



2017

**Environmental, Social and
Governance Report**

IMAX CHINA HOLDING, INC.

About the Report

IMAX CHINA HOLDING, INC. (“IMAX China”, “the Group” or “We”, Stock code: 1970) hereby issues the Company’s 2017 Environmental, Social and Governance Report for the purposes of assisting all its stakeholders in understanding its concept and practices of sustainable development. The report describes the Group’s policies and activities in 2017 that were designed to fulfill the Group’s obligations with respect to sustainable development and social responsibilities areas, as required by the “Environmental, Social and Governance Reporting Guide” (“ESG Guide”) in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

Reporting Scope

This Report includes IMAX China and all of its subsidiaries covering the period from January 1 to December 31, 2017. There are no significant changes in the scope of this report from that of the 2016 ESG report in the annual report of the Company published on 24 February 2016. The Company has conducted an assessment on the applicability and materiality of the relevant KPIs under the ESG Guide. This Report has complied with all the “comply or explain” provisions and has included explanations for provisions which are not applicable to the Group.

Reference

This report is written in accordance with the ESG Guide in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

Report Availability

This report is available in electronic copies which can be viewed on the Group’s official website at <http://www.imax.cn/responsibility> and the Stock Exchange of Hong Kong Limited’s website <http://www.hkexnews.hk>.

To advance its 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 train its work force; (iii) implement responsible supply chain management policies; (iv) ensure environment protection and resource conservation; and (v) grow the Group's involvement in the community with the aim of driving sustainable development and operation.

ESG Governance

IMAX China Board supports the Group's commitment to fulfilling corporate social responsibility and takes full responsibility for the Group's ESG strategies and reporting. The Board is responsible for the evaluation and identification of ESG risks of the Group, and ensuring that the Group sets up an appropriate and effective ESG risk management and internal control system. The management of the Group provides the Board with the confirmation of the effectiveness of the ESG system.

To fully implement ESG management, IMAX China has set up an ESG working group composed of major departments of the Group, where departmental leaders are directly engaged and designated personnel are appointed to be responsible for conducting ESG management and reporting as well as briefing the management on ESG management and reporting progress. The working group is responsible for the implementation of ESG related works including implementation of environmental protection and other initiatives related to corporate social responsibility.

The Group attaches great importance to the communications with its stakeholders and has established effective communication channels to facilitate discussion with and response to key stakeholders, including shareholders, employees, suppliers, cinema exhibitor partners and audiences, about corporate social responsibility issues concerning them.

A. Environmental Protection

To demonstrate the Group's commitment to sustainable development and compliance with laws and regulations relating to environmental protection, the Group endeavors to minimize the environmental impact of the Group's business activities and maintain green operations and green office practices. In furtherance of these efforts, the Group adopted the "IMAX China Environmental Protection Management Policy". In 2017, there were no confirmed non-compliance incidents in relation to environmental protection that would have a significant impact on the Group's operations.

A.1 Emissions

In accordance with relevant law and as mandated by the "IMAX China Environmental Protection Management Policy", the Group must ensure that emissions standards are met in respect of its operations. Annual assessments are conducted on the Group'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 an annual basis, as well as to take specific measures to reduce or avoid emissions. The Group will monitor the results of the measures put in place to mitigate emissions.

The Group is governed by, and has complied with, the Law of Environmental Protection of the People's Republic of China. Based on the Company's evaluation, 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. As all of the Group's theaters are run and managed by our cinema exhibitor partners, the environmental impact of these theaters are managed by these exhibitor partners, who are encouraged by the Group to expand initiatives in reducing energy consumption and in environmental protection.

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. There is no material impact on the environment and natural resources. In order to avoid improper disposal of batteries, IMAX China has installed battery recycling bins in its offices.

As minimum environmental impact results from the Group's operation, KPIs A1.1 (the types of emissions and respective emissions data), A1.4 (total non-hazardous waste produced) and A1.6 (description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved) are immaterial to the Group's operation and have not been disclosed in this report. Further, as there is no hazardous waste produced from the Group's operation, KPI A1.3 (total hazardous waste produced) is not applicable to the Group and has not been disclosed in this report.

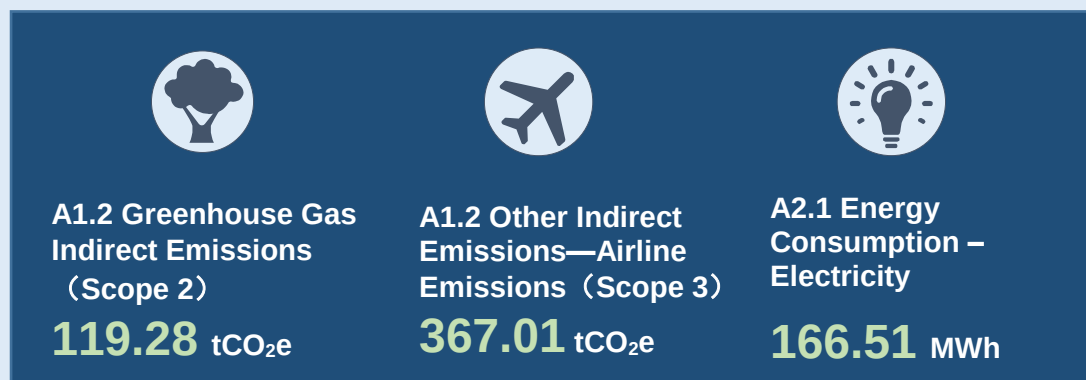
Due to the Group's business nature, the Group's main greenhouse gas emissions are the indirect emissions resulting from electricity consumed at the Group's workplace as well as from business travel by employees. The Group has adopted green office practices to reduce the impact on the environment, e.g., teleconference and internet-meeting practices are encouraged to avoid unnecessary travel. IMAX China has established after-sale service sites in Shanghai, Beijing, Chengdu, Chongqing, Guangzhou, Shenyang, Wuhan and other locations with a view of sending engineers in close geographical proximity to customers in order to reduce travels and emissions should on-site services be required. The Group'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



Greenhouse gas
emissions intensity is

6.08 tCO₂e per
employee

service systems. Greenhouse gas emissions data is presented in carbon dioxide equivalent (in tons). In 2017, the Group's energy indirect emissions (Scope 2) resulting from electricity consumption were 119.28 tCO₂e, and other indirect emissions (Scope 3) resulting from air travel were 367.01 tCO₂e. The greenhouse gas emissions were 486.29 tCO₂e in total and 6.08 tCO₂e per employee.



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, annual assessments of use of resources are performed. As regulated by the “IMAX China Environmental Protection Management Policy”, relevant departments collect and analyze data and summarize their respective findings on an annual basis. Initiatives, such as energy and water saving practices, are developed to address departments' findings. The Group will monitor the results achieved by the energy use efficiency initiatives.



The electricity consumption intensity is

2.08 MWh per employee

In 2017, the Group's energy consumption was 166.51 MWh of electricity in total and 2.08 MWh of electricity per employee. As only a minimum amount of water was used in the office, KPIs A2.2 (water consumption in total and intensity) and A2.4 (description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved) are immaterial to the Group's operation and have not been disclosed in this report. Further, as no packaging material was used in the Group's operation, KPI A2.5 (total packaging material used for finished products) is not applicable to the Group and has not been disclosed in this report.

The Group has adopted green office practices to reduce natural resource and energy consumption, e.g., offices are equipped with sterilizing dishwashers to encourage the use of non-disposable tableware and installed with LED lamp to save energy, and employees are

encouraged to develop the habit of energy conservation, e.g., timely turn off lights, computers and printers.

We also encourage employees to:



A.3 Environment and natural resources

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

B. Social Commitment

IMAX China believes that one of the key aspects of its success is the good relationship it maintains with employees. 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. In 2017, there were no confirmed non-compliance incidents or grievances in relation to employment and labor practices, human rights, supply chain management, product liability, anti-corruption and bribery standards and regulations that would have a significant impact on the Group's operations.

B.1 Employment

In accordance 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 Group has adopted the 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, 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 Group in the PRC are entitled to an employment contract at the start of their employment. The Group'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 referred for employment is hired for select positions.

Wages and salaries distribution conforms to the principle of equal pay for equal work. Wages and salaries are paid in a full and timely manner. The Group 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 Group aims to attract and retain talent, to motivate performance and achievement and to reward superior performance. To achieve this, the Group has established an incentive system that links remuneration with the annual performance of the Group, taking into account the Group's performance, as well as the objectives of individual departments.

In accordance with applicable Chinese labor rules and regulations, IMAX China contributes to various public funds for each employee, including public pension fund, medical insurance fund, public maternity insurance fund, unemployment insurance fund, work-related injury insurance fund, and public housing fund.

IMAX China also maintains a "Holiday Policy" and "Travel Policy", which entitle employees to 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, sick leave, etc. The Group's employees work under a standard 40 hours per week.

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

During 2017, IMAX China organized various activities designed to promote employee morale.

➤ Mid-Autumn Festival



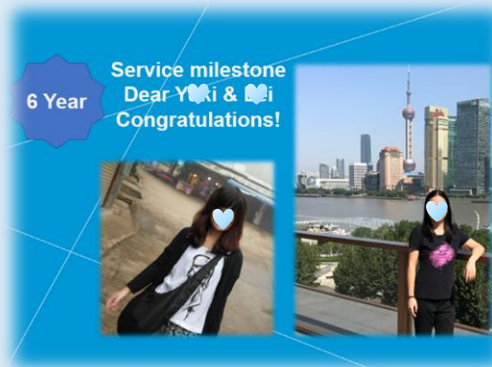
➤ Halloween



➤ Annual Gala



➤ Onboarding Anniversary



B.2 Health and Safety

IMAX China works hard to provide a safe, healthy and comfortable working environment in accordance 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.

With the aim of protecting the health and safety of the employees, IMAX China provides first aid kits and over-the-counter medicine in the offices. The Group also facilitates Red Cross First Aid & CPR courses, and the select employees are trained and certified as first aid providers.

IMAX China performs annual fire drills and has in-house fire wardens who maintain and inspect firefighting equipment and coordinate quarterly safety meetings. 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 the Guide to Installing an IMAX Digital System 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. During 2017, the Group's technical service department arranged a professional third party to provide safety training to the technicians covering safety specifications in laser related jobs, high place operation and electrical operation, and the potential safety hazards and the corresponding protective and safeguarding measures of these high-risk works.

IMAX China provides other wellness support to employees:

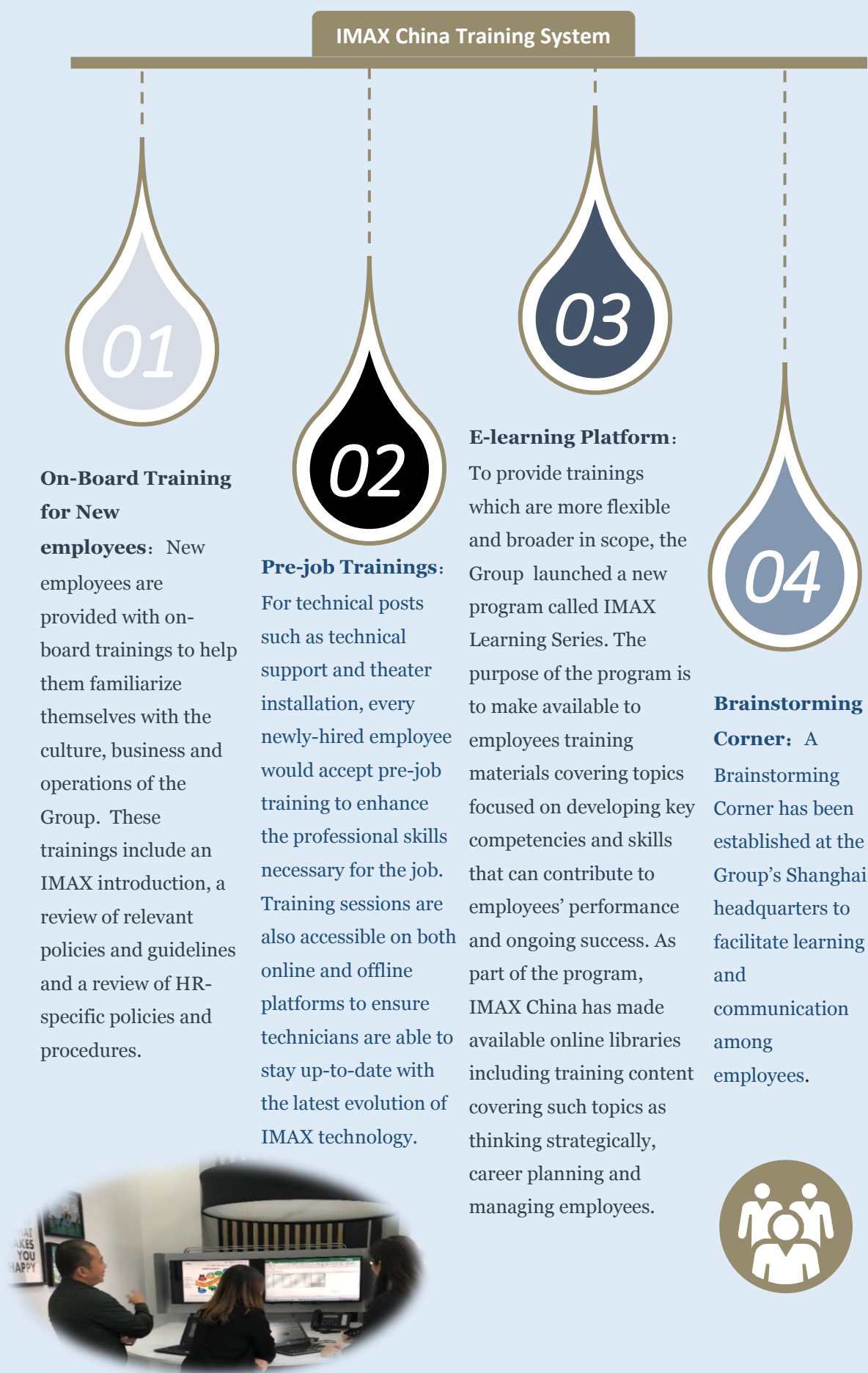
- The Group offers its employees comprehensive health care coverage which includes inpatient treatment, outpatient treatment, maternity care. IMAX China also provides non-medical insurance coverage and child benefits, including accident insurance, critical illness insurance, and group health insurance for children.
- To encourage more involvement in workout programs to improve physical fitness, IMAX China provides employees with annual fitness reimbursement which applies to fees paid to fitness facilities and fitness club memberships as well as the cost of exercise equipment and other eligible expenses.

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. The Group has established both online as well as offline learning platforms and established a "Brainstorming 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 is subject to monitoring and assessments, as set out in the “IMAX China Training Management Policy”.

In 2017, the Group established the IMAX training center and installed an IMAX digital projection system to facilitate technical trainings. Moreover, an experienced internal trainer was nominated to be responsible for orientations for new technicians, technician on-job trainings, trainings on evolving IMAX projection systems and service process optimization, as well as senior theater exhibitor trainings.



- The Group conducted technical trainings to the major departments of IMAX China on 28 April 2017, which covered IMAX theater services, procedures, digital projectors and projection system specifications.



B.4 Labor Standards

In accordance with the Labor Contract Law of the People's Republic of China and IMAX China Employee Handbook, IMAX China tolerates neither recruitment of minors nor forced labor. IMAX China's HR department affirms candidates' age by checking valid identification during interviews and hires a third party to conduct reference checks on all applicants. Individuals under 16 years of age are disqualified from employment at the Group.

IMAX China also strictly follows relevant PRC labor regulations relating to working hours, rest and holidays to ensure the physical and mental health of all employees. Employees are not forced to work overtime. Employees are entitled to overtime pay if they obtain prior approval from their manager.

B.5 Supply Chain Management

As stipulated in the "IMAX China Supply Chain Management Policy", IMAX China has set up a strict supply chain management system to ensure high quality service to the Group's theater exhibitor clients.

IMAX Corporation, the Company's controlling shareholder, 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.

Committed to social responsibility in its supply chain, IMAX China conducts factory inspections and trainings and offers guidance on IMAX product quality standards.

For the suppliers locally chosen by IMAX China, the Group formulates strict requirements:

- For screen frame suppliers, IMAX China establishes stringent technical and service criteria to ensure product and service quality. A sample of screen frames is tested annually for load bearing capacity to ensure safe use.
- For logistics providers, IMAX China requires appropriate vehicle and qualified drivers. IMAX China also requires the suppliers to adopt GPS system to monitor and manage all the logistics vehicles.

The Group performs annual assessment on environmental and social risks of the supply chain. It grades suppliers' environment and labor risks using the Supplier Environmental and Social Risk Assessment Form as the basis for selecting and evaluating suppliers. The Group encourages suppliers to take measures to reduce environmental and social risks thus moving towards sustainable development.

B.6 Product Responsibility

IMAX China complies with various PRC regulations relevant to the operation of its business, such as health and safety, advertising, labelling and privacy matters relating to products and services, including the Trademark Law of the People's Republic of China and the Advertising Law of the People's Republic of China. In addition to following relevant laws, IMAX China follows its own operating policies and rules including the IMAX Pre-installation Checking List, Guide to Installing an IMAX Digital System and IMAX Theater Technical Helpline Guide that govern IMAX theater installation and maintenance.

• Customer Service

The Group maintains the various internal policies including the IMAX Pre-installation Checking List and Guide to Installing an IMAX Digital System to ensure the efficiency of installation of the IMAX theater systems as well as to improve customer service. After installing, regular maintenance is conducted twice a year.

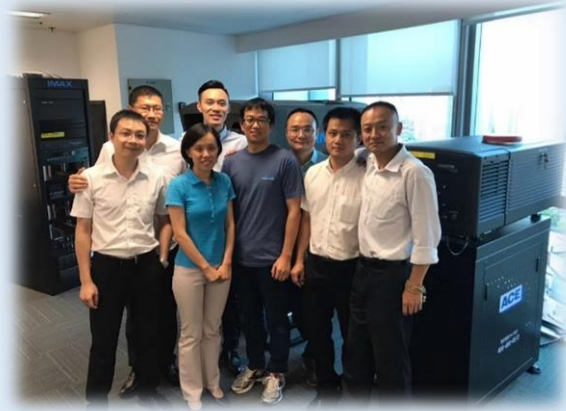
IMAX China provides theaters with trainings to train managers and directors of IMAX theaters in the PRC on IMAX brand and history, theater operation, movie marketing and other topics. Moreover, theater equipment is regularly calibrated, tested and maintained to ensure best viewing experience. In 2017, IMAX China introduced an online video training platform for theaters complementary to classroom training so as to better serve all theater customers.

In terms of equipment maintenance, 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, IMAX China is able to send a technician located in close geographical proximity to the theater. Customers'

calls for emergency services are answered within three hours by phone. If required, emergency personnel will arrive at the theater within 48 hours. 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 puts premium on communications with customers. IMAX China has established an email address cqo@IMAX.com which appears on the screen when a movie ends. Audience can email IMAX China their feedback or opinions about viewing experience. Besides, IMAX China offers trainings for customer service representatives and technical personnel to enhance customer experience. IMAX China also communicates with theaters to discuss box office performance, marketing techniques and focuses of next season, so as to help theaters.

- In the second half of 2017, the Group organized 9 training sessions of 5 days each. 42 theater senior technicians were trained on daily maintenance and some emergency repairs of IMAX digital projectors.



- **Safety Responsibility**

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

- **Advertising**

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

- **Intellectual Property Right Protection**

IMAX China encourages all employees and exhibitor partners to engage in the protection of the IMAX brand. Employees and exhibitor partners are encouraged to report any suspected infringement to the Group’s legal department, which 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.

- **Privacy**

The appropriate handling of the Group's confidential information as well as the confidential information of its customers and suppliers is critical to the Group'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 in compliance 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 behaviour and money laundering. 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").

The Group adheres to the high standard of integrity management in operation, and eliminates any form of corruption and bribery. All employees are required to sign a statement acknowledging receipt of the Code and agreeing to abide by its terms. IMAX China has 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" and "Anti-Bribery and Anti-Corruption Policy China Addendum". An employee may report a suspected violation of the Code by:

**Reporting to
members of
the IMAX
China Legal
Department**

**Emailing the
CEO**

**Emailing
Chairman of the
Audit Committee**

**Reporting to
IMAX China
Whistle-
blower
website**

All new employees are required to sign the employee commitment undertaking to comply with the Employee Handbook and its appendixes and with all other rules and regulations applicable to IMAX China employees, including business ethics & code of conduct and duty of confidentiality. Anti-corruption trainings materials are uploaded to the Group'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. The Group has formulated the "IMAX China Community Investment Management Policy". Annual assessment is conducted on how its business activities relate to the interests of the communities where it operates and how effective measures are taken to accelerate social progress by pushing forward education, sports, charity and other undertakings. IMAX China will continue to fulfill its promise of corporate social responsibility in the future, to keep in mind its corporate social responsibilities and mission, to benefit the neighborhood, and to contribute to society.

In 2017, IMAX China has taken an active role in a variety of charitable activities.



- The Group launched the charity campaign themed "Magic IMAX, Magic Wanda Theater; Liven Up the World of Kids with Hearing Difficulty" in Pingdingshan Wanda theater On November 18, 2017, to show its care about these kids with hearing difficulty who were arranged to be the first audience of IMAX movies in Pingdingshan Wanda Theater.



- IMAX China sponsored the Ronald McDonald House Charities 2017 Gala Dinner in Hong Kong, and showed its care for seriously ill children.

By virtue of its brand popularity among young people, the Group promotes positive, optimistic and healthy lifestyle through a series of marketing activities.



- IMAX China participated in the G-Festival Tech Fair held at the National Stadium-Bird's Nest on 29 April 2017. It built the exhibition hall and interacted with visitors. It promoted the theme of music and technology innovation of the G-Festival as well as its own movies, so as to convey the concept of science and technology to visitors.

- IMAX China builds long-term cooperation with fitness software such as Keep, Fit and the Wales fitness club. Combining with the IMAX movies, it advocates healthy and effective exercises and promotes healthy lifestyle to the audience and employees.



Appendix: Environmental KPIs Disclosure Index

KPI	Description	Disclosed or not	Explanation
A1.1	The types of emissions and respective emissions data.	Not Disclosed	As minimum environmental impact results from the Group's operation, this KPI is immaterial to the Group's operation.
A1.2	Greenhouse gas emissions in total and, where appropriate, intensity.	Disclosed	Pages 3-4
A1.3	Total hazardous waste produced and, where appropriate, intensity.	Not Disclosed	As there is no hazardous waste produced from the Group's operation, this KPI is not applicable to the Group's operation.
A1.4	Total non-hazardous waste produced and, where appropriate, intensity.	Not Disclosed	As minimum environmental impact results from the Group's operation, this KPI is immaterial to the Group's operation.
A1.5	Description of measures to mitigate emissions and results achieved.	Disclosed	Pages 2-4
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Not Disclosed	As minimum environmental impact results from the Group's operation, this KPI is immaterial to the Group's operation.
A2.1	Direct and / or indirect energy consumption by type in total and intensity.	Disclosed	Page 4
A2.2	Water consumption in total and intensity.	Not Disclosed	As only a minimum amount of water was used in the office, this KPI is immaterial to the Group's operation.
A2.3	Description of energy use efficiency initiatives and results achieved.	Disclosed	Pages 4-5
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Not Disclosed	As only a minimum amount of water was used in the office, this KPI is immaterial to the Group's operation.
A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced.	Not Disclosed	As no packaging material was used in the Group's operation, this KPI is not applicable to the Group's operation.
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Not Disclosed	As the Group's environmental impact and use of natural resources is minimal, this KPI is not applicable to the Group's operation.