

AGREEMENT

BETWEEN

Falkirk Supporters Society (“FSS”)

and

Falkirk Football & Athletic Club Ltd (“the Club”)

DATED May 31st 2023

Partnering Agreement

THIS AGREEMENT is made this 31st day of May 2023, between:-

Falkirk Supporters Society a Community Benefits Society which is Limited by Guarantee (Company number SP2591RS) registered under the Co-operative and Community Benefit Societies Act 2014 and having hereinafter referred to as "**FSS**".

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Falkirk Football and Athletic Club Limited, a company established under the Laws of Scotland (SC005854) and having its registered office at The Falkirk Stadium, Westfield, Falkirk, Stirlingshire, FK2 9DX, hereinafter referred to as the "**FFC**".

Both parties hereinafter individually referred to as 'Party' and collectively referred to as "Parties".

WHEREAS

- i. Following the successful conclusion of a Facility Agreement under the Fans Bank initiative between the FSS and the Scottish Ministers on 2023 the Club agrees to sell 875,000 shares to FSS at 40p per share, in return for an investment of £350,000.
- ii. This purchase constitutes around 17% of the total shares in the Club which, when added to their current shareholding, will make FSS the largest shareholder in the Club as at the execution date of this agreement.
- iii. The Parties acknowledge the importance of a strong, democratically operated mass-membership scheme with FSS operating under the following primary objectives:-
 - Protect the Club from harm;
 - Enhanced community engagement;
 - Strengthen the Club; and
 - Ensure fans' voices are both heard and represented in the boardroom.

Now it is hereby agreed as follows:-

Duration & Best Practice

1. This Agreement comes into effect on the date it is signed by the Parties and shall be a rolling contract, subject to a structured and evidence-based review every three years. Following this review, if the Parties decide, the Agreement may be amended in accordance with clause 25.
2. The Parties shall collaborate to develop and communicate FSS's desired positioning and proposition(s) to fans.

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3. The Parties shall undertake an annual review on the anniversary of this Agreement to identify and apply best practice, lessons learned and the like.
4. The Parties shall at board and committee level, meet regularly as deemed appropriate.

FFC Board Composition

1. The FSS elected FFC Board members, whilst at all times exercising their fiduciary duties as directors of the Club, shall be visible and available to members of FSS, to listen to their views and to accurately represent those views in the Boardroom.
2. The Club, in accordance with their articles shall continue to allocate the fans representative Board seat to FSS.
3. The FSS shall democratically elect two board representatives to fulfil the role of company directors under the Companies Act 2006, providing suitably capable and qualified candidates who will actively participate in the development and implementation of the Club's vision and strategy.

Fan Ownership Model and Crowd Funding

4. The Parties acknowledge and confirm their commitment to the Club's wish for protection under a fan ownership model, whereby a majority of shares are at all times owned by the Club's supporters.
5. This ownership model is best facilitated under the principles of the three-legged stool which strikes a broadly equal balance between large, medium and small shareholders, in order to optimise the financial stability of the Club and its ability to raise and maintain funding on an ongoing basis.
6. A core principle underpinning the model is that the Club will be run by a board of directors, democratically elected by shareholders, who represents all three legs of the stool in an appropriate and balanced manner.
7. A further core principle is that fan-funding establishes the Club's supporters as de facto owners who fund the Club, providing additional income via a range of crowd-funding initiatives over and above the revenue earned under the Club's normal trading and services

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(season tickets, gate receipts, hospitality, merchandise and the like), for as long as it is required to meet the Club's objectives.

8. Working in partnership the Parties commit to seek to provide the Club with greater financial stability, enabling it to become more sustainably successful in the future.
9. FSS shall be the primary vehicle for driving crowd-funding by aiming to grow its membership year upon year, although other groups and initiatives will also contribute, and the Parties agree to work with other initiatives and supporters / fans groups in the spirit of mutual trust and co-operation.
10. FSS shall provide to the Club full funding of all member subscriptions, and any other relevant fundraising initiatives and the like in support of the Club, net of loan repayments and appropriate costs.
11. In this agreement the terms "fan" and "supporter" shall constitute individual shareholders, members and subscribers of FSS; potential members of FSS; and / or any organisation formed in allegiance to the Club. The objective is for FSS to be an inclusive organisation open to all supporters of the Club.

Fan and Supporter Engagement, Communication and Marketing

12. The Club shall continue to provide benefits to FSS members, within allowable VAT regulations.
13. In the event of a future share issue the Club shall ring-fence sufficient shares for the FSS to purchase, allowing the FSS to maintain the overall percentage shareholding held at the time of issue.
14. The Club shall approve all transfers and gifts of existing shares into FSS by current shareholders.
15. FSS shall use their best endeavours to secure sufficient membership fees to service their financial obligations under the Scottish Ministers Facility Agreement until it is repaid in full.
16. The FSS shall provide an ongoing commitment to assisting in the development of the Club's vision and strategy, as well as the agreed ownership and operating model, subject to any amendment by the Club's shareholders.

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17. The FSS shall regularly canvas fans and supporters' views and make Board members aware of any findings, via initiatives such as fans forums and an annual fans surveys.
18. To a reasonable extent the FSS shall actively encourage their members to support the Club's commercial and community initiatives.

General

19. The Parties agree to proactively and diligently to work together in good faith and in the spirit of mutual trust and co-operation.
20. This agreement confirms the independence of each Party under their separate legal status and leadership models, with the Club under the leadership of its board and FSS under the leadership of its management committee.
21. The Club shall promote the FSS at every reasonable opportunity to assist in its growth and overall development.
22. Each Party agrees to maintain throughout the period of this Agreement and thereafter for a further two [2] years the confidential nature of all information acquired from the other and undertakes not to divulge such confidential information without the prior written permission of the other Party.
23. In the event of the winding up, bankruptcy, dissolution or insolvency of a Party this agreement shall immediately terminate.
24. Neither Party shall be entitled to sell, assign or in any manner encumber its interest in this Agreement, unless written agreement of the other Party has been obtained thereto beforehand.
25. No amendments or additions to this Agreement will be valid unless made in writing and signed by the Parties hereto. Amendments or additions can be formalised by a revised Agreement, or a separate schedule of amendments.
26. In the event of dispute between the Parties the matter shall be proactively resolved in the best overall interests of the Club, accepting third party mediation if required.

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27. In the event of a fundamental breach of these terms the Party in breach must, upon written notification from the other Party, use all reasonable endeavours to remedy the breach within 28 days. If after this period and third-party mediation under clause 26 the breach is incapable of being remedied, this Agreement can be terminated by either Party, providing 12 months' written notice is given to the other Party.

In witness whereof, this agreement has been entered into the date provided under the recitals above.

Signed by Falkirk Supporters Society

Signed by Falkirk Football & Athletic Club Ltd

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..... (Name)

..... (Name)