

Shareholding Membership Policy

1. Introduction

- 1.1 Shareholders have a key role as the guardians of the Association's constitution (its Rules). They are bound by the obligations on them as set out in the Rules and when acting as shareholders they must act at all times in the interests of the Association and for the benefit of the community.
- 1.2 There is a constitutional (and regulatory) requirement for the Association to agree and apply a policy on the admission of new shareholders (Rule C11). The NHF Code of Governance (2015) states that 'organisations with shareholders who elect the board must review their policies for admission to shareholding membership on a regular basis and with a view to supporting compliance with this code.'
- 1.3 This policy also covers exclusions to membership, ending of membership and the procedures at general meetings including voting. In the event that there is any dispute or lack of clarity over the interpretation of the contents of this policy, the Rules will take precedence.

2. The Role of the Shareholders

- 2.1. The Association's shareholders shall act at all times in the interests of the Association and for the benefit of the community, as guardians of the objects as set out in the Rules. The Association's shareholders must agree to be bound by the obligations on them as set out in the Rules (Rule C1).
- 2.2. The Association's shareholders also agree to act as ambassadors for the Association and promote its mission, objectives and achievements. All shareholders must use their best endeavours to participate in general meetings and other events organised by the Association to which shareholders are invited.
- 2.3. All shareholders must not conduct themselves (at any time and under any circumstances) in a manner which could reasonably be regarded as bringing their position as a shareholder or the Association into disrepute.
- 2.4. Shareholders are entitled to attend and vote at the annual general meeting (AGM). The following activities are to be conducted at the AGM:
 - Receiving the financial statements for the last accounting period
 - Receiving the auditor's report on those financial statements
 - Receiving the Board's report on the affairs of the Association
 - Noting the appointment of any shareholders by the Board
 - Noting the resignation or disqualification of shareholders

- Electing board members proposed by the Board, in line with its Board & Committee Membership Policy, having been either:
 - selected as a new board member candidate (who may or may not have served as a co-optee); or
 - proposed by the Board for a further fixed term of office
- Noting the removal, resignation or disqualification of board members
- The transaction of any other general business which requires the Association's shareholders' approval proposed by the Board and included in the notice convening the meeting. Such business may include any amendments to the Rules.

2.5 Shareholders are also entitled to attend and vote at a special general meeting (SGM). An SGM may be called for any purpose requiring shareholder resolution.

3. Admission to Shareholding Membership

3.1. The Association recognises the important role that shareholders have to play in governance but wishes to ensure that numbers are manageable. As a consequence the Association will restrict admission to shareholding membership. The routes to admission are set out below. The Association does not have an absolute cap on the number of shareholders but aims to keep the register to between 25-30 shareholders at any point in time. The Association will also restrict the numbers of residents (including leaseholders and shared owners) of the Association to a maximum of one third of the shareholding membership at any time.

3.2. All those applying to be a shareholder must apply in writing on a form agreed by the Secretary and sent to the Association at its registered office. They must set out their reasons for applying and how they feel they meet the requirements of the role as set out in this policy (Rule C12). They must also pay the sum of £1, being the nominal value of each share (Rule C2), which will be returned if they are not appointed.

3.3 All applications will be put to the Board who will make their decision on admissions based on this policy. The Board have the absolute discretion to accept or reject any application in line with this policy (Rule C13).

3.4 The names of those admitted will be entered into the Register of Shareholders, held by the Secretary, and each will be issued with a share (Rule C13). No shareholder can hold more than one share (Rule C9).

3.5 Shareholders may be appointed under the following circumstances:

- (i) Having been selected, and conditional upon them being appointed to the Board as a board member, and for the duration of their membership of the Board.
- (ii) Having been a board member and upon retiring or resigning from the board, the Board may at its absolute discretion offer re-appointment as a shareholder to the outgoing board member providing that the Board is satisfied they meet the criteria for appointment in (iii) below and do not unduly increase the number of shareholders above its policy limits.

- (iii) Where an individual or an organisation (either corporate body or unincorporated body) would add significant value to the Association in supporting it in achieving its mission and objectives.
- 3.6 Existing shareholders appointed prior to the date of this policy may retain their shareholding membership of the Association until such time as it is ended in line with the Rules.
- 3.7 A corporate body will nominate a specific individual to exercise its rights, and may change that nomination at any time. The share will however be in the name of the corporate body. The corporate body must notify the Secretary in writing of the appointment or removal of its nominated individual (Rule C8).
- 3.8 An unincorporated body, that has been invited and accepted into shareholding membership by the Board, must stipulate the name of a person to be the nominee. The share will be made out in the name of the nominee, and the Register of Shareholders will show the name and address of the nominee, followed by the name of the unincorporated body (Rule C7).
- 3.9 Should the unincorporated body wish to transfer the share to a new nominee (Rule C3) for any reason, an application must be made in writing to the Secretary who will place it before the next meeting of the Board. The Board has the right to agree or reject the application for the transfer of the share to a new nominee and if agreed the new nominee's details will be entered into the Register of Shareholders.

4. Exclusions to Shareholding Membership

- 4.1 The Board in considering applications must exclude from admission to shareholding membership the following persons (Rule C6):
- A minor i.e. those under the age of 18.
 - Anyone previously expelled from being a shareholder (unless agreed by at least two thirds of shareholders at a general meeting).
 - Current employees of the Association.
 - Anyone previously removed as a board member in line with the Rules.
 - A person that has become physically or mentally incapable of exercising their rights as a shareholder and may remain so for more than three months (subject to the written opinion of a registered medical practitioner who is treating that person).
- 4.2 The Board in considering applications has agreed that it will also exclude from admission to shareholding membership the following:
- Employees of a current contractor or consultant of the Association
 - Close family members of board members
 - Close family members of employees
 - Corporate or unincorporated bodies whose objectives and values are incompatible with those of the Association.

- Anyone who (were they to become a shareholder) might otherwise be automatically disqualified or recommended for removal as set out in section 5 below.

5. Ending of Shareholding Membership

5.1. Shareholding membership of the Association will cease automatically (Rule C14) if:

- the shareholder dies
- the shareholder gives notice to end their membership (effective from the date of receipt by the Secretary)
- the shareholder has failed to attend in person or appoint a proxy (or doesn't give written apologies in advance) for two consecutive AGMs
- the shareholder is a corporate body and ceases to be a corporate body
- the shareholder is a nominee of an unincorporated body and the share is transferred to another nominee
- the shareholder ceases to be eligible under the Rules (see 4.1 above)
- the shareholder is a board member and they cease to be a board member (unless the Board resolves they remain a shareholder)
- the shareholder is a resident and:
 - the Board agrees they are in material or serious breach of their tenancy agreement or lease; or
 - they are subject to a possession order; or
 - they are in breach of a suspended possession order; or
 - they are subject to an ASB order or injunction; or
 - they are subject to a closure order or a demoted tenancy; or
 - they are subject to a court or tribunal order for payment of money owing to the Association (but if suspended or an order for instalments then shareholding only ceases if the terms are breached)

5.2. Shareholding membership may also be ended by special resolution of the shareholders at an SGM called by the Board (Rule C15). The Board must give the shareholder at least one month's notice in writing of the SGM; explain the nature of the complaint or conduct that is deemed to be detrimental to the Association; and request that the shareholder attend the SGM (although they do not need to attend for the meeting to proceed). The SGM will hear the evidence presented by the Board and any presented by the shareholder. The resolution to expel the shareholder must be passed by at least two thirds of the shareholders voting in person or by proxy.

5.3. The Board in determining their evidence may include circumstances such as the following:

- Their conduct is deemed to have brought the Association into disrepute.
- Their conduct is deemed to be incompatible with the position of shareholder of the Association.
- They fail to respond to a notice within a specified period (not less than 3 months) asking whether they wish to retain their shareholding membership of the Association.
- The Board considers it is appropriate given the nature of the circumstances that their removal is deemed to be in the best interests of the Association.

- The admission of a new shareholder who is a resident and to be appointed as a board member would cause the number of residents who are shareholders to exceed one third of the total shareholding membership of the Association.

6. General Meetings and Voting Rights

- 6.1. General meetings will usually require 14 clear days' written notice (by post, hand or email) to all shareholders stating the time, date and place of the meeting and the nature of the business to be conducted (Rule C20).
- 6.2. The AGM will be held within 6 months of the end of the Association's financial year i.e. by 30 September each year (Rule C16). An SGM may be called at any time by the Board or by one tenth of all shareholders signing a written requisition (Rule C18).
- 6.3. A general meeting can be called with shorter notice provided that three-quarters of all shareholders agree in writing (by post or email) (Rule C22).
- 6.4. The quorum for any general meeting is one tenth of all shareholders with a minimum of five shareholders present in person or by proxy. As part of that quorum at least two shareholders must be present in person (Rule C23).
- 6.5. The Chair of Board (or the Vice Chair in their absence) will chair a general meeting. If neither is present or willing to chair the meeting then the shareholders may elect a shareholder who is also a board member (providing they are present and willing) to chair the meeting (Rule C27).
- 6.6. Each shareholder has one vote. Subject to the Rules or the provision of any law, votes may be taken on each resolution by a show of hands by those of the shareholders present in person (i.e. no proxies). The chair will declare the outcome of the vote and, unless a ballot is called immediately, that result will stand. If there is equality of voting the chair shall have a second vote (Rules C29 - C31).
- 6.7. A vote by show of hands will take place unless a ballot is demanded or directed either before the vote or immediately after the vote by either:
 - the chair of the meeting; or
 - at least three shareholders with the right to vote who are present in person or by proxy.
- 6.8. If the vote has already been taken by a show of hands then that result will be void and the result of the ballot will stand (Rule C33).
- 6.9. The form of ballot is at the discretion of the chair of the meeting (Rule C34). It may be carried out at the meeting or at a later date. The chair of the meeting will either announce the result at the meeting or notify the shareholders at the conclusion of the ballot if it is held on a later date. The outcome of the ballot will be binding on the meeting.

- 6.10. If one of the shareholders is unable to attend a general meeting then they may appoint a proxy providing the notice of the appointment is received at the registered office no later than 2 days before the general meeting is due to commence (Rule C28).
- 6.11. The shareholder may appoint any person to be their proxy (they do not need to be another shareholder). The person so appointed as the proxy may be given authority by the shareholder who is unable to attend to vote on the resolutions as they see fit. Alternatively they may instruct the proxy how to vote on any of the resolutions. A proxy vote may be used in the event of a ballot being taken but may not be used in a show of hands.
- 6.12. The shareholders may also pass a resolution in writing (by letter or email) which will be binding on the Association as if it had been passed at a general meeting (Rule C35). All shareholders entitled to vote must receive a copy of the proposed resolution. Ordinary resolutions will require a simple majority of those voting in favour; special resolutions will either require a two-thirds majority or a three-quarters majority depending on the nature of the proposed resolution (Rule 36) – some Rule changes require a high majority in favour (Rule G11).

7. Review

- 7.1. This Policy will be reviewed every three years or in line with relevant changes in the law, regulatory standards, codes of practice, or the constitution, whichever is the sooner. Updates or recommendations for changes will be presented to the Board.