



INDEPENDENT LUBRICANT MANUFACTURERS ASSOCIATION

BYLAWS

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**BYLAWS OF THE
INDEPENDENT LUBRICANT MANUFACTURERS ASSOCIATION**

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**BYLAWS OF THE
INDEPENDENT LUBRICANT MANUFACTURERS ASSOCIATION**

**ARTICLE I
NAME**

The name of this organization is the INDEPENDENT LUBRICANT MANUFACTURERS ASSOCIATION (the Association), a nonprofit corporation organized under the laws of the District of Columbia.

**ARTICLE II
PURPOSES**

The purposes of the Association are to promote and protect the interests and image of, and facilitate the development, exchange and dissemination of information beneficial to the independent lubricant manufacturing industry consistent with the laws of the United States.

**ARTICLE III
PRINCIPAL PLACE OF BUSINESS**

The principal place of business of the Association shall be the Commonwealth of Virginia or such other location in the United States as the Board of Directors shall designate.

**ARTICLE IV
MEMBERSHIP**

Section 1. Classes of Membership

(a) Manufacturing Member. Any firm, partnership, corporation, limited liability corporation, or other organization which:

- (1) Derives at least fifty percent (50%) of net sales from manufacturing (compounding and blending) lubricants North America, and

(2) Is not owned in any amount or percentage by an entity which produces lubricant base stocks for resale by refining, re-refining, reprocessing, recycling, or otherwise reclaiming used oil, and

(3) Is not owned in any amount by an entity considered to be either a major oil or chemical company with a national or international scope shall be eligible for Manufacturing Membership in the Association.

(4) A Manufacturing Member in good standing as of [INSERT NEW DATE], shall not have its membership status affected as a result any changes to its status under Section 1(a)(1) to this Article, provided it remains a member in good standing of the Association.

(b) Supplier Member - Products. Any firm, partnership, corporation, limited liability corporation or other organization which supports the objectives of the Association and which supplies raw materials, packaging, manufacturing equipment, packaging equipment or other goods or products used or resold by Manufacturing Members of ILMA shall be eligible for Supplier Membership-Products in the Association. Supplier Members-Products shall have rights and privileges as may be conferred by the Board of Directors. Such rights and privileges shall not include representation on the Board of Directors nor the right to vote in annual or special meetings of the Association.

(c) Supplier Member - Services. Any firm, partnership, corporation, limited liability corporation or other organization which supports the objectives of the Association and which provides services, not products used or resold, to Manufacturing Members of ILMA shall be eligible for Supplier Membership-Services in the Association. Supplier Members-Services shall

have rights and privileges as may be conferred by the Board of Directors. Such rights and privileges shall not include representation on the Board of Directors nor the right to vote in annual or special meetings of the Association.

(d) Distributor Member. Any firm, partnership, corporation, limited liability corporation or other organization which:

(1) Markets or manufactures lubricants, but does not meet the ILMA Manufacturing Member requirements, and

(2) Owns and operates a lubricant storage facility while maintaining a finished product inventory or utilizes a toll blender to secure these services shall be eligible for Marketing Membership in the Association. Marketing Members shall have rights and privileges as may be conferred by the Board of Directors. Such rights and privileges shall not include representation on the Board of Directors nor the right to vote in annual or special meetings of the Association.

(e) International Member. Any firm, partnership, corporation, limited liability corporation or other organization which:

(1) Derives fifty percent (50%) or more of net sales from manufacturing (compounding and blending) lubricants outside North American, and

(2) Does not produce lubricant base stocks for resale by refining crude oil or by re-refining, reprocessing, recycling or otherwise reclaiming used oil, and

(3) Is not owned in any amount or percentage by an entity considered to be either a major oil or chemical company with a national or international scope shall be eligible for International Membership in the Association. International Members shall

have rights and privileges as may be conferred by the Board of Directors. Such rights and privileges shall not include representation on the Board of Directors nor the right to vote in annual or special meetings of the Association.

(f) Honorary Membership. Honorary Membership in the Association may be conferred on a person upon his or her retirement from active participation in the lubricants industry by a majority vote of the Board of Directors. Honorary Members shall have rights and privileges as may be conferred by the Board of Directors. Such rights and privileges shall not include representation on the Board of Directors nor the right to vote in annual or special meetings of the Association.

(g) Affiliate Membership. The Board of Directors may establish one or more classes of membership appropriate for divisions, subsidiaries or other affiliates of Manufacturing Members. Such sub-classes of Manufacturing Membership shall have rights and privileges as may be conferred by the Board of Directors. Such rights and privileges shall not include representation on the Board of Directors nor the right to vote in annual or special meetings of the Association.

Section 2. Admission, Requalification, Non-Assignment, Sanctions and Resignation

(a) Application and Admission. Application for membership shall be made to the Chief Executive Officer of the Association, who shall submit each application to the Board of Directors. Applicants shall demonstrate that they meet the criteria for membership set forth in Section 1, above, and affirm their adherence to the Association's Code of Ethics following the application policies and procedures established from time to time by the Board of Directors. Such policies and procedures may include the requirement that the applicant provide one or more references from existing members of the Association. Applicants for membership must provide any documentation

reasonably requested by the Association to evaluate their applications and to demonstrate that they have been in business for at least one (1) year. Further, if there is sufficient basis to believe that the applicant or its products do not reasonably comport with the Association's Code of Ethics, then the application may be held in suspense until the concerns are addressed satisfactorily by the applicants or its products are tested in accordance with the Association's Code of Ethics. The Board of Directors shall grant membership to an applicant if, in the judgment of a majority of the Directors, the applicant meets the criteria for membership set forth in Section 1 of this Article IV. Any dispute concerning the proper membership classification of an applicant shall be resolved by the Board of Directors.

(b) Requalification. The Board of Directors may establish membership requalification policies and procedures under which members can demonstrate that they continue to meet the criteria for membership set forth in Section 1 of this Article IV. A member must provide any documentation reasonably requested by the Association to evaluate whether it continues to meet the criteria for its membership classification. Any dispute concerning the proper membership classification of a member shall be resolved by the Board of Directors.

(c) Non-Assignment. Neither membership in the Association nor any rights in membership may be assigned for value or otherwise, unless approved in writing by a majority of the Board of Directors

(d) Sanctions Against Members.

(1) Non-Payment of Dues. Any member which fails to pay the annual dues prescribed by the Board of Directors according to Article X of these Bylaws shall forfeit all rights and privileges of membership.

(2) For Cause. Any member, for reasons other than non-payment of dues or a violation of the Association's Code of Ethics, may, upon a two-thirds vote of the Board of Directors, be suspended or expelled from membership; provided, however, that no such action shall be taken until such member has been provided twenty (20) days notice (written or electronic) and an opportunity for a hearing before the Board of Directors, at a time and place acceptable to the Board. Cause of suspension or expulsion under this paragraph (2) includes violation of any Bylaw of the Association or of any rules lawfully made by or under the authority of the Board of Directors, or conduct prejudicial to the best interest of the members of the Association.

(3) Violation of the Code of Ethics. The provisions and procedures of the Association's Code of Ethics, adopted on April 12, 1984 (and as may be amended), and applicable to all members, govern all activities to which the Code's terms apply and shall supersede paragraphs (1) and (2) of this subsection (c) to that extent.

(e) Resignation. A member may resign from the Association at any time by written notification to the Chief Executive Officer and by payment in full of all outstanding dues or other obligations to the Association, including those for the current fiscal year.

ARTICLE V

MEETINGS OF THE MEMBERSHIP

Section 1. Annual Meeting. An annual meeting of the members of the Association shall be held at a time and place selected by the Board of Directors. At such annual meeting, the Manufacturing Members shall hear the reports of the Officers and transact such other business as may properly come before the membership. Each Manufacturing Member shall designate one

individual who shall serve as the Manufacturing Member's voting representative at the annual meeting.

Section 2. Special Meetings. Special meetings of the Association may be called upon the request of the President or any member of the Board of Directors with the approval of a majority of the Board of Directors. Each Manufacturing Member shall designate one individual who shall serve as the Manufacturing Member's voting representative at the special meeting.

Section 3. Notice. The Chief Executive Officer shall send written notice of the time and place of the annual meeting to each member of the Association at least thirty (30) days prior to such meeting. In the case of special meetings, such written notice shall be sent at least ten (10) days prior to such meeting and shall include the time, place and purpose of the meeting.

Section 4. Quorum and Voting. The presence or representation by proxy of a majority of the Manufacturing Members shall constitute a quorum for the transaction of business at any meeting of the membership. If a quorum exists, a majority of those Manufacturing Members present or represented by proxy shall decide any question before the membership, unless an express provision of law, the Articles of Incorporation or these Bylaws provides for a different vote, in which case such express provision shall govern. Only Manufacturing Members are entitled to vote in elections or at annual or special meetings of the membership. Each Manufacturing Member shall have one vote.

Section 5. Proxies. Each Manufacturing Member may authorize another person to vote for such member by proxy. Such authorization shall be in writing and signed by the Manufacturing Member and shall be filed with the Association.

ARTICLE VI
BOARD OF DIRECTORS

Section 1. Duties. The Board of Directors shall exercise general management and control overall property and affairs of the Association, and shall exercise all the powers of the Association except such as are conferred upon the members by law, the Articles of Incorporation, or these Bylaws. Without limiting the generality of the foregoing, the Board of Directors shall have full power, subject to the provisions of these Bylaws, to elect and fix the duties and compensation of all Officers, employees and representatives of the Association.

Section 2. Number, Term, Term Limit, Vacancies, Resignation and Removal.

(a) Number of Directors. The Association shall be managed by a Board of Directors comprised of no fewer than fifteen (15) and no more than eighteen (18) Directors, as may be determined from time to time by resolution of the Board of Directors; provided, a Director's term may not be shortened by a reduction in the size of the Board of Directors. Directors shall be elected from representatives of Manufacturing Members. All Directors shall have identical rights and responsibilities. Each Director shall have one (1) vote.

(b) Term and Term Limit.

(1) Each Director shall serve a staggered term of three (3) years, with approximately one-third of Directors being elected annually by the Manufacturing Members. A full three-year term shall be considered to have been served upon the passage of three (3) Annual Meetings. Directors shall take office immediately following the close of the Annual Meeting after their election. Directors may be elected to shorter terms in order to maintain the desired staggering of terms for continuity and experience, and such shorter term shall not be counted against the term limits in this section.

(2) Except as provided in this section, a Director may be elected to serve two (2) consecutive three (3) year terms; provided, however, this limitation shall not apply to (A) a Director who, at the end of the second three (3) year term, is serving as an Officer or as a member of the Executive Committee; or, (B) the unexpired portion of the an original Director's term being fulfilled by a newly-elected Director.

(3) A Director who rotates off the Board of Directors may be considered eligible by the Nominating Committee to be a candidate for election to the Board of Directors following one (1) year of not serving on the Board of Directors. The Board of Directors has the authority to waive the foregoing term limit due to extenuating circumstances to ensure the effective governance of the Association. A two-thirds majority vote of the Board of Directors is required to extend any Director's term beyond those described in this section.

(c) Vacancies. In the event a vacancy occurs on the Board of Directors for any reason, including a vacancy resulting from enlargement of the Board of Directors, such vacancy shall be filled in a special election by Manufacturing Members. Each Manufacturing Member

may cast a number of votes equal to the number of vacancies to be filled. However, no Manufacturing Member may cast more than one vote for any one nominee. The Nominee(s) receiving the highest number of votes shall fill the vacancy(ies) and shall serve until the completion of the unexpired term(s).

(d) Election.

(1) At least sixty (60) days prior to the annual meeting, the Nominating Committee shall prepare and submit to the Chief Executive Officer a list of Manufacturing Members nominated by the Committee for election to fill the expired terms of Directors. At least forty-five (45) days prior to any special election called to fill any vacancy(ies) on the Board of Directors, the Nominating Committee shall prepare and submit to the Chief Executive Officer the Committee's nominee(s) for election at such special election.

(2) Each Manufacturing Member may submit to the Chief Executive Officer a list of nominees for election as Directors. Such nominations must be received by the Chief Executive Officer at least sixty (60) days prior to the annual meeting and at least forty-five (45) days prior to any special election of Directors. The number of nominations which a Manufacturing Member may submit shall not exceed the number of Directors to be elected.

(3) The Chief Executive Officer shall mail ballots to each Manufacturing Member with the names of the nominees presented by the Nominating Committee and any Manufacturing Member not less than forty-five (days) prior to the annual meeting or not less than thirty days (30) prior to any special election, specifying that the electronic

ballot must be returned no later than fifteen (15) days before the annual meeting or the date of any special election. The mailed ballot shall include a provision for write-in votes. In the event of the necessity of run-off elections, these shall take place as soon as feasible.

(4) Each Manufacturing Member may cast a total of votes equal to the number of Directors to be elected; provided, no Manufacturing Member may cast more than one vote for any one nominee. The nominees receiving the highest number of votes shall be elected to the Board of Directors.

(5) For purposes of this Section, “mail” shall mean by either postal services or electronic mail, as determined by the Board of Directors, which shall take or direct appropriate steps to ensure the integrity of the balloting process, including the authorization of the Manufacturing Member in the case of balloting by electronic mail.

(e) Resignation. A Director may resign at any time by submitting a letter of resignation to the Board of Directors. Such resignation shall take effect immediately unless stated otherwise in the letter of resignation.

(f) Removal. A Director may be suspended or removed from office for good cause upon a two-thirds vote of the Board of Directors; provided, however, that the Director is provided twenty (20) days written or electronic notice and an opportunity for a hearing before the Board of Directors.

Section 3. Meetings. The Board of Directors shall meet immediately following the annual meeting of the Association and at such other times and places as the Board of Directors shall designate. Ten (10) days written notice shall be provided for all Board of Directors meetings, unless waived in writing by each member of the Board of Directors. The Board of Directors may meet by means of telephone conference or any similar communications technique.

Section 4. Quorum and Voting. A majority of members of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors. If a quorum exists, any matter before the Board of Directors shall be decided by a majority of the Directors present, unless an express provision of law, the Articles of Incorporation, or these Bylaws provides for a different vote, in which case said express provision shall govern.

ARTICLE VII **OFFICERS**

Section 1. Selection and Tenure. The Officers of the Association shall be a President, a Vice President, a Treasurer, and a Secretary. Officers shall be elected from members of the Board of Directors. Officers shall be elected by majority vote of the Board of Directors at the annual meeting. Officers shall serve one (1) year terms or until their successors are elected and qualified. No person may hold two or more offices concurrently.

Section 2. The President. The President of the Association shall preside at all meetings of the Board of Directors, the Executive Committee, and the membership; and shall perform such other duties that are incident to the chair of the Board of Directors. The President shall appoint, with the approval of the Board of Directors, an Executive Committee, a Nominating Committee and such other committees as the Board of Directors deems necessary to further the purposes of the Association. The President shall be an ex officio member of all committees of the Association.

Section 3. The Vice President. The Vice President shall, in the absence or disability of the President, perform the duties of the President, and shall perform such other duties as may be assigned by the Board of Directors.

Section 4. The Treasurer. The Treasurer shall be the chief financial and accounting officer of the Association. The Treasurer shall (a) have responsibility for the care and custody of all funds of the Association; (b) prepare or cause to be prepared a detailed annual budget of the Association for presentation to the Board of Directors at the annual meeting; (c) maintain complete and accurate financial records of the Association; and (d) perform such other duties as may be assigned by the Board of Directors. The Treasurer shall ensure that the financial statements of the Association are audited annually by an independent certified public accountant approved by the Board of Directors and shall submit the audited financial statements to the Board of Directors in a timely manner.

Section 5. The Secretary. The Secretary shall (a) keep the minutes of the meetings of the Board of Directors; (b) be custodian of the Association's records; (c) shall perform the usual duties incident to the office of Secretary; and (d) shall perform such other duties as may be assigned by the Board of Directors.

Section 6. Vacancies. A vacancy in any office shall be filled for the remainder of the unexpired term by a majority vote of the Board of Directors.

Section 7. Removal. Any Officer may be suspended or removed from office for good cause, upon a two-thirds vote of the Board of Directors; provided, however, that the Officer is provided twenty (20) days written or electronic notice and an opportunity for a hearing before the Board of Directors.

Section 8. Resignation. Any Officer may resign from office by submitting a letter of resignation to the Board of Directors. Such resignation shall be effective immediately unless stated otherwise in the letter of resignation.

ARTICLE VIII **CHIEF EXECUTIVE OFFICER**

The Board of Directors shall appoint a Chief Executive Officer who shall (1) have responsibility for general and active management of the staff and operations of the Association; (2) ensure that all directives of the Board of Directors, the Executive Committee and the President are implemented; and (3) exercise such other functions as may be assigned by the Board of Directors. The Chief Executive Officer shall attend all meetings of the Board of Directors, the Executive Committee, and such other committees of the Association as the Board of Directors shall determine.

ARTICLE IX **INDEMNIFICATION AND BONDING**

Section 1. Indemnification. The Association shall indemnify present and former Officers, Directors, Chief Executive Officers and staff members against all expenses, costs, or liabilities incurred in connection with the defense of any action, suit or proceeding by reason of

being an Officer, Director, Chief Executive Officer or staff member of the Association; except that such indemnification shall not apply to any matter as to which such Officer, Director, Chief Executive Officer or staff member shall be judged in such action, suit or proceeding to be liable for gross negligence or misconduct in the performance of duty and to any matter as shall be settled by agreement predicated on the existence of such liability for negligence or misconduct.

Section 2. Fidelity Bond. Employees of the Association and others as deemed appropriate shall furnish, at the expense of the Association, a fidelity bond in such a sum as the Board of Directors shall prescribe.

ARTICLE X **INITIATION FEES AND DUES**

The Board of Directors shall establish a membership initiation fee, which shall be paid within ten (10) days of an applicant's acceptance for membership; and annual membership dues, which shall be paid by January 1st of the calendar year to which the dues apply.

The initiation fee and the annual dues need not be uniform for all members, and may be based on such factors, standards or classifications as the Board of Directors deems equitable and appropriate. Any member joining the Association on or before June 30th of a calendar year shall pay a full year's dues for that calendar year. Any member joining the Association on or after July 1st of a calendar year shall pay one-half year's dues for that calendar year.

ARTICLE XI **COMMITTEES**

Section 1. Executive Committee

(a) Appointment. Immediately after election of Officers at the annual meeting, the President shall appoint, with the approval of the Board of Directors, an Executive Committee composed of seven (7) members of the Board of Directors, four of whom shall be the President, the Vice President, the Treasurer, and the Secretary. The President shall serve as Chairman of the Executive Committee. Members of the Executive Committee shall serve until the next annual meeting of the Association.

(b) Authority. The Executive Committee shall have authority during intervals between meetings of the Board of Directors to exercise any powers of the Board of Directors except that actions of the Executive Committee shall be subject to ratification and approval by the Board of Directors at its next meeting.

(c) Quorum and Voting. Four (4) members of the Executive Committee shall constitute a quorum for the transaction of business. The Executive Committee may act upon the affirmative vote of a majority of the Executive Committee members present at an Executive Committee meeting.

(d) Notice. A meeting of the Executive Committee may be called by the President at any time upon five (5) days written notice to the members of the Executive Committee unless such notice is waived in writing by each member of the Executive Committee. The Executive Committee may conduct a meeting by telephone conference or any similar communications technique.

Section 2. Nominating Committee

(a) Appointment. The President shall appoint a Nominating Committee of not less than three (3) nor more than five (5) members of the Board of Directors.

(b) Nomination of Directors. The Nominating Committee shall prepare and shall submit to the Executive Director a list of Manufacturing Members nominated by the Committee for election to fill the expired terms of Directors or vacancies as set forth in Article VI, Section 2 of these bylaws.

(e) Nomination of Officers. Following the election of the Board of Directors and at the annual meeting, the Nominating Committee shall submit to the Board of Directors the Committee's nominations for the offices of President, Vice President, Treasurer, and Secretary.

Section 3. Other Committees. The President, with the approval of the Board of Directors, may create such other committees as may be necessary or advisable to further the purposes of the Association. Such other committees shall have such powers as may lawfully be granted to them by the Board of Directors.

Section 4. Vacancies. A vacancy on any standing committee of the Association may be filled by appointment of the President, with the approval of the Board of Directors. Persons appointed under this section shall serve until the next annual meeting.

ARTICLE XII **FISCAL YEAR**

The fiscal year of the Association shall begin January 1st and terminate with the close of business on December 31st of each calendar year.

ARTICLE XIII **AMENDMENT. ALTERATION. OR REPEAL OF THE BYLAWS**

These Bylaws may be amended, altered, or repealed by two-thirds vote of all Manufacturing Members at any annual or special meeting of the membership, or by mail ballot. Members shall be provided thirty (30) days written notice setting forth the proposed amendment, alteration or repeal and the purpose or purposes therefore. For purposes of this Article, “mail” shall mean by either postal services or electronic mail, as determined by the Board of Directors, which shall take or direct appropriate steps to ensure the integrity of the balloting process, including the authorization of the Manufacturing Member in the case of balloting by electronic mail

ARTICLE XIV **ARBITRATION**

Any dispute arising under or relating to these Bylaws shall be settled by arbitration in accordance with the laws of the District of Columbia and the rules of the American Arbitration Association.

ARTICLE XV **NOTICE**

“Written notice” as used in these bylaws shall be deemed to be any written, printed, facsimiled or electronic communication (e-mail) created by any member of the corporation for purposes of communicating notices, consents or actions. If mailed, the notice shall be deemed to be delivered when deposited in the United States mail addressed to the member at its address as it appears on the records of the Association, with postage thereon prepaid. If electronically delivered, the notice shall be deemed to be delivered when successfully transmitted to the member at the last known e-mail address recorded in the records of the Association. If facsimiled, the notice shall be deemed to be delivered when successfully transmitted to the member at the last known facsimile phone number recorded in the records of the Association.