

MERLIN ENTERTAINMENTS PLC

BOARD OF DIRECTORS

TERMS OF REFERENCE

Members:	Chairman
	Additional Non-executive Directors: Senior Independent Non-executive Director All Independent Non-executive Directors KIRKBI Representative Non-executive Director
	Executive Directors: Group Chief Executive Officer Group Chief Financial Officer
Observers:	KIRKBI to have one additional observer ¹
Chairman:	Chairman of the Board
Attendees:	Company Secretary
Frequency of Meetings:	6-8 times per annum

I Membership

- 1.1 Members of the Board shall be appointed by the Board, on the recommendation of the Nomination Committee.
- 1.2 In accordance with the articles of association of the Company, Directors appointed during a year will retire at the next Annual General Meeting of the Company and may put themselves forward for re-election.
- 1.3 It is intended that all Directors will retire and put themselves forward for re-election annually at the Annual General Meeting of the Company but in any event not less often than every three years (except in the case of Non-executive Directors who have served for more than nine years who shall be subject to annual retirement and re-election). At each Annual General Meeting of the Company at least one third of the Directors will retire by rotation and each retiring Director may put himself or herself forward for re-election.
- 1.4 Subject to retirement by rotation and removal in accordance with the Company's articles of association, applicable law and regulation and the terms of their appointment, Non-executive Directors shall be appointed for a fixed term (which may be subject to renewal) with any such term of six years or more

¹ 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.

being subject to particularly rigorous review taking into account the need for progressive refreshing of the Board.

- 1.5 The minimum number of Directors under the articles of association of the Company is 2. There is no maximum number of Directors under the articles of association of the Company.
- 1.6 Directors may be required to hold shares in the Company.
- 1.7 The Board comprises all formally appointed statutory Directors of the Company.
- 1.8 Only members of the Board and the Company Secretary have the right to attend Board Meetings. However, other individuals may be invited by the Chairman to attend all or part of any meeting as and when appropriate.
- 1.9 The Board will comprise a mix of Executive and Non-executive Directors as appropriate having regard to the applicable corporate governance codes and guidelines and the level of shareholding held by the Company's major shareholders.
- 1.10 It is intended that at least half of the Board (excluding the Chairman) will be Independent Non-executive Directors.
- 1.11 The Chairman of the Board is appointed by the Board.

2 Chairman

- 2.1 The Chairman of the Company will act as Chairman of all Board Meetings. In the absence of the Chairman and/or an appointed deputy, the remaining members of the Board present shall elect one of themselves to chair the meeting.
- 2.2 The Chairman is responsible for leadership of the Board, ensuring its effectiveness on all aspects of its role and setting its agenda.
- 2.3 The Chairman is also responsible for ensuring the Directors receive accurate, timely and clear information.
- 2.4 The Chairman will be responsible for ensuring effective communication with shareholders.
- 2.5 The Chairman will also be responsible for facilitating the effective contribution of Non-executive Directors in particular and ensuring constructive relations between Executive and Non-executive Directors.

3 Senior Independent Non-executive Director

- 3.1 The Board shall appoint a Senior Independent Non-executive Director in order to fulfil the roles and duties set out in the Code.

4 Company Secretary

- 4.1 The Company Secretary or their nominee shall act as the Secretary of the Board.

5 Quorum

- 5.1 The quorum necessary for the transaction of business at meetings of the Board shall be four members of the Board of whom at least one shall be an Independent Non-executive Director.
- 5.2 Board decisions shall require a majority of the Independent Non-executive Directors present at the Meeting to have voted in favour.

6 Frequency of Meetings

- 6.1 The Board aims to meet 6 – 8 times per annum (including prior to the announcement of the Preliminary and Interim Results of the Company).
- 6.2 The Chairman will meet with the Non-executive Directors not less than once each year without the presence of the Executive Directors.
- 6.3 The Senior Independent Non-executive Director will meet with the other Non-executive Directors (excluding the Chairman) not less than once each year to discuss the performance of the Chairman taking into account the views of the Executive Directors.
- 6.4 The Board will conduct a formal evaluation of its performance and that of its Committees not less than once each year.

7 Telephone Meetings

- 7.1 Meetings of the Board may be held by telephonic or by any other electronic means whereby the participants are able to communicate effectively with each other.

8 Notice of Meetings

- 8.1 Meetings of the Board shall be summoned by the Company Secretary at the request of any Director.
- 8.2 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 Director no later than 5 working days before the date of the meeting. Supporting papers shall, wherever practicable, be provided to Committee members and to other attendees as appropriate, at the same time.
- 8.3 Where circumstances require, meetings of the Board may be convened on shorter notice and papers may be circulated closer to or at the relevant meeting.
- 8.4 Board papers may be circulated electronically (including on the Company's Board management portal) or in hard copy as circumstances permit.

9 Minutes of Meetings

- 9.1 The Company Secretary shall minute the proceedings and resolutions of all meetings of the Board, including recording the names of those present and in attendance.
- 9.2 The Company Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly.
- 9.3 Minutes of a Board Meeting shall be circulated with the papers for the subsequent Board Meeting to all members of the Board.

10 Board Committees

- 10.1 The Board will establish the following Committees and set their Terms of Reference:
- Audit Committee
 - Remuneration Committee
 - Nomination Committee
 - Health, Safety and Security Committee

11 Matters Reserved to the Board

- 11.1 The matters set out in the Appendix to these Terms of Reference shall be reserved to the Board.

MERLIN ENTERTAINMENTS PLC

BOARD OF DIRECTORS

TERMS OF REFERENCE

Appendix

Matters Reserved to the Board

- I.1 The Board shall have the full power and authority to take any actions and decisions that may lawfully be taken and to delegate any such power and authority to any Committee or person.
- I.2 Without prejudice to the foregoing, the following matters shall be reserved to the Board (delegated, where indicated, to an appropriate Committee):

Certain matters will be delegated by the Board to Committees. In this Appendix the following abbreviations have been used to indicate the Committees to which matters have been delegated:

- (AC) Delegated to the Audit Committee
(RC) Delegated to the Remuneration Committee
(NC) Delegated to the Nomination Committee
(HSS) Delegated to the Health, Safety and Security Committee

I.2.1 Strategy and Management

- (i) Responsibility for the overall management of the Group;
- (ii) Approval of the Group's long term objectives and commercial strategy;
- (iii) Approval of the annual operating and capital expenditure budgets and any material changes to them;
- (iv) Oversight of the Group's operations ensuring:
- Competent and prudent management;
 - Sound planning;
 - An adequate system of internal control;
 - Adequate accounting and other records;
 - Compliance with statutory and regulatory obligations;
- (v) Review of performance in the light of the Group's strategy, objectives, business plans and budgets and ensuring that any necessary corrective action is taken;
- (vi) Oversight of the execution and delivery of major capital projects of the Group;

- (vii) Extension of the Group's activities into new business or geographic areas;
- (viii) Any decision to cease to operate all or any material part of the Group's business.

1.2.2 Structure and capital

- (i) Changes relating to the Group's capital structure including reduction of capital, share issues (except where previously committed under any employee share plans) and share buy backs (including the use of treasury shares);
- (ii) Major changes to the Group's corporate structure, including, but not limited to acquisitions and disposals of shares which are material relative to the size of the Group (taking into account initial and deferred consideration);
- (iii) Approval of any proposed alteration to the articles of association of the Company;
- (iv) Material changes to the Group's senior management and control structure;
- (v) Any changes to the Company's listing, the markets on which its securities are traded or its status as a plc.

1.2.3 Financial reporting and controls

- (i) Approval of the half-yearly reports, interim management statements and any preliminary announcements of final results following consultation with and recommendations from the AC;
- (ii) Approval of the Annual Report and Accounts (including Corporate Governance statements and Remuneration Report) for recommendation to shareholders following consultation with and recommendations from the AC;
- (iii) Approval of the dividend policy;
- (iv) Declaration of the interim dividend and recommendation to shareholders of the final dividend following recommendations from the AC;
- (v) Approval of any significant changes in accounting policies or practices following recommendations from the AC;
- (vi) Approval of treasury policies (including foreign currency exposure and the use of financial derivatives) following recommendations from the AC.

1.2.4 Internal Controls

- (i) Ensuring maintenance of a sound system of internal control and risk management including (AC):

- Approving the Company/Group's risk appetite statements;
 - Receiving reports on, and reviewing the effectiveness of, the Group's risk and control processes to support its strategy and objectives;
 - Approving procedures for the detection of fraud and the prevention of bribery;
 - Undertaking an annual assessment of these processes;
 - Approving an appropriate statement for inclusion in the annual report.
- (ii) Any major decision relating to the conduct (or settlement) or any legal proceedings to which the Group is a party where the matter would be material in the context of the Group as a whole.
- (iii) Adoption of (or material amendment or variation to) the major policies from time to time of the Group.

1.2.5 Capital Expenditure and Contracts

- (i) Approval of the Annual Capital Expenditure Budget ("Capex Budget").
- (ii) Approval of all capex projects with a value of £5m or more.
- (iii) Approval of up to a further £20m of capex outside the approved Capex Budget is delegated to the Executive Committee for projects with an individual capex value of under £5m.
- (iv) Approval of any significant transaction, reverse takeover or related party transaction as defined by the Listing Rules.
- (v) Entry into commercial contracts in the ordinary course of business does not normally require Board approval (unless the contract includes a commitment to capex requiring approval).
- (vi) Approval of contracts which are material strategically or by reason of size, entered into by the Company (or any subsidiary) other than in the ordinary course of business.
- (vii) Approval of major investments (including the acquisition or disposal of interests of more than five per cent in the voting shares of any listed company or the making of any takeover offer).

1.2.6 Communication

- (i) Convening General Meetings of the Company.
- (ii) Ensuring a satisfactory dialogue with shareholders based on the mutual understanding of objectives.
- (iii) Approval of resolutions and corresponding documentation to be put forward to shareholders at any General Meeting.

- (iv) Approval of all circulars and listing particulars.
- (v) Approval of press releases concerning matters reserved to the Board.

1.2.7 Board membership and other appointments

- (i) Approval of changes to the structure, size and composition (including the skills, knowledge, experience and diversity, including gender) of the Board (including Chairman, Non-executive Directors and Executive Directors), following recommendations from the NC.
- (ii) Ensuring adequate succession planning for the Board and senior management, following recommendations from the NC.
- (iii) Approval of appointments to the Board, following recommendations from the NC.
- (iv) Appointment of the Chairman of the Board and the Group Chief Executive Officer, following recommendations from the NC.
- (v) Appointment of the Senior Independent Non-executive Director to provide a sounding board for the Chairman and to serve as intermediary for the other Directors when necessary, following recommendations from the NC.
- (vi) Membership and Chairmanship of Board Committees, following recommendations from the NC.
- (vii) Appointment or removal of the Company Secretary, following recommendations from the NC.
- (viii) Continuation in office of Directors at the end of their term of office when they are due to be re-elected by shareholders at the annual General Meeting and otherwise as appropriate, following recommendations from the NC.
- (ix) 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 law and their service contract, following recommendations from the NC.
- (x) Appointment, re-appointment or removal of the external auditor to be put to shareholders for approval, following recommendations from the AC.
- (xi) The approval of the appointment and removal of Directors of subsidiary companies in the Group shall be delegated to the Group Chief Executive Officer subject to compliance with law and the articles of association of those companies.
- (xii) Determining the independence of each Non-executive Director, taking into account the following guidelines in the Code that a Director is assumed not to be independent if the Director:

- Has been an employee of the Company or Group within the last five years;
- Has, or has had within the last three years, a material business relationship with the Company either directly, or as a partner, director or senior employee of a body that has such a relationship with the Company;
- Has received or receives additional remuneration from the Company apart from a Director's fee, participates in the Company's share scheme or performance-related pay scheme, or is a member of the Company's pension scheme;
- Has close family ties with any of the Company's advisers, Directors or senior employees;
- Holds cross-directorships or has significant links with other Directors through involvement in other companies or bodies;
- Represents a significant shareholder; or
- Has served on the Board for more than nine years from the date of first election.

1.2.8 Remuneration

- (i) Approving the remuneration policy and remuneration arrangements for the Company Secretary and other senior executives, following recommendations from the RC.
- (ii) Determining the remuneration of the Non-executive Directors, subject to the articles of association and shareholder approval as appropriate.
- (iii) Approving the introduction of new share incentive plans or major changes to existing plans, following recommendations from the RC.
- (iv) Approving the introduction of performance related pay schemes or major changes to existing plans (delegated to RC).
- (v) Approving the policy and scope of pension arrangements or major changes to existing arrangements (delegated to RC).
- (vi) Approving on an annual basis in relation to the schemes referred to in paragraphs 1.2.8(iv) and (v) above whether awards shall be made and, if so, the overall amount of such awards (delegated to RC).

1.2.9 Delegation of Authority

- (i) Approving the division of responsibilities between the Chairman, the Group Chief Executive Officer and other Executive Directors (which shall be in writing).

- (ii) Approval of the delegated levels of authority, including the Chief Executive Officer's authority limits (which shall be in writing).
- (iii) Approval of the Terms of Reference of Board Committees.
- (iv) Receiving reports from Board Committees on their activities.
- (v) Granting powers of attorney.

1.2.10 Corporate governance matters

- (i) Undertaking a formal and rigorous annual review of the Board's own performance, that of its Committees and of individual Directors, and the division of responsibilities.
- (ii) Determining the independence of Directors in light of their character, judgment and relationships.
- (iii) Considering the balance of interests between shareholders, employees, customers and the community.
- (iv) Reviewing the Group's overall corporate governance policies and procedures.
- (v) Receiving reports on the views of the Company's shareholders to ensure that they are communicated to the Board.
- (vi) Authorising conflicts of interest where permitted by the Company's articles of association.
- (vii) Determining the Group's investor relations policies and procedures.

1.2.11 Policies

- (i) Approval of the major policies of the Group, including but not limited to:
- (ii) Health and Safety Policy;
- (iii) Share Dealing Code;
- (iv) Fraud Policy;
- (v) Bribery Prevention (AC), Whistleblowing (AC) and Human Resources (RC).

1.2.12 Other

- (i) The making of political donations.
- (ii) Approval of the appointment of the Group's principal financial and professional advisers.

- (iii) Prosecution, commencement, defence or settlement of litigation or an alternative dispute resolution mechanism which is likely to be material to the interests of the Group.
- (iv) Approval of the overall levels and classes of insurance for the Group (including Directors' and Officers' liability insurance and indemnification of Directors).
- (v) Approval of major changes to the Group's defined benefit/final salary pension scheme(s), changes to the Group's pension trustees and (when this is subject to the approval of the Company) changes in the pension scheme fund management arrangements.
- (vi) Any decision likely to have a material impact on the Company or Group from any perspective, including, but not limited to, financial, operational, strategic or reputational.
- (vii) Review of IT security and approval of related policies.
- (viii) Any changes to the list of Matters Reserved to the Board.
- (ix) Approval of any other matters which are reserved for decision by the Board in accordance with the requirements of applicable law, regulation or pursuant to accepted best practice or under the articles of association of the Company.
- (x) Review of this schedule of Matters Reserved for the Board at least annually.
