

## MERLIN ENTERTAINMENTS PLC

### NOMINATION COMMITTEE

#### TERMS OF REFERENCE

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Members:	Chairman of the Board 3 further Independent Non-executive Directors
Observers:	KIRKBI Representative Non-executive Director <sup>1</sup> Group Chief Executive Officer Group HR Director
Chairman:	Chairman of the Board
Attendees:	Company Secretary
Frequency of Meetings:	Twice each year and as required

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#### **I. Membership**

- I.1 The Committee shall comprise at least 4 Directors.
- I.2 A majority of the members of the Committee shall be Independent Non-executive Directors.
- I.3 All appointments to the Committee shall be made by the Board.
- I.4 Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Group Chief Executive Officer, Group Chief Financial Officer, Group HR Director and external advisers may be invited to attend for all or part of any meeting, as and when appropriate and necessary.
- I.5 Appointments to the Committee shall be for a period of up to three years, which may be extended for two further three-year periods provided the Director still meets the criteria for membership of the Committee.
- I.6 The Board shall appoint the Chairman of the Committee who should be either the Chairman of the Board or an Independent Non-executive Director. In the absence of the Chairman of the Committee and/or an appointed deputy, the remaining members present shall elect one of their

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<sup>1</sup> KIRKBI is entitled to appoint one Observer to the Main Board, Audit Committee, Remuneration Committee and Nomination Committee for so long as it holds more than 10% of the issued share capital of the Company pursuant to a Relationship Agreement dated 30 October 2013.

number to chair the meeting from those who would qualify under these terms of reference to be appointed to that position by the Board.

- 1.7 The Chairman of the Board shall not chair the Committee when it is dealing with the matter of succession to the Chairmanship.

## **2. Secretary**

- 2.1 The Company Secretary or their nominee shall act as the Company Secretary of the Committee and will ensure that the Committee receives information and papers in a timely manner to enable full and proper consideration to be given to the issues.

## **3. Quorum**

- 3.1 The quorum necessary for the transaction of business shall be 2, both of whom must be Non-executive Directors.
- 3.2 A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.
- 3.3 Meetings of the Committee may be held telephonically or by any other means whereby the participants are able to communicate effectively with each other.

## **4 Frequency of meetings**

- 4.1 The Committee shall meet at least twice a year and at such other times as the Chairman of the Committee shall determine.
- 4.2 The Committee shall meet to consider the Directors who are to retire by rotation at the next Annual General Meeting in good time to enable any recommendations of the Committee to be included in the Notice of Annual General Meeting.

## **5 Notice of meetings**

- 5.1 Meetings of the Committee shall be called by the Company Secretary of the Committee at the request of the Chairman of the Committee.
- 5.2 Unless otherwise agreed and except where a situation of urgency otherwise requires, wherever practicable, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other Non-executive Directors, no later than 5 working days before the date of the meeting. Supporting papers shall, wherever practicable, be sent to Committee members and to other attendees as appropriate, at the same time.

- 5.3 Papers required by the Committee may be provided electronically (including on the Company's Board management portal) or in hard copy as circumstances permit.

## **6 Minutes of meetings**

- 6.1 The Company Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.
- 6.2 Draft Minutes of Committee meetings shall be circulated promptly to all members of the Committee and the Chairman of the Board and, once agreed, to all other members of the Board unless, in the opinion of the Chairman of the Committee, it would be inappropriate to do so.

## **7 Annual General Meeting**

- 7.1 The Chairman of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

## **8 Duties**

- 8.1 The Committee should carry out the duties below for the Company, major subsidiary undertakings and the Group as a whole, as appropriate.

The Committee shall:

- 8.1.1 regularly review the structure, size and composition (including the skills, knowledge, experience and diversity, including gender) of the Board and make recommendations to the Board with regard to any changes;
- 8.1.2 give full consideration to succession planning for Directors and other senior executives, overseeing the development of a diverse pipeline and taking into account the challenges and opportunities facing the Company and what skills and expertise are therefore needed on the Board currently and in the future;
- 8.1.3 keep under review the Company's policy on diversity and inclusion, its objectives, the linkage to the Company's strategy, how the policy is being implemented and the progress on achieving the objectives;
- 8.1.4 keep under review the gender balance of those in senior management and their direct reports;
- 8.1.5 be responsible for identifying and nominating, for the approval of the Board, candidates for appointment to the Board and to fill Board vacancies as and when they arise;
- 8.1.6 be responsible for identifying and nominating, for the approval of the Board, candidates to fill the roles of Chairman and Group Chief Executive as and when a vacancy for these roles arises;

- 8.1.7 before any appointment is made by the Board, evaluate the balance of skills, knowledge and experience on the Board, and, in the light of this evaluation prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates the Committee shall:
- 8.1.7.1 use such methods as it deems appropriate including the open advertising or the services of external advisers to facilitate the search;
  - 8.1.7.2 consider candidates from a wide range of backgrounds;
  - 8.1.7.3 consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board, including diversity of gender, social and ethnic backgrounds, cognitive and personal strengths, taking care that appointees have enough time available to devote to the position;
- 8.1.8 keep under review the leadership needs of the organisation, both executive and Non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace;
- 8.1.9 keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
- 8.1.10 for the appointment of a Chairman, the Committee should prepare a job specification, including the time commitment expected. A proposed Chairman's other significant commitments should be disclosed to the Board before appointment and any changes to the Chairman's commitments should be reported to the Board as they arise;
- 8.1.11 prior to the appointment of a Director, the proposed appointee should be required to disclose any other business interests that may result in a conflict of interest and be required to report any future business interests that could result in a conflict of interest;
- 8.1.12 review the results of the Board performance evaluation process that relate to the composition of the Board;
- 8.1.13 review annually the time required from Non-executive Directors. Performance evaluation should be used to assess whether the Non-executive Directors are spending enough time to fulfil their duties;
- 8.1.14 work and liaise as necessary with all other Board Committees;
- 8.1.15 ensure that on appointment to the Board, Non-executive Directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, service on Committees of the Board and other involvement outside Board meetings;
- 8.1.16 keep under review the number of external directorships held by each Director;

- 8.1.17 ensure that all new Directors undertake an appropriate induction programme to ensure they are fully informed about strategic and commercial issues affecting the Company and the markets in which it operates as well as their duties and responsibilities as a director; and
- 8.1.18 consider any training requirements for the Board as a whole.
- 8.2 The Committee shall also make recommendations to the Board concerning:
- 8.2.1 formulating plans for succession for both executive and Non-executive Directors and in particular for the key roles of Chairman of the Board and Group Chief Executive Officer;
- 8.2.2 suitable candidates for the role of Senior Independent Non-executive Director;
- 8.2.3 membership of the Audit and Remuneration Committees, in consultation with the Chairmen of those Committees;
- 8.2.4 the re-appointment of any Non-executive Director at the conclusion of their specified term of office having given due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required;
- 8.2.5 the re-election by shareholders of Directors under the annual re-election provisions of the UK Corporate Governance Code (Code), having due regard to their performance and ability to continue to contribute to the Board in the light of the knowledge, skills and experience required and the need for progressive refreshing of the Board (particularly in relation to Directors being re-elected for any length of term once they have already served a term of six years);
- 8.2.6 any matters relating to the continuation in office of any Director at any time including the suspension or termination of service of an executive Director as an employee of the Company subject to the provisions of the law and their service contract;
- 8.2.7 the appointment of any Director to executive or other office; and
- 8.2.8 the appointment or removal of the Company Secretary.

## **9 Reporting responsibilities**

- 9.1 The Chairman of the Committee shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.
- 9.2 The Committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

- 9.3 The Committee shall produce a report to be included in the Company's annual report about its activities including:
- 9.3.1 the process used to make appointments and an explanation if external advice or open advertising has not been used;
  - 9.3.2 how any board evaluation has been conducted, the nature and extent of an external evaluator's contact with the board and individual directors, the outcomes and actions taken, and how it has or will influence board composition;
  - 9.3.3 a statement of the Board's policy on diversity and inclusion, including diversity of gender, social and ethnic backgrounds, cognitive and personal strengths, any measurable objectives that it has set for implementing the policy, the linkage to the Company's strategy, how the policy is being implemented and the progress on achieving the objectives; and
  - 9.3.4 the gender balance of those in senior management and their direct reports.

## **10 Other**

The Committee shall:

- 10.1 have access to sufficient resources in order to carry out its duties, including access to the Company Secretariat for assistance as required;
- 10.2 be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;
- 10.3 give due consideration to laws and regulations, the provisions of the Code and the requirements of the UK Listing Authority's Listing, Prospectus and Disclosure and Transparency Rules and any other applicable Rules, as appropriate; and
- 10.4 the Committee shall, at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.

## **11 Authority**

- 11.1 The Committee is authorised to seek any information it requires from any employee of the Company in order to perform its duties.
- 11.2 The Committee is authorised to obtain, at the Company's expense, outside legal or other professional advice (including advice from external employment search engines) on any matters within its terms of reference.

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