

Board of Directors Charter and Corporate Governance Guidelines of Franchise Group, Inc.

(Revised and effective as of September 3, 2020)

This Charter and Corporate Governance Guidelines (the “Charter”) have been adopted by the Board of Directors (the “Board”) of Franchise Group, Inc. (the “Company”), acting on the recommendation of its Nominating Committee, to assist the Board and its committees in the exercise of their responsibilities. These principles and policies are in addition to and are not intended to change or interpret any federal or state law or regulation, including the Delaware General Corporation Law, or the Certificate of Incorporation or Bylaws of the Company, as amended from time to time. The Board will review this Charter at least annually and, if appropriate, revise this Charter from time to time.

I. OPERATION OF THE BOARD

1. Director Responsibilities

The basic responsibility of Directors is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its stockholders. In furtherance of its responsibilities, the Board, or a committee thereof, will review, evaluate and approve the following:

- long-range plans for the Company.
- the Company’s budget and forecasts.
- major resource allocations and capital investments.
- the corporate organizational structure, the assignment of senior management responsibilities and plans for senior management development and succession.
- compensation strategy as it relates to senior management of the Company.

In addition, the Board will

- review the financial and operating results of the Company.
- implement and monitor compliance with the Company’s Code of Conduct.
- review periodically the Company’s corporate objectives and policies relating to social responsibility.
- review and assess the effectiveness of the Company’s policies and practices with respect to risk assessment and risk management.

2. Board and Committee Meetings; Attendance at Annual Stockholder Meetings

Regular Board meetings will be held four times per year, and special meetings will be called as necessary. A schedule of locations of the regular meetings will be provided to the Directors well in advance. In the event of a pandemic or other event that make congregating in person problematic, the Company's Chief Executive Officer (CEO) and/or the Company's Chairman can decide to hold a virtual Board meeting or change the location of the meeting.

Directors are expected to attend all Board meetings and meetings of the committees on which they serve. Directors should spend the time and meet as frequently as necessary to properly discharge their responsibilities.

The non-management Directors will meet in Executive Session following or in conjunction with regular Board meeting. They provide the Directors an opportunity to discuss matters that do not require formal Board action. If the non-management Directors include any Directors who are not "independent" pursuant to the Board's determination of independence, at least one Executive Session per year will include only independent Directors. The Chairman, or a chosen Director if the Chairman is not independent, will preside at such a meeting.

The Chairman, CEO or Committee Chairpersons may from time to time invite corporate officers, other employees and advisors to attend Board or committee meetings whenever deemed appropriate. Directors are encouraged to attend annual meetings of stockholders.

3. Agenda Items for Board and Committee Meetings

The Chairman will establish the agenda for each Board meeting. Each Director is free to suggest the inclusion of items on the agenda. Directors having items to suggest for inclusion for future Board meetings should advise the Chairman well in advance of such meetings. A detailed agenda and, to the extent feasible, supporting documents and proposed resolutions should be provided to the Directors approximately one week prior to each Board meeting. Directors should review these materials in advance of the meeting.

The Chairperson of each committee, in consultation with the committee members, will determine the frequency and length of the committee meetings consistent with any requirements set forth in the committee's charter. At the beginning of each year each committee will establish a schedule of agenda subjects to be discussed during the year (to the degree these can be foreseen). An agenda and, to the extent feasible, supporting documents and proposed resolutions will be provided to the

committee members approximately one week prior to committee meetings. Committee members should review these materials in advance of the meeting.

4. Director Compensation

Non-employee Directors shall receive reasonable compensation for their services. Directors who are employees of the Company or any of its subsidiaries shall receive no additional compensation for serving as Directors.

The form and amount of Director compensation will be determined by the Compensation Committee in accordance with the policies and principles set forth in its charter. The Compensation Committee will conduct an annual review of Director compensation. The Compensation Committee will consider that Directors' independence may be jeopardized if Director compensation and perquisites exceed customary levels or if the Company enters into consulting contracts with (or provides other indirect forms of compensation to) a Director or an organization with which the Director is affiliated.

5. CEO Evaluation and Management Succession

The Compensation Committee will conduct an annual review of the Chief Executive Officer's performance, as set forth in its charter. The Board will review the Compensation Committee's report in order to ensure that the CEO is providing the best leadership for the Company in the long- and short-term.

The CEO selection and management succession are one of the Board's most important responsibility. The Board evaluates potential successors and approve management succession strategies and plans for the CEO and other executive officers of the Company. The CEO should recommend potential successors, along with development plans recommended for such individuals.

The Board should determine whether the positions of CEO and Chairman should be held by the same person. Ideally, the Board will make such a determination when it elects a new CEO.

6. Director Access to Officers and Employees

Directors have full and free access to officers and employees of the Company. Any meetings or contacts that a Director wishes to initiate may be arranged through the CEO or directly by the Director. The Directors will use their judgment to ensure that any such contact is not disruptive to the business operations of the Company and will, to the extent appropriate, copy the CEO on any written communications between a Director and an officer or employee of the Company.

7. Director Orientation and Continuing Education

All new Directors must participate in a Company orientation program, which should be conducted within six months of election. This will include presentations by senior management to familiarize new Directors with the Company's business and strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its Code of Conduct, its principal officers, and its internal and independent auditors. Any sitting Director may attend the orientation program. All Directors are encouraged to participate in continuing Director education.

8. Independent Advisors

The Board and each committee have the power to engage experts or advisors, including independent legal counsel, deemed appropriate by the Board or the committee. The Company will provide for appropriate funding, as determined by the Board or committee, for payment of compensation to any such counsel, experts or advisors retained by the Board or a committee.

II. BOARD STRUCTURE

1. Size of the Board

The Company's Bylaws prescribe that the number of Directors of the Company which shall constitute the whole Board shall not be less than 5 or more than 15. The number of Directors within that range shall be fixed from time to time by resolution of the Board.

2. Selection of Directors

Nominees for directorship other than those that are permitted to be designated only by the holders of specific classes or series of shares will be recommended to the Board by the Nominating and Corporate Governance ("Nominating") Committee in accordance with the policies and principles set forth in its charter. The invitation to join the Board should be extended by the Board itself, by the Chairman of the Nominating Committee and the Chairman of the Board. The Board is responsible for nominating members to the Board and for filling vacancies on the Board that may occur between annual meetings of stockholders, in each case based upon the recommendation of the Nominating Committee.

3. Director Qualifications

The Nominating Committee is responsible for reviewing with the Board, on an annual basis, the requisite skills and characteristics of new Board members as well as the composition of the Board as a whole. This assessment will include evaluation of the members' independence, as well as consideration of diversity (including gender, age, ethnic background, geographic origin and professional experience), talent, skills, and other experience in the context of the needs of the Board. The Nominating Committee will review such standards at least annually and recommend any appropriate changes to the Board for consideration.

4. Independence

The Board shall consist of a majority of independent Directors. In making independence determinations, the Board will observe all applicable requirements, including the corporate governance listing standards established by NASDAQ. The Board will carefully consider all relevant facts and circumstances in making an independence determination.

To be considered "independent" for purposes of Director qualification standards, (1) the Director must meet the bright-line independence standards under NASDAQ listing standards, and (2) the Board must affirmatively determine that the Director has no material relationship with the Company, directly or as an officer, stockholder or partner of an organization that has a relationship with the Company. In each case, the Board shall consider all relevant facts and circumstances.

5. Lead Director

If the Chairman of the Board is not independent, the Board may, at its election, select an independent director to serve as Lead Director. If a Lead Director is to be selected, the Lead Director shall be elected annually by a majority of the independent Directors based on a recommendation from the Nominating Committee. The Lead Director will be disclosed in the Company's annual proxy statement. The Lead Director's additional responsibilities include: (1) presiding at all meetings of the Board at which the Chairman is not present, (2) serving as a liaison between the Chairman and the independent Directors, (3) being available to consult with the CEO about the concerns of the Board; (4) being available to consult with any of senior executive of the Company as to any concerns that executive might have, and (5) approving information sent to the Board, meeting agendas for the Board and schedules to assure that there is sufficient time for discussion of all agenda items.

6. Director Retirement

The Board's retirement age policy provides that non-employee Directors will not stand for election for any term that begins after their 80th birthday; provided, however, that upon the approval of the Board, a Director may stand for election for a term that begins after his or her 75th birthday but before his or her 81st birthday. Directors who are employees of the Company or any of its subsidiaries will retire from the Board coincident with their retirement as employees.

7. Resignation from the Board

Any Director may resign at any time by giving notice in writing or by electronic transmission to the Chairman of the Board, the President or the Secretary of the Company. Such resignation shall take effect upon receipt thereof or at any later time specified therein; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Directors who change the responsibility they held when they were elected to the Board or who subsequently have another change in responsibility should notify the Chairman of each such change. It is not the position of the Board that in every instance the Directors who retire or have a change in responsibility from the position they held when they came on the Board should necessarily leave the Board. There should, however, be an opportunity for the Board through the Nominating Committee to review the continued appropriateness of Board membership. If the Committee determines that continued Board membership under the circumstances is no longer appropriate, the Director shall resign.

8. Term Limits

The Board does not believe it should establish term limits. Term limits hold the disadvantage of losing the contribution of Directors who have been able to develop, over a period of time, increasing insight into the Company and its operations and, therefore, provide an increasing contribution to the Board as a whole.

III. COMMITTEES OF THE BOARD

A substantial portion of the analysis and work of the Board is done by standing Board committees. The Board has established the following standing committees: Audit, Compensation, Risk and Nominating and Corporate Governance. The Board may, from time to time, establish or maintain additional committees as necessary or appropriate.

Committee members will be appointed by the Board upon recommendation of the Nominating Committee with consideration of the desires of individual Directors. Consideration should be given to rotating committee members periodically, but rotation is not mandated as a policy.

Each committee will have its own charter. The charters will set forth the purposes, goals and responsibilities of the committees as well as qualifications for committee membership, procedures for committee member appointment and removal, committee structure and operations and committee reporting to the Board.

The Board will have at all times an Audit Committee, a Compensation Committee, a Risk Committee and a Nominating Committee. All of the members of these committees will be independent Directors under the criteria established by NASDAQ. In addition, the members of the Audit Committee will also meet the independence requirements of the Securities and Exchange Commission and the experience requirements of NASDAQ. Committees generally report to the Board at the next regularly scheduled Board meeting following a committee meeting.

IV. OTHER BOARD PRACTICES

1. Review of Roles and Responsibilities of Directors

The Chairman will review with each Director on a periodic basis the performance of each Director's duties as well as the role and responsibilities of each Director.

2. Board Interaction with Institutional Investors, Analysts, Media, Customers and Members of the Public

Except where directed by the Chief Executive Officer or the Chief Financial Officer of the Company, communications on behalf of the Company with the media, securities analysts, stockbrokers and investors must be made only by specifically designated representatives of the Company. If a Director receives any inquiry relating to the Company from the media, securities analysts, brokers or investors, including informal social contacts, he or she should decline to comment and ask them to call the individual or Department designated to handle outside inquiries.

3. Limitation of Liability

To the extent permitted by Delaware General Corporation Law, a Director will not be liable to the Company or its stockholders. Delaware law currently permits eliminating liability for monetary damages for breach of a Director's fiduciary duty; it does not permit limiting liability for breach of a Director's duty of loyalty to the

Company or its stockholders or for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of the law.

4. Performance Evaluation of the Board

The Board will conduct an annual self-evaluation to determine whether it and its Committees are functioning effectively. The Nominating Committee will receive evaluations from all Directors and report to the Board with an assessment of the Board's performance. The assessment will be discussed with the full Board. The assessment will focus on the Board's contribution to the Company and focus on areas in which the Board or management believes that the Board could improve.

Each Committee shall review and reassess the adequacy of its charter annually and recommend any proposed changes to the Board for approval. Further, each Committee shall annually review its own performance and report the results to the Board. The Nominating Committee shall oversee and report annually to the Board its assessment of each Committee's performance evaluation process.

5. Charitable Contributions

In furtherance of the goal to maintain the independence of its independent Board, the Board has adopted a policy for Directors to notify the Nominating Committee if they recommend that the Company make charitable contributions to any organization. The Nominating Committee will consider how charitable contributions made by the Company to organizations with which a Director is affiliated could affect the Director's independence. The Nominating Committee will also be responsible for the periodic review and updating of the policy.

6. Prior Notice of Outside Directorships

Directors should consider the number of other boards on which they can serve given the time and energy necessary to satisfy the requirements of Board and Committee memberships. Directors should also consider any actual or apparent conflicts of interest and impairments to independence that service on other boards may create. Outside Directors must notify the Chairman of the Board or the General Counsel in a timely fashion before accepting an invitation to serve on the board of another public company. This prior notice is to allow discussion on whether such other service will interfere with the outside Director's service on the Company's Board, impact the Director's status as an independent Director, or create an actual or apparent conflict of interest for the Director.