

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

### **REMUNERATION COMMITTEE - TERMS OF REFERENCE**

The remuneration committee of the Company (the **Remuneration Committee**) has been established as a board committee in accordance with the Company's articles of association by resolution of the board of directors (the **Board**) passed on 15 July 2016.

#### **1. PURPOSE**

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

- 1.1 the Company establishes an effective remuneration policy which is aligned with the Company's purpose, strategy and culture as well as its stage of development and that the remuneration policy should (i) motivate management and promote the long-term growth of shareholder value and (ii) supports and reinforces the desired corporate culture and promote the right behaviours and decisions;
- 1.2 remuneration policies and practices support the successful delivery of the Company's long-term strategy and in particular that a significant proportion of executive directors' and senior managers' remuneration is structured to clearly link rewards to corporate and individual performance; and
- 1.3 there is a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors.

#### **2. MEMBERSHIP**

- 2.1 The members of the Remuneration Committee shall be appointed by the Board, on the recommendation of the Nomination Committee, in consultation with the chair of the Remuneration Committee.
- 2.2 The Remuneration Committee shall have at least two members, the majority of whom shall be independent non-executive directors.
- 2.3 Appointments to the Remuneration 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 the member continues to meet the criteria for membership.
- 2.4 The chair of the Remuneration Committee shall be appointed by the Board, on the recommendation of the Nomination Committee. The chair of the Board may not be the chair of the Remuneration Committee. In the absence of the chair of the Remuneration Committee, the remaining members present at a meeting of the Remuneration Committee shall elect one of their number to chair that meeting.
- 2.5 If a member is unable to act for any reason the chair of the Remuneration 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 Remuneration Committee shall be the secretary of the Company or such other person as the Remuneration Committee may appoint.

#### **4. QUORUM**

The quorum for all meetings of the Remuneration Committee shall be two members. A duly convened meeting of the Remuneration 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 Remuneration Committee.

## 5. MEETINGS

- 5.1 The Remuneration Committee shall meet at least twice each year.
- 5.2 Meetings of the Remuneration Committee shall be convened by the secretary of the Remuneration Committee at the request of its chair. In addition, any of the following may ask the secretary of the Remuneration Committee to convene a meeting if they consider that a meeting is necessary or appropriate:
- 5.2.1 the chair of the Board; or
  - 5.2.2 the chief executive officer of the Company.
- 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 Remuneration Committee, any other person required to attend and all other non-executive directors of the Company, no later than five working days before the date of the meeting. Any supporting papers shall be sent to members of the Remuneration 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 Remuneration Committee may be held by telephone or electronic means with some or all of the members of the Remuneration Committee being in different places, provided that each member of the Remuneration 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 Remuneration 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 Remuneration 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 Remuneration 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 Remuneration 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 Remuneration Committee is assembled or, if no such group is readily identifiable, at the place from where the chair of the Remuneration Committee participates.

## 7. ATTENDANCE AT MEETINGS

- 7.1 Only members of the Remuneration Committee have the right to attend meetings of the Remuneration Committee. However, the Remuneration Committee may invite any person it thinks appropriate to attend its meetings.
- 7.2 The chair of the Board and the chief executive officer of the Company should normally be invited to attend meetings of the Remuneration Committee to discuss the performance of the senior management team and to make proposals relating to their remuneration as necessary. However, no director shall be involved in any decision, or be present at any discussions, relating to their own remuneration.

## 8. **VOTING AT MEETINGS**

- 8.1 Each member of the Remuneration 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 Remuneration Committee to have a direct or indirect personal interest.
- 8.3 Except where he or she is prevented from voting in accordance with paragraph 8.2, the chair of the Remuneration Committee shall have a casting vote.

## 9. **AUTHORITY**

The Remuneration 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, including independent remuneration consultants, when the Remuneration 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 Remuneration Committee considers this necessary or appropriate.

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

- 10.1 The duties of the Remuneration Committee shall be:
- 10.1.1 to determine and agree with the Board an effective remuneration policy which is aligned with the Company's purpose, strategy and culture as well as its stage of development and that the remuneration policy should (i) motivate management and promote the long-term growth of shareholder value and (ii) supports and reinforces the desired corporate culture and promote the right behaviours and decisions. The pay structures for senior management should be simple and easy for participants to understand;
- 10.1.2 in determining the remuneration policy, to take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the QCA Corporate Governance Code and associated guidance. The objective of that policy shall be to ensure that the Company is able to attract, retain and motivate executive management of the calibre required to deliver the Company's strategy successfully and sustainably over the long-term, without paying any more than is necessary;
- 10.1.3 to establish remuneration schemes that foster alignment with shareholders through the building and holding of a meaningful shareholding in the Company by executive directors and management;
- 10.1.4 when setting and implementing remuneration policy for directors, to review and have regard to the remuneration trends across the Company or group;
- 10.1.5 to keep under review the ongoing appropriateness and relevance of the remuneration policy;
- 10.1.6 to ensure that no director or manager is involved in any decisions as to their own remuneration;
- 10.1.7 within the terms of the agreed remuneration policy, to design and set the remuneration of the executive directors and the chair of the Board and to keep

under review the remuneration of the members of the management board and such other senior managers that it may be designated to consider from time to time. The remuneration of non-executive directors shall be a matter for the chair of the Board and the other executive directors;

- 10.1.8 to review the design of and determine targets for any performance-related pay schemes operated by the Company and should, as necessary, consult with other board committees in order to set appropriate incentive targets and to appraise performance in respect of those targets. At the end of each performance period, the Remuneration Committee should consider whether formulaic outcomes are appropriate in the light of any relevant circumstances and approve the total annual payments under those schemes;
- 10.1.9 to review the design of all share incentive plans for approval by the Board (and, where relevant, shareholders) and, for any such plans, determine each year whether awards will be made and, if so, the overall amount of those awards, the individual awards and the performance targets to be used;
- 10.1.10 to determine the policy for, and scope of, pension arrangements for each executive director and other senior executives;
- 10.1.11 to ensure that contractual terms on termination, and any payments made, are fair to the individual and the Company, that poor performance is not rewarded and that the duty to mitigate loss is fully recognised;
- 10.1.12 to have regard in the performance of the duties of the Remuneration Committee to any published guidelines or recommendations regarding the remuneration of directors of AIM quoted companies or the formation and operation of share option schemes (in particular the guidelines published by the Investment Association and the QCA Corporate Governance Code) which the Remuneration Committee considers relevant or appropriate;
- 10.1.13 to obtain reliable, up-to-date information about remuneration in other United Kingdom listed and/or quoted companies of a similar size and/or complexity in any comparable industry sector and assess whether changes to the remuneration of the Company's executive directors (and, where relevant, senior management) are appropriate for the purpose of making their remuneration competitive or otherwise comparable with the remuneration paid by those other companies;
- 10.1.14 to oversee any major changes in employee benefit structures throughout the Company's group including reviewing and noting annually the remuneration trends across the Company's group;
- 10.1.15 to agree the policy for authorising claims for expenses from the directors;
- 10.1.16 to be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Remuneration Committee;
- 10.1.17 to consider and make recommendations to the Board about the public disclosure of information relating to the structure and quantum of the remuneration packages of the executive directors in addition to those required by law or by London Stock Exchange plc, including (but not limited to) the QCA Corporate Governance Code; and
- 10.1.18 to consider such other matters as may be requested by the Board from time to time.

10.2 For the avoidance of doubt, the terms of reference of the Remuneration Committee do not encompass decisions to employ or dismiss executive directors. The Remuneration Committee does not have responsibilities for nominations to the Board.

## 11. **OTHER MATTERS**

The Remuneration 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;
- 11.4 oversee any investigation of activities which are within its terms of reference; and
- 11.5 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. **FURTHER DELEGATION**

The chair of the Remuneration Committee shall have the power to consider and, if thought fit, approve:

- 12.1 any points of detail in connection with the administration of the Company's executive pay arrangements or any employee share scheme, where the substantive issue has already been considered and approved by the Remuneration Committee;
- 12.2 the grant of options or awards (or the variation of an option or award already granted or of any performance condition(s) to which it is subject) under the Company's employee share schemes, where this is necessary to correct a manifest error or administrative omission; and
- 12.3 the results of any test of a performance condition or calculation of time apportionment that may lead to the vesting of an option or award under an employee share scheme of the Company; provided always that
- 12.4 where any of the powers conferred by this section are exercised, the chair of the Remuneration Committee shall report the circumstances and the decisions taken to the next following meeting of the Remuneration Committee.

## 13. **REPORTING LINES**

- 13.1 The chair of the Remuneration Committee shall report to the Board on its proceedings after each meeting on all matters within its remit and how it discharged its responsibilities.
- 13.2 The Remuneration Committee shall make whatever recommendations to the Board as it deems appropriate on any area within its remit where action or improvement is needed.
- 13.3 The Remuneration Committee shall report annually on the Board's behalf to the Company's shareholders. Its report should include such information as is required to meet the recommendations of the QCA Corporate Governance Code and associated guidance.
- 13.4 The chair of the Remuneration Committee should attend the Company's annual general meeting to answer any questions about the work of the Remuneration Committee.
- 13.5 The Remuneration Committee should consider whether annual remuneration report should be put to an advisory shareholder vote and whether the remuneration policy should be put to

the shareholders periodically on either an advisory or a binding vote at the annual general meeting. The Remuneration Committee should also consider whether new (or significant amendments to existing) share schemes or long-term incentive plans should be put to a shareholder vote.

14. **MINUTES**

- 14.1 The secretary of the Remuneration Committee shall prepare minutes of the proceedings and resolutions of all meetings, including the names of those present and in attendance.
- 14.2 Drafts of such minutes shall be circulated promptly to the chair of the Remuneration Committee for review 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