

RULES OF HONORARY MEMBERSHIP **KOPERASI AMANAH PELABURAN BERHAD**



Proposed by:

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For:

Approved in the Annual General Meeting 2020
Koperasi Amanah Pelaburan Berhad

Dated: 19th September 2020

Introduction:

These rules may be cited as Rules of Honorary Membership (“**the Rules**”) which are intended to outline the rules, rights, liabilities, obligations and regulations relating to the Honorary Members who contribute to the Honorary Members’ Fund.

Objective:

To extend cooperative membership opportunities to individuals, entities, companies, businesses and other cooperatives as well as foundations to jointly safeguard the business and profits of this cooperative through the concept of honorary membership as well as extending this opportunity to any individuals and entities that are not eligible under the Cooperatives Act to contribute and yield profit together.

Reference Method:

Koperasi Kemuncak Niaga Berhad Honorary Membership Rules dated 21st January, 2020, which cross-referenced studies below:

- a) Review of the Cooperatives Act 1993, Cooperatives Regulations, Guidelines and proposed amendments to the Bill for the Cooperatives Act 1993.
- b) Review of Dubai Union Coop By-Laws and Dubai Cooperative Development Authority regulations.
- c) A study under the Maharashtra Co-operative Societies Act 1960 on the definition and application of Honorary Members under it.
- d) A study of the Guidelines issued by the International Cooperatives Alliance on Honorary Members and the rights of Honorary Members.
- e) A study of analysis and statistical data on Co-operative Housing Societies and Co-operative Housing International on Honorary Members as well as their involvement in the context of corporate governance, risk control and cooperative internal control.

Cooperative Governance Control:

1. Establishment of Honorary Membership Committee (“**AMC**”) to ensure control of the admission of Honorary Members, limitations of Honorary Members contributions, rights and liabilities of Honorary Members and joint communication network.
2. The AMC shall consist of 3 Representatives from the Board of Cooperatives (“**BOC**”) who must be represented by the Secretary, 2 persons nominated by the Honorary Members and 1 person from the Internal Audit Committee or the Cooperative Members’ Committee.
3. The jurisdiction of the AMC is confined to the welfare and conduct of the Honorary Members and every decision of this special committee must be presented and approved at the BOC Meeting.
4. The Honorary Members’ Fund will be operating on this date, and the use of the fund must obtain the approval of the AMC and be presented at the BOC Meeting.
5. 2% of the Honorary Members’ Fund should be reserved and not be used for any purpose and shall be in proportionate to the statutory reserve fund and it shall be kept at the cooperative level via fixed deposits or current savings in any banking institution in Malaysia.
6. The Lock-in Period for the members to withdraw from the Honorary Members’ Fund is 2 years.
7. Honorary Membership Register should be recorded in the same manner as the Cooperative Membership Register and should be kept properly in the Cooperative Office and should always be reviewed and updated by the AMC.
8. Any changes and amendments to the Rules, must be updated and presented at the earliest Annual General Meeting of the Cooperative, which must first be proposed by the AMC and then approved at the BOC Meeting.
9. The distribution of dividends for Honorary Members should be different from the distribution of dividends for the cooperative ordinary members based on the use and profit from the Honorary Members’ Fund.

Definition:

"Honorary Member" includes individual or business entity, cooperative, company, corporation, institution accepted as a contributor in a cooperative through an honorary membership that is only eligible to receive dividend returns, attend and speak at the General Meeting of the Cooperative at Territorial/Zone level only. An Honorary Member does not have the privilege of ordinary cooperative member and shall comply with and are subjected to cooperative by-laws and the Rules approved and in force from time to time.

Eligibility of an Honorary Member:

To be eligible as an Honorary Member, a cooperative, an individual or business entity must be:

- a) Citizen or Non-Citizen who is eligible to do business in Malaysia;
- b) Contributes shares in the Cooperative Honorary Members' fund for a minimum of RM50,000, with an aggregate amount of RM10,000 for each addition and withdrawal, for each honorary membership;
- c) Produces a Letter of Undertaking to the Cooperative regarding the rights as an Honorary Member as well as the liability as an Honorary Member;
- d) Has not been convicted for a registrable offence of which is still in force, or has been removed from the membership of any cooperative within one year; and,
- e) Agrees with the Cooperative that the shareholding contribution should be placed in the Cooperative and shall remain at least for a period of 2 years from the admission date of their honorary membership.

Disqualification as an Honorary Member:

An Honorary Member is disqualified as an Honorary Member if:

- a) Not eligible to do business in Malaysia;
- b) In violation of Letter of Undertaking entered into with the Cooperative;
- c) Ceased or removed as an Honorary Member;
- d) The shareholdings of Honorary Member is less than the minimum contribution of RM50,000.00;
- e) Violates the principles and pledges as an Honorary Member of the Cooperative;
- f) Acts in such a way that could be detrimental to the interests of the Cooperative; and,
- g) Anything deems reasonable by the BOC through the AMC.

Rights and Obligations of an Honorary Member:

An Honorary Member, shall at all times, have the following rights and obligations:-

Rights:

- a) Liability is limited to the number of shares contributed;
- b) The distribution of dividend is limited to the number of shares contributed in the last period of the current financial year, if less, the distribution on an annual pro-rated basis;
- c) The right to be present and to speak at the Annual General Meeting of the Cooperative, subject to the scope of Honorary Membership, use of the funds of Honorary Members and any business arising with the Cooperative;
- d) To attend and present business projects at the level of the AMC and, if invited, the BOC's Meeting;
- e) Business priority is given by the cooperative before offering to the public;
- f) Allowed to use the Cooperative infrastructure and facilities subject to the approval of the BOC;
- g) Have access to the Financial Management, Expenditure and Minutes of Meetings Report which is limited to and within the scope of the Honorary Members' Fund and authorised by the BOC;
- h) Conduct and carry on business with the Cooperative's business associates or enter into joint ventures with cooperative's business associates, subject to written consent of the BOC.

Obligations:

- a) Maintains the good name and interest of the Cooperative at all times;
- b) Complies with the provisions of the Cooperative By-Laws and the Rules;
- c) Ensures that responsibilities towards the Cooperative are met;
- d) Prohibited from using the name of the Cooperative in any representation;
- e) Gives priority to the Cooperative in any business ventures; and,
- f) Complies with the undertaking and pledge as an Honorary Member of the Cooperative.

For more information, feel free to contact us at 603 - 2711 0050.