

PAPA MURPHY'S HOLDINGS, INC.

Related Person Transaction Policy

I. INTRODUCTION

This Related Person Transaction Policy ("Policy") has been adopted by the Board of Directors ("Board") of Papa Murphy's Holdings, Inc. ("Company") and addresses the reporting, review, and approval or ratification of transactions with related persons. Although related person transactions (as defined below) can involve potential or actual conflicts of interest, the Company recognizes that such transactions may occur in the normal course of business or provide an opportunity that is in the best interests of the Company. This Policy is not designed to prohibit related person transactions; rather, it is to provide for timely internal review of prospective transactions, approval or ratification of transactions, and appropriate oversight and public disclosure of transactions.

This Policy supplements the provisions of the Company's Code of Business Conduct and Ethics (the "Code"). With respect to persons and transactions subject to this Policy, the procedures set forth herein for reporting, review, oversight, and public disclosure of related person transactions shall apply, in addition to the provisions of the Code and all other Company policies and procedures.

II. PERSONS COVERED BY THIS POLICY

This Policy applies to any person who at any time since the beginning of the last fiscal year of the Company is or was:

- a director of the Company;
- an executive officer of the Company;
- a nominee for election as a director of the Company;
- a security holder who is known to the Company to own of record or beneficially more than five percent of any class of the Company's voting securities; and
- an immediate family member of any of the foregoing persons

(each, a "Related Person" and, collectively, "Related Persons").

Each of the foregoing Related Persons shall be subject to this Policy, even if, during the time period, the person (i) ceased to have such status during such period, or (ii) did not have such status at the time the Company participated in a transaction in which such person had a direct or indirect material interest.

"Executive officer" shall mean the chief executive officer and chief financial officer of the Company, any president or vice president of the Company in charge of a principal business unit, division or function, any other officer who performs a policy-making function, or any other person who performs similar policy-making functions for the Company. Executive officers of subsidiaries may be deemed executive officers of the Company for purposes of this Policy if they perform such

policy making functions for the Company. The Chief Legal Officer will maintain a current list of executive officer.

An “immediate family member” includes the spouse, parents, stepparents, children, stepchildren, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, brothers- and sisters-in-law, and any person (other than a tenant or employee) sharing the household of a director, executive officer, director nominee, or greater than five percent beneficial owner of voting securities.

III. TRANSACTIONS AND ARRANGEMENTS COVERED BY THIS POLICY

For purposes of this Policy, a “related person transaction” is any transaction, arrangement or relationship or series of similar transactions, arrangements or relationships (including indebtedness or guarantee of indebtedness) in which (i) the aggregate amount involved will or may be expected to exceed \$120,000 in any calendar year, (ii) the Company is a participant (whether or not the Company is a party) and (iii) any Related Person has or will have a direct or indirect interest in such transaction (other than solely as a result of being a director of a less than 10 percent beneficial owner of another entity. A transaction in which any subsidiary of the Company or any other company controlled by the Company participates shall be considered a transaction in which the Company participates. An amendment to an arrangement that is considered a related person transaction (even though such arrangement has been reviewed under this Policy) shall, unless clearly incidental in nature, be considered a separate related person transaction.

Examples of related person transactions generally include sales, purchases or other transfers of real or personal property, use of property and equipment by lease or otherwise, services received or provided, the borrowing and lending of funds, guarantees of loans or other undertakings and the employment by the Company of an immediate family member of a Related Person or a change in the terms or conditions of employment of such an individual that is material to such individual, a transaction in which the Company participates with an entity that employs or is controlled by a Related Person, or a transaction in which the Company participates with an entity in which a Related Person has an ownership or financial interest (that is not immaterial to such Related Person).

A charitable contribution, grant, endowment or pledge by the Company to a charitable organization, foundation or university may be considered a related person transaction if, for example, a director is an employee of such organization.

IV. REVIEW, APPROVAL AND RATIFICATION BY THE COMMITTEE

Prior to entering into a transaction which is reasonably possible to be deemed a related person transaction under this Policy, the Related Person (or if the Related Person is an immediate family member of an executive officer or director of the Company, such executive officer or director) shall notify the Company's General Counsel of the facts and circumstances of the proposed transaction. The General Counsel will undertake an evaluation of the transaction. If that evaluation indicates that the transaction is a related person transaction and thus would require the approval of the Audit Committee (the “Committee”) under this Policy, the General Counsel will report the related person transaction, together with a summary of the material facts, to the Committee for consideration. If there is uncertainty as to whether the transaction is a related person transaction, the General Counsel shall err on the side of caution and report the transaction to the Committee.

The Committee shall review all of the relevant facts and circumstances of all related person transactions that require the Committee's approval and either approve or disapprove of the entry into the related person transaction, subject to the exceptions described below. In determining whether to approve or ratify a related person transaction, the Committee shall take into account, among other factors it deems appropriate, (i) whether the transaction was undertaken in the ordinary course of business of the Company, (ii) whether the related person transaction was initiated by the Company or the Related Person, (iii) whether the transaction with the Related Person is proposed to be, or was, entered into on terms no less favorable to the Company than terms that could have been reached with an unrelated third party, (iv) the purpose of, and the potential benefits to the Company of, the related person transaction, (v) the approximate dollar value of the amount involved in the related person transaction, particularly as it relates to the Related Person, (vi) the Related Person's interest in the related person transaction, and (vii) any other information regarding the related person transaction or the Related Person that would be material to investors in light of the circumstances of the particular transaction.

The Committee shall review all relevant information available to it about each related person transaction. The Committee may approve a related person transaction only if the Committee determines in good faith, that under all of the circumstances, such transactions are in the best interests of the Company and its shareholders. The Committee, in its sole discretion, may impose such conditions as it deems appropriate on the Company or the Related Person in connection with the approval of the related person transaction.

The Committee must approve all related person transactions in advance of such transaction being given effect (subject to a delegation of review and approval authority, as provided below).

In the event the Company and/or a Related Person in error enters into or otherwise participates in a related person transaction that requires pre-approval by the Committee pursuant to this Policy, such transaction shall promptly upon discovery of such error be presented to the Committee for its review and the Committee shall consider, if appropriate, whether to (i) ratify such related person transaction, (ii) direct management to rescind or modify the transaction, (iii) take any disciplinary action, and/or (iv) make changes to the Company's controls and procedures in connection with such error.

Periodically, but not less than annually, the Committee will review any previously approved or ratified related person transaction that is continuing and determine based on the then existing facts and circumstances, including the Company's existing contractual or other obligations, if it is in the best interests of the Company to continue, modify or terminate the transaction. The Committee may establish guidelines for the Company's management to follow in its ongoing transactions.

If a member of the Committee has an interest in (including is an immediate family member of a Related Person) or is involved in a related person transaction, such person may not participate in any discussion or vote regarding approval or ratification of such transaction and shall excuse himself or herself from the deliberation; however, such person shall provide all material information concerning the related person transaction to the Committee and may be counted in determining the presence of a quorum at a meeting of the Committee acting on the transaction. If, after such Committee member excuses himself or herself from deliberation and voting on the transaction, there would be fewer than two members of the Committee available to review the

transaction, the transaction shall instead be reviewed by the Board (which shall be considered “the Committee” for purposes of this Policy).

V. AUTHORITY TO PRE-APPROVE

The Committee shall have the authority to (i) determine certain transactions or categories of transactions with Related Persons that are not considered related person transactions for the purposes of this Policy given their nature, size and/or degree of significance to the Company and/or the immateriality of such transaction to the relevant Related Person, and not required to be individually reported to, reviewed by, and/or approved or ratified by the Committee, and (ii) approve in advance certain transactions or categories of transactions with Related Persons that (unless the Committee determines otherwise in a particular instance) need not be individually reported to, reviewed by, and/or approved or ratified by the Committee but that will instead be reported to and reviewed by the Committee collectively on a periodic basis, which shall be at least annually, and shall not require ratification by the Committee.

VI. EXCEPTIONS: TRANSACTIONS THAT NEED NOT BE REPORTED

The following transactions or arrangements are not considered related person transactions for purposes of this Policy given their nature, size and/or degree of significance to the Company and/or the immateriality of such transaction to the relevant Related Person, and are not required to be reported to, reviewed by, and approved or ratified by the Committee under this Policy; however, they may still require reporting, review, approval and/or ratification pursuant to the Code:

- *Use of Company Assets for Business Purposes.* Use of property, equipment or other assets owned or provided by the Company, including vehicles, housing and computer or telephonic equipment, by a Related Person primarily for Company business purposes. If the value of any personal use of an asset during the course of a year may exceed \$10,000, such use shall not be considered “primarily for Company business purposes.”
- *Business Expenses.* Reimbursement or payment of business expenses incurred by a director or executive officer in the performance of his or her duties and approved for reimbursement or payment by the Company in accordance with the Company’s customary policies and practices.
- *Director Compensation.* Any compensation arrangements with a non-employee director if the compensation is required to be reported in the Company’s proxy statement of under Item 402(k) of Regulation S-K.
- *Employee Compensation.* Compensation arrangements for executive officers that are either (i) approved by the Company’s compensation committee, including base pay and bonuses (whether in the form of cash or equity awards) for their services as such, or (ii) required to be reported in the Company’s proxy statement or annual report on Form 10-K under Item 402 of Regulation S-K. Note, however, that personal benefits from the use of a Company-owned or provided asset (“perquisites”), not used primarily for Company business purposes (determined by applying the \$10,000 threshold described above), are considered related person transactions.

- **Certain Transactions with Other Companies.** Any transaction with another company at which a Related Person's only relationship is as an employee (other than an executive officer), director or beneficial owner of less than 10% of that company's shares, if the aggregate amount involved does not exceed the greater of \$1,000,000, or 2 percent of that company's total annual revenues;
- **Other Transactions.** Transactions that need not be disclosed pursuant to the Instructions of Item 404(a) of Regulation S-K.
- **Certain Company Charitable Contributions.** Any charitable contribution, grant or endowment by the Company to a charitable organization, foundation or university at which a Related Person's only relationship is as an employee (other than an executive officer) or a director, if the aggregate amount involved does not exceed the lesser of \$1,000,000 or 2 percent of the charitable organization's total annual receipts .
- **Certain Banking-Related Services.** Any transaction with a Related Person involving services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture, or similar services.
- **Authorized Transactions.** Any other transaction or arrangement authorized on behalf of the Company in accordance with customary Company procedures and practices with another company, with which a Related Person's only relationship is as an employee, if the aggregate amount involved does not exceed the greater of \$25,000 or five percent of that company's total annual revenues.
- **Pre-Approved Transactions.** Any transaction or arrangement pre-approved by the Committee in accordance with Section V above.

Subject to the provisions in Section IV above for periodic review of continuing transactions, a transaction that has been approved in accordance with this Policy will not thereafter be subject to the internal reporting and approval requirements of this Policy.

VII. DELEGATION

The Committee may delegate its authority to review, approve or ratify specified related person transactions or categories of related person transactions, other than a transaction involving a member of the Committee, to one or more members of the Committee where the Committee determines that such action is warranted between scheduled Committee meetings. The Committee may delegate, through a formal resolution or record in the Committee's minutes, its authority to review, approve or ratify specified related person transactions or categories of related person transactions to the Company's chief executive officer or chief financial officer, provided that the amount involved in the transaction is less than \$50,000 and provided the transaction does not involve such delegated officer or a director. Any determinations made by such Committee member or members or officers pursuant to such delegated authority shall be presented to the full Committee for review not later than the next subsequent regular meeting of the Committee.

VIII. STANDARDS

In connection with approving or ratifying a related person transaction, the Committee (or its delegate) shall, in its judgment, consider in light of the relevant facts and circumstances whether

the transaction is in, or not inconsistent with, the best interests of the Company, including consideration of the following factors to the extent pertinent:

- the position within or relationship of the Related Person with the Company;
- the materiality of the transaction to the Related Person and the Company, including the dollar value of the transaction, without regard to profit or loss;
- the business purpose for and reasonableness of the transaction (including the anticipated profit or loss from the transaction), taken in the context of the alternatives available to the Company for attaining the purposes of the transaction;
- whether the transaction is comparable to a transaction that could be available on an arms-length basis or is on terms that the Company offers generally to persons who are not Related Persons;
- whether the transaction is in the ordinary course of the Company's business and was proposed and considered in the ordinary course of business; and
- the effect of the transaction on the Company's business and operations, including on the Company's internal control over financial reporting and system of disclosure controls and procedures, and any additional conditions or controls (including reporting and review requirements) that should be applied to such transaction.

IX. APPROVALS TO BE REPORTED TO THE BOARD

The Committee shall notify the Board on a quarterly basis of all related person transactions approved or ratified by the Committee.

X. DISCLOSURE

The Company will publicly disclose related person transactions to the extent and in the manner required by applicable legal requirements and listing standards, or as the Committee may determine to be in the best interests of the Company and its security holders.

To assist the Company's officers and employees in identifying related person transactions, the Company's Legal Department will maintain a listing of persons who are known to be five percent or greater beneficial owners of any class of voting security of the Company and, based on information available to it, a listing of companies or other entities that employ a Related Person or are controlled by a Related Person, or in which a Related Person has an ownership or financial interest material to such Related Person, and of the members of the immediate family of a Related Person who might reasonably be expected to enter into a related person transaction with the Company.

XI. CHANGES IN POLICY

This Policy may be changed at any time by action of the Board upon the recommendation of the Audit Committee.