

## **FRANCHISE BRANDS PLC (the Company)**

### **NOMINATION COMMITTEE - TERMS OF REFERENCE**

The nomination committee of the Company (the **Nomination Committee**) has been established as a board committee in accordance with the Company's articles of association by resolution of the board of directors of the Company (the **Board**) passed on 30 January 2024.

#### **1. PURPOSE**

The purposes for which the Nomination Committee is established are to ensure that:

- 1.1 the Board possesses the necessary experience, knowledge and skillset to deliver the Company's strategic goals over the short-, medium- and long-term and has appropriate levels of independence and diversity of background to avoid groupthink (and particular consideration should be given to factors such as socio-economic backgrounds, nationality, educational attainment, gender, ethnicity and age), with the balance, diversity and effectiveness of the Board being reviewed on a regular basis;
- 1.2 there are formal, rigorous and transparent procedures in place for the appointment of new directors to the Board, that the membership of the board is periodically refreshed and that no member of the board should become indispensable; and
- 1.3 there is appropriate succession planning for all executive management roles (considering at a minimum the executive directors and the members of the management board) including contingency planning for the absence of key staff and that this process considers the skills, experience, capabilities and background required for directors and senior management to support the next stage of the Company's development.

#### **2. MEMBERSHIP**

- 2.1 The members of the Nomination Committee shall be appointed by the Board in consultation with the chair of the Nomination Committee.
- 2.2 The Nomination Committee shall have at least two members, the majority of whom shall be independent non-executive directors.
- 2.3 Appointments to the Nomination Committee shall be for a period of up to three years, which may be extended by no more than two additional periods of up to three years each provided that the majority of the committee members remain independent.
- 2.4 The chair of the Nomination Committee shall be appointed by the Board and shall be either the chair of the Board or an independent non-executive director. In the absence of the chair of the Nomination Committee, the remaining members present at a meeting of the Nomination Committee shall elect one of their number to chair that meeting. The chair of the Board shall not chair any meeting of the Nomination Committee when it is dealing with the appointment of a successor to the chair of the Board.
- 2.5 If a member is unable to act for any reason the chair of the Nomination Committee may appoint another non-executive director as an additional member provided always that the majority of members of the committee shall be independent as described in paragraph 2.2 above.

#### **3. SECRETARY**

The secretary of the Nomination Committee shall be the secretary of the Company or such other person as the Nomination Committee may appoint.

#### **4. QUORUM**

The quorum for all meetings of the Nomination Committee shall be two members both of whom must be independent non-executive directors. A duly convened meeting of the Nomination Committee at

which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Nomination Committee.

## 5. **MEETINGS**

- 5.1 The Nomination Committee shall meet at least twice each year and otherwise as required.
- 5.2 Meetings of the Nomination Committee shall be convened by the secretary of the Nomination Committee at the request of its chair. In addition, the chair of the Board may ask the secretary of the Nomination Committee to convene a meeting if they consider that a meeting is necessary or appropriate.
- 5.3 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of the items to be discussed, shall be forwarded to each member of the Nomination Committee and any other person required to attend, no later than five working days before the date of the meeting. Any supporting papers shall be sent to members of the Nomination Committee and to other attendees, as appropriate, at the same time. Papers may be sent in electronic form.

## 6. **VIRTUAL COMMITTEE MEETINGS**

- 6.1 Subject to the Company's articles of association in force from time to time, a meeting of the Nomination Committee may be held by telephone or electronic means with some or all of the members of the Nomination Committee being in different places provided that each member of the Nomination Committee may participate in the business of the meeting whether directly, by telephone or by any other electronic means which enables the member:
  - 6.1.1 to hear each of the other participating members of the Nomination Committee, and any other person invited to attend the meeting in accordance with paragraph 7, addressing the meeting; and
  - 6.1.2 if the member so wishes, to address simultaneously all of the other participating members of the Nomination Committee and any other person invited to attend the meeting in accordance with paragraph 7.
- 6.2 A quorum is deemed to be present if those members of the Nomination Committee required to form a quorum as set out in paragraph 4 above may participate in the manner specified in paragraph 6.1 above in the business of the meeting.
- 6.3 A Nomination Committee meeting held in the manner specified in paragraph 6.1 above is deemed to take place at the place where the largest group of participating members of the Nomination Committee is assembled or, if no such group is readily identifiable, at the place from where the chair of the Nomination Committee participates.

## 7. **ATTENDANCE AT MEETINGS**

Only members of the Nomination Committee have the right to attend meetings of the Nomination Committee. However, the Nomination Committee may invite any person it thinks appropriate to attend its meetings.

## 8. **VOTING AT MEETINGS**

- 8.1 Each member of the Nomination Committee, present and voting in person at a meeting, shall have one vote which may be cast on each matter considered at that meeting.
- 8.2 A member shall not be permitted to vote on any matter considered at a meeting in relation to which that member is considered by the Nomination Committee to have a direct or indirect personal interest.
- 8.3 Except where the chair is prevented from voting in accordance with paragraph 8.2, the chair of the Nomination Committee shall have a casting vote.

## 9. **AUTHORITY**

The Nomination Committee is authorised by the Board to:

- 9.1 investigate any activity within its terms of reference;
- 9.2 seek any information it requires from any employee or director of the Company who shall be directed to co-operate with any request made by the Company;
- 9.3 obtain outside legal or other independent professional advice at the Company's expense, when the Nomination Committee reasonably believes it is necessary to do so; and
- 9.4 instruct external professional advisers to attend any meeting at the Company's expense if the Nomination Committee considers this necessary or appropriate.

## 10. **FUNCTION, DUTIES AND TERMS OF REFERENCE**

10.1 Generally, the Nomination Committee should lead the process for Board appointments and make recommendations to the Board.

10.2 In particular, the Nomination Committee shall:

- 10.2.1 keep itself up to date and fully informed about strategic issues and commercial changes affecting the Company and the markets in which it operates and the likely evolution of these matters over the medium to long term;
- 10.2.2 keep under review the leadership needs of the organisation, both executive (including, at a minimum, the executive directors and the members of the management board) and non-executive, over the medium term with a view to ensuring the continued ability of the organisation to compete effectively in the market place;
- 10.2.3 regularly review the structure, size and composition (including the skills, knowledge, experience and diversity) required of the Board and make recommendations to the Board with regard to any changes;
- 10.2.4 give full consideration to succession planning for directors and other senior executives (including, at a minimum, the executive directors and the members of the management board) in the course of its work, and oversee the development of a diverse pipeline for succession, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in the future;
- 10.2.5 be responsible for overseeing the process for identifying suitable candidates for appointment to the Board and the appointment of any external advisers to support the recruitment process;
- 10.2.6 for the appointment of a chair of the Board, prepare a job specification, including the time commitment expected. A proposed chair's other significant commitments should be disclosed to the Board before appointment and any changes to the chair's commitments should be reported to the Board as they arise;
- 10.2.7 prior to the appointment of a director, other significant time commitments should be disclosed and the proposed appointee should also be required to disclose any other business interests that may result in a conflict of interest, which must be authorised by the board before appointment;
- 10.2.8 following the process contemplated in paragraph 10.2.5 above, provide a clear recommendation to the Board on which candidate the Nomination Committee is choosing to nominate and why they believe the appointment of their nominee is justified;
- 10.2.9 ensure that on appointment to the Board, non-executive directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside Board meetings;
- 10.2.10 review the results of the Board performance evaluation process that relate to the composition of the Board and succession planning; and

- 10.2.11 review annually the time required from non-executive directors and ensure that the performance evaluation process reviews whether the non-executive directors are spending enough time to fulfil their duties.
- 10.3 The Nomination Committee shall also make recommendations to the Board concerning:
- 10.3.1 any changes needed to the succession planning process if its periodic assessment indicates the desired outcomes have not been achieved;
- 10.3.2 suitable candidates for appointment as new directors or as succession candidates for existing directors;
- 10.3.3 membership of the Audit and Remuneration Committees, and any other Board committees as appropriate, in consultation with the respective chairs of committees;
- 10.3.4 the re-appointment of any non-executive director at the conclusion of their specified term of office, having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills, experience and diversity that is expected to be required over the medium-term;
- 10.3.5 the proposal of each director for annual re-election by shareholders under the relevant provisions of the QCA Corporate Governance Code or the Company's articles of association, having due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills, experience and diversity expected to be required over the medium-term and the need for progressive refreshing of the Board;
- 10.3.6 any matters relating to the continuation in office of any director at any time including the suspension or termination of service of an executive director as an employee of the Company, subject to the provisions of the law and their service contract; and
- 10.3.7 the appointment of any director to executive or other office.
- 10.4 The Nomination Committee shall consider such other matters as may be requested by the Board.

## 11. **OTHER MATTERS**

The Nomination Committee shall:

- 11.1 have access to sufficient resources in order to carry out its duties;
- 11.2 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an on-going basis for all members;
- 11.3 give due consideration to laws and regulations, the provisions of the QCA Corporate Governance Code, the AIM Rules for Companies, the Financial Conduct Authority's Disclosure Guidance and Transparency Rules (in so far as they apply to the Company) and any other applicable rules as appropriate; and
- 11.4 arrange for periodic reviews of its own performance and, at least biennially, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend to the Board any changes it considers necessary.

## 12. **REPORTING LINES**

- 12.1 The chair of the Nomination Committee shall report to the Board after each meeting on all matters within its remit and how it discharged its responsibilities. Where it judges that change is warranted on any matter within its remit, the Nomination Committee shall make recommendations to the Board as it deems appropriate.
- 12.2 The Nomination Committee shall produce a report to be included in the company's annual report describing the work of the Nomination Committee and which should include such information as is required to meet the recommendations of the QCA Governance Code.

12.3 The chair of the Nomination Committee should attend the Company's annual general meeting to answer any questions about the work of the Nomination Committee. In addition, the chair of the Nomination Committee should, where they judge it appropriate, seek engagement with shareholders on significant matters related to the committee's areas of responsibility.

13. **MINUTES**

13.1 The secretary of the Nomination Committee shall prepare minutes of the proceedings and resolutions of committee meetings, including the names of those present and in attendance.

13.2 Draft minutes of all Committee meetings shall be circulated promptly to the chair of the Nomination Committee and, once approved by them, the minutes shall be submitted to all members of the Board (unless to do so would be inappropriate).

These terms of reference were approved by the board of Franchise Brands plc on 30 January 2024