



MEMBER SHARE ISSUANCE AND REDEMPTION POLICY OIKOCREDIT, EDCS U.A.

1. Background

- 1.1. Pursuant to article 9 of the Articles of Association ("**AoA**") of OIKOCREDIT, Ecumenical Development Cooperative Society U.A. ("**Society**"), the Society may issue shares ("**Shares**") to its members as they are defined in article 5 of the AoA ("**Members**").
- 1.2. Members may request the Society to issue Shares to them ("**Issue Requests**"). While Shares are in principle continuously offered to Members, the Managing Board of the Society may decide to stop issuing Shares, and thus not always honour Issue Requests.
- 1.3. Pursuant to article 13 of the AoA, Shares shall be redeemed (i) if a Member has ceased to be a Member of the Society, not later than five (5) years after cessation of membership, and (ii) not later than five (5) years after the redemption request, without prejudice to what has been provided in article 10 of the AoA, without the Member ceasing to be a member of the Society (together referred to as "**Redemption Requests**").
- 1.4. The Managing Board may, respecting the five-year period of article 13, decide to honour or not to honour Redemption Requests.
- 1.5. The power of the Managing Board to issue or not to issue Shares and to honour or not to honour Redemption Requests is hereafter referred to as its "**Discretion**".
- 1.6. The exercise by the Managing Board of its Discretion is intended to protect the Society from an uncontrolled outflow of liquidity due to Redemption Requests. The Managing Board has a duty to ensure that the Society is able to meet its legal obligations to suppliers, personnel, project partners, and that all members are treated in accordance with the rights deriving from the Shares.

2. Purpose

- 2.1. This policy sets out the manner in which the Managing Board intends to exercise its Discretion. Its purpose is to establish a controlled process for issuance and redemption. Through such a process, it aims to enable the continuous accommodation of Redemption Requests in the future, to the extent possible, and compliance with applicable laws and regulations in the countries where investors are residing.
- 2.2. Recognising that Redemption Requests are the easiest way for Members to liquidate their investment in Shares, this Policy also seeks to provide clarity to Members on the procedure of Redemption Requests in order to achieve a clear, fair and equal treatment of all Redemption Requests under two scenarios: a normal, "business as usual" scenario, and a scenario where liquidity is under pressure and/or where there are concerns regarding the solvency.
- 2.3. In order for all Members to be treated equally, redemption and issuance of all Shares shall, to the extent possible, take place at the same moment in time, 12 times per calendar year, as set out in more detail below.
- 2.4. This policy also aims to give Members insight into possible measures in the event of adverse scenarios. A clear process that creates a level-playing field should as such help mitigate liquidity risk.

3. Scope

- 3.1. This policy only deals with Issue Requests and Redemption Requests by Members of the Society. Members are churches and church-related organisations, Support Associations (“**SAs**”) and other entities such as Oikocredit International Share Foundation and Oikocredit Nederland Fonds (“**Entities**”).
- 3.2. This policy does not deal with requests to issue and redeem the investment products of SAs and other entities by their own investors (“**Investors**”). The Investors’ requests are governed by the rules of the respective entities.
- 3.3. Within the boundaries of the AoA, the Managing Board decides whether the Society will issue and/or redeem Shares, and, if applicable, when such issuance and redemption will take place.
- 3.4. The Society shall publish and keep available the current policy at the Society’s intranet website (“**Oikoweb**”) and on the publicly accessible international website (“**Oikocredit.coop**”).

4. General monthly process for the redemption and issuance

- 4.1. All Redemption Requests made in the same calendar month (“**Redemption Monthly Batch**”) shall be treated as having been made on the last day of that month (“**Batch Month**”). Similarly, all Issue Requests made in the same calendar month shall be treated as having been made on the last day of that month (“**Issue Monthly Batch**”). Thus, for example, a redemption request made on 18 June is treated in the same way as a request made on 30 June.
- 4.2. All requests comprising a Redemption Monthly Batch shall be treated equally, i.e. irrespective of the sequence of filing, the amount or the reason for the request.
- 4.3. Members shall submit, and the Society shall only accept, the complete and gross Redemption and Issue Monthly Batches.
- 4.4. To accommodate the practical needs of SAs and Entities to put together their complete and gross Redemption and Issue Monthly Batches, and to provide for situations that may entail system failure, the Society’s deadline for receipt of the Redemption and Issue Monthly Batches is the third Working Day¹ of the month following the Batch Month (BOM+3). This means that the Redemption and Issue Requests gathered, for example, during the calendar month of June must be received by the Society no later than the third Working Day of July.
- 4.5. In exercising its Discretion, the Managing Board shall take into account the most recent Monthly Liquidity & Solvency Report (“**MLSR**”).² The MLSR shall be made available to the Managing Board on the fourth Working Day of the month following the Batch Month (BOM+4).
- 4.6. A meeting of the Society’s relevant in-house specialists shall be held to prepare a recommendation to the Managing Board (“**Monthly Issuance & Redemption Meeting**”). Ultimately on the fifth Working Day of the month following the Batch Month (BOM+5), the Managing Board shall, taking into account the recommendation of the Monthly Issuance &

¹ “Working Day” is Monday through Friday, excluding public holidays on which the Society’s offices in Amersfoort, the Netherlands, are closed. The list of such public holidays shall be made publicly available five weeks before the start of the calendar year in which they occur.

² The MLSR is an internal report of the Society describing the available liquidity of the Society, indicating whether the NAV per Share is above nominal value (thus assessing solvency) and making forecasts of the liquidity and NAV per Share for the next month and stress scenarios for the upcoming six-to-twelve months. It is prepared, in relevant part, following the receipt of all the Redemption and Issue Monthly Batches.

Redemption Meeting, decide whether or not to honour Issue and Redemption Requests made during the Batch Month.

- 4.7. On BOM+5, the Managing Board shall issue its decision and the decision shall take effect also on that day. The Society shall ensure that the Members can be informed of the decision.
- 4.8. In the event that a material change occurs between the decision of the Managing Board and moment of communication on BOM+5, the Managing Board shall re-assess its decision. For the purpose of the re-assessment of its decision, the Managing Board shall take into account the material event and consider whether it would be prudent to honour Redemption Requests and Issue Requests in the Batch Month concerned.
- 4.9. On the fifteenth calendar day of the month (BOM+15 calendar days), or the first working day following that date, the Issue Monthly Batch or Redemption Monthly Batch can be corrected, however only (i) as a result of a withdrawal of an Issue Request by an investor under the 14-day cooling off period³; or (ii) as a result of mistakes in the Issue or Redemption Monthly Batch due to administrative or technical failure by SAs or Entities.

5. Relevant considerations to inform the Managing Board's decision-making

- 5.1. In its recommendation to the Managing Board, the Monthly Issuance & Redemption Meeting shall in any event always take two aspects into account—**liquidity** and **solvency** of the Society. In addition, it may also take into account other factors that it may deem relevant.
- 5.2. Liquidity refers to the ease with which the Society can meet its financial obligations and facilitate Redemption Requests with the liquid assets available at any given point in time. The main indicator is the Society's liquidity ratio which under the Managing Board's current policy should be around 15% . Nevertheless, to assess whether liquidity *levels* are sufficient, all facts and circumstances must be taken into account, including an assessment of liquidity needs and uses within a one-year horizon. In other words, there may be circumstances where liquidity levels may be lower or higher and still considered sufficient.
- 5.3. Solvency refers to the Society's ability to absorb unexpected losses and still be able to meet its financial obligations. Solvency is essential to staying in business as it demonstrates the Society's ability to continue operations and withstand financial shocks into the foreseeable future. The key indicators for solvency are the NAV per Share and the NAV compared to total assets (unweighted capital ratio). The Society may develop other methods to assess solvency over time. If the NAV per Share is at or above nominal value—and assuming a sufficient liquidity level—the Society will be able to issue and/or redeem Shares at nominal value. In principle the Society will issue and/or redeem Shares at the nominal value.⁴ Redemption of

³ The 14-day cooling off period refers to EU regulation under which a consumer has the right to cancel and return its purchase made online within 14 days, for any reason and without a justification. Since this regulation might be applicable on the issuance of financial products in some SA or Entity jurisdictions, Oikocredit will apply this rule on all issuance requests.

⁴ The AoA currently permit Shares to be issued of USD 200 or EUR 200 each, respectively, or other currencies, pursuant to a resolution of the Managing Board, approved by the Supervisory Board. Should it be deemed under future circumstances that it may be desirable to issue Shares at nominal value above NAV per Share, or at nominal value even though NAV per Share is lower, the Managing Board shall resolve to that effect and, if so required by law or the AoA, seek the approval of the Supervisory Board and/or the General Meeting, as the case may be.

Shares below the nominal value as referred to in article 13.3 of the AoA is only possible as part of the Specific Measures Plan (see sec. 6.3.7 below).

6. Most Common Scenarios

6.1. Without prejudice to any other circumstances that may arise and be relevant to a determination by the Managing Board of whether to honour Issuance and Redemption Requests, this section lays out the actions that are expected to take place in two contrasting scenarios, “business as usual” and “stress or extreme stress.”

6.2. Scenario 1: Business as usual

6.2.1. The MLSR indicates that there are no liquidity or solvency issues in the foreseeable future (the coming 12 months). NAV per Share is above the nominal value and liquidity is sufficient.

6.2.2. Taking into account the recommendation of the Monthly Issuance & Redemption Meeting and all other circumstances that may be relevant, the Managing Board may approve the Redemption and Issue Requests pertaining to the Redemption and Issue Monthly Batch.

6.2.3. In such event, the Redemption and Issue Requests will be executed (i.e. paid out or issued), respectively, within 6 Working Days after the Beginning of Month (BOM+6).

6.3. Scenario 2: Stress or Extreme Stress

6.3.1. The MLSR indicates that liquidity levels are not sufficient and/or that NAV per Share is either below nominal value or there is material uncertainty about the NAV.

6.3.2. Taking into account the recommendation of the Monthly Issuance & Redemption Meeting and all other circumstances that may be relevant, the Managing Board may resolve that the Society shall honour the requests in the Redemption Monthly Batch and Issue Monthly Batch, but that it shall not honour Redemption Requests and Issue Requests pertaining to the next Batch Month. The Managing Board may also resolve that the Society shall not honour the requests in the Redemption Monthly Batch and Issue Monthly Batch. In general, the decision not to honour requests for the preceding Batch Month is appropriate when an event has or may have impacted NAV, while the decision not to honour requests pertaining to the next Batch Month is appropriate when the impact is confined to liquidity.

6.3.3. In the event the Managing Board decides that it shall not honour requests, the Society shall not accept funds from the SAs or other Members toward Issue Requests subject to the negative decision. The Society shall refund to Members amounts received from them toward Issue Requests that will not be honoured. No interest shall be paid on the refunded subscription amounts.

6.3.4. In the event that the Managing Board decides that it shall not honour requests, the Society shall continue to register Redemption Requests each month and shall honour them in compliance with the requirements of the AoA.

6.3.5. The Managing Board shall promptly undertake measures where possible to redress the situation with an eye to restoring conditions of solvency and healthy liquidity.

6.3.6. In the event the Society does not resume honouring Redemption Requests and Issue Requests within 3 months of the Managing Board's decision to cease honouring such requests, the Managing Board shall prepare a plan (a "**Specific Measures Plan**"), in

which it shall consider all available measures that can bring about a result which is in the Society's best interest. These measures may include resuming the issuance of Shares, but only after it has been established with material certainty that doing so will not result in the creation of another class of Shares so long as doing so is not allowed by the AoA, in addition to any other applicable legal considerations.

- 6.3.7. In the event doing so is required or deemed prudent, the Specific Measures Plan or relevant parts thereof shall be put for approval to the General Meeting.

7. Changes to the Monthly Cycle

The Managing Board may resolve to apply the principles of this policy in cycles that are shorter, but not longer, than a calendar month, without the need to publish a revised policy. However, it needs to inform Members of such (temporary) shortening of the cycle and the reasons for it.

Annex: Illustration of the Process

	WD	Normal	Stress	Extreme stress
1 July 2020		Redemption and Issuance Monthly Batches		
...				
31 July				
1 August (Saturday)				
2 August (Sunday)				
3 August	+1			
4 August	+2			
5 August	+3	Deadline for submission of the complete and gross Redemption and Issuance Monthly Batches		
6 August	+4	MLSR available to MB and in-house experts who participate in the Monthly Issuance & Redemption Meeting		
7 August	+5	MB decision. If a material event occurs between the decision and its communication, the MB reviews its decision in view of the material event occurring: it reconfirms a normal scenario or goes to a stressed scenario		
		the MB issues its decision to redeem/issue shares for the monthly batches	the MB issues its decision to suspend redemptions and issuance, with effect from the next month (honouring the requests of the preceding month)	the MB issues its decision to suspend redemptions and issuance, with effect from the last month and going forward The Society enters into a register the Redemption requests from the last Batch Month, and continues to register Redemption Requests received thereafter.
8 August (Saturday)				
9 August (Sunday)				
10 August	+6	Payment of redemption amounts to each Member (unless positive net inflow allows book settlement), and issuance of Shares to Members	Payment of redemption amounts to each Member (unless positive net inflow allows book settlement), and issuance of Shares to Members	
11 August	+7			
12 August	+8			
...				
15 August	+15 calendar days	Decision on correcting a batch (due to changes as a result of the 14 day cooling off period or due to administrative or technical mistakes)		
8 November (Saturday)				
9 November	+6			If the MB does not decide to reopen for issuance and redemption, the MB will prepare a Special Measures Plan.