

Shareholding and Membership Policy



1. Summary

- 1.1. This policy sets out the current shareholding and membership policy.

2. Objectives

- 2.1. To define eligibility, roles, rights and responsibilities of shareholders in line with SHAL's Rules, the Co-operative and Community Benefit Societies Act 2014 and corporate governance standards.
- 2.2. To ensure that the process of admitting shareholders is transparent.
- 2.3. To set clear eligibility criteria for Shareholding membership.
- 2.4. To set out the responsibilities and expectations of Shareholders.
- 2.5. To ensure that the approach to Shareholding membership is in accordance with SHAL's Rules.
- 2.6. This policy applies to the Association's current and future Shareholders only and governs admissions, exclusions, rights and obligations.
- 2.7. A Shareholder is a person whose name and address are entered in the Register of Shareholders.

3. Details

- 3.1. The Board has full discretion as to who to admit as Shareholders and to agree its policy for recruiting shareholders.
- 3.2. SHAL currently limits new Shareholders to individuals who are Board Members on the basis that the community and stakeholders other than Board Members can influence the performance of SHAL outside of the limited powers of Shareholders under SHAL's Rules.
- 3.3. The Board will keep under review how it can increase accountability to the community and other key stakeholders within the resources it has available.
- 3.4. Shareholders must be 18 years or older.
- 3.5. All Shareholders must support SHAL's aims and objectives.
- 3.6. Employees may not be shareholders.

- 3.7. Shareholders must agree to be bound by the obligations set out in the Rules (our constitution) and must sign a declaration on taking up their share stating that they will act in the best interests of the Association and for the benefit of the community, and as guardians of our purpose (To provide safe warm affordable homes to people who have been homeless or have housing needs that the current housing market doesn't meet.)
- 3.8. Shareholders must ensure that their personal interests do not adversely affect SHAL's best interests in any way.
- 3.9. In line with this policy, new applications for shareholding will only be accepted by serving Board Members who meet the eligibility criteria set out in this policy.
- 3.10. The maximum number of Shareholding Members, as determined by the Board, is 12 subject to the proviso that at the date of this policy the number of Shareholding Members exceeds this number as prior to that date a wider Shareholding membership was accepted. The position of those Shareholding Members who are not Board Members remains unchanged.
- 3.11. No member can hold more than one share, and each share carries one vote only at General meetings.
- 3.12. Those ineligible to become Members include:
 - A minor
 - A person previously expelled from being a Shareholder
 - An employee
 - Former employees (within one year of leaving SHAL's employment)
 - Close relatives of current or former employees (parents, grandparents, child, grandchild).
 - Those who owe money to SHAL.
 - Tenants who are in breach of their tenancy agreement and who fail to rectify the breach within a reasonable timeframe.

- A person who in the written opinion of a medical practitioner is physically or mentally incapable of exercising their rights as a Shareholder and may remain so for more than 3 months.
- A person who has been convicted of an indictable offence which is not spent.
- A person who has been convicted of any other offence which in the opinion of the Board either brings SHAL into disrepute or is incompatible with the role of Shareholder.
- A person who has been removed as a Board or Committee member in accordance with Rule D8

- 3.13 The Board will consider from time to time whether it is necessary to review the Shareholding Membership.
- 3.14 Applicants must demonstrate that becoming a shareholder will not result in an unacceptable conflict of interest, either due to a personal relationship, employment or connection with another organisation, or involvement in activities in conflict with SHAL's aims and objectives.
- 3.15 All applications will be considered by the Board which has absolute discretion in determining whether to accept or reject any application.
- 3.16 Each application will be considered at the earliest Board meeting subject to the necessity for the applicant to be interviewed by the Board Chair and the Chief Executive (or as delegated).
- 3.17 On approval the name and address of the member will be entered in the Register of Shareholders and Board Members and a share certificate issued (subject to the payment of £1 having been received). The share carries no right to interest, dividends or bonus payments.

- 3.18 A Shareholder can:
- attend and vote at the Annual General Meeting (AGM) and other General Meetings of Shareholders.
 - receive the statutory accounts and annual report.
 - approve the auditors.
 - elect Board members.
- 3.19 The role of Shareholders is to always act in SHAL's best interests, and to further SHAL's objectives. It is expected that Shareholders promote SHAL's objectives in the communities we serve.
- 3.20 All Shareholders must use their best endeavors to participate in SHAL's General Meetings and other events organised by SHAL to which Shareholders are invited.
- 3.21 Shareholder meetings are generally called by the Board. All General Meetings other than Annual General Meetings are Special General Meetings. At least one month's notice will be given for the AGM and a minimum of two weeks' notice for other General Meeting.
- 3.22 There must be a quorum at any General Meeting. A quorum is a minimum of five members, of which at least two must be present in person.
- 3.23 Shareholders will vote at the AGM and other General Meeting on proposals made by the Board.
- 3.24 Shareholders unable to attend a General Meeting may appoint a proxy to attend and vote on their behalf. Notice of a proxy must be received by the Company Secretary no later than 48 hours before the date of the General Meeting. The notice must detail the name of the proxy.
- 3.25 The Board is made up of a minimum of 5 and maximum of 12 Members appointed by members at the Annual General Meeting after being considered and put forward by the Board in line with SHAL's Board Succession Plan and recruitment policies.
- 3.26 Except for co-optees and employees, only Shareholding Members can be Board Members. All Board Members must be Shareholding Members. All persons

appointed as Non-Executive Directors to the Board will at the same time take up Shareholding Membership if they do not already hold such Membership.

3.27 Shareholders should be aware that under Section 122 of the Housing and Regeneration Act they and their close relatives are prevented from obtaining gifts, dividends and bonuses from SHAL. This applies to:

A current or former SHAL Shareholder

A member of the family of a current or former SHAL Shareholder

3.28 If a payment is made in breach of this policy, SHAL has the right to recover the wrongful gift or payment as a debt from the recipient. The Regulator may also require SHAL to take action to recover such a wrongful gift or payment.

3.29 A Shareholder's Membership ends under the following circumstances:

- i. If they die (note: their share cannot be transferred to another person).
- ii. If they are expelled because of conduct detrimental to SHAL and in accordance with Rule C15.
- iii. If they give notice to end their membership to the Company Secretary which shall be effective immediately (unless they are one of the last five remaining Shareholders, in which case they must provide at least one month's written notice).
- iv. They do not attend in person or appoint a proxy in respect of, nor deliver written apologies in advance for two consecutive Annual General Meetings.
- v. If they cease to be eligible under any exclusions to membership in Rule D8
- vi. If they are a resident and in the opinion of the Board are in material or serious breach of their tenancy agreement or are subject to a possession order or are in breach of a suspended possession order or are subject to any of the following types of court order: anti-social behaviour order, anti-social behaviour injunction, demoted tenancy, or closure order.
- vii. If they are a resident and cease to be a resident (unless it is a temporary situation due to works to their home or another matter requiring temporary vacation of the home).

viii. They fail to sign the annual Declaration Form

- 3.30 Each share will automatically be cancelled upon retirement or resignation unless continuing membership is requested, and the Board agrees that they should remain as a shareholding member. A decision that a former Board member can continue as a Shareholder will be informed by the eligibility criteria for membership set out above.
- 3.31 Where a member ceases to be a Shareholder, the share will be cancelled.
- 3.32 There may be occasions when a Shareholder's conduct is not in line with SHAL's values and/or where they have failed to act in line with the Shareholder's Members Declaration and in the best interests of SHAL. In these circumstances the Board may seek to expel the member concerned. A Shareholder may only be expelled by a Special resolution at a special General Meeting called by the Company Secretary provided that the following rules apply to the process:
- a. The Board must give the Shareholder at least one month's notice in writing of the General Meeting. The notice to the Shareholder must set out the particulars of the complaint of conduct that is deemed detrimental to SHAL and must request the Shareholder attend the meeting to answer the complaint.
 - b. At the General Meeting called for this purpose the Shareholders shall consider the evidence presented by the Board and by the Shareholder (if any). The meeting will take place even if the Shareholder does not attend.
- 3.33 If the resolution to expel the Shareholder is passed in accordance with this process, the Shareholder shall immediately cease to be a Shareholder.

4. Outcomes

- 4.1. Compliance with the Code of Governance, SHAL's Rules, Regulatory Requirements and the Co-operative and Community Benefit Societies Act 2014.
- 4.2. Transparency, clarity and accountability in the admittance, responsibilities and expectations of shareholders to internal and external stakeholders.

Current version	Date agreed/reviewed	Review due	Owner	Pages
1.2	2025-05	2030-05	CEO	Page 6 of 7
Crypton House, Bristol Road, Bridgwater, TA6 4SY – Online: www.shal.org – Email: information@shal.org – Tel: 01278 444344				
SHAL is registered in England and Wales as a Community Benefit Society and an exempt charity (number 27772R).				

5. Equality and Diversity

- 5.1. SHAL will not directly or indirectly discriminate against any person or group of people because of their race, religion, gender, marital status, sexual orientation, disability or other grounds set out in our Equality, Diversity and Inclusion Policy.
- 5.2. When applying this policy SHAL will:
- Aim to attract a cross section of our communities.
 - Consider requests for specific assistance related to protected characteristics and providing them where reasonable and practicable.
 - Ensure the application and review processes are fair and transparent.

6. Value for Money

- 6.1. The Board will take account of their Value for Money Strategy in the application of this policy and ensure that the shareholding policy and processes are equitable, efficient, effective, economical and ethical.

7. Owner

- 7.1. CEO

8. Version and Revisions

- 8.1. This policy will be reviewed every 5 years
- 8.2. First Draft

New version	Date	Revision details
1.2	21 May 2025	

Linked documents

SHAL Rules

Declaration of Interests form

Shareholder Membership Application Form