

CHARTER OF THE COMPENSATION COMMITTEE  
OF THE BOARD OF DIRECTORS OF  
ROCKY MOUNTAIN CHOCOLATE FACTORY, INC.

*Purpose and Authority*

The purpose of the Compensation Committee (the “**Committee**”) of the Board of Directors (the “**Board**”) of Rocky Mountain Chocolate Factory, Inc., a Delaware corporation (the “**Corporation**”), is to ensure that the Corporation has a performance-based compensation structure that is designed to attract and retain the necessary talent to achieve the Corporation’s business goals. Specifically:

- (i) to oversee and discharge the responsibilities of the Board relating to the compensation of the Corporation’s executive officers and non-employee directors, including approving the compensation of the (a) chief executive officer (the “**CEO**”), (b) non-employee directors, and (c) the Executive Officers (as defined below) as recommended by the CEO, subject to the authority granted herein, and
- (ii) to oversee the Corporation’s overall employee benefit plans, including its incentive compensation, equity compensation plans and other benefits programs.

“**Executive Officer**” has the same meaning specified for the term “officer” in Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”).

The Committee shall have overall responsibility for approving and evaluating compensation plans, policies and programs of the Corporation as they affect the Corporation’s Executive Officers, non-employee directors and overall employee base. The Committee shall also have all authority necessary to fulfill the responsibilities assigned to the Committee in this Charter or otherwise assigned to it by the Board.

The Committee may form and delegate authority to subcommittees of the Committee and, when appropriate, may delegate authority to one or more designated members of the Board and to one or more designated officers of the Corporation on such terms and subject to such limitations as the Committee may determine in accordance with applicable laws and the rules of The Nasdaq Stock Market LLC (“**Nasdaq**”).

*Composition*

The Committee shall be composed of at least two directors. Except as otherwise permitted by applicable Nasdaq rules and regulations, each member of the Committee shall be independent in accordance with the provisions of applicable laws and the rules of Nasdaq. At least two members of the Committee shall qualify as “non-employee directors” within the meaning of Rule 16b-3 under the Exchange Act.

*Appointment and Removal of Members*

The members of the Committee shall be appointed by the Board to serve until their successors are duly elected and qualified and the Board may remove any member from the Committee at any time with or without cause.

*Committee Chair*

A committee chair (the “**Chair**”) shall be designated by the Board or, if no such designation is made by the Board, by a majority of the members of the Committee. The Chair of the Committee, or in the absence of the Chair, another member of the Committee designated by a majority of the members of the Committee, shall preside at each meeting of the Committee and set the agenda for such meeting.

*Meetings*

The Committee shall meet as often as it deems necessary and appropriate. The Committee may hold such other meetings as are deemed necessary or appropriate in order for the Committee to fulfill its responsibilities. When

appropriate, the Committee may meet in separate session with management, employees, legal counsel and other professional advisors to discuss matters that the Committee or the other groups believe warrant the attention of the Committee. However, the Committee should meet regularly without such Executive Officers present, and the CEO and other Executive Officers may not be present during voting or deliberations on his or her own compensation.

The Committee may invite to its meetings any director, member of management of the Corporation and such other persons as it deems appropriate in order to carry out its responsibilities. The Committee may also exclude from its meetings any persons it deems appropriate in order to carry out its responsibilities.

Unless otherwise restricted by the Corporation's certificate of incorporation or bylaws, (a) all meetings of the Committee may be held telephonically, via videoconference or other similar means of remote communication and (b) the Committee may act by unanimous written consent in lieu of a meeting.

A majority of the Committee shall constitute a quorum for the transaction of business and the act of a majority of those present at any meeting at which there is a quorum shall be the act of the Committee.

#### *Committee Responsibilities and Authority*

The Committee shall have the following responsibilities and authority, in addition to any responsibilities and authority assigned to the Committee from time to time by the Board.

#### *Executive Compensation Philosophy and Programs*

- Periodically review and approve the Corporation's overall executive compensation philosophy and the Corporation's programs, policies, and practices regarding compensation of its Executive Officers and employees.
- Identify, review and approve, a peer group to help inform, develop and maintain competitive executive compensation and benefits plans and programs on an annual basis.

#### *CEO and Executive Officer Compensation*

- At least annually, evaluate the performance of the CEO in light of Board-approved corporate goals and objectives relevant to the compensation of the CEO and other Executive Officers, including annual performance objectives and, review and make recommendations to the Board, or review and make recommendations to the Board, regarding the annual salary, bonus, equity-based incentive and other benefits, direct and indirect, of the CEO. The CEO shall not be present during any Committee deliberations or voting with respect to his or her compensation.
- At least annually, review, approve and make recommendations to the Board, regarding the CEO's recommendations for the annual base salary, bonus, equity and equity-based incentives and other benefits, direct and indirect, of the Corporation's Executive Officers, other than the CEO. Such Executive Officers shall not be present during any Committee deliberations or voting with respect to his or her respective compensation.
- Periodically and as and when appropriate, review, approve and make recommendations to the Board, regarding the following as they affect the Corporation's Executive Officers:
  - (i) all other incentive awards and opportunities, including both cash-based and equity-based awards and opportunities;
  - (ii) any employment agreements and severance arrangements;
  - (iii) any change-in-control agreements and change-in-control provisions affecting any elements of compensation and benefits;
  - (iv) corporate goals and objectives relevant to the CEO and other Executive Officers' compensation, including annual performance objectives; and

- (v) any special or supplemental compensation and benefits for the Corporation's Executive Officers and individuals who formerly served as Executive Officers, including supplemental retirement benefits.

#### *Other Compensation Plans and Arrangements*

- Review and recommend to the Board for its approval the adoption of all equity-based plans and such amendments of equity-based plans required by the terms of the plans to be approved by the Board.
- Review and recommend to the Board for its approval the adoption of the Corporation's employee benefits policies and plans.
- Review on a periodic basis the operations of the Corporation's executive performance-based compensation programs to determine whether they are effective in achieving their intended purpose(s).
- Oversee the implementation of the Corporation's equity-based compensation plans and benefits plans.
- Establish and periodically review policies for the administration of executive compensation programs.
- Carry out such duties under equity compensation plans or other plans as may be assigned to the Committee by the Board from time to time.
- Establish and periodically review policies in the area of senior management perquisites.
- Review, approve and recommend to the Board, any employment or service-related contracts or transaction(s) involving current or former directors and Executive Officers of the Corporation, and any related compensation, including consulting arrangements, employment contracts, severance or termination arrangements.

#### *Succession Planning*

- Develop, in consultation with the Board and the CEO, a long-term management succession plan to be discussed periodically with the Board.
- Develop, in consultation with the Board and the CEO, a short-term succession plan for unexpected situations affecting the CEO and senior management.

#### *Non-Employee Director Compensation*

- Review and make recommendations to the Board with respect to compensation for non-employee directors and periodically review Board compensation policies and programs and discuss the results of such review with the Board.
- Review and make recommendations to the Board with respect to non-employee director stock ownership guidelines and Executive Officers stock ownership guidelines and monitor compliance with such guidelines.

#### *Review of Compensation Risk*

- Consider, on at least an annual basis, whether risks arising from the Corporation's compensation programs for all employees, including non-Executive Officers, are reasonably likely to have a material adverse effect on the Corporation.

#### *Reports and Review*

- Make regular reports to the Board, including on any significant matters arising from the Committee's work,

including awards for Executive Officers and special executive employment, severance, change-in-control, compensation and retirement plans.

- Review and discuss with the Corporation's management the Compensation Discussion and Analysis (the "**CD&A**") required by the rules of the Securities and Exchange Commission ("**SEC**") to be included in the Corporation's annual proxy statement or annual report on Form 10-K, if required by SEC rules, and, based on such review and discussion, determine whether to recommend to the Board that the CD&A be included in the Corporation's annual proxy statement or annual report, if required by SEC rules.
- Produce the Compensation Committee Report to be included in the Corporation's annual proxy statement or annual report on Form 10-K, if required by SEC rules.
- Oversee the Corporation's compliance with SEC rules and regulations regarding shareholder approval of certain executive compensation matters, including advisory votes on executive compensation and the frequency of such votes, the requirement under Nasdaq rules that, with limited exceptions, shareholders approve equity compensation plans, and the requirements under the Sarbanes-Oxley Act of 2002 relating to loans to directors and officers.
- Consider and discuss the results of the most recent stockholder advisory vote on "say-on-pay," if any, with regard to the named Executive Officers.
- Review the Corporation's regulatory compliance with respect to compensation matters, including oversight to promote reasonable efforts to structure compensation programs to preserve tax deductibility.

#### *Consultants and Advisers*

The Committee shall have the authority, in its sole discretion, to retain (or obtain the advice of) and terminate a compensation consultant, independent legal counsel or other adviser ("**Compensation Adviser**") to assist the Committee with the discharge of its duties under this Charter. The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any Compensation Adviser retained by the Committee. The Corporation shall provide for appropriate funding, as determined by the Committee, for payment of reasonable compensation to any Compensation Adviser engaged by the Committee.

The Committee may select, or receive advice from, a Compensation Adviser only after taking into consideration the following:

- The provision of other services to the Corporation by the person that employs the Compensation Adviser;
- The amount of fees received from the Corporation by the person that employs the Compensation Adviser, as a percentage of the total revenue of the person that employs the Compensation Adviser;
- The policies and procedures of the person that employs the Compensation Adviser that are designed to prevent conflicts of interest;
- Any business or personal relationship of the Compensation Adviser with a member of the Committee;
- Any stock of the Corporation owned by the Compensation Adviser; and
- Any business or personal relationship of the Compensation Adviser or the person employing the Compensation Adviser with any Executive Officer.

After considering the independence factors outlined above, the Committee may select, or receive advice from, any Compensation Advisers it prefers, including ones that are not independent. The Committee is not required to conduct the independence assessment outlined above for in-house counsel or any Compensation Adviser whose role is limited to the following activities: (i) consulting on any broad-based plan that does not discriminate in scope,

terms, or operation, in favor of Executive Officers or directors of the Corporation, and that is available generally to all salaried employees; and/or (ii) providing information that either is not customized for a particular company or that is customized based on parameters that are not developed by the Compensation Adviser, and about which the Compensation Adviser does not provide advice.

If the Committee determines that the work performed by a Compensation Adviser retained by the Committee has raised any conflict of interest, the Committee shall disclose to the Board the nature of such conflict of interest and how it is being addressed. In determining whether a conflict of interest exists, the Committee shall consider the factors described above and the other requirements of Item 407(e)(3)(iv) of Regulation S-K.

#### *Evaluation*

The Committee shall review and reassess this Charter at least annually and, if appropriate, propose changes to the Board.