



VALORANT Champions Tour Concurrent Ownership Policy

Effective February 1, 2021, this Concurrent Ownership Policy (the “**Policy**”) prohibits an owner or operator of one VALORANT team from having ownership or control of, or undue influence over, more than one team that competes in VALORANT Champions Tour (“**Champions Tour**”). The ownership or control of multiple professional VALORANT teams creates a systemic challenge to competitive integrity and endangers the business reputation of Riot and the Champions Tour. There are legal issues associated with the ownership or control of multiple teams, as well as problems of fan perception relating to the possibility that so-called “sister teams” will collude with each other to obtain results that neither of them could achieve on their own. This Policy addresses both the legal issues and the problems of fan perception.

Because of the complexity of modern business and business relationships, this Policy will be construed broadly by its spirit rather than strictly by its form. Riot reserves the right to apply this Policy and make decisions under it based on its own business judgment, taking into consideration its assessment of the best interests of Riot and the short and long term interests of the Champions Tour, VALORANT and the fans of the game. Although consistency of application of this Policy is a goal, a decision by Riot to grant or withhold its consent or make any other determination under this Policy does not create a precedent that Riot is required to follow in any subsequent situation.

This Policy is incorporated into the VALORANT Champions Tour Global Competition Rules (“**Rules**”) and made applicable to, and legally binding on, all direct and indirect owners of a team that competes in the Champions Tour. Any violation of this Policy is a violation of the Rules by both the team and the owners of the team.

1. Definitions:

The following definitions include both “**direct**” (held in one’s own name or through an entity controlled by the individual) and “**indirect**” (exercised control through another individual or entity) control and ownership. These definitions should be construed broadly.

- 1.1. **Employee** - An Individual who works for an Esports Organization or for an Individual or for an Organization that has Voting Control or Operational Control or is an Owner of an Esports Organization, in a role that either provides services to the Esports Organization or supervises (i.e. has Operational Control of) Individuals or a department that provides services to an

Esports Organization.

- 1.2. **Esports Organization** - An Individual or Organization that operates a League Team.
- 1.3. **Individual** - A natural person.
- 1.4. **League** - (a) the VALORANT Champions Tour; (b) any league anywhere in the world that is eligible to qualify a team to the VALORANT Champions event; or (c) any successor or replacement of any of the foregoing, however named or branded.
- 1.5. **League Team** - A team that plays in a League.
- 1.6. **Operational Control** - Controlling, or having power to determine, the functioning, management or administration of an Organization or some aspect of the Organization, by, for example, making hiring or firing decisions or strategic decisions for the Organization or through holding the authority to fire, discipline, promote, demote or affect the compensation, bonuses and/or benefits of any Employee.
- 1.7. **Organization** - A group of Individuals or an entity (whether incorporated or otherwise) that is organized for some end or work. An Organization may include a partnership, limited liability company, limited liability partnership, association, joint venture, corporation, legal representative, trustee, trustee in bankruptcy, receiver, or any other legal entity whatsoever.
- 1.8. **Owner** - An Individual or Organization that owns an Ownership Interest in an Organization; provided, however that with respect to any public company, an Individual or Organization will not be considered an Owner of that public company unless the Individual or Organization owns or controls more than 9.99% of the voting shares of such public company.
- 1.9. **Ownership Interest** – All forms of ownership, whether legal or beneficial, voting or non-voting, including stock, partnership interests, limited liability company membership or ownership interests, joint tenancy interests, proprietorship interests, trust beneficiary interests, proxy interests, power-of-attorney interests, and all options, warrants and instruments convertible into such other interests, and any other right, title or interest not included in this definition that constitutes an “equity security” as such term is defined in Rule 3a11-1 of U.S. Securities and Exchange Commission under the Securities Exchange Act of 1934.
- 1.10. **Tournament Operator** - An Organization that administers and operates a League or an official competition that is part of a League.
- 1.11. **Transfer** - Any direct or indirect transfer, sale, gift, bequest, assignment, pledge,

hypothecation, encumbrance, grant of a security interest or other disposition (including via the issuance of equity interests or the grant of an option or right of first refusal or first offer).

1.12. **Transferor and Transferee** – Parties to a Transfer.

1.13. **Women’s Team** – A team comprising all women (i.e., any player who identifies as a woman) players.

1.14. **Voting Control** - The possession of sufficient voting power to control the election of directors or similar managing authority of an Organization (whether through direct or indirect beneficial ownership of shares or securities of such Organization or otherwise).

2. **Policy:**

2.1. No Individual or Organization may (a) have an Ownership Interest, Operational Control and/or Voting Control, directly or indirectly, of more than one League Team, or (b) lend money to or guarantee the debts or obligations of more than one League Team.

2.2. Without limitation of the foregoing in Section 2.1, if at any time:

a. An Individual is an Employee, Owner, or has Operational Control or Voting Control with respect to an Esports Organization (for this example, the “**Primary Team**”) and that same Individual is an Employee, Owner, or has Operational Control or Voting Control, with respect to a second Esports Organization (for this example, the “**Secondary Team**”); or

b. An Organization is an Owner or has Operational Control or Voting Control with respect to a Primary Team, and that same Organization is an Owner or has Operational Control or Voting Control with respect to a Secondary Team; then

c. There must be a resolution of the conflict (“**Concurrent Ownership Conflict**”), such that:

i. The applicable Individual or Organization has no Ownership Interest (which includes financial liability or benefit) in the Secondary Team;

ii. The Individual or Organization has no Operational Control over the Secondary Team and in particular has no authority to fire, discipline, promote, demote or affect the compensation, bonuses and/or benefits of any Employee of the Secondary Team;

iii. The Individual or Organization has no Voting Control over the Secondary Team, either Directly or Indirectly; and

iv. The Individual (if applicable) is not an Employee of the Secondary Team.

- 2.3. Without limitation of the foregoing in Section 2.1 and Section 2.2., a Concurrent Ownership Conflict can exist (and requires resolution), in the event of a Transfer of any direct, indirect, contingent or convertible or Ownership Interest in an Esports Organization (including any interest in any intermediary entity), whether by operation of law or otherwise.
- 2.4. An Esports Organization shall provide written notice to Riot and the Tournament Operator of any Concurrent Ownership Conflict or the entry into any agreement that could result in a Concurrent Ownership Conflict. No agreements entered into by an Esports Organization (including in respect of a Transfer of equity in an Esports Organization) may include any confidentiality or similar obligations which purport to prohibit disclosure to Riot or the Tournament Operator.
- 2.5. The entry into any agreement that could result in a Concurrent Ownership Conflict or that otherwise violates this Policy requires the prior written approval of Riot. The failure to obtain such approval is a violation of the Rules and may result in, among other sanctions: (a) the forfeiture of a slot by either the Primary Team, the Secondary Team or both; (b) suspensions for Individuals who are Employees or Owners of either the Primary Team, the Secondary Team or both; and (c) disqualifications and bans for Individuals and Organizations, including from the Champions Tour and any other events related to VALORANT or other video games or esports properties owned or controlled by Riot or its affiliates.
- 2.6. At the request of Riot, an Esports Organization must provide a report, certified by the most senior financial officer of the Esport Organization or the Owners of the Esports Organization, that: (a) shows all direct and indirect Owners of the Esports Organization; (b) confirms that, as of the date of the report, there are no Concurrent Ownership Conflicts; and (c) provides such further information as Riot may determine in its reasonable for Riot to receive in connection with the application of this Policy. Any such report shall be provided by the Esports Organization within fifteen (15) days of receipt of Riot's request.

3. Exceptions to Policy

- 3.1. Notwithstanding Section 2 above, the prior written approval of the Riot shall not be required if an Individual or Organization with an Ownership Interest in a first League Team (a) acquires or holds any direct or indirect Ownership Interest or financial interest in a second League Team that represents less than one percent (1%) of any outstanding class of securities that are publicly traded on any generally recognized stock exchange or over-the-counter market; or (b) acquires or holds a limited partnership or equivalent interest (i.e., a passive interest which has no rights or authority to make investment or management decisions or to otherwise control or govern the applicable vehicle of fund) in any bona fide collective investment vehicle or

institutional venture capital fund that invests in multiple entities at the discretion of its managers or general partners and as to which a second League Team does not represent more than ten percent (10%) of overall asset value. Additionally, non-competitive teams participating in exhibitions, community competitions, or amateur play are not subject to this policy.

- 3.2. Notwithstanding Section 2 above, in the interest of promoting and developing the women's professional player base, an Esports Organization may own and operate a Secondary Team that is a Women's Team without creating a Concurrent Ownership Conflict.

4. General Terms

- 4.1. This Policy is not intended to confer upon any Individual or Organization (other than Riot) any legal or equitable right, benefit or remedy of any nature whatsoever.
- 4.2. The provisions of Section 11 (Dispute Resolution) of the Rules apply to this Policy as if incorporated herein in full. This Policy is the confidential information of Riot and may not be used or disclosed, except as required to comply with this Policy.

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