

Dated: 12th November 2018

Advertising Rebate - Directive

The Franchisor acknowledges that many Franchisees are not spending money on local advertising. There have also been requests for the Franchisor to contribute to local advertising.

In order to encourage local advertising, the Franchisor proposes a 20% rebate on advertising fees received from Franchisees to be used for local advertising campaigns approved by the Franchisor.

The process would be as follows:

- 20% of advertising fees received from each Franchisee will be set aside for the purpose of this rebate.
- Franchisees will identify local advertising opportunities and obtain Franchisor approval. Franchisor approval will be based on the acceptability of the campaign for brand promotion as well as the availability of funds (ie the amount falls within 20% of advertising fee receipts from that Franchisee during the specified period).
- The Franchisee will implement the advertising campaign and pay service providers directly.
- On presentation of relevant documentation requested (this could include the service providers' receipts, invoices, evidence of the campaign, etc) the Franchisor will reimburse the Franchisee funds approved for the campaign.
- Funds set aside but not used within twelve months of being received from the Franchisee will be released for use for national advertising.

The Franchisor will make no further contributions for local advertising, whether out of its own or the national advertising budget.

Franchisees are reminded to pay their advertising fees directly into the Marketing Fund bank account.

Proposed timing:

- Earmarking of funds will begin in January 2019. Thus, 20% of all advertising fees received from 1 January 2019 will be held in the Marketing Fund bank account for this purpose.
- Requests for rebates will be accepted from 1 February 2019.