

Merlin Entertainments plc
Modern Slavery and Human Trafficking Statement
for the year ended 31 December 2016

Introduction

Merlin Entertainments recognises its moral and legal responsibility with regard to Modern Slavery and Human Trafficking and will always endeavour to ensure that no such activities arise in the operation of its business. We expect all areas of our business and all suppliers and contractors to comply with internationally recognised codes of practice on human rights, employment practices and working conditions. We undertake a thorough assessment of each supplier against the principles of the SA8000 international standard of social compliance. For certain procurement areas, we also assess suppliers against standards set out in the International Labour Organisation Convention, the United Nation Convention on the Rights of a Child, and the Universal Declaration of Human Rights.

Business Structure

Merlin Entertainments plc is a global leader in location based, family entertainment. As Europe's Number 1 and the world's second-largest visitor attraction operator, Merlin now operates over 100 attractions, 13 hotels and five holiday villages in 24 countries and across four continents. The company aims to deliver memorable experiences to more than 63 million visitors worldwide, through global and local brands, and employs c.27,000 employees (peak season).

The business is split into three main operating groups; Midway Attractions, LEGOLAND Parks and Resort Theme Parks. In addition the New Openings division takes responsibility for all new attractions and the integration of acquisitions. The three operating groups along with New Openings are supported by a central corporate team and Merlin Magic Making, our unique internal creative and production resource.

Procurement policies and strategy are centrally-led and locally implemented, with commitments to suppliers made by each attraction and operating company under the delegated authority principle.

Our policies

We are committed to ensuring that no Modern Slavery or Human Trafficking exists in any form within our business or our supply chains. As an organisation operating in multiple jurisdictions, we will always comply with local laws and regulations, however where these fall short of our own global standards and policies, we will always aim to go above and beyond local legislation to maintain a high common ethical standard.

Our **Human Rights Policy** reflects our commitment to acting ethically and with integrity in all our business activity and relationships. We strive to prevent

discrimination and to value diversity throughout our business, and to provide a safe, secure and healthy environment within which to work.

In addition, and in line with our commitment to act with integrity in all our business dealings, we also operate the following policies and codes which have relevancy to the Modern Slavery Act. Together these provide a policy framework that addresses the principal provisions within the Act:

- **Whistleblowing Policy.** The Company encourages all employees, workers and contractors to report any concerns relating to the direct activities, or supply chains of the Company. The policy is designed to make it easy for employees to make disclosures without fear of retaliation through using an independent externally hosted Whistleblowing Hotline that is available to all employees in all languages, regardless of where they are in the world. This service is also available to contractors employed to work on behalf of Merlin.
- **Employee Code of Conduct.** The Code of Conduct makes clear to employees the actions and behaviour expected of them at all times when representing the Company. The Company strives to maintain the highest standards of employee conduct and ethical behaviour in all its operations and the Code of Conduct makes clear that breach of any policy will not be tolerated. All employees are required to formally acknowledge that they have read, understood and will adhere to the content of the Code of Conduct. Their declaration also serves as formal acknowledgement of all Company policies referred to within the Code (including policies in relation to modern slavery). Through the Code of Conduct employees are made fully aware that breach of any policy, or failure to raise concerns, may lead to disciplinary action and ultimately lead to dismissal.
- **Equal Opportunities Policy.** Available to all UK employees and extended to other regions based upon local laws. It states all employees should be treated with dignity, respect and consideration at work and does not discriminate against them because of sex, age, gender reassignment, marital or civil partner status, sexual orientation, disability, race, colour, nationality, religion or belief, ethnic or national origin, maternity or pregnancy. The Company aims to treat all employees, former employees, clients, suppliers and other members of the public with whom the Company comes into contact, with dignity and respect.
- **Recruitment Policy and Code of Practice.** These global policies uphold the Equal Opportunities and Human Rights policies through ensuring that all candidates are treated with dignity and respect, and that all applications are handled equally.
- **Protection of Children and Young Workers.** This global policy states our commitment to protecting children and younger workers under the age of 18. It clearly states the Company does not tolerate unfair treatment of children or young workers in the workplace and that maximum working hours, working conditions and fair treatment be adhered to at all times. Risk assessments are carried out before employing young workers, and the Company strives to ensure that child welfare takes priority over business concerns.

- **Fraud Policy.** The Company has zero tolerance towards fraud or bribery. Facilitation payments by anyone representing Merlin are prohibited anywhere in the world. This policy extends to anyone acting on behalf of the Company as well as to suppliers, consultants and contractors. Such third parties are required to agree in writing to comply with Merlin's Fraud policy and Merlin conducts due diligence before establishing joint ventures and/or engaging consultants, contractors and suppliers.
- **Retail Merchandiser Code of Conduct.** The Code of Conduct and Global Sourcing Principles establish the standards for commercial suppliers working for Merlin. As business relationships develop, we expect suppliers to comply with internationally recognised codes of practice on Human Rights, employment practices and working conditions. These documents specifically require suppliers to achieve and maintain standards in relation to the following:
 - Prevention of child labour;
 - Prevention of forced labour;
 - Prevention of slave and trafficked labour;
 - Ensuring safety;
 - Health and hygiene;
 - Associations, discrimination and coercion;
 - Working hours and wages; and
 - Protection of the environment.

Suppliers

Our supply chains include local, national and international partners and the Company will not knowingly do business with parties who violate applicable laws and regulations, including local, environmental and employment laws.

All suppliers are required to sign as a condition of doing business, Merlin Entertainments' Standard Terms and Conditions of Purchase which contain our Ethical Dealing Principles. Our Ethical Dealing Principles require suppliers to be compliant with international conventions in relation to forced labour; freedom of association; right to organise and collective bargaining; equal remuneration; abolition of forced labour; discrimination; minimum age and child labour; the European Convention on Human Rights and European Money Laundering Convention. When signing our standard terms and conditions for commercial activity, suppliers also agree to adhere to the Retail Merchandiser Code of Conduct.

The Company has several systems in place to identify and assess potential risks in our supply chain, mitigate these risks and protect whistle-blowers. These include:

- requiring all commercial suppliers to comply with our Human Rights Policy and Retail Merchandiser Code of Conduct through signing the Merlin Entertainments Standard Terms and Conditions of Purchase;
- binding all suppliers to ethical dealing clauses in all contract terms and conditions;
- holding regular review meetings with all major commercial suppliers and brand partners which focus on the delivery of goods and services in line with the terms of our agreement;
- independently auditing certain categories of commercial suppliers, who produce Merlin Entertainments branded products, against the Merlin Social Audit Report;
- Merlin has a specific team responsible for compliance within areas of supply that are deemed 'high risk'. 'High risk' commercial suppliers are regularly audited to ensure continued compliance against our standards. Where factories fall beneath the required standards, corrective action plans are created and timescales for improvements agreed. A second audit will follow to ensure agreed standards are then being met; failure of a second audit will automatically delist the supplier;
- invoking strict sanctions on suppliers who do not meet our performance expectations or uphold the terms of our agreement. For example, any evidence of child labour results in the immediate delisting of a supplier, as does failure of two audit results;
- use of an independent externally hosted Whistleblowing Hotline which all employees, workers and contractors are made aware of upon induction and encouraged to use whenever appropriate. This is commissioned by the Company's Audit Committee which receives regular reports.

Training

All commercial staff involved in the procurement of goods and services receive training on our Merlin Ethical Dealing Principles, which form part of our contractual terms and conditions of supply, in addition to the policies and procedures that underpin monitoring and compliance.

As our business expands geographically and transforms its theme parks into short break destinations, we are mindful of the increased risks relating to modern slavery associated with new market entry and high volume employment sectors such as accommodation and food and beverage operations. We ensure we abide by all local labour laws and enact awareness training for our management teams on human rights and employee welfare.

Effectiveness / Performance Review

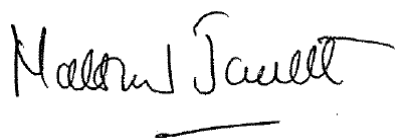
The Company understands that Modern Slavery risk is continually evolving, and will seek to take steps beyond current practices to monitor the performance of our measures to detect and prevent Modern Slavery in our supply chains.

In particular, we are taking steps to:

- increase sanctions on and immediately de-list any supplier who is using slave or trafficked labour (further to just child labour);
- extend our risk profiling beyond commercial suppliers, categorising risk levels within the supplier base and attributing respective incremental measures of compliance; and
- enhance training specific to modern slavery given to all commercial staff involved in managing the supply chain, and engaging in purchasing or logistics activity.

Merlin will always seek to do the right thing by its employee and its communities and therefore operates within a framework of continuous self-assessment and improvement.

This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes our slavery and human trafficking statement for the financial year ending 31 December 2016. It has been approved by the Board of Directors of Merlin Entertainments plc.

A handwritten signature in black ink, appearing to read 'Matt Jowett', with a horizontal line underneath.

Matt Jowett

Group General Counsel and Company Secretary

MERLIN ENTERTAINMENTS PLC

Date: 30 May 2017