



**TERMS OF REFERENCE
TRUSTEES**

**A&W REVENUE ROYALTIES INCOME FUND
(the "Fund")**

A. PURPOSE

1. These terms of reference are for the trustees of the Fund.
2. The primary responsibility of the trustees is to determine the appropriate distribution of available cash to the Fund's unitholders, to report to the unitholders in respect of the business operated by A&W Food Services of Canada Inc. ("Food Services"), to monitor compliance by the Fund of its legal obligations, and to exercise oversight of the contractual arrangements to which the Fund is a party.

B. PROCEDURES AND ORGANIZATION

1. The trustees operate by delegating certain of their authorities, including spending authorizations, to A&W Trade Marks Inc. (the "Corporation") under an Administration Agreement dated February 15, 2002 between the Fund and the Corporation. Day to day management of the Fund's affairs is carried out by Food Services pursuant to an Amended and Restated Services Agreement dated October 26, 2022 between the Corporation and Food Services.
2. The trustees are responsible for:
 - (a) selecting a Chair;
 - (b) constituting committees of the trustees and delegating powers, duties and responsibilities to such committees; and
 - (c) approving changes to trustee compensation.

C. DUTIES AND RESPONSIBILITIES

1. Monitoring

The trustees have the responsibility for:

- (a) monitoring the compliance of the Fund and other parties to the contractual arrangements to which the Fund is bound or in which the Fund has an indirect interest, including the Amended and Restated Licence and Royalty Agreement dated December 22, 2010 between Food Services and A&W Trade Marks Limited Partnership;
- (b) approving distributions to unitholders;
- (c) approving financing and use of financial instruments by the Fund; and

- (d) ensuring risks are effectively managed to preserve the long term stability of the Fund and distributions to unitholders.

2. Policies and Procedures

The trustees have the responsibility:

- (a) to approve and monitor compliance with all significant policies and procedures of the Fund; and
- (b) to direct Chief Executive Officer (“CEO”) and Chief Financial Officer (“CFO”) of the Fund, and certain employees of Food Services (all such persons collectively, “Management”) to implement systems which are designed to ensure that the Fund operates at all times within applicable laws and regulations, and to the highest ethical and moral standards.

3. Compliance Reporting and Corporate Communications

The trustees have the responsibility:

- (a) to ensure that the financial performance of the Fund is adequately reported to its unitholders and regulators on a timely and regular basis;
- (b) to ensure that the financial results are reported fairly and in accordance with International Financial Reporting Standards (“IFRS”);
- (c) to ensure that the Fund has appropriate disclosure controls and procedures to provide reasonable assurance that all relevant information is gathered and reported to Management on a timely basis so that appropriate decisions can be made regarding public disclosure and that enable such information to be recorded, processed, summarized and reported within the time periods required by law;
- (d) to ensure that Management has effective internal controls over financial reporting in place which are regularly reviewed, and that those controls provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS;
- (e) to review the unit trading activity of insiders of the Fund and Food Services to ensure compliance with legal reporting requirements and trading restrictions;
- (f) to report annually to its unitholders on the stewardship of the trustees of the Fund for the preceding year; and
- (g) to assist the Fund to enable it to communicate effectively with its unitholders and the public generally.

D. TERMS OF REFERENCE FOR A TRUSTEE

1. Goals and Objectives

As a trustee of the Fund, each trustee will:

- (a) fulfill the legal requirements and obligations of trustees which includes a comprehensive understanding of the fiduciary role; and
- (b) represent the interests of all unitholders in the governance of the Fund ensuring that the best interests of the Fund are paramount.

2. Duties and Responsibilities

(a) Trustee Activity

As a trustee, each trustee will:

- (i) exercise good judgment and act with integrity;
- (ii) use their abilities, experience and influence constructively;
- (iii) respect confidentiality;
- (iv) identify potential conflict areas - real or perceived - and ensure they are appropriately identified and reviewed; and
- (v) assist in determining the appropriate distribution of available cash to unitholders while maintaining unitholder value.

(b) Preparation and Attendance

To enhance the effectiveness of trustee and committee meetings, each trustee will:

- (i) prepare for trustee and committee meetings by reading reports and background materials prepared for each meeting;
- (ii) maintain an excellent trustee and committee meeting attendance record¹; and
- (iii) have acquired adequate information necessary for decision making.

(c) Communication

Communication is fundamental to trustee effectiveness and therefore each trustee will:

- (i) participate fully and frankly in the deliberations and discussions of the trustees;
- (ii) encourage free and open discussion of the affairs of the Fund by the trustees; and
- (iii) ask probing questions, in an appropriate manner and at proper times.

(d) Independence

Recognizing that the cohesiveness of the trustees is an important element in their effectiveness, each trustee will:

- (i) be a positive force with a demonstrated interest in the success of the Fund; and
- (ii) speak and act independently.

(e) Committee Work

In order to assist Fund committees in being effective and productive, each trustee will:

¹ The target is 100% attendance. Anything less than 75%, without extenuating circumstances, would create considerable concern for the trustees.

- (i) participate on committees and become knowledgeable with the purpose and goals of the committee; and
 - (ii) understand the process of committee work and the role of Management in supporting the committee.
- (f) Business, Fund and Industry Knowledge

Recognizing that decisions can only be made by well-informed trustees, each trustee will:

- (i) become generally knowledgeable of the Fund's structure, purpose and industry;
- (ii) maintain an understanding of the regulatory, legislative, business, social and political environments within which the Fund operates; and
- (iii) be an effective ambassador and representative of the Fund.

E. ADMINISTRATIVE GUIDELINES FOR THE TRUSTEES

1. The trustees of the Fund hold the investments of the Fund and have statutory obligations to report to unitholders of the Fund by proxy through the CEO and CFO, who are charged with the day-to-day leadership of the Fund.
2. Terms of reference for the trustees and committees are annually reviewed by the Governance Committee of the Fund, and any changes are recommended to the trustees for approval.
3. The trustees have determined that the appropriate number of trustees is three.
4. All trustees stand for election by unitholders every year.
5. The trustees must be "independent" as such term is defined in National Instrument 52-110 – Audit Committees, as may be amended from time to time.
6. The trustees will meet at least quarterly to review and approve quarterly and annual financial statements and statutory disclosure documents of the Fund. In addition, the trustees will consider monthly resolutions in order to enable the Fund to make monthly distributions to its unitholders.
7. Materials will be delivered at least three days in advance of meetings for items to be acted upon. Presentations on specific subjects at trustee meetings will only briefly summarize the material sent to trustees so that discussion can be focused on issues relevant to the material.
8. The current committees of the trustees are the Audit Committee and Governance Committee. From time to time the trustees may create ad hoc committees to examine specific issues on behalf of the trustees. The trustees have adopted terms of reference for the Audit Committee and the Governance Committee.
9. Committee members and committee Chairs are appointed by the trustees.
10. The trustees ensure new trustees are appropriately introduced to the Fund and its industry and that trustees receive the necessary ongoing training and development.

11. The trustees meet during each meeting on an "in camera" basis without Management present.
12. The trustees and committees may engage separate independent counsel and/or advisors at the expense of the Fund. An individual trustee may engage separate independent counsel and/or advisors at the expense of the Fund in appropriate circumstances with the approval of the Chair.
13. Attached to these Terms of Reference is the Forward Agenda for the trustees, which may be adjusted by the trustees from time to time as the trustees determine is necessary.

A&W REVENUE ROYALTIES INCOME FUND

Trustees Forward Agenda

Meeting Timing Agenda Items:	February	May	July	October
A. Governance				
Governance Committee Report	X		X	X
Annual Meeting		X		
Appoint Committees		X		
Set Record Date for AGM	X			
Review disclosure controls and procedures and internal controls over financial reporting			X	
Review insider trading activity	X	X	X	X
B. Financial				
Audit Committee Report	X	X	X	X
Quarterly Results	X	X	X	X
Year End Results	X			
Review distribution rate	X	X	X	X
C. Other				
Trustee Consents/Disclosure	X			
Annual Disclosure Documents	X			
Review of policies and procedures			X	
Risk management review			X	