



The Swan Community Project Limited

(The Society)

POLICY FOR PAYMENT OF INTEREST TO SHAREHOLDERS

1 Purpose

This policy sets out the principles and procedures governing the payment of interest to shareholders of The Swan Community Project Limited (“the Society”). As a Community Benefit Society, the primary purpose is to benefit the community, and any payment of interest to shareholders must support this goal while ensuring the financial sustainability of the Society.

2 Policy Principles

The Society will adhere to the following principles when determining and distributing interest to shareholders:

2.1 Community Benefit Priority

The core purpose of the Society is to deliver benefits to the community. Any interest paid to shareholders must not compromise the ability of the Society to achieve its community objectives.

2.2 Capital Preservation

Interest payments should be sufficient to maintain and attract investment but should not exceed a fair rate that jeopardizes the Society’s financial health or ability to invest in its core mission.

2.3 Fair and Transparent Process

Interest payments will be determined in a fair and transparent manner, in accordance with the rules set out in this policy and the Society’s Rules.

2.4 Maximum Interest Rate

The rate of interest paid on share capital will not exceed what is necessary to attract and retain the capital needed to support the Society’s activities. The maximum rate of interest shall be capped 5% or 2% over the Bank of England base rate whichever is the greater.

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3 Interest Payment Criteria

Interest may be paid to shareholders subject to the following conditions:

3.1 Annual Approval

The payment of interest is subject to annual approval by the Society's Management Committee and ratified at the Annual General Meeting (AGM). The Board shall ensure that any proposed interest payments are sustainable and in the best interest of the Society.

3.2 Financial Health Check

Interest will only be paid if the Society has generated sufficient trading profits after meeting all operational costs, maintaining adequate reserves and investing in the community. The Society will not pay interest if doing so would lead to financial instability or detract from achieving its primary purpose.

3.3 Proportional to Shareholding

Interest payments will be made on a proportional basis, relative to the amount of share capital each shareholder holds in the Society at the time of distribution. No preferential treatment shall be given to any shareholder.

4 Interest Rate Determination

The interest rate will be reviewed annually by the Board of Directors, taking into account:

- The financial performance of the Society.
- The need to maintain and attract investment while prioritizing the Society's community objectives.

The proposed interest rate will be presented to shareholders at the AGM for approval.

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5 Procedure for Payment

Interest payments will be made in accordance with the following procedure:

5.1 Timing of Payment

Interest payments will be made annually, typically within 30 days of the AGM at which the distribution is approved.

5.2 Method of Payment

Interest will be paid either by bank transfer to the shareholder's nominated account or by issuing additional shares in lieu of cash, subject to shareholder preference and availability of funds.

5.3 Withholding or Deferral of Payments

The Society reserves the right to withhold or defer interest payments if necessary to maintain financial stability or if the Society is unable to generate sufficient trading profits in any given year. Shareholders will be informed of such decisions in a timely manner.

6 Communication and Transparency

The Society is committed to ensuring shareholders are fully informed about how interest payments are calculated and distributed. To ensure transparency:

- An annual report on the Society's financial performance, including interest payments, will be presented at the AGM and made available to all shareholders.
- Shareholders will be notified in writing of the interest rate and payment schedule following the AGM.

7 Review and Amendments

This policy will be reviewed annually by the Board of Directors and may be amended as necessary to reflect changes in the Society's financial position, legal requirements, or community priorities. Any amendments will be subject to approval of the Management Committee.

8 Responsibility

The Board of Directors is responsible for the implementation of this policy and ensuring compliance with its terms. The Treasurer will oversee the calculation and distribution of interest payments.