

LOW CARBON GORDANO – POLICY

1: TITLE:

Share Withdrawal Policy

2: AIM:

To minimise the cost of capital by the LCG Board using its surplus cash to enable withdrawal of members' shares.

3: APPROACH:

3:1 The introduction of a new Open Share Offer policy introduces the idea of share movement - the net balance of capital raised through the purchase of new shares against the amount repaid through shares withdrawn

3:2 The LCG Board will decide the range of share movement for the current financial year and thus how much cash is available for share withdrawals, usually at its May Board meeting

3:3 This is usually the same time as the board agrees a proposed interest rate payable on shares held during financial year that has just completed and also a proposed allocation to the Community Benefit Fund

3:4 The LCG Board will also set a minimum and maximum debt to equity ratio for the coming year at the same meeting in order to manage alternative finance via bank loans/bond issues

3:5 In determining the amount available for share withdrawals, the LCG Board will also take into account the capital requirements of any new projects in the pipeline

3:6 The amount finally approved (a minimum to maximum range) as available for the share movement will be communicated to all members at the AGM and LCG will then match the withdrawal requests received during the year against the sum available

3:7 LCG will not force members to withdraw shares – this is proscribed under governance legislation. LCG may however encourage members by highlighting the negative impact on future interest rates if the capital is not repaid (share dilution)

3:8 Special consideration will be given during the year to requests for withdrawal in the event of the death of a member or in cases of hardship

3:9 This policy complies with the Co-operative & Community Benefit Societies Act 2014, the guidance on share withdrawal set out in the FCA's FG15/12 Guidance and with the Primary Rules of LCG.

4: DEPLOYMENT

4:1 The LCG Board will, usually at the May Board meeting, set:

- an annual target range for the share movement;
- the interest rate payable on shares held during the previous financial year;
- the Community Benefit Fund allocation;
- alternative capital finance;
- capital requirements of the new project pipeline

4:2 The working assumption is that all available cash beyond the agreed working cash float (reviewed annually) will be used to repay members' share capital

4:3 This target range for share movement will be announced after the May Board meeting, or later meeting if appropriate, along with the interest rate payable on shares held in the preceding financial year and usually paid in November. The Community Benefit Fund allocation is to be proposed to members at the AGM and to be paid in the following financial year.

4:4 All Share withdrawal requests received by the Society Secretary shall be noted in order of the date received to be considered for approval, usually at the November Board meeting. Once agreed, the LCG Board will notify all members via newsletter of the share movement target range, the amount of share withdrawal requests received to date and ask members wishing to apply to withdraw shares to respond to the LCG Society Secretary by a given deadline, usually end October, making it clear that this is the annual deadline to apply to withdraw shares. This initial request is to come direct to LCG Society Secretary

4:5 Following the deadline, the LCG Board will review all withdrawal requests received against the set target range, usually at the November Board meeting

- If the aggregated withdrawal requests are less than the maximum target sum available, the LCG Board will:
 - repay the applicant members in full
 - inform all members of the shortfall and any likely impact on future interest rates
 - consider how the excess cash can be most effectively used
- If the aggregated withdrawal requests are more than the maximum target sum available, the LCG Board will:
 - in the first instance, consider the viability of increasing the cash sum available to meet the demand through other sources of finance so that applicant members might receive the full amount of their withdrawal request
 - decide that a shortfall of cash to meet the demand is unavoidable and repay the withdrawal requests in full in date received order. In order to settle the outstanding balance of withdrawal requests, these applicant members will be given priority, again in date received order, should more cash become available through an Open Share Offer or, failing this, in the following year's process

4:6 In addition to this annual withdrawal request process, the LCG Board will give special consideration to requests for withdrawal in relation to

- **settling the estate of a member following their death**

LCG will resolve this with reference to the member's probate. The beneficiary (or beneficiaries) may choose to

- Donate the value of the shares to the society
- Receive the value of shares
 - If the beneficiary (or beneficiaries) is already a member of LCG, the maximum shareholding rule still applies and if it is exceeded, any excess should either be paid in cash or converted into a loan the terms of which can be agreed between the society and the member(s)
 - If the beneficiary (or beneficiaries) is not already a member of LCG, they will need to complete a member application form, the maximum shareholding rule still applies and if it is exceeded, any excess should be paid in cash or converted into a loan the terms of which can be agreed between the society and the new member(s)
- Request to withdraw the value of the shares
- At that point, the Board should uphold that request, if possible, on ensuring it is in the best interests of the society and the society is not at risk of insolvency.

- **bankruptcy**

- Upon a claim being made by the trustee in bankruptcy of a Member who is bankrupt; or the Office Holder to any property in the Society belonging to such a Member, the Society shall transfer or pay property to which the Office Holder or the trustee in bankruptcy of a Member who is bankrupt has become entitled as the Office Holder personal representative of a deceased Member or the trustee in bankruptcy of a Member who is bankrupt may direct them.

- **cases of hardship**

- provided the annual maximum withdrawal target has not been met, the LCG Board consider such requests on a hardship basis of first come first served basis. Approval will then be considered on merit or held and considered within the usual approval timeframe, the November Board meeting.
- once the maximum withdrawal target has been met, the LCG Board will inform applicant members that they will be given priority should more cash become available through an Open Share Offer or, failing this, in the following year's process

4:7 The LCG Society Secretary will notify:

- applicant members of the LCG Board decision and, where withdrawals have been approved, provide the relevant share withdrawal forms to be returned direct to the share registry along with the original share certificate(s)
- the share registry by way of emailed extract minutes authorising the share withdrawals, as appropriate

4:8 On receipt of the completed share withdrawal forms and original share certificate(s), the share registry will complete due diligence checks including the extract minutes authorisation and will instruct LCG to make the payments. The details of the bank account, into which the payment should be made, will be provided on the withdrawal form

4:9 The share registry will issue replacement share certificates to the members where appropriate.

4:10 Members will be paid interest on shares up to the date that they are withdrawn. This will be paid on the annual interest on shares payment cycle, usually the November following the end of the financial year in which shares were withdrawn.

5: REVIEW

5:1 This policy will be amended as necessary in the light of experience or following feedback in order to improve practice

5:2 Any changes to this policy must be approved by the LCG Board

Agreed at LCG Board on 16 May 2026