

# PAPA MURPHY'S HOLDINGS, INC.

## Corporate Governance Guidelines (Adopted on May 1, 2014, last revised on March 2, 2016)

### I. DUTIES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The role of the Board of Directors (the "Board") of Papa Murphy's Holdings, Inc. (the "Company") is to manage and direct the affairs of the Company in the Company's best interests including the interest of the stockholders in the long-term health and overall success of the business. The Board delegates the day-to-day management of the Company to the Chief Executive Officer (the "CEO") and other senior executives of the Company. The Board provides guidance to and oversight of management.

#### The Role of the Board of Directors

The Board generally fulfills its role (directly or by delegating certain responsibilities to its committees (currently, Audit, Compensation, and Nominating and Corporate Governance). The Board fulfills its roles by:

1. providing advice and counsel to the CEO and senior executives;
2. selecting, regularly evaluating, fixing the compensation of, and, where appropriate, replacing the CEO;
3. planning for CEO succession and guiding and overseeing management development;
4. providing oversight of Company performance to evaluate whether the business is being appropriately managed;
5. reviewing and approving strategic plans and providing guidance to management in formulating corporate strategy;
6. reviewing and approving the Company's financial objectives and major corporate plans and actions (including material capital expenditures and transactions outside the ordinary course of business);
7. designing governance structures and practices to position the Board to fulfill its duties effectively and efficiently;
8. providing oversight of risk assessment and monitoring processes;
9. reviewing and approving major changes in accounting principles and practices;
10. providing oversight of internal and external audit processes, financial reporting, and disclosure controls and procedures;
11. overseeing compliance with applicable laws and regulations;

12. setting expectations about the tone and ethical culture of the Company, and reviewing management efforts to instill an appropriate tone and culture throughout the Company; and
13. performing such other functions as the Board believes appropriate or necessary, or as otherwise prescribed by rules or regulations.

### **Care, Candor, and Avoidance of Conflicts**

The Company's directors recognize their obligation individually and collectively to pay careful attention and to be properly informed. This requires regular attendance at, and preparation for, meetings of the Board and its committees including the advance review of circulated materials, and active participation in Board and committee discussions. The directors also recognize that candor and avoidance (or in circumstances where conflicts are unavoidable or related person transactions are in the interests of the Company, the appropriate handling) of conflicts (in fact and in perception) are hallmarks of accountability owed to the Company and its stockholders. Directors have an obligation to disclose personal or business interests that involve an actual, potential, or apparent conflict of interest to the Chairman of the Board and Chief Legal Officer prior to any Board decision related to the matter and, if it is determined that a conflict exists or the perception of a conflict is likely to be significant, the Board of Directors or Audit Committee shall determine how to address, in accordance with the Company's Code of Business Conduct and Ethics, Related Person Transaction Policy, any other applicable Company policies, and any related disclosure obligations. Directors having a conflict, potential conflict or apparent conflict are expected to recuse themselves from the discussion and abstain from voting on the matter.

### **Integrity and Conduct**

Each director is expected to act with integrity and to adhere to the policies in the Company's Code of Business Conduct and Ethics and all other applicable Company policies (including but not limited to these Corporate Governance Guidelines). Any waiver of the requirements of the Code of Business Conduct and Ethics for any director must be approved by the Board and promptly disclosed as required by applicable law.

### **Confidentiality**

Each director has an obligation to keep confidential all non-public information that he or she receives in connection with serving on the Board. Directors may not use such information for personal benefit or the benefit of persons or entities outside the Company nor may they disclose this information for any purpose without express permission. Confidential information includes, but is not limited to, information regarding the strategy, business, finances, and operations of the Company (or any of the Company's suppliers, customers or other constituents), minutes, reports, and materials of the Board and its committees, and other documents identified as confidential by the Company. The proceedings and deliberations of the Board and its committees are also confidential, non-public information and are subject to strict protection.

## **II. BOARD INDEPENDENCE**

The Board will have a majority of independent directors. In making independence determinations, the Board observes all applicable requirements, including the corporate governance listing

standards established by the NASDAQ Stock Market llc (“NASDAQ”). In addition, to be considered independent under these Guidelines, the Board must determine under applicable NASDAQ listing standards that the director has no relationship which, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The Board will carefully consider all relevant facts and circumstances in making an independence determination.

### **III. EXECUTIVE SESSIONS**

Generally, the non-management directors meet regularly without members of management present in executive session at the end of each Board meeting. The executive sessions have such agendas and procedures as are determined by the non-management and independent directors. A presiding director chosen by the non-management directors convenes and presides at such sessions. Authority in such sessions to act on behalf of the Company or the Board on any matters requires an express delegation of authority by the Board.

### **IV. FORMAL EVALUATION OF THE CEO**

The Board has delegated to the Compensation Committee the task of evaluating the CEO annually and reporting its recommendations to the Board. The Chairman of the Board communicates the Board’s conclusions to the CEO.

### **V. MANAGEMENT DEVELOPMENT AND SUCCESSION PLANNING**

The CEO reviews succession planning and management development with the board of directors and the Nominating and Corporate Governance Committee on an annual basis. This succession planning includes the development of policies and principles for selection of the CEO, including succession in the event of an emergency.

### **VI. DIRECTOR NOMINATION, QUALIFICATION AND ELECTION**

#### **Selection of Board Nominees**

Each year, the Board proposes a slate of director nominees to stockholders for election at the Annual Meeting of Stockholders. Stockholders may also recommend candidates for election to the Board, as described below. The Board has delegated the process of screening potential director candidates to the Nominating and Corporate Governance Committee.

The Nominating and Corporate Governance Committee is responsible for reviewing with the Board, on an annual basis, the appropriate criteria that directors are required to fulfill (including experience, qualifications, attributes, skills and other characteristics) in the context of the current make-up of the Board and the needs of the Board given the circumstances of the Company. In identifying and screening director candidates, the Nominating and Corporate Governance Committee considers whether the candidates fulfill the criteria for directors approved by the Board, including integrity, objectivity, independence, sound judgment, leadership, courage and diversity of experience (for example, in relation to finance and accounting, international operations, strategy, risk, technical expertise, policy-making, etc.).

The Nominating and Corporate Governance Committee values the input of stockholders in identifying director candidates. The Nominating and Corporate Governance Committee considers

recommendations for Board candidates submitted by stockholders using substantially the same criteria it applies to recommendations from the Committee, directors and members of management. Stockholders may submit recommendations by providing the person's name and appropriate background and biographical information in writing to the Nominating and Corporate Governance Committee at c/o Papa Murphy's Holdings, Inc., 8000 NE Parkway Drive, Suite 350, Vancouver, Washington 98662.

Invitations to serve as a nominee are extended by the Board through the Chairman of the Board and the Chairman of the Nominating and Corporate Governance Committee.

### **Size and Term**

The Nominating and Corporate Governance Committee considers and makes recommendations to the Board regarding the size, structure, composition and functioning of the Board. The Board should have between seven and fifteen directors. The Board is divided into three classes, approximately equal in number, with staggered terms of three years each, so that the term of one class expires at each annual general meeting of stockholders. Thus, directors typically stand for reelection every three years.

### **Director Renomination**

The Board may renominate a director, based on the recommendation of the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee formally reviews the performance of each director in determining whether to renominate directors for election.

### **Change in Principal Occupation**

When a director's principal occupation or business association changes substantially during the director's tenure on the Board, the director must tender his or her resignation for consideration by the Committee. The Committee will recommend to the Board the action, if any, to be taken with respect to the resignation. Directors are also expected to inform the Chairman of the Nominating and Corporate Governance Committee of other events that could reasonably be perceived to be relevant to consideration about ongoing independence.

### **Commitment and Limits on Other Activities**

Directors must be prepared to devote the time required to prepare for and attend Board meetings, and fulfill their responsibilities effectively. Because of the time commitment associated with board service, directors are expected to limit the number of other boards (excluding non-profits) on which they serve. Directors are asked to advise the Chairman of the Board, the Chairman of the Nominating and Corporate Governance Committee and the Chief Legal Officer in advance of accepting an invitation to serve on another board. Members of the Audit Committee may not serve on the audit committees of more than two other public companies without prior Board approval.

### **Retirement; Term Limits**

The Board does not believe that it should establish term limits. Term limits may result in the loss of directors who, over a period of time, have developed substantial insight into the Company and its operations. As an alternative to term limits, the Committee assesses the contributions of each

incumbent director prior to the director's nomination to another term. This also gives each director the opportunity to confirm his or her desire to continue as a member of the Board.

## **VII. DIRECTOR ORIENTATION AND CONTINUING EDUCATION\***

The Board has delegated to the Nominating and Corporate Governance Committee the task of designing, with Company management, an appropriate orientation program for new directors that includes background material, meetings with senior management and visits to Company facilities. The Committee also explores and makes available education and development opportunities for directors, from time to time.

In addition to education and development programs that are specifically tailored for the Board, all directors are encouraged to attend director development programs and conferences that relate to director duties or other corporate governance topics or to other topics relevant to the work of the Board.

## **VIII. BOARD MEETINGS, AGENDA AND MATERIALS**

All meetings of and other actions by the Board will be held and taken pursuant to the bylaws of the Company, including provisions governing notice of meetings, waiver of notice, the number of Board members, required to take actions at meetings and by written consent, and other related matters. The Chairman of the Board, with input from senior members of management, establishes the agenda for each Board meeting.

Information and data that is important to the Board's understanding of the business is distributed in writing to the Board in advance of Board meetings. Management is expected to provide material that is concise, yet appropriately detailed for the circumstances.

## **IX. DIRECTOR ACCESS TO SENIOR MANAGERS AND INDEPENDENT ADVISERS\***

The Board and its committees retain independent advisers to assist them in carrying out their activities when and as needed, and the Company provides adequate resources to compensate such advisers. Directors have complete access to senior management and to Board and committee advisers. Directors are expected to use good judgment to ensure that this contact is not distracting to the business operation of the Company, and that independent advisers are used efficiently. The Board expects that certain senior managers will be invited to attend portions of Board meetings.

## **X. BOARD COMMUNICATION WITH STOCKHOLDERS AND OTHERS, AND ANNUAL MEETING ATTENDANCE**

Management, and, in particular, the CEO, speaks for the Company with stockholders, investors, employees, customers, suppliers, the press and others. In circumstances when it is appropriate for the Board to communicate separately from the Company's management, the Chairman of the Board speaks for the Board, although there may be circumstances when another director, such as a committee chair, may be asked to participate and even lead the communication effort. Directors are expected to take special care in all communications concerning the Company, in light of strict confidentiality requirements and laws prohibiting insider trading, tipping and avoidance of selective disclosure.

The Board believes that effective communications with the Company's stockholders are important, and has established means for the Company's stockholders and other interested parties to contact the Board and its committees.

In order to build constructive, informed relationships with stockholders, and encourage transparency and accountability, directors may be available to participate in discussions with stockholders from time to time, as appropriate.

It is a policy of the Board that all directors attend the Annual Meeting of Stockholders absent unusual circumstances. (The Company discloses director attendance at the Annual Meeting in the Company's next proxy statement or on the Company's website.)

## **XI. STANDING BOARD COMMITTEES**

Membership on the Audit, Compensation, and Nominating and Corporate Governance Committees is limited to independent directors, and subject to other regulations as the SEC and NASDAQ impose. Each committee has its own charter, which sets forth the responsibilities of each committee, the qualifications of its members, and the procedures of the committee. Subject to applicable regulations and listing rule requirements, the Board retains discretion to form new committees or disband current committees depending upon the circumstances.

The Nominating and Corporate Governance Committee recommends, after consultation with the Chairman of the Board and CEO, and with consideration of the views, experiences and characteristics of individual directors, the appointment of directors to various committees and the appointment of committee chairmen, for Board approval.

## **XII. DIRECTOR COMPENSATION**

The Compensation Committee recommends to the Board for approval general principles for determining the form and amount of director compensation.

## **XIII. ANNUAL BOARD AND COMMITTEE PERFORMANCE EVALUATIONS**

The Board conducts an annual self-evaluation of its performance and the performance of its committees. The Nominating and Corporate Governance Committee recommends to the Board and its committees the methodology for such evaluations and oversees its execution.

## **XIV. COMMUNICATING WITH THE BOARD**

Interested parties may communicate with the Board, its committees, the Chairman of the Board or the non-management directors as a group by writing to: Papa Murphy's Holdings, Inc., 8000 NE Parkway Drive, Suite 350, Vancouver, WA 98662 c/o of the appropriate group.

## **XV. CORPORATE GOVERNANCE GUIDELINES**

These Guidelines are intended to supplement the Company's bylaws and the charters of the Board's committees, but not to modify or amend such documents. The Nominating and Corporate Governance Committee reviews these Guidelines annually and recommends amendments to the Board as necessary. These Guidelines are posted on the Company's website.