a) Provide governance oversight and ensure the proper implementation of Board policies, resolutions, and strategic objectives.
- b) Act on behalf of the Board in emergency situations, making interim decisions that are subject to full Board review and approval.
- c) Monitor compliance with regulatory frameworks, including cooperative laws, financial regulations, and internal policies, and provide periodic reports to the Board.
- d) Ensure alignment between strategic goals and management actions, working closely with the Society Manager to address operational challenges that require Board intervention.
- e) Facilitate coordination between Board committees and management to ensure effective governance and operational efficiency.

32.2 Limitations of Authority

The Executive Committee shall not override decisions of the Management Committee or General Meeting, and shall act strictly within the scope of authority granted by the Management Committee. Major financial, governance, or policy decisions shall require full Board approval.

32.3 Duties of the Chairperson

The Chairperson or in the absence of the Chairperson, the Vice Chairperson shall preside at all General Meetings of the Management Committee and shall perform the duties as may be conferred upon the Chairperson by the By-Laws.

32.4 Duties of the Secretary

The Secretary shall serve the Co-operative on a regular basis and shall carry out the duties conferred upon the Secretary by the By-Laws, which shall include the duty;-

- a) To maintain correctly and update the Co-operative's registers, books and other papers;
- b) To summon and attend the General Meetings and Management Committee meetings and to record the proceedings in the minute book;
- c) To conduct and sign the correspondence of the Co-operative on behalf of the Management Committee;
- d) To conduct any other duties set forth in the By-Laws.

32.5 Duties of the Treasurer

The Treasurer shall serve the Co-operative on a regular basis and shall carry out the duties conferred upon the Treasurer by the Bylaws that will include the duty;-

- a) To maintain or cause to be maintained correctly and update the Co-operative's accounts and accounting records;
- b) To take charge of all financial transactions of the Co-operative and to secure the safe keeping of the Co-operative's funds;
- c) To prepare or cause to be prepared all necessary receipts vouchers and accounts required by the Act and the By-Laws.

33. THE CREDIT COMMITTEE

- a) The Credit Committee shall be elected by members at the Annual General Meeting and shall consist of three members who are not members of the Management Committee or Supervisory Committee. Their term of office shall be three (3) years.
- b) They must choose among themselves a Chairman and a Secretary.
- c) The Committee shall meet weekly or as often as the business of the Committee may require.

33.1 Duties and Responsibilities of the Credit Committee

- a) They should have empathetic and considerate towards the borrower, and a genuine desire to help the borrower solve his financial problems.
- b) They must know that they have a responsibility to guard and protect the Society's funds.
- c) They shall receive, consider, approve or defer all loan applications presented by members of the Society.

- d) They shall establish a financial counselling program for members.
- e) They shall verify the availability of funds to be loaned according to Act.
- f) They shall implement a loans collection program.
- g) They shall provide an educational program on lending to the members.
- h) They shall procure from all borrowers' promissory notes and due execution of bonds with security.
- i) They shall confirm loans issued by the officers.
- j) They shall submit monthly and quarterly reports to the Management Committee.
- k) They shall keep records of loans issued and any counter offers on their minute book.

34. THE EDUCATION COMMITTEE

- a) The Education Committee shall be elected in the AGM by members and shall be composed of a maximum of three (3) members.
- b) The Members shall elect from among themselves a Chairperson and a Secretary.
- c) The Members must have a creative imagination, ability, dedication, skill and willingness to work to promote the Co-operative principles within the Society and the general public.

34.1 Duties of the Education Committee

- a) They shall be in charge of educating the members on the ideas of democracy, co-operative principles, operations and purpose of savings and credit co-operative services etc.
- b) They shall educate committees in order to improve their operational skills.
- c) They shall provide information on potential members so that they may share in the benefit of savings and credit co-operative Society's membership.
- d) The methods they shall use will not be limited to Administrative meetings, Seminars, Workshops, Short Courses, Pamphlets, newsletters and mass meetings.

35. MANAGER

- a) The Manager shall be recruited and may be suspended or dismissed by the Management Committee.
- b) The Management Committee shall fix the remuneration subject to any scale of pay laid down by the labour laws but if a member of the Committee is appointed secretary, the forgoing shall not apply and the secretary shall not be paid.

35.1 The Duties and Powers of the Manager

- a) To carry out the Executive work of the Society under the supervision of the Management Committee.
- b) To superintend the working of the office and be responsible for the proper and punctual keeping of the accounts and registers.
- c) To deliver and receive all due receipts.
- d) To sign on behalf of the Society and to conduct its correspondence
- e) To accept money due to the Society.
- f) To incur contingent expenditure subject to any limit imposed by the procurement policy.
- g) To conduct the business of the Society in accordance with the instructions of the committee, the Bylaws and any rules of work approved by the General Meeting.
- h) To summon and attend General Meetings and Meetings of the Management Committee.
- i) To record the proceedings of those meetings and ensure that they are duly signed.
- j) To perform all other duties entrusted to him by the Management Committee and as laid down in the Act.

36. SUPERVISORY COMMITTEE

- (a) The Annual General Meeting shall appoint a three-member committee called the Supervisory Committee, which shall be a compulsory internal control organ of the co-operative.
- (b) The term of office of the Supervisory Committee will be three (3) years, and members can be re-elected.
- (c) The Supervisory Committee is accountable to the General Meeting.
- (d) Members of the Management Committee cannot be members of the Supervisory Committee.
- (e) **The specific functions of the Supervisory Committee include the following:**
 - i. Ensure that the affairs of the co-operative are conducted in accordance with the Bylaws and resolutions adopted at the General Meetings.
 - ii. Supervise the Management Committee and the employees of the co-operative.
 - iii. Ascertain the validity and authority of all expenditures and approve all expenditure over an amount set by the By-Laws.
 - iv. Examine the accounts of the Co-operative at intervals of not less than once every two months.
 - v. Ensure that all transactions of the Co-operative are properly entered into the respective account books and other documents.

- vi. Reveal to the Management Committee and to the members of the Co-operative or Commissioner any irregularities that may occur in the management of the co-operative.
- vii. Ensure the validity of the balance sheet and any other financial statements and returns.
- viii. Present at the Annual General Meeting a special report on the management and financial situation of the Co-operative, including any violations of the Bylaws.
- ix. Approve any loans made to any member of the Management Committee.

37. SIGNATORIES

All charges or other instruments executed on behalf of the Society shall, except in the case of receipts, bear the signatures of any two members of the Executive Management Committee, (between the Chairperson, Secretary and Treasurer). Monetary transactions should always have the Treasurer's signature.

38. BOOKS

The Committee shall cause to be purchased and maintained out of the funds of the Society such books and registers as are required such as the Committee Minute File, Member Register etc.

39. EMPLOYMENT OF FUNDS.

The funds shall be used solely in pursuance of the objectives of the Society.

40. INSPECTION OF DOCUMENTS.

The register of members, the last audited accounts, balance sheet and reports, a copy of these Bylaws and any resolutions of the General Meeting or of the committee governing the conduct of the business of the Society with the members, shall be open for inspection by any member at all reasonable times. No other person shall be allowed to inspect the deposit or loan account of a member without that member's permission in writing or in the presence of that member.

41. LOANS

a) General Loan Principles

- i. Loans shall be restricted to members and shall be made for a productive or provident purpose only and in alignment with the Society's objectives.

- ii. The terms, conditions, and amounts of loans, including interest rates, repayment periods, and collateral, shall be governed by the Loan Policy, which may be updated periodically by the Board.
- iii. Loans shall be subject to approval by the Credit Committee, based on criteria set out in the Loan Policy, and must not exceed the maximum loan amount approved by the Board.
- iv. The Society shall ensure that all loan approvals are based on thorough and fair assessments of a member's creditworthiness, including, where appropriate, the use of credit reports or similar due diligence procedures.

b) Loan Approval and Disbursement

- i. The procedure for loan application, approval, and disbursement shall be defined in the Loan Policy.
- ii. All loans shall be approved in accordance with the process outlined in the Loan Policy, and members will be notified of the status of their applications.

c) Loan Repayment

- i. Loan repayment terms, including early repayment and penalties for non-payment, shall be defined in the Loan Policy.
- ii. The Credit Committee shall take necessary action for the recovery of overdue loans as per the terms in the Loan Policy.

d) Loan Renewal and Extension

The Loan Policy shall outline the conditions under which loans may be renewed or extended, subject to restrictions imposed by the Board.

42. BAD DEBTS

The Board of directors shall approve the value of bad debts to be written-off.

43. GENERAL PROVISIONS

- a) The Society may enter into contracts in pursuance of the Society's objectives with members and non-members.
- b) All business shall be conducted on a cash basis and no credit or loans shall be allowed save as provided in these By-Laws.
- c) Upon admission to membership, each member shall be bound to observe these Bylaws and the rules or instructions for the conduct of business issued by the Committee, and

the member's signature in the membership register shall denote acceptance of these By-Laws, rules and regulations.

- d) No member of the Committee may receive payment of any kind, for services given without the approval of the General Meeting. If reasonable out of pocket expenses incurred on business undertaken for the Society may be re-reimbursed to the maximum amount shown in the estimates of income and expenditure for the current year, as passed by the General Meeting and approved by the Commissioner.

44. DISTRIBUTION OF SURPLUS

After all expenses of the Society have been met within any financial year, the following provisions shall be made from surplus accruing in that year and the undistributed surplus from previous years:

- a) Provision for the depreciation of the Society's property.
- b) Provision for the repayment of any external loans borrowed by the Society, if necessary. The balance shall then be applied as follows:
 - i. **General Reserve Fund:** In accordance with Section 93 (4) of the Co-operative Societies Act, a sum of twenty-five percent (25 %) of the annual surplus shall be placed into the General Reserve Fund. However, when the reserve fund reaches at least half the value of the total assets of the Society, the allocation to the reserve fund may be reduced to a minimum of five percent (5%) of the surplus.
 - ii. **Share Transfer Fund:** Ten percent (10%) of the surplus shall be carried to a Share Transfer Fund until that fund is equal to one-tenth (1/10) of the total nominal issued shares.
 - iii. **Reserve for Contingencies:** Provision shall be made for a **Reserve for contingencies**, the amount of which shall be determined by the Committee to ensure compliance with regulatory requirements under the Co-operative Societies (Amendment) Act, 2023.
 - iv. **Interest on Share Capital:** A provision shall be made for interest, not exceeding five percent (5%) per annum, on the amount paid by members on their respective shares.
 - v. **Education and Training Fund**
 - At least **ten percent (10%) of the surplus** shall be allocated to an Education and Training Fund, which shall be utilised for co-operative education, capacity building, and skill development for members, officers, committee members, and employees of the Society.

- In accordance with Section 96 of the Co-operative Societies Act, a portion of the surplus shall be allocated to the Central Co-operative Fund, as prescribed by the Minister.
 - In accordance with Section 95(2) of the Co-operative Societies Act (as amended in 2023), at least **two and a half percent (2.5%)** of the allocation shall be transferred to the Co-operatives Development Centre for education and training purposes.
 - The remaining portion of the Education and Training Fund may be used for internal training programs, or transferred to an affiliated apex co-operative organisation for education and training purposes.
 - The allocation and utilisation of the Education and Training Fund shall be properly recorded, accounted for, and reported annually in compliance with financial and regulatory standards.
- vi. **Member Distribution:** The balance of the surplus, after the above provisions, shall be distributed to members proportionate to the total value of business each member has conducted with the Society during the past financial year.

45. DIVIDENDS, INTEREST, AND PRICING

The Board shall ensure that policies related to savings, dividends, interest rates, and pricing align with cooperative governance standards and financial regulations. Pricing of financial products, including loan interest rates and savings yields, shall be determined based on market conditions, financial stability, and cooperative principles to ensure fairness and sustainability. Any necessary updates shall be subject to approval by the General Meeting to maintain transparency, fairness, and financial stability in line with market conditions and cooperative principles. In cases where legal, regulatory, or market changes necessitate immediate adjustments, the Board may review and amend the policy accordingly. However, all amendments shall be presented for formal ratification at the next General Meeting. Members shall be notified in advance of any proposed changes to uphold transparency and cooperative governance.

46. INVESTMENT OF FUNDS

Excess funds of the Society shall be invested in line with the objectives of the Society, subject to the approval of the General Meeting. All investments shall comply with the provisions of the Cooperative Societies Act (as amended in 2023), ensuring prudent financial management and risk mitigation.

47. CHARGES AND SET-OFF IN RESPECT OF SHARES OR INTEREST OF MEMBERS

The Society shall have a first charge on the shares or interests in the capital and on the deposits of a member, past member, or deceased member, as well as on any dividends or interest on savings payable to a member or their estate, in respect of any debt owed to the Society.

In the event of a member's death, the following shall apply:

- a) If the debt is covered by credit life insurance, the Society shall first claim repayment from the insurer before deducting from the deceased member's savings or shares.
- b) If the debt is not insured, the Society may set off outstanding balances against the deceased member's savings or shares in accordance with the by-laws.
- c) Any remaining shares or interest shall be transferred to the nominee, as provided in Section 27 of the Co-operative Societies Act.
- d) If no nominee exists, the Society may transfer the shares to the deceased member's estate or to a person designated by the nominee.
- e) If the Society was solvent at the time of the member's death, the estate shall not be liable beyond available savings or shares, in accordance with Section 89 of the Act.

48. GENERAL DISPUTE RESOLUTION MECHANISM

- a) Any disputes concerning the interpretation or application of these By-Laws, the conduct of meetings (excluding Board election outcomes), management decisions, or the general business of the Society shall first be referred to the Society's internal dispute resolution mechanisms.
- b) The following disputes shall be resolved internally before escalating to external bodies:
 - i. Disputes over the interpretation or application of the By-Laws.
 - ii. Complaints regarding the conduct of general meetings, excluding Board elections (which are addressed in Section 30).
 - iii. Disagreements related to financial obligations, membership rights, or Society policies.
 - iv. Conflicts between members, or between a member and the Management Committee.
 - v. Insert here (conflict management within the Management Committee)
- c) Members shall first attempt to resolve disputes through the Society's internal mediation, grievance, or conciliation procedures as set out in the Society's approved policies.

- d) Where internal mechanisms fail to resolve the dispute, the matter may be referred to the Commissioner of Co-operatives or resolved through arbitration in accordance with the Act and applicable laws.

49. DISSOLUTION AND LIQUIDATION

The Society may be dissolved by resolution passed by **three-fourths** of the total number of members present at a general meeting called specifically for that purpose and shall be wound-up by the Commissioner in terms of Section 100 **PART XIV “LIQUIDATION”** of the Co-operative Societies Act of 2003. In the event of the dissolution of the Society, the assets shall be distributed in accordance with Section 86 of the Cooperative Societies Act, after the payment of all liabilities. Any surplus remaining after the settlement of debts shall be distributed among the members in proportion to their shareholding, subject to approval by the General Meeting.