FRANCHISE BRANDS PLC

Matters reserved for the board's decision

Introduction

Franchise Brands' primary goal is to create value for its shareholders over both the short- and longer-term. In doing so, the board will have regard to a wider range of stakeholder interests. To guide and support it on this mission, the board has chosen to follow the QCA Corporate Governance Code, which recommends that there should be a written schedule of matters reserved for the board's decision.

The company's governance structure is overseen by the board of Franchise Brands plc (referred to in this document as 'the board') which comprises two executive directors and three non-executive directors (each a "director").

The management of the business and delivery of results as contemplated in the board-approved budget is the responsibility of the management board, which comprises the executive directors of Franchise Brands plc plus a number of executives with profit or functional accountability. It is a key responsibility of the management board to escalate any matters which are outside board-approved business plans and budgets to the board for its consideration and decision.

RESERVED MATTERS

In this document 'company' refers to Franchise Brands plc and 'group' refers to the legal entities included in the consolidated results for the company and its group, while 'director' refers only to the statutory directors of Franchise Brands plc.

The board retains the exclusive right to consider, and if thought fit approve, all matters in the following areas:

1. Strategy, culture and values

1.1. Overall leadership of the group to deliver long-term growth including maintaining a clear set of values aimed at protecting the company from unnecessary risk and securing its long-term future, supported by standards and other guiding principles that underpin its culture and ethics.

1.2. Promote a corporate culture based on sound ethical values and behaviours, and which is supportive of the delivery of the company's established purpose, strategy and business model.

1.3. Any change to the company's strategy, business model and long-term objectives. In particular, the board should ensure that these take into account the company's impact on society, the communities in which it operates and the environment (including impacts relating to or stemming from climate change).

1.4. Any material change to the group's activities, including moves into new business or geographical areas, or any decision to cease the operation of any material part of the group's business or to sell a material proportion of the share capital of any group company to an external party.

1.5. Any proposed acquisition of the business and assets, or more than 3% of the share capital, of an external party, or the making of a takeover offer to gain control of an external party.

1.6. The proposed entry into a material strategic alliance, merger, joint venture, partnership or profit-sharing arrangement.

1.7. Any proposed change of control of the company, or its combination with any other company and the selection of any advisors on whose opinion the board may rely in deciding whether to accept (or reject), or recommend acceptance (or rejection), of an offer.

1.8. Any proposed 'substantial transaction' or 'related party transaction' (as those terms are defined in the AIM Rules for Companies).

2. Capital structure and funding

2.1. The company's status as a public limited company, the admission of the company's shares to trading on AIM, the choice of platform on which its shares are traded, or any decision to seek a listing of the company's shares and/or admission to trading on the Main Market.

2.2. Any change to the company's capital structure, including the issuance of the company's shares (other than under employee share schemes, which are subject to approval by the remuneration committee), a share buy-back or a reduction in share capital. The entry into material bank debt facilities or the issue of any debt securities by any group company, or the granting of security over the shares or assets of any group company, or material change to any such arrangements.

2.3. Approval of the dividend policy and any material change to this, the declaration of an interim dividend or the recommendation of a final dividend.

2.4. Any material change to the legal structure of the group, particularly where the proposed change is predicated on achieving an advantageous tax position or outcome.

3. Financial and operational oversight

3.1. Oversight of the group's operations and performance against strategic plans, objectives and budgets and, in particular, ensuring that there is:

- effective and prudent management
- sound planning
- implementation and maintenance of robust systems of risk management and internal control
- adequate and reliable financial books, records and reporting
- compliance with all applicable legal and regulatory requirements
- conduct of the business that does not risk jeopardising the reputation or brand of any group company.

3.2. Consideration of the potentially competing interests of the company's shareholders, employees, franchisees, suppliers, customers and others, the impact of operations on the community and environment, the desirability of maintaining a reputation for high standards of business conduct and the likely consequences of any decision in the long term.

3.3. Material changes to the group's corporate structure and reporting segments.

3.4. Determining the nature and extent of the significant risks the company and group is willing to take or tolerate in pursuing its strategic objectives.

3.5. The group's systems and processes for internal control and the identification, assessment and management of risk, and any material change to these.

3.6. The annual operating and capital expenditure budgets and any material change to these.

3.7. Any unbudgeted capital expenditure exceeding £180,000 for any one proposal and £500,000 in the aggregate for the financial year.

3.8. The delegation of authorities to the first two levels of management below the board and any material amendment to that framework.

3.9. Approval of all policies with group-wide application that pertain to key issues, risks or areas which could detrimentally affect the group's reputation, or material amendments to any of these and monitoring compliance with those policies.

4. Financial reporting and shareholder communications

4.1. Interim results, preliminary results and the Annual Report and Accounts (including the audited financial statements for the company and group), in each case on the recommendation of the audit committee, and any trading statement or other announcements issued to guide market expectations.

4.2. Ensure that corporate disclosures, in particular through annual reporting, are appropriate to satisfy the needs of investors, including, but not limited to, sustainability matters.

4.3. Any admission document, prospectus or circular, including the circular and notice convening a General Meeting and any proposal to shareholders to amend the company's Articles of Association.

4.4. Appointment or removal of the nominated advisor and/or a broker.

4.5. Approval of regulatory or press releases concerning matters decided by the board.

4.6. Reviewing reports on the views of the company's shareholders.

5. Contracts, commitments and other legal matters

5.1. Material capital expenditure programmes or projects entered into by the company or group, and any material changes to such matters previously approved by the board.

5.2. The entry into, material amendment or termination of any single contract not included in the annual budget and operational plans of any group company which is material to the group either (i) strategically or (ii):

- in the ordinary course of business, where the expected contract value exceeds £2m pa
- not in the ordinary course of business, where the expected contract value exceeds £100,000 pa;

or (iii) where the contract contains non-customary provisions that could create a significant risk to the group.

Entry into, or material amendment of, contracts will not require approval where they form part of capital programmes or projects previously approved by the board and where the contract value is in line with that budgeted or otherwise approved.

5.3. Any guarantee to be given by the company or any other group company, or the issue of a performance bond or indemnity (other than in the ordinary course of business) by the company or any other group company.

5.4. The commencement, conduct, defence or settlement of litigation where the disputed sum and the group's legal costs are estimated to be above £100,000 or has reputational consequences or is otherwise material to the interests of the group.

5.5. The name of the company or its registered office address.

6. Risk management

6.1. Ensure that the company's risk management framework identifies and addresses all relevant risks, on a proportionate and material basis (including those relating to climate change), in order to execute and deliver on its stated purpose and strategy.

6.2. Determine the extent of exposure to the identified principal risks that the company is able to bear and willing to take (risk tolerance and risk appetite).

6.3. Undertake a periodic review to consider whether the company's enterprise-wide internal controls are sufficiently robust to manage the identified risks adequately and assess whether there are appropriate assurance activities in operation.

7. Governance matters

7.1. Maintain appropriate governance structures and processes in line with the desired corporate culture and appropriate to the company's size and complexity and its capacity, appetite and tolerance for risk. Ensure that the board and management possesses the necessary skills and experience to fulfil its governance responsibilities, including among other things with respect to cyber security, emerging technologies, and relevant sustainability matters such as climate change.

7.2. Changes to the structure, size and composition of the board. The appointment or removal of any director of the company, or the appointment or removal of its company secretary.

7.3. Appointment of any director to an office or the removal of any director so appointed.

7.4. Creation of and delegation of powers to any board committee, and any material amendment to the terms of reference of any standing board committee.

7.5. Appointment of chairs and/or members of board committees or the removal from office of any director so appointed.

7.6. Decision to submit directors for re-election by shareholders at the Annual General Meeting and the decision to offer an additional term of office to a non-executive director.

7.7. Authorisation of any conflict of interest (whether situational or transactional) of a director, and the approval of any contract in which a director or a connected person is interested.

7.8. Determining the independence of non-executive directors.

7.9. Periodically review whether the board possesses the necessary diversity in knowledge and skillset to avoid groupthink and how the directors' individual and collective perspectives add to the board's discussions.

7.10. Considering the results of a regular review or evaluation of the effectiveness of the board, its committees and/or individual directors.

7.11. Ensure proactive engagement with shareholders on governance matters, led by the chair or, where appropriate, the senior independent director or the chairs of board committees, to develop a good understanding of the expectations of all elements of the company's shareholder base and the motivations behind shareholders' voting decisions.

7.12. Identification of the company's key stakeholders and developing an understanding of their needs, interests and expectations. Ensure that appropriate communication and reporting structures exist between the board and all constituent parts of its shareholder base and other key stakeholders. Facilitate a proactive and healthy dialogue between the board and all key stakeholders to enable all interested parties to come to informed decisions about the company.

7.13. Ensure that the company's practices towards its workforce are consistent with its values and that arrangements are in place to enable employees to raise concerns in confidence and that these are considered and, where appropriate, action is taken.

7.14. Periodically review succession planning for board and senior management roles, including contingency planning for the absence of key staff.

7.15. Assessing compliance with the QCA Corporate Governance Code.

7.16. The terms of reference of the management board.

8. Audit, financial reporting and internal control

8.1. Approval of the principal accounting policies or practices and any material changes to these. Approval of treasury policies and any tax strategy document or material changes to these, and any proposal to enter into financial derivatives or other instruments to manage foreign exchange, interest rate or other financial risk exposures.

8.2. Taking into account the views of the audit committee, the appointment or removal of the external auditor, or the decision to propose the re-election of an external audit firm by shareholders at the Annual General Meeting (in each case on the recommendation of the audit committee).

9. Remuneration

9.1. Establish an effective remuneration policy which is aligned with the company's purpose, strategy and culture, as well as its stage of development. This should motivate management and promote the long-term growth of shareholder value, support and reinforce the desired corporate culture and promote the right behaviours and decisions.

9.2. The fees payable to the non-executive directors, including any additional fees payable for serving as senior independent director or as the chair or a member of a board committee.

9.3. The adoption of a new employee share plan or the material amendment of any such plan (to the extent permitted by the rules of the plan).

10. Other reserved matters

10.1. Any decision likely in the opinion of the board to have a material impact on the company or group, whether strategically, financially, operationally or reputationally.

10.2. The overall parameters of the group's insurance programme and, in particular, any decision to retain material levels of risk exposure on the balance sheet of any group company.

10.3. Any material amendment to this schedule of reserved matters.

11. Further delegation

11.1. The board may, to the extent permitted by law or the company's Articles of Association, delegate any of its powers and duties to a duly authorised committee of the board, on such terms as the board may determine.

11.2. This document does not affect existing delegations of authority to standing committees of the board.

This list of reserved matters was approved by the board on 30 January 2024.