

## **Draft Bath & West Community Energy (BWCE) Share Withdrawal Policy**

**For approval by the BWCE board following comment from members**

### **Background**

BWCE's rules and share offer documents highlight that shares in BWCE, a community benefit society, are only withdrawable at the discretion of the board. This means that they may be cancelled and subject to the society's financial standing and the provisions in its rules, the money paid for the shares is returned to the member(s) requesting the withdrawal.

The reason for this rule is that a community benefit society has a duty to protect the interests of the society and its share capital. Funds raised via member investment are used to build community renewables projects which are long term, capital intensive projects. Unlike some other types of investment our projects are not easily dismantled or sold in order to yield cash which could then be made available to investors. If funds were repaid whenever requested, it may jeopardise BWCE's ability to fulfil the objects of the society. As a result, the board may not be able to protect existing members' interests, and BWCE's ability to deliver its community purpose would be severely compromised.

However, BWCE recognises that members will want to withdraw shares for a variety of reasons. It has therefore built into its financial planning the ability to allocate increasing levels of funds from its projects' cash surpluses, year on year, to meet share withdrawal requests. Because of the nature of the organisation, there will be more cash available for withdrawals as the company matures. BWCE's financial projections assume all members' investment will be repaid over the 20-year life of its projects.

In addition, BWCE continues to develop new projects and so will seek to raise further funds from new members. This process of new investment will also provide an opportunity for existing members to withdraw their shares.

Under BWCE and Community Benefit Society rules, shares will never be worth more than £1 and you may under exceptional circumstances be offered less.

The policy on share withdrawal, as outlined within this document, provides clarity to members around how and when they can request share withdrawal and how BWCE will respond.

### **Share Withdrawal Process**

In order to make the withdrawal process as fair and transparent as possible the following process has been adopted.

Members may request the withdrawal of their shares at any time by completing the form which can be found on our website at (to be added once approved by the board), and

returning it by email or post to Community Share Registry Company Ltd (CSR). The forms may also be requested directly from CSR.

Community Share Registry  
14 Orchard Street  
Bristol BS1 5EH  
office@communityshareregistry.co.uk

CSR manages the share and bond registers, member and bondholder details, interest payments to members and bondholders, share withdrawal and bond redemption on behalf of BWCE.

All share withdrawal requests received by 1<sup>st</sup> July each year will be reviewed by the BWCE board at its first meeting following that date, usually by the end of July. Members requesting withdrawals will be notified of the board's decision as soon as possible after that meeting.

Share withdrawals will be considered in terms of BWCE's ability to meet requests from cash reserves without damaging the long-term viability of the organisation.

Share withdrawals will be dealt with on a first come first served basis. On the death of a member, shares may be transferred to another party. However, if the wish is for those shares to be withdrawn, BWCE will deal with any request due to death of a member as a priority.

All share withdrawals that the BWCE board is able to meet from cash reserves will be dealt with as soon as possible following the July board meeting and normally within a month. Funds will be returned to investors on receipt of original share certificates.

All shares will earn interest up to the point that they are withdrawn and funds returned. Outstanding interest will be paid at the same time as interest payments to continuing members.

Any share withdrawal requests received before 1<sup>st</sup> July, that cannot be met at that time, will be taken into consideration during any fundraising or re-financing through additional share, bond or loan investment sought during the year. If they still cannot be met, or if there is no additional financing undertaken during the year, they will be transferred into the following year's allocation and be considered as priorities.