

IMAX China 2016 ESG Report

We are pleased to present this report in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Guide”) published by the Stock Exchange. The report describes the Company's policies and activities in 2016 that were designed to fulfill the Company's obligations with respect to sustainable development and social responsibilities areas, as required by the ESG Guide.

In advancing a strategy of sustainable development, IMAX China has adopted policies and procedures and taken measures to: (i) provide a safe and healthy working environment; (ii) cultivate and nurture its work force; (iii) implement responsible supply chain management policies; (iv) ensure protection of the environment and conservation of resources, and (v) grow the Company's involvement in the community with the aim of driving sustainable development and operations.

A. Environmental Protection

To demonstrate the Company's commitment to sustainable development and compliance with laws and regulations relating to environmental protection, we endeavor to minimize the environmental impact of our business activities and maintain green operations and green office practices. In furtherance of these efforts, the Company adopted the “IMAX China Environmental Protection Management Policy”.

A.1 Emissions

In accordance with relevant law and as mandated by the “IMAX China Environmental Protection Management Policy”, the Company must ensure that emissions standards are met. Regular assessments are conducted on the Company's air and greenhouse gas emissions, as well as the generation and disposal of hazardous and non-hazardous waste. Relevant departments are required to collect and analyze relevant data and summarize their respective findings on a regular basis, as well as to take specific measures to reduce or avoid emissions.

As all of the Company's theaters are run and managed by our cinema exhibitor partners, the environmental impact of those theaters are managed by these exhibitor partners, who are encouraged by the Company to expand initiatives in reducing energy consumption and environmental protection.

The Company is governed by, and has complied with, the Law of Environmental Protection of the People's Republic of China. IMAX China does not generate significant air emissions or hazardous waste. Limited

workplace effluents and wastes are attributed to the operation of IMAX China offices. All workplace effluents are discharged into the municipal sewer systems for collective treatment in accordance with the “Effluent Water Quality Standards for the Urban Sewage System” and workplace wastes are treated by the property management companies maintaining the IMAX China offices. Our greenhouse gases emissions are indirectly, principally resulting from electricity consumed at the Company’s workplace as well as from business travel by employees.

In order to avoid improper disposal of batteries, IMAX China has installed battery recycling bins in its offices.



A.2 Use of Resources

The resources used by IMAX China are principally attributed to electricity and water consumed at its offices. With the aim to better manage its use of resources, regular assessments of use of resources are performed. As regulated by “IMAX China Environmental Protection Management Policy”, relevant departments collect and analyze data and summarize their respective findings on a regular basis. Initiatives, such as energy and water saving practices, are developed to address departments’ findings.

1) Green Products

The Company has recently begun selling a laser projection theater system that consumes less power and lasts longer than existing digital technology for the largest theaters in the IMAX network.

2) Green Operation

- ❖ The Company’s technical service center gives customers instant technical support via phone or remote access which increases efficiency and reduces the impact on the environment since less travel is required to service systems. In addition, IMAX China has established after-sale service departments in Shanghai, Beijing, Chengdu, Guangzhou and other locations with a view of providing on-site service

engineers in close geographical proximity to its customers in order to reduce the length of travel should on-site servicing be required.

- ❖ IMAX China's efforts to improve the efficiency of its use of resources and to reduce waste is evidenced by its recycling and reusing of packing materials.
- ❖ Wood packaging of all IMAX products all contain IPPC (International Plant Protection Convention) stamps.

3) Green Office

IMAX China has adopted green office practices, including the following to reduce natural resource consumption and the impact on the environment:

- Employees are encouraged to adopt water and electricity-saving habits;
- Offices are equipped with sterilizing dishwashers to encourage the use of non-disposable tableware, and, where use of disposable tableware is unavoidable, to use disposable tableware made from recycled materials;
- FSC certified tissues are provided for employee use;
- By default, all office printers are set to print double-sided to reduce paper use, and to print in black-and-white to conserve printer ink. Recycle bins are placed beside the printers to encourage employees to recycle paper that is no longer needed;



- Teleconference and internet-meeting practices are encouraged to avoid unnecessary travel;



- Employees are encouraged to use public transportation where possible to reduce automobile emissions.

Case

Verdant Place, the office building where IMAX China headquarters in Shanghai is located, has earned LEED Platinum certification, making considerable contributions to society in terms of energy conservation, health and sustainable development.



A.3 Environment and natural resources

This aspect is not applicable to the Company's operations, as the Company's environmental impact and use of natural resources is minimal.

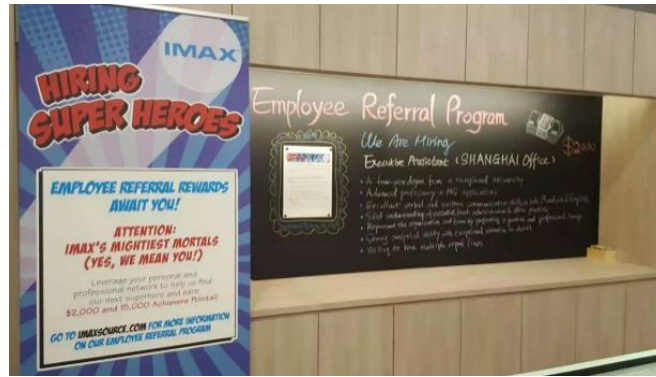
B. Social Commitment

The Company believes that one of the key aspects of its success is the good relationship it maintains with employees. With the aim of ensuring employee satisfaction, IMAX China provides competitive employee benefits and comprehensive training programs to encourage employees to achieve their potential and put their abilities to good use. Furthermore, IMAX China provides employee programs to encourage employee well-being and health. Moreover, in a typical year, IMAX China provides for a number of staff activities to enhance employees' sense of belonging and to help create a friendly and harmonious working environment.

B.1 Employment and Labour Practices

The Company's practices and policies with respect to: (i) compensation and dismissal; (ii) recruitment and promotion; (iii) working hours; (iv) rest periods; (v) equal opportunity; (vi) diversity; (vii) anti-discrimination; and (viii) welfare and other benefits have complied with the Labor law of the People's Republic of China, Labor Contract Law of the People's Republic of China and other relevant laws and regulations. The Company has adopted an IMAX China Employee Handbook, which contains information regarding employment management, rights on termination, business conduct, social security funds, compensation, employee benefits, leave benefits, working hours/overtime and performance management, a Long-Term Incentive Plan, an Employee Referral Program and other policies for the benefit of its employees.

IMAX China recruits and promotes personnel without regard to age (applicants under 16 years of age are excluded from consideration), national origin, race, religion, sexual orientation, marital status, pregnancy, disability and political beliefs, thus putting the principle of fairness into practice. All employees of the Company in the PRC are entitled to an employment contract at the start of their employment. The Company's resignation and dismissal policies adhere to the requirements of the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China and IMAX China Employee Handbook. In addition, IMAX China has introduced the Employee Referral Program, where an employee can earn bonuses if an individual he/she has referred for employment is hired for select positions.



Wages and salaries distribution conform to the principle of equal pay for equal work. Wages and salaries are paid in full and timely manner. The Company generally formulates employees' remuneration based on one or more elements such as salaries, bonuses, long-term incentives and benefits, subject to applicable rules and regulations. Through its remuneration policies, the Company aims to attract and retain talent, to motivate performance and achievement and to reward superior performance. To achieve this, the Company has established an incentive system that links remuneration with the annual performance of the Company, taking into account the Company's performance, as well as the objectives of individual departments. All regular, full-time employees hired as of December 31 of a given year are eligible to receive grants of restricted stock units and/or stock options, usually in March of the following year.

In accordance with applicable Chinese labor rules and regulations, IMAX China contributes to various public funds for each employee, including a public pension fund, a medical insurance fund, a public maternity insurance fund, an unemployment insurance fund, a work-related injury insurance fund, and a public housing fund. In addition to contributing to these funds, IMAX China also offers a Company-sponsored benefits program known as a Flex Benefit Plan to employees that includes supplementary commercial healthcare insurance and life/accident insurance. IMAX China provides other special benefits to employees during holidays and on employees' birthdays.

IMAX China employees work under a standard 40 hours per week. Employees are entitled to overtime pay if they obtain prior approval from their manager. The Company also maintains a "Holiday Policy" and "Travel Policy", which provide employees paid days off from work for national public holidays and company holidays, as well as annual vacation leave, compassionate leave, marriage leave, maternity leave, personal leave and sick leave.

IMAX China works to ensure an equal and fair working environment. IMAX China does not tolerate sexual harassment or harassment or abuse in the workplace in any form, which is a violation of PRC law.

During 2016, IMAX China organized several activities designed to promote employee morale.

❖ Family and Friends Events

IMAX China organized family day for employees and their families and friends in 2016.



❖ Summer Activities

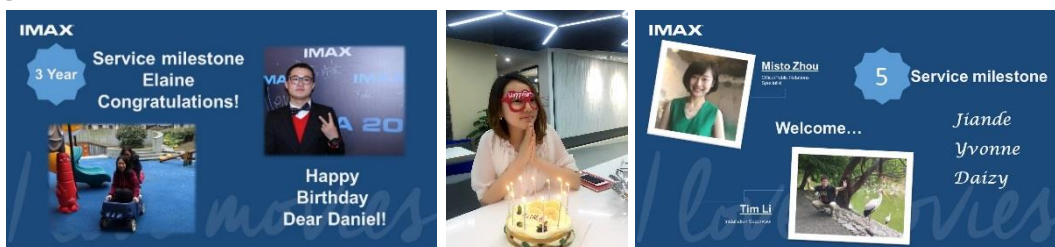
IMAX China has arranged a series of summer events to employees, for example badminton tournament and moon cake tasting.



❖ Town Hall Events



❖ Celebration Events



B.2 Health and Safety

To safeguard employees' occupational health and safety, IMAX China works hard to provide a safe, healthy and comfortable working environment and has complied with the Labor Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Labor Rights and Interests and other applicable regulations. Employees are asked to stringently abide by all safety rules and regulations, and utilize available and applicable protection measures at all times to avoid accidents and protect themselves and co-workers from safety risks in accordance with the relevant laws and regulations.

1) Health Insurance

The Company offers its employees comprehensive health care coverage which includes:

- Inpatient treatment
- Outpatient treatment
- Maternity care
- Dental care
- Vision care

IMAX China also provides non-medical insurance coverage and child benefits, including:

- Accident insurance and critical illness insurance
- Group health insurance for children

2) Wellness Allowance Program

To encourage more involvement in workout programs to improve physical fitness, IMAX China provides employees with annual fitness reimbursement valued at RMB 3000 (approximately USD 500), which applies to fees paid to fitness facilities and fitness club memberships as well as the cost of exercise equipment and other eligible expenses.

3) Safety Protection

IMAX China provides first aid kits and over-the-counter medicine in the offices, such as pain relievers. The Company also facilitates Red Cross First Aid & CPR courses on a regular basis. Selected employees are trained and certified as first aid providers.



IMAX China performs regular fire drills and has in-house fire wardens who maintain and inspect firefighting equipment and who coordinate quarterly safety meetings. External training sessions were held in 2016 for all employees to help refresh their fire safety knowledge.



IMAX China has prepared fire safety packs for each office which consist of helmets, flashlights, a loudspeaker, emergency escape masks, a whistle and a roster of employee names.



IMAX China has formulated a Guide and Safety Regulations for IMAX theater installations to ensure safe installation of its theater systems. IMAX China also provides protective equipment including helmets, safety belts, masks and protective clothing to all employees or consultants working on the installation of theater systems. In addition, all installers are provided with safety training.



B.3 Development and Trainings

To encourage employee development, IMAX China provides human resource trainings, including customized training courses, to help equip employees with the knowledge and relevant skills to help them develop managerial knowledge and other professional skills that help advance their careers. To further encourage employees to participate in trainings, the Company has established both online as well as offline

learning platforms and established a “learning corner” in its headquarters in Shanghai, which is a comfortable and dedicated space for employees to avail themselves of offered training programs. Efforts have also been made to establish an appraisal system where the effectiveness of training programs are subject to regular monitoring and assessments, as set out in the “IMAX China Training Management Policy”.

1) On-Board Training for New Employees

New employees are provided with on-board trainings to help them familiarize themselves with the culture, business and operations of IMAX China. These trainings include an IMAX introduction, a review of relevant policies and guidelines and a review of HR-specific policies and procedures.

2) Pre-job Trainings

For technical posts such as technical support and theater installation, every newly-hired employee is sent to Canada for pre-job training to enhance the professional skills necessary for the job. During 2016, a total of 9 newly-hired technicians were sent to Canada for IMAX Digital System/IMAX Laser Projector System ('IDS/ILPS') Training.

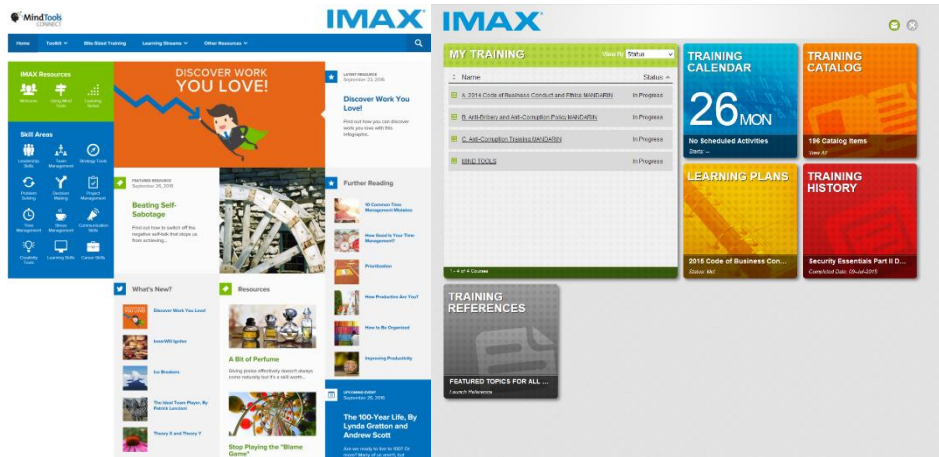
Training sessions are also accessible on both online and offline platforms to ensure technicians are able to stay up-to-date with the latest evolution of IMAX technology.

3) E-learning Platform

To provide trainings which are more flexible and broader in scope, in 2016, IMAX China launched a new program called IMAX Learning Series.

The purpose of the program is to make available to employees training materials covering topics focused on developing key competencies and skills that can contribute to employees' performance and ongoing success.

As part of the program, IMAX China has made available online libraries including training content covering such topics as thinking strategically, career planning and managing employees.



4) Learning Corner

A learning corner has been established at the Company's Shanghai headquarters to facilitate learning and communication among employees.



B.4 Labor Standards

IMAX China tolerates neither recruitment of minors nor forced labor and has complied with the Labor Contract law of the People's Republic of China. As described in the IMAX China Employee Handbook, individuals under 16 years of age are disqualified from employment at the Company. IMAX China's HR department affirms candidates' age by checking valid identification during prospective employee interviews and hires a third party to conduct reference checks on all applicants for employment.

IMAX China also strictly complies with the relevant PRC labor regulations relating to working hours, rest and holidays to ensure the physical and mental health of all employees. Employees are not be forced to work beyond working hours and are entitled to overtime pay in accordance with local regulations.

B.5 Supply Chain Management

IMAX China has set up a strict supply chain management system to ensure high quality service to our theatre exhibitor clients. Specific attention have been paid to promote the health and safety of patrons and employees of IMAX theaters.

As stipulated in "IMAX China Supply Chain Management Policy", IMAX China manages the supply chain by performing regular assessments on the environmental and social risks of the supply chain and strengthening the risks' management. Suppliers are urged to take measures to reduce their environmental and social risks. Greater emphasis is placed on our relationship and communications with suppliers with a view to IMAX China leading suppliers towards sustainable development.

IMAX China is committed to ensure that its supply chain management is socially responsible. IMAX Corporation has implemented a strict selection process on its suppliers and sub-contractors taking into considerations such elements as supplier qualification, past performance, financial strength and price. IMAX China only works with qualified suppliers approved by IMAX Corporation and, for the duration of any arrangement with a supplier, IMAX China closely supervises supplier performance and provides feedback where necessary.

For screen frame suppliers, IMAX China establishes stringent technical and service criteria to ensure product and service quality. A sample of screens frames is tested annually for load bearing capacity to ensure safe use. In addition, IMAX China performs regular on-site inspection and trainings to instruct suppliers on IMAX product quality standards.



Load bearing capacity tests

Case

An on-site training session was held for a screen frame supplier of the Company in June 2016, which was attended by supplier's General Manager and their employees.



For logistics providers, IMAX China requires appropriate vehicle and qualified drivers and a GPS system in each vehicle transporting IMAX systems so that it may monitor all deliveries.

B.6 Product Responsibility

IMAX China complies with various PRC regulations relevant to the operation of its business in areas such as health and safety, advertising, labelling and privacy matters relating to its products and services, including the Regulation on Administration of Films, the Trademark Law of the People's Republic of China, the Advertising Law of the People's Republic of China. In addition to following relevant laws and regulations, IMAX China follows its own operating policies and rules including the Pre-installation Checking List, Client &

Contractor Guide to Installing an IMAX Digital System and IMAX Theater Technical Helpline Guide that governs IMAX theater installation and maintenance.

1) Safety Responsibility

To ensure the health and safety of patrons and employees of IMAX theaters in the construction and operation of such theaters, IMAX China follows strict supplier selection procedures and technical requirements when purchasing equipment such as screens, screen frames, audio equipment and projection equipment.

Moreover, theatre equipment is calibrated, tested and maintained to ensure the best viewing experience.

2) Customer Service

The Company maintains the various internal policies including the Pre-installation Checking List and, Client & Contractor Guide to Installing an IMAX Digital System to ensure the efficiency of installation of the IMAX theatre systems as well as to improve customer service.

In addition, IMAX China provides its exhibitor clients with group training sessions on a regular basis. The purpose for these training sessions is to train managers and directors of IMAX theatres across the PRC on the IMAX brand and history, as well as on cinema operation, movie marketing and other topics.

IMAX China offers its exhibitor clients maintenance services via a 24 hour phone service center as well as remote network guided by the IMAX Technical Service Phone Support Manual. These services offer continuous technical support and solutions to customers and theaters nationwide. IMAX China maintenance technicians are located throughout the PRC so that for the equipment requiring on-site repair, the Company is able to send a technician located in close geographical proximity to the theatre. Regular maintenance is conducted twice a year. Customers' calls for emergency services are answered within three hours by phone. If required, emergency personnel will arrive at the theater within 48 hours. In 2016, the remote fix rate, the first-time fix rate and rate for recovery within 4 hours stood at 92%, 95% and 94% respectively. According to the "IMAX China's Customer Satisfaction Survey Workflow Policy", customer feedback is collected via e-mail after every routine maintenance service is provided to continuously track customer satisfaction.



IMAX China has established an email address at cgo@IMAX.com to which its exhibitor clients may send feedback, including complaints or grievances. Regular training sessions are provided to customer service representatives and technical staff to improve service quality.

3) Intellectual Property Right Protection

IMAX China encourages all employees and exhibitor partners to engage in protection of the IMAX brand. Employees and exhibitor partners are encouraged to report any suspected infringement to the Company's legal department, who in turn reports any suspected infringement to IMAX Corporation. After confirmation of any infringement, a formal cease and desist letter is sent to the infringing party requesting that the infringement be discontinued. Other intellectual property protections include specified trademark provisions in IMAX China's exhibitor agreements, mandating protection of the IMAX trademark, specifying appropriate trademark usage and including obligations to report any suspected trademark infringement to IMAX China.

4) Advertising

IMAX China strictly complies with the Advertising Law of the People's Republic of China and requires suppliers to do likewise in the Company's advertising contracts.

5) Privacy

The appropriate handling of the Company's confidential information as well as the confidential information of its customers and suppliers is critical to the Company's business. IMAX China employees are obligated to retain in confidence any and all information obtained in connection with their employment, including, but not limited to, trade secrets, know how, client information, supplier information and other proprietary information.

B.7 Anti-Corruption, Bribery, Extortion, Fraud and Money -Laundering

IMAX China maintains a high standard of business integrity throughout its operations and tolerates no corruption or bribery in any form, IMAX China strictly complies with the Criminal Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China, the Interim Provisions on Banning Commercial Bribery and other relevant laws and regulations relating to anti-corruption, bribery, extortion, fraudulent behavior and money-laundering.

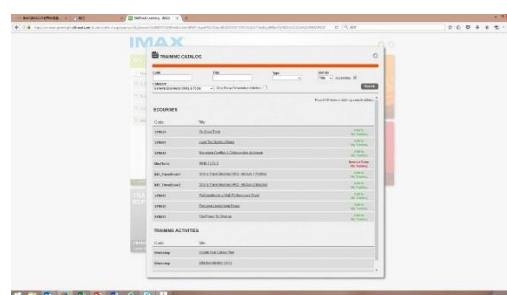
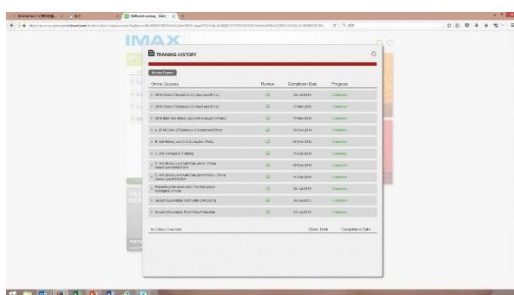
- 1) As a majority-owned subsidiary of IMAX Corporation, all directors, officers and employees of IMAX China are required to abide by IMAX Corporation's Code of Business Conduct and Ethics (the "Code"). All employees are required to sign a statement acknowledging receipt of the Code and agreeing to

abide by its terms. IMAX China also adopted a formal policy for reporting violations of the Code in its Protocol for Reporting Suspected Violations of the IMAX Code of Business Conduct and Ethics (the “Protocol”). In accordance with the Protocol, an employee may report a suspected violation of the Code as follows::

- To any member of the IMAX China Legal Department
- Via the internet by making a report on the IMAX China Whistleblower website, which may be linked to through the IMAX China intranet or which may be accessed directly by typing the website address cited in the Protocol
- To the CEO via email
- To the Chairman of the Audit Committee via email

In addition to these policies, IMAX China adopted an “Anti-Bribery and Anti-Corruption Policy China Addendum” to ensure compliance with Chinese anti-corruption laws including the Criminal Law of the People's Republic of China, Anti-Unfair Competition Law of the People's Republic of China, and Interim Provisions on Banning Commercial Bribery.

- 2) Employees are required to abide by the compliance and business conduct guidelines and confidentiality obligations set forth in the Employee Handbook. An employee undertaking to comply with the Employee Handbook and its appendixes and with all other rules and regulations applicable to IMAX China employees is signed by all new employees.
- 3) Anti-corruption trainings are customized for employees and relevant materials are uploaded to the Company's online learning platform. Employees are required to sign a compliance statement after finishing the relevant courses.



B.8 Community Investment

With social responsibility in mind, IMAX China is expanding its efforts in the area of charity work. IMAX China strives to promote social development and progress by contributing to education, sports, charity and other areas. To honor the Company's commitment to fulfill social corporate responsibilities, IMAX China provides in the "IMAX China Community Investment Management Policy" that: "the Company shall, holding on to its corporate social responsibilities and missions, take initiative to benefit communities, give back and contribute passionately to the society. Regular assessment shall be conducted on how its business activities relate to the interests of the communities where it operates and effective measures be taken to accelerate social progress by pushing forward education, sports, charity and other undertakings, as part of our efforts to be responsible citizens."

1) Education

As part of its efforts to promote education, IMAX China makes a number of documentaries on a range of scientific topics such as space exploration, ocean life and the animal kingdom, targeted at children and teenagers. The Company frequently invites students, the disabled and other groups to attend documentary screenings for free, examples of which we have described below.

Case 1

IMAX Universe Discovery – Free IMAX Documentaries in Taiyuan Wanda Cinema

To celebrate IMAX 1000th Screen in Taiyuan, IMAX China hosted 10 days of free screenings of four of its most well-known documentaries including Hubble 3D, Born to be Wild, Under the Sea and Journey to the South Pacific for to an audience of over 8,000 people, including parents and children.





Case 2

Free Movie Viewing on IMAX Day

As part of a special IMAX day activities in May 2016, at the Fuzhou IMAX theatre, IMAX China screened free IMAX movies for outstanding students from a school for the children of migrant workers. The children were able to take photographs with actors in 'Captain America' character costumes and received free IMAX movie tickets..



Case 3

100-Day Wanda IMAX Movie Festival -- Brand Experience Day

During the 100-Day Wanda IMAX Movie Festival from September 30, 2015 to January 8, 2016, Wanda Cinema Line, the Company's largest customer, invited its customers to attend free IMAX screenings, with more than 30,000 customers participating to learn more about The IMAX® Experience.



2) Health

IMAX China promotes the health of its employees and customers by organizing and taking part in sports and fitness activities.

Case 1 Star Bikers

To celebrate the Star Trek's 50th anniversary in a healthy, environmentally-friendly and fashionable manner, and to market Star Trek Beyond, IMAX China, in conjunction with Mobike, launched the Star Bikers event, a bike party which was joined by more than 200 Star Trek fans, IMAX fans and avid bikers in Star Trek costumes.



Case 2 Kung Fu Panda Breakfast Serving

IMAX China held a Kung Fu Panda Breakfast in Beijing and Shanghai in January 2016. The event began with staff costumed as Po, the protagonist of Kung Fu Panda 3, pushing carts and serving a free, healthy breakfast for passers-by near metro stations, followed by serving breakfast to office workers in 14 companies in Beijing and Shanghai, as a way to promote Kung Fu Panda 3 as well as healthy eating.



3) Charity

IMAX China has taken an active role in a variety of charitable activities.

Case 1: 20th Anniversary Gala Dinner 2016

IMAX China participated in the 20th Anniversary Gala Dinner 2016 organized by the Ronald McDonald House Charities Hong Kong on 29 October 2016. The Ronald McDonald House provides a home-away-from-home to families with seriously ill children who are receiving medical treatment at the Prince of Wales Hospital in Sha Tin, Hong Kong. The Ronald McDonald House provides families with comprehensive support to nurture emotional and psychological well-being-easing daily stress and other burdens to allow families to focus on their child's recovery.

