

## **What is the Member Share Issuance and Redemption Policy about?**

OIKOCREDIT, Ecumenical Development Cooperative Society U.A. (**the Cooperative**) has updated its member share issuance and redemption process. As a result, the Cooperative will now issue and redeem shares once a month, on the same date across its entire network.

This new approach improves the Cooperative's liquidity management while ensuring the uniform treatment of all members' issuance and redemption requests.

Members will also benefit from a clear and uniform timeframe for when the Cooperative will issue and redeem shares to members, and when members can subsequently issue and redeem "local shares" (e.g. participations, trust or depository receipts) to investors.

## **Why has the Member Share Issuance and Redemption Policy been updated?**

Through its support associations, the Cooperative has investors in many countries, each with a unique market and investor profiles. An essential part of the Cooperative's success to date has been the commitment of its investors in these markets, served by dedicated local support associations next to the Cooperative itself.

Over time, these local support associations have developed different ways of issuing and redeeming "local shares" (e.g. participations, trust or depository receipts) to suit their markets. This has been a successful approach so far and the Cooperative has never had to delay the payment of redemption requests.

However, the Cooperative needs to ensure that in the event of an unusually high number of redemption requests, investors across all the Cooperative's markets can be confident about the equal treatment of their redemption requests.

As the Cooperative's network and number of investors have grown significantly, it has become increasingly difficult to communicate its redemption process in a uniform and transparent way. The Cooperative has therefore decided to improve the process, to ensure that all investors continue to be treated on an equal footing and are subject to the same transparent processing timeframes, given that the underlying product (Oikocredit shares) is the same in all cases.

This fits in with the Cooperative's continuous efforts to improve and better align its services across its network.

## **Will the way members purchase or redeem the Cooperative's shares change?**

The opportunity to purchase and redeem the Cooperative's shares will remain the same. As a member, you will still be able to send additional subscription requests, transfer funds to the Cooperative to purchase shares at any time, and send redemption requests at any time. However, going forward the Cooperative will only issue and redeem shares once a month.

The Cooperative will review issuance and redemption requests for each calendar month on the fifth business day of the following month. On this day, the Managing Board will also decide whether the Cooperative will honour or not honour (i.e. temporarily suspend) the issuance and redemption requests.

Under normal circumstances, the Cooperative will issue and redeem shares to members on the sixth working day of the month, with a value date assigned to the first calendar day of the same month. (For other scenarios, please refer to questions *can the Cooperative decide not to honour a member's redemption request?* and *can the Cooperative decide not to issue shares?*)

### **Will this affect the accrual of any dividend?**

If the Annual General Meeting decided that there will be a dividend, dividend will accrue on issued shares from the first calendar day of the month in which the Cooperative took a decision applicable to these shares. You will accrue the dividend on redeemed shares until the last calendar day of the month prior to the month in which the Cooperative took a decision applicable to these requests.

For example:

- On 17 April, you request shares to be issued. On 5 May, the Cooperative takes a decision to issue these shares. Your shares will be registered with a value date of 1 May.
- On 7 April, you request shares to be redeemed. On 5 May, the Cooperative takes a decision to honour this request. Your shares accrue dividend until 30 April.

An exception is if the Cooperative decides not to honour issuance and redemption requests (see question: *can the Cooperative decide not to honour a member's redemption request?* and *can the Cooperative decide not to issue shares?*).

### **What if we change our mind about the purchase of the Cooperative's shares?**

If you change your mind about the purchase of shares, you can send written notice to the Cooperative ([oi.support@oikocredit.org](mailto:oi.support@oikocredit.org)) within 14 calendar days (midnight Central European Time) of confirmation of receipt of your funds by the Cooperative. In your written notice, you should include the member organisation's name, postal address and amount of the purchase request. The transferred amount will then be refunded, free of charge and interest, within 30 calendar days, to the bank account specified by you on the purchase request and your application for shares will be cancelled. If you already received your shares, they will be withdrawn.

### **Can the Cooperative decide not to honour a member's redemption request?**

While this is something the Cooperative currently does not expect to happen, it is specified in the Cooperative's Articles of Association that the Managing Board has the discretion to delay the honouring of redemption requests for up to five years.

The Member Share Issuance and Redemption Policy outlines the circumstances in which the Managing Board may decide to delay the honouring of redemption requests. For example, the Managing Board may do this if it believes honouring the redemption requests submitted in a particular month poses a risk to the ability of the Cooperative to meet its financial obligations.

Delaying the honouring of redemption requests is not something the Cooperative expects to do often – if ever – but the option to do so is an important part of the risk management of the Cooperative. In such event, it is the Managing Board's duty to undertake promptly all measures to restore conditions of solvency and healthy liquidity. Having this option helps ensure the Cooperative's continuity in general, and in particular its ability to honour requests from all the members over time.

### **Can the Cooperative decide not to issue shares?**

While this is something the Cooperative currently does not expect to happen, it is also specified in the Cooperative's Articles of Association that the Managing Board has the option to decide not to issue shares for a certain period.

To be fair to all members, the Cooperative will not issue any shares in a certain period if it has determined that it will not honour redemption requests in the respective period.

If share issuance has been paused, the Managing Board may decide to reopen it to members if this supports the continuity of the Cooperative. As is the case with the option to suspend redemptions temporarily, the Managing Board will be guided in its decision-making by the best interest of the Cooperative.

### **Where can I find more information on specific risks related to the Cooperative's shares?**

For more information on the specific risks related to the Cooperative's shares such as risk of delay in redemptions, risk that redemption of shares will be at a net asset value below the nominal value and dividend risk, please read the Cooperative's Prospectus.

### **Why is this change happening now?**

As part of the [strategy update](#), the Cooperative has been working to ensure its processes are as effective as possible. Its issuance and redemption process was identified as an area with opportunity to further improve alignment across the organisation. The Member Share Issuance and Redemption Policy was first approved in December 2019, and scheduled for implementation in 2020. This change is not related to the current situation of Covid-19.

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#### **Important note:**

These FAQs do not replace the Cooperative's Prospectus, hence, no rights can be derived solely from them. Members should review the Cooperative's Prospectus and most recent published financial statements when deciding whether or not to purchase any shares. Before making any investment decision (about a new or existing investment), each member (or prospective member) should consult its own financial, legal or tax advisers.