

Working Together Protocols – DRAFT FOR DISCUSSION

Introduction

The rules between a company and its shareholders are governed in a number of ways. These include Companies Act, the company's own Articles of Association, and Shareholders' or Investment Agreements depending upon circumstances. It is important to have something like this to protect everyone, ensure no misunderstandings and make explicit the roles and responsibilities of both parties.

Where a football supporters association is the majority shareholder, just like any investor or shareholder, they rely on a similar agreement. This has various names. We have used Working Together Protocols, as we want to emphasise that this is exactly what we wish to achieve – a productive respectful relationship of working together between the executive of the football club and its majority shareholder.

We understand that the model envisaged at PTFC is very much, fan-ownership, not fan-run. We believe the clauses detailed below respect that in that they are functions of ownership situations rather than 'running the club'. It is simply an approval mechanism to major changes to the operating company that is the club.

We have drafted an Initial Draft for discussion with the football club Board who would be the counter-party to the agreement. The basis of this is the Club Trust Agreement in place at Exeter City. The reasons for this are threefold :

- . the supporters' association shareholding is 53.5% (very similar to our own prospective 55%)
- . the clubs are not of dissimilar size
- . they are widely praised for governance, transparency and engagement – goals we passionately pursue

We have, however, diluted some of the Exeter City protocols on the basis they are more advanced in their fan ownership journey than we would be.

Detail

In this section, we have drafted some of the main sections we would expect to see in Working Together Protocols, based on Exeter City, our interpretation of our own position, other clubs, and shareholder and investor agreements. The first section is effectively alike Reserved Matters in a Shareholders Agreement.

MATTERS WHICH REQUIRE THE PRIOR WRITTEN CONSENT OF TJF

The Club shall not take any action nor pass any resolution without the prior written consent of the TJF Board in any matter that pertains or relates to:

- (i) a) the total number of shares or rights attaching to such shares;
- b) approval of new issue of shares;

- (ii) any change in stadium location or name;
- (iii) any change in the name of the Club or team or its status with the Scottish Football Association, the Scottish Professional Football League or other relevant bodies;
- (iv) purchase or disposal of any land or buildings or interest therein owned by the Club with a market value in excess of £50,000 in any 12-month period ;
- (v) the taking of, granting, assignment or sale of any lease or interest therein with a duration in excess of 5 years;
- (vi) a) any borrowing against the security of any asset owned by the Club or any lease held by the Club in excess of £50,000 in any 12-month period;
b) any unsecured borrowings;
- (vii) approval of the appointment of Chief Executive and any salaried directors;
- (viii) approval of all dividends, dividend policy and decisions on withholding dividends (deciding not to pay a previously approved dividend payment);
- (ix) approval of the recommendations for the appointment or removal of Club Board members (Directors);
- (x) alterations to responsibilities / Job Description of the Chairman, Chief Executive (or equivalent) and other Directors;
- (xi) approval of terms of reference of Club Board committees;
- (xii) changes to the Club's Memorandum and Articles of Association;
- (xiii) approval of the Club's Strategic Plans and Business Plans;
- (xiv) approval of changes to the capital structure of the Club or associated company or its / their legal status;
- (xv) the incorporation of any new subsidiary or associated company;
- (xvi) extension of the Club's activities into significant new business areas and any decision to cease to operate all or any significant part of the Club's business;
- (xvii) the passing of a resolution for the winding up of the Club;
- (xviii) the appointment of a receiver, administrator or administrative receiver over the whole or any part of the assets of the Club or the making of any arrangement with the creditors of the Club for the affairs, business and property of the Club to be managed by a supervisor;
- (xix) approval of borrowings save for those agreed in the ordinary course of trade.

DIRECTORS AND MANAGEMENT

Appointment and Reappointment of Directors

The appointment or reappointment of any person who is willing to act as a Director (and is permitted by law, and by any specific regulatory body applicable, to do so) shall first be recommended by the Club Board.

Three months before the date set for the Club's AGM the TJF shall receive notification of those Directors to be presented for appointment or reappointment at that meeting. Those Directors shall at least six weeks prior to the date of the meeting provide to TJF a resume of their activities and achievements during their term of office or, if the Director is being presented for appointment, their CV. This submission shall be confirmed as true and fair by the Club Board Chairman in office at that date.

The named Directors shall, if required to do so, attend in person a TJF meeting in advance of the Annual General Meeting.

TJF nominated Directors

TJF shall be entitled to appoint at least two Directors to the Club Board, and can remove and reappoint any Director so appointed at any time.

A Director shall be appointed for a maximum period of three years. They shall be entitled to immediately be reappointed should the TJF Board so resolve.

The appointment or reappointment of the TJF nominated Directors will be confirmed annually at the first meeting of the TJF Board following the TJF AGM. To facilitate continuity of membership on the Club Board the TJF nominated Directors will not ordinarily be changed from year to year within their three-year term unless the nominated Director's term of office on the TJF Board comes to an end or, having been eligible to do so, he fails to be re-elected to the TJF Board at the TJF AGM.

COMMUNICATION BETWEEN THE CLUB AND TJF

It is the responsibility of both the Club Board and the TJF Board to ensure that there is effective communication at all times between them.

The two Boards shall meet at least twice a year to review the operation of communication between the two parties.