

**GREGGS plc**  
**OPERATING BOARD**  
**TERMS OF REFERENCE**

**1. Constitution**

The articles of association of the Company (article 131) confer the power to manage the Company on the Main Board of Directors.

In exercising this power, the Directors have a duty to act within the law (including health and safety, food safety, listing rules etc). They also have a duty to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its shareholders. In doing this, they must have regard (amongst other matters) to:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company in maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between the members of the Company.

The Main Board has resolved to reserve to itself a schedule of key decisions (see schedule attached). Otherwise, it has delegated responsibility for the management of the business to the CEO.

To assist the CEO in the discharge of this responsibility, he has established the Operating Board, comprising the key executive management of the Company, on the terms set out in this document.

**2. Membership**

The Operating Board will consist of the CEO, the Finance Director, and such other of senior managers as shall be appointed from time to time by the CEO.

Appointment to the Operating Board will be for such periods as the CEO considers appropriate, given the business and management strategy of the Company.

The CEO will act as chairman of the Operating Board. If the Operating Board needs to meet when the CEO is not available, it will be chaired by the Finance Director.

**3. Meetings and attendance**

The Operating Board will meet monthly and at such other times when convened by the CEO.

Any person may be invited to attend meetings of the Operating Board but only members of the Operating Board shall be entitled to attend.

Supporting papers will be circulated in advance of any meeting.

Meetings may be held on short notice and may also be held by telephone or any other method of communication approved by the CEO.

[ ] shall be the secretary of the Operating Board and minutes will be kept of all decisions taken. [Minutes will be sent to all members of the Operating Board and (subject to any conflicts of interest) to all members of the Main Board].

#### 4. **Authority**

The Operating Board is authorised to seek any information it requires from any employee and all employees shall be directed to co-operate with any request from the Operating Board.

#### 5. **Responsibility**

It is the collective responsibility of all members of the Operating Board (in addition to any specific duties and responsibilities contained within their individual job descriptions and any allocated to them individually or collectively), to assist and support the CEO in managing the affairs of the Company.

#### 6. **Duties**

Without limiting the above, the Operating Board shall assist the CEO in:

- 6.1 proposing strategies, budgets and policies for the Main Board to approve;
- 6.2 delivering agreed strategies, budgets and policies;
- 6.3 monitoring performance of the Company, to ensure all is working to plan;
- 6.4 taking corrective actions, as required;
- 6.5 having reporting systems in place to ensure that the Operating Board becomes aware of any potential issues;
- 6.6 preparing reports to the Main Board to satisfy the Main Board directors that their duties are being fully and properly discharged;
- 6.7 establishing internal review and auditing processes, policies and procedures and ensuring that these are being correctly operated;
- 6.8 inspiring and supporting employees;
- 6.9 ensuring appropriate communications within the Company;
- 6.10 together with the Risk Committee and Internal Auditor, identifying, assessing and monitoring all material risks facing the business and ensuring that processes are in place to manage these within parameters agreed with the Main Board;
- 6.11 ensuring that the Company operates lawfully and responsibly at all times;
- 6.12 ensuring that there are appropriate plans in place for succession within the management structure of the Company and that there is appropriate cover for absence;
- 6.13 ensuring that the company has adequate resources to deliver the strategy and objectives agreed by the Main Board; and
- 6.14 shall at all times take account of the matters referred to in paragraph 1 above.

## Schedule

### Matters reserved to the Main Board

1. Group strategy will be initiated and developed by the Chief Executive Officer and Executive Managers for discussion and agreement by the Board.
2. The acquisition or disposal of any subsidiary.
3. The disposal of assets for a value in excess of **£3,000,000** (other than those deposits included in the approved budget).
4. The annual approval of a Revenue Budget for the Group and a Capital Budget for the Group and any revisions to those budgets, provided that:
  - (a) Within the level of the approved budget, the Chief Executive Officer shall have authority to authorise capital expenditure on any one project up to a figure of **£3,000,000** without further reference.
  - (b) Outside the level of the approved budget, the Chief Executive Officer shall (with the prior approval of the Chairman of the Directors) have authority to authorise capital expenditure up to a figure of **£3,000,000**, but the expenditure shall be reported to the next following Board Meeting. However, cumulative expenditure approved under this proviso shall not exceed more than 10% of the approved capital expenditure budget.
  - (c) The Chief Executive Officer, after discussion with the Finance Director, shall have authority to delegate to any individual senior executive they consider appropriate, the Chief Executive Officer's authority within the parameters of the approved budget up to a figure of **£250,000**.
  - (d) Where the Board approves a capital expenditure project, the Chief Executive Officer shall (unless the approval itself contains provisions for such flexibility) have authority to increase the authorised capital expenditure on that project by the greater of £500,000 or 10% of the amount approved by the Board if the increase satisfies the relevant investment appraisal criteria. Any decision taken under this authority shall be reported to the next following Board Meeting.
5. [The Chief Executive Officer and the Finance Director (as a Committee of the Board) shall have authority to invest funds of the Group in any one or more of the following ways:
  - (a) Place on deposit any amount with the following institutions:
    - (i) The Royal Bank of Scotland plc
    - (ii) Bank of Scotland
    - (iii) Trustees Savings Bank
    - (iv) Any bank or building society, with a double A rating with Standard and Poors
    - (v) Any investment bank on the list approved pursuant to Minute 1440
    - (vi) Royal London Cash Management Limited (Part of the Royal London Group)
  - (b) Purchase of sterling certificates of deposit for any amount drawn on any of the above institutions
  - (c) Invest any amount of money in Government gilt-edged securitiesThe investment of funds in any other way will require the prior approval of Board.]
6. The authority for the signature of cheques and the limits on those authorities will be in accordance with a Schedule to be approved from time to time by the Board.

7. Ultimate responsibility for the process by which risk in the business is managed rests with the Board, although the annual review will be conducted by the Audit Committee, which will report its findings to the Board. If any major risk materialises, the Chief Executive Officer shall discuss this with the Chairman in order to decide whether the Board should be convened to consider it.
8. At least once in every financial year, a report on the insurances in force for the Group shall be laid before the Board for consideration.
9. Any speculation in futures for the supply of goods to the Company other than goods specifically required for the Company's own products shall require the prior approval of the Board, although normal buying forward is permitted.
10. Any contract which involves a currency exchange risk relating to more than **£3,000,000** shall require the prior approval of the Board, except any item of capital property approved by the Board.
11. Any major change in the pensions policies of the Company shall require the prior approval of the Board.
12. Any redundancy proposals relating to more than 30 full-time employees shall require the prior approval of the Board.
13. The broad parameters of wage increases shall be approved by Board.
14. Drafts of the Statements to be made by the Company and/or the Chairman as to the interim and final results of the company and any other trading statements shall be approved by the Board in advance of publication.
15. The Chairman's Report, the Chief Executive Officer's Report and the Director's Report to be circulated with the Annual Accounts shall be approved by the Board.
16. The Annual Accounts shall be approved by the Board.
17. The appointment of auditors.

If a decision is required as a matter of urgency between Board Meeting, then any three Directors (including the Chairman, when available) may act as a Committee of the Board, if necessary by telephone, to make a decision but any such decision shall be