



SUSTAINABILITY REPORT

Because we care.

2019

KINEPOLIS GROUP

PART II

SUSTAINABILITY REPORT

Because we care.

STATEMENT OF NON-FINANCIAL INFORMATION
AS PROVIDED FOR IN THE LAW
OF SEPTEMBER 3, 2017

2019

KINEPOLIS GROUP

This Sustainability Report is part of the Kinepolis Group Annual Report 2019, which consists of three parts:



PART I
COMPANY REPORT



PART II
SUSTAINABILITY REPORT



PART III
FINANCIAL REPORT

SUSTAINABILITY REPORT

Sustainable investment in people and the environment	4
Our customers	8
Our people	18
Care for the environment	26
Integrity in business	34





Kinepolis Thionville (FR)

Sustainable investment in people and the environment

Kinepolis attaches the utmost importance to the social, environmental and cultural consequences of its business operations.

The principles of Corporate Social Responsibility (CSR) have been translated into a sustainability policy that is an important guideline in the daily decision-making processes and the operation of the company.

CONTEXT AND METHODOLOGY

In 2017, Kinepolis decided to structure its existing CSR approach within the framework of the internationally recognised ISO 26000 standard (*Guidance for the social responsibility of organisations*). In accordance with this standard, a relevancy and significance evaluation of the various CSR aspects and the related risks that a company faces was carried out at the end of 2018. This evaluation was carried out by the members of the Board of Directors, the senior management and the Belgian Works Council. The relevance and significance for Kinepolis itself and for its various stakeholders (including employees, customers, suppliers, investors and government) were taken into account. An evaluation of this kind is carried out at least every two years, unless there are strong indications that the results are not up-to-date. In such case, the evaluation will be accelerated.

The above-mentioned study showed that the following three CSR aspects are considered to be the most relevant for the organisation:

- Care of customers
- Care of employees
- Care for the environment



CARE OF
Customers



CARE OF
Employees



CARE FOR THE
Environment

The Kinopolis policy in each of these domains is set out in more detail below. Any risks associated with the care of Customers, Employees and the Environment have been included in the description of the main business risks (see Part III: Corporate Governance, Page 29).

CARE OF CUSTOMERS

Kinopolis aims to offer its customers a positive experience with every contact or visit, by clearly informing them, interacting with them and responding to their wishes. In doing this, Kinopolis takes all target groups into account, and this is reflected in the film programme and the infrastructure of its cinemas.



CARE OF EMPLOYEES

The well-being of employees is an important part of the Kinopolis sustainability policy. Kinopolis works hard to develop talent and to encourage employees to get the best out of themselves. After all, an employee who feels involved will create happy customers and partners. Kinopolis' 'Human Capital' policy provides for, among other things, an intensive onboarding process, various training programmes and career guidance. The annual measurement of employee satisfaction enables Kinopolis to closely monitor this policy and to develop it further.

CARE FOR THE ENVIRONMENT

Via its 'Green Star' programme, Kinopolis is also committed to shoulder its responsibilities with regard to care for the environment. Kinopolis takes full consideration of the comfort and convenience of visitors and employees in all its buildings, both in renovation work and new-builds. The company thereby constantly works to reduce its ecological footprint by introducing innovative, low-energy materials and structural applications.

In recent years, technological evolution has also enabled cinemas to significantly reduce the ecological impact of their operations. Examples of this are the evolution of projection systems and the rise in online and mobile transactions.



Kinepolis actively looks for new technologies and initiatives in order to ensure, as appropriate, a fast response to social and ecological trends.

INTEGRITY IN BUSINESS

In addition to these three pillars, Kinepolis has a strict policy with regard to anti-corruption and bribery, and efforts are made to raise awareness of that policy among employees and management. Integrity is always at the forefront of Kinepolis' business operations.

MEASURING OUR PERFORMANCE WITH REGARD TO SUSTAINABILITY

In order to measure the effectiveness and efficiency of Kinepolis' policy measures with regard to sustainability, a *Key Performance Indicator* (KPI) was determined for each of the above domains. In addition, descriptive performance indicators and examples will be cited throughout this report to illustrate the policy.

Over the coming years, Kinepolis is committed to further developing its sustainability policy and intensifying its efforts in various areas. The potential risks related to these topics will thereby be re-assessed on a regular basis, and it will be examined whether adequate policy measures have been provided to limit these risks.



EXPLANATORY STATEMENT WITH REGARD TO THE ACTIVITIES OF KINEPOLIS IN THE USA

Kinepolis finalised the acquisition of American cinema group MJR Digital Cinemas in the middle of October 2019. As cinemas in the USA have only been part of Kinepolis' portfolio since late 2019, Kinepolis will not yet report on its US operations in this chapter.

Kinepolis is committed to implementing as much as possible of its corporate social responsibility policy – as set out in this chapter – in the American organisation in the coming years. In the first instance, the focus will thereby be on the rapid implementation of its Human Capital policy, aimed at introducing the self-learning corporate culture of Kinepolis and thereby empowering employees to actively contribute to the implementation of the corporate strategy.

KEY PERFORMANCE INDICATORS (KPIs)

SUSTAINABILITY PILLARS OF KINEPOLIS	RELATED GUIDELINES ISO 26000	KPI
Customers	<ul style="list-style-type: none"> - Honest marketing, factual and unbiased information and fair practices when concluding contracts - Protection of the health and safety of the consumers - Customer service, support and resolution of complaints and disputes - Consumer data protection and privacy - Education and awareness 	Number of completed customer surveys per year Customer Satisfaction Index (CSI) in Europe 'Tell Us About Us' guest survey in Canada
Employees	<ul style="list-style-type: none"> - Employment and employment relations - Working conditions and social protection - Social dialogue - Health and Safety at work - Personal development and training in the workplace 	Number of 'budget owners' in relation to the total number of employees
Environment	<ul style="list-style-type: none"> - Prevention of environmental pollution - Sustainable use of resources - Mitigation of and adaption to climate change 	Evolution of energy consumption per year Expressed in KWh/m ² Reporting at Group level for Europe (reporting in Canada from 2020)
Integrity in business	<ul style="list-style-type: none"> - Human rights - Honest business practices 	% of employees who have signed the Code of Conduct

Our customers

Customer experience is key at Kinopolis, which is why customer satisfaction and care for customers in all aspects of the Kinopolis 'customer journey' is of the utmost importance.

Kinopolis pursues an inclusive policy, with attention to all social target groups.



POLICY

Kinopolis aims to offer its customers a positive experience during each visit or contact and, as such, increase the probability of a repeat visit and positive word-of-mouth advertising. Kinopolis thereby focuses on a number of aspects, all of which contribute to a total customer experience:

- An extensive range of films, in which everyone can find one that is to his or her liking;
- Modern, comfortable and easily accessible cinemas and theatres;
- High-quality customer service:
 - including film tips for and by customers
 - with respect for the protection of customer data.

EVALUATION OF OUR POLICY: CUSTOMER SATISFACTION INDEX

The measurement of Kinopolis' efforts with regard to the customer experience is carried out on a continuous basis via the Customer Satisfaction Index (CSI) in Europe and the 'Tell Us About Us' guest survey in Canada. Both use almost the same criteria ⁽¹⁾ to evaluate the quality of the customer experience offered. Kinopolis received a total of 557 193 completed surveys in 2019, 540 193 of which in Europe, and approximately 17 000 in Canada.

All European visitors who buy tickets online and leave their email address receive an invitation to tell Kinopolis about their experience within 24 hours of their cinema visit. Those who do not buy online can share their opinions via a form on the Kinopolis website. The questions relate to various aspects of the customer experience: how they liked the film, the quality of the picture and sound, the service, tidiness, customer friendliness, waiting times and so on. Customers can also submit suggestions in this way.

(1) No film evaluations are currently being requested in Canada.

CUSTOMER SATISFACTION INDEX

	2018 EUROPE	2018 CANADA	2019 EUROPE	2019 CANADA	TOTAL 2019
Number of completed customer surveys	419 047	N/A	540 193	17 000	557 193

The survey is not yet offered by email in Canada, but via the website. Customers are encouraged to fill it in by the cinema staff and by means of communication in the preshow. Landmark Cinemas will soon implement the Kinopolis CSI working method, and will review its survey in terms of both process and content.

The CSI enables Kinopolis to constantly collect customer feedback at a very detailed level, and the CSI results are reported and assessed on a daily basis at team, cinema and national level. Kinopolis constantly refines its operational management and film programming on the basis of this customer feedback. Comments on seat comfort, for example, are immediately passed on to the relevant department, and the seat in question will be immediately checked, and repaired where necessary.

In addition, customer satisfaction – alongside employee satisfaction and financial metrics – is an essential KPI within the Group for the assessment of the performance of cinema complexes, managers and employees. The above-mentioned KPIs are also included in the bonus scheme for managers and budget owners. The response in all countries is more than high enough to give a representative picture of customer satisfaction.

MOVIE LOVER EXPERIENCE AWARDS



Landmark cinemas that exceed their customer satisfaction goals are honoured at the Movie Lovers Experience Awards, an annual programme within the Canadian cinema circuit that aims to give wide internal recognition to cinemas that perform well.

VISITORS' SCORE PER FILM: CUSTOMERS ADVISE CUSTOMERS⁽²⁾

The Customer Satisfaction Index also measures the visitor score of each individual film in the Kinopolis programme, and this indicates the extent to which visitors would recommend the film they have just seen to others. The customer score is taken into consideration every week when programming films, making it an important indicator of how long a film will run in the cinema. Kinopolis always publishes the visitor score of each film on its website, even if it is negative. In this way, customers advise each other on which films to see, with Kinopolis as facilitator. The visitor score of a film also plays a role in the recommendations that Kinopolis makes to customers. The score is a factor in Kinopolis' 'recommendation engine': a piece of artificial intelligence that tries to identify, as far as possible, which films from the current programme will appeal to the customer.



⁽²⁾ Not yet applicable for Landmark Cinemas Canada.



CUSTOMER SUPPORT

Kinepolis wants to be as accessible to customers as possible and is committed to respond to questions and comments as quickly as possible. In order to inform customers as well as possible and to stimulate self-help, Kinepolis uses an extensive series of frequently asked questions and answers on its website in both Europe and Canada (www.kinepolis.com and www.landmarkcinemas.com, respectively). This list is regularly updated and adjusted based on customer contacts. Kinepolis proactively directs online customers to this 'FAQ' section. If customers cannot find the answer to their question, they can use the contact form on the website. This contact form is designed to ensure that the question is immediately forwarded to the right department and/or cinema. In case of problems or questions in the cinema, customers can always address the staff.

During busy periods, an external call centre is sometimes used to relieve the phone lines of the cinema complexes as much as possible, and to avoid waiting times for visitors. Customer questions are also answered every day via social media (Twitter, Facebook).

PROTECTION OF CUSTOMER DATA

Kinepolis collects data about its customers as part of its relationship-marketing strategy and its 'Marketing as a Service' credo. In this way, Kinepolis can optimally tailor its operational management to the wishes of its customers, and European customers always receive relevant film and event recommendations based on the data in their personal profile.

From May 25, 2018, the use of personal data has been regulated by the European Union's General Data Protection Regulation (GDPR), which is aimed at the protection of personal data. The basic values behind the GDPR have always been the values followed by Kinepolis in the handling of customer data, namely:

- Kinepolis has a transparent data-processing policy towards its customers;
- The main objective of collecting and processing customer data is to improve the service to customers;
- Kinepolis attaches great importance to the rights of its customers with regard to data, and allows them to exercise them in a simple manner;
- Kinepolis has a strict organisational and technical security policy with regard to its customer data.

The Canadian equivalent of the GDPR is PIPEDA (The Personal Information Protection and Electronic Documents Act). Landmark Cinemas Canada meets all PIPEDA requirements in its handling of customer data, and pursues the same values.

Respect for customers and respect for their data are inextricably linked, and Kinopolis takes both very seriously.

CYBER SECURITY

Kinopolis takes a whole series of measures to protect its IT systems, and thereby also its employees, customers and business operations, against cyber attacks. ICT risks (and the control measures to cover them) have until now been regularly discussed in the Audit Committee. From 2020, this will be done on a formal basis at least annually.

Kinopolis has a Security & Compliance Officer, supported by various external consultants who continuously test the security of Kinopolis' ICT systems. For example, Kinopolis has been working together with Intigriti for several years now. Intigriti is a bug bounty platform that brings together ethical hackers to identify vulnerabilities on behalf of the company, so that Kinopolis can tackle them as quickly as possible. Kinopolis also applies a strict code for external partners with regard to cyber security.

A FILM PROGRAMME FOR EVERYONE

Kinopolis is committed to having a film programme for various target groups at all times, including social (such as ethnic or cultural) minorities. In addition to blockbusters, Kinopolis programmes and promotes many local and multicultural films and has developed its own successful cultural programme, covering opera, ballet, art and theatre on the big screen. Kinopolis always tailors its programme to the audience of a given cinema, taking into account, among other things, demographic factors, regional identity and the cultural offer.

For example, Kinopolis programmes Bollywood blockbusters and Turkish hits in multicultural cities with large Indian and/or Turkish communities. In addition to Polish and Russian films, among others, experiments were also conducted with Chinese and Japanese films in 2019. Furthermore, films with regional themes and films by (often fledgling) filmmakers with strong regional roots are also given a platform in the relevant regional Kinopolis cinemas.

CANADIAN FILM SPOTLIGHT

Landmark Cinemas Canada has a 'Canadian Film Spotlight' label for a carefully curated selection of Canadian films, highlighting titles from the Canadian Independent Film Series and other local distributors. The 'Spotlight' series featured 12 Canadian titles in 2019, along with 13 other Canadian films that were given wider release on the Landmark circuit. In order to promote local film culture, Landmark Cinemas also supported 17 local film festivals in 2019, across the regions where Landmark operates.

LOCAL CONTENT

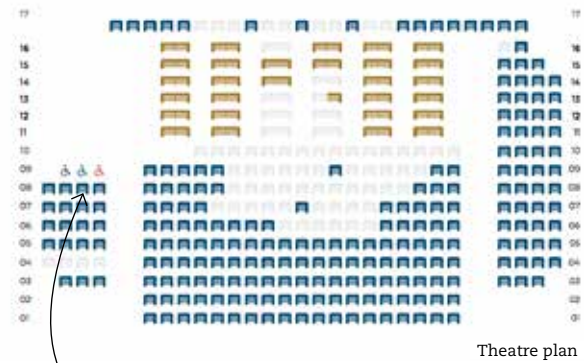
In Belgium, Kinopolis also invests in the production and promotion of local Flemish films through Kinopolis Film Distribution. Kinopolis indeed believes that supporting and producing local content is essential for the future of the cinema business and the local film culture. Kinopolis is also a partner of local film festivals in various countries.



The Chinese film 'My People, My Country' attracted around 2 500 visitors in Belgium and Luxembourg.



All recently-opened Kinepolis cinemas are 100% wheelchair accessible.



*Reserved places
for wheelchairs*

NOISE STANDARDS

Protecting the hearing of our visitors is of the greatest importance to Kinopolis, and so the generally applicable national noise standards are strictly observed. In Europe, this means, among other things, that Kinopolis:

- calibrates all its cinemas every year;
- carefully checks the sound settings every two weeks;
- checks the maximum sound pressure level of the various programme types (such as the preshow and children's films);
- systematically adapts the volume to suit the type of programme and the size of the auditorium.

WHEELCHAIR ACCESSIBILITY

Kinopolis is committed to making as many theatres as possible accessible to wheelchair users. More than 90% of all Kinopolis theatres are accessible for people with limited mobility, and most of them have reserved wheelchair spaces. All recently-opened Kinopolis cinemas are 100% wheelchair accessible. In some cinemas, where not all the theatres are wheelchair accessible due to outdated infrastructure, Kinopolis ensures that films are screened in different auditoriums at different times, so that visitors with limited mobility are able to see all the films. Kinopolis always provides clear information on whether theatres have wheelchair access, both online and on site. When booking online, wheelchair-accessible seats are clearly marked on the theatre plan, so that customers can reserve these places in advance when purchasing their ticket.

*Apps for
people with visual
or hearing impairment*



ACCESSIBILITY FOR PEOPLE WITH VISUAL OR AUDITORY IMPAIRMENT

In line with the jurisdiction in France, Kinepolis has installed the Twavox system in all its French cinemas, which enables people with visual or auditory impairment to adjust (i.e. increase or even out) the sound to meet their needs using an app on their smartphone and a pair of headphones. People with visual impairment can also make use of an audio description.

Kinepolis launched the 'Whatscine' cinema app in Spain in 2017. The Whatscine app offers users a choice between audio description, subtitles and sign language on their smartphone, perfectly synchronised with the action on the screen, enabling everyone with impaired hearing or sight to enjoy the latest films. In this way, Kinepolis wants to promote the accessibility of cinema for everyone. The app has been available in all Spanish Kinepolis cinemas from 2018. 10 000 visitors made use of this app in 2019.

Kinepolis will evaluate the use of the above-mentioned systems with a view to a possible further rollout in its European cinemas.

In 2020, Landmark Cinemas Canada will further support movie lovers with audiovisual impairment by updating its existing 'Fidelio' and 'CaptiView' systems across 28 cinemas and installing them in all Landmark cinemas. Fidelio is a wireless storyline audio system adapted for both the visually and hearing impaired, and CaptiView is a closed captioning system for the hearing impaired or the deaf.

MOBILITY

In order to avoid traffic problems around its multiplexes, Kinepolis encourages the use of alternative means of transport. Customers are informed as well as possible on the different ways of getting to the cinema. Most Kinepolis sites offer covered cycle parking facilities and the site is made accessible and open to public transport where possible. In 2019, work continued on a spacious, covered bicycle parking facility in Ghent, and Kinepolis participated in a broad campaign in Antwerp to promote a new tram line that stops at the cinema. Recent postcode research in Belgium showed that 40% of Belgian Kinepolis visitors come by public transport, on foot or by bicycle. In student cities such as Leuven or Ghent, this rises to more than 60%.



Taking the tram to Kinepolis Antwerp (BE)

SOCIAL ENGAGEMENT

INCLUSIVE PROGRAMMING POLICY

Kinepolis is aware of its sociocultural responsibilities, and is committed to creating a film programme that reflects the diversity of today's society.

Kinepolis' multicultural programming and special screenings for senior citizens are concrete examples of its inclusive programming policy, with attention for all social target groups.

Within its B2B activities, Kinepolis has also created a schools programme, in which attention is given to current topics in the curriculum, with films being offered together with an educational dossier. Schools can benefit from discounted prices in this respect. Indeed, films can be a catalyst for discussion (for example, about subjects such as 'Anti-Bullying Week' and 'Safe Internet Day', etc.) or can introduce children to another language or culture (e.g. 'Cinéperles', for immersion in French language and culture).

COMMUNITY INVOLVEMENT

Kinepolis also wants to accept its social responsibilities and increase its social engagement by supporting charities via sponsoring, patronage, organising or supporting benefit campaigns, or by stimulating social employment. In 2019, Kinepolis supported various projects, such as Rode Neuzen (Red Noses), KickCancer, Minor-NDAKO, the '1000 km of Kom op tegen Kanker (Stand Up to Cancer)', the 'Warmest Week' and the climate initiative 'Sign for my Future' in Belgium, the Cadena 100 cancer benefit in Spain, the Stichting Bio (Bio Foundation) in the Netherlands, 'Le Secours populaire' in France and Kids Help Phone in Canada.



Supporting charities



Kinepolis supports Stichting Bio (NL)



Landmark Cinemas supports Kids Help Phone

TOY STORY 4 CAMPAIGN FOR THE BENEFIT OF 'LE SECOURS POPULAIRE'

In 2019, Kinepolis France supported 'Le Secours populaire' with various promotions throughout the year. During the summer, Disney and Kinepolis teamed up on the occasion of the release of Toy Story 4. A Toy Story camper van that visited seven Kinepolis cinemas across the country highlighted the holiday campaign of Le Secours Populaire, to remind the public that 1 in 3 children never goes on holiday. Each day that the camper van visited a cinema, € 1 for each Toy Story 4 ticket bought in the respective cinema was donated to Le Secours Populaire as part of the 'Journées des oubliés de vacances'. Both Disney and Kinepolis also distributed the promotional spot for this campaign through their channels. In this way, Kinepolis and Disney managed to give 500 children a great holiday. Kinepolis France also organised an event at Christmas for the benefit of Le Secours Populaire, this time to give 300 children a magical Christmas. During the 'Journée Ciné solidaire' on December 24, € 0.5 per ticket sold in all French Kinepolis cinemas went to the 'Pères Noël verts' campaign of Le Secours Populaire.

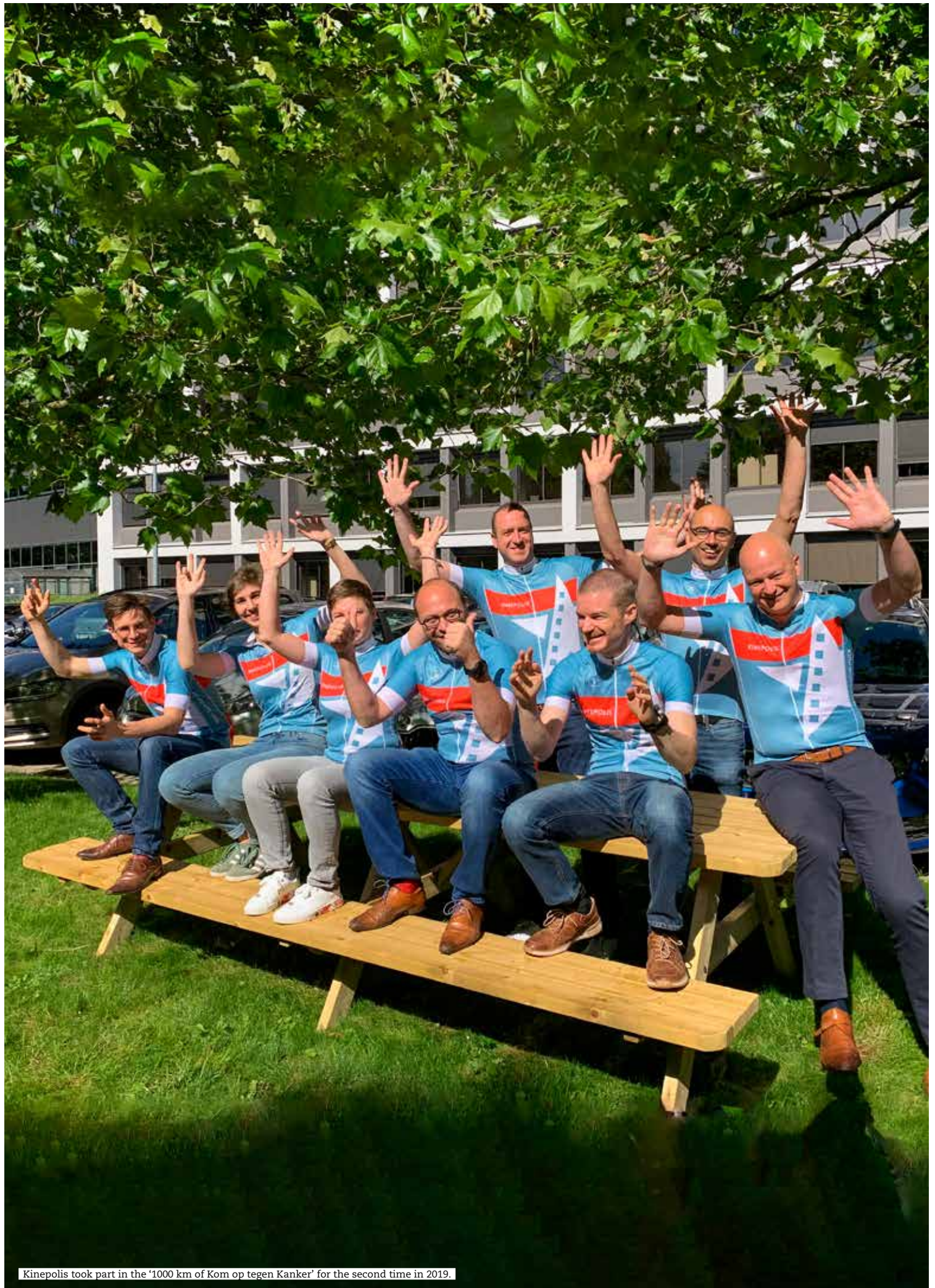
KINEPOLIS NETHERLANDS SUPPORTS STICHTING BIO

Since 2019, Kinepolis Netherlands has been making it easy for everyone to donate to the Stichting Bio (Bio Foundation). At all 18 locations, visitors at the ticket and shop cash desks can choose themselves whether to round up their purchase amount by simply donating their 'change' to Bio via Kinepolis.

Stichting Bio was founded by the Dutch cinema industry in 1927 and owes its name to it. The Foundation is committed to offering children with disabilities a relaxing holiday, such as in the Bio Vakantieoord in Arnhem. Campaigns are also occasionally organised around a specific film, with part of the income going to this charity.

LANDMARK PARTNER OF KIDS HELP PHONE

For many years, Landmark Cinemas has been a loyal partner of Kids Help Phone, Canada's only national helpline that is providing professional support and information to young people 24/7. Landmark supports the organisation through cinema promotions and fund-raising, culminating in the Spring Movie Break programme and national sponsorship of the 'Walk So Kids Can Talk', a national event that takes place annually in May. With the help of movie lovers, Landmark Cinemas donated 130 000 Canadian dollars in 2019 to promote the mental health and well-being of young people across Canada. Landmark also supported Kids Help Phone initiatives through screen and web advertising worth 340 000 Canadian dollars.



Kinepolis took part in the '1000 km of Kom op tegen Kanker' for the second time in 2019.

Our people

Every day, 4 600 employees are committed to providing millions of moviegoers with an unforgettable movie experience.

Kinepolis is aware that the talent and commitment of its employees is the driving force behind its success.



OUR HR POLICY: 'PLUS EST EN NOUS'

The 'Ultimate Movie Experience' begins and ends with the people who make their contribution every day, in front of and behind the screens. Kinepolis therefore aims for sustainable growth by attracting, nurturing and developing talent. The Kinepolis Human Capital policy focuses on:

- attracting competent employees with the right attitude, in line with the behavioural values of Kinepolis;
- retaining and developing committed and motivated talents by creating an optimal working environment, in which:
 - Everyone is able to optimally use and develop his or her talents;
 - The Kinepolis values are put into daily practice;
 - Opportunities for further growth are offered at a personal and/or professional level;
 - Each employee can contribute to the further development of the company and its products.



'Plus est en Nous'

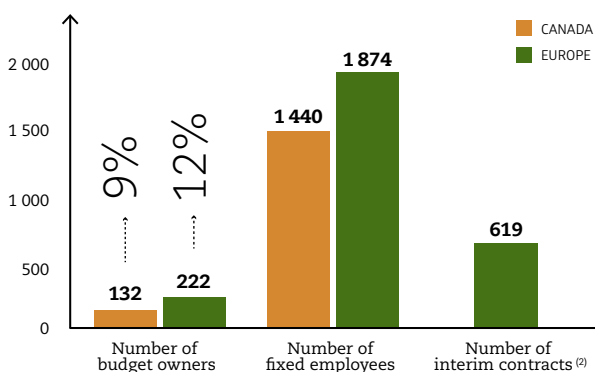
Employee participation and entrepreneurship are stimulated to the maximum and are facilitated in two ways:

- Kinopolis wants to be a 'self-learning' organisation, by giving as many people as possible responsibility for departmental targets and budgets, and encouraging them to show initiative and learn from each other.
- Regardless of their level in the organisation, employees are encouraged to constantly question accepted wisdom, to actively listen to customers, to think outside the box and to show initiative and enterprise in their job and beyond. In this way, Kinopolis wants to be, next to a self-learning organisation, a 'self-innovating' organisation as well. The Kinopolis Innovation Lab was set up in this context in 2016 (see further).

By enabling its employees to internalise the self-learning and self-innovating corporate culture and to create a working environment that facilitates the development of talent, Kinopolis aspires to get the best out of its employees under the motto 'Plus est en nous'.

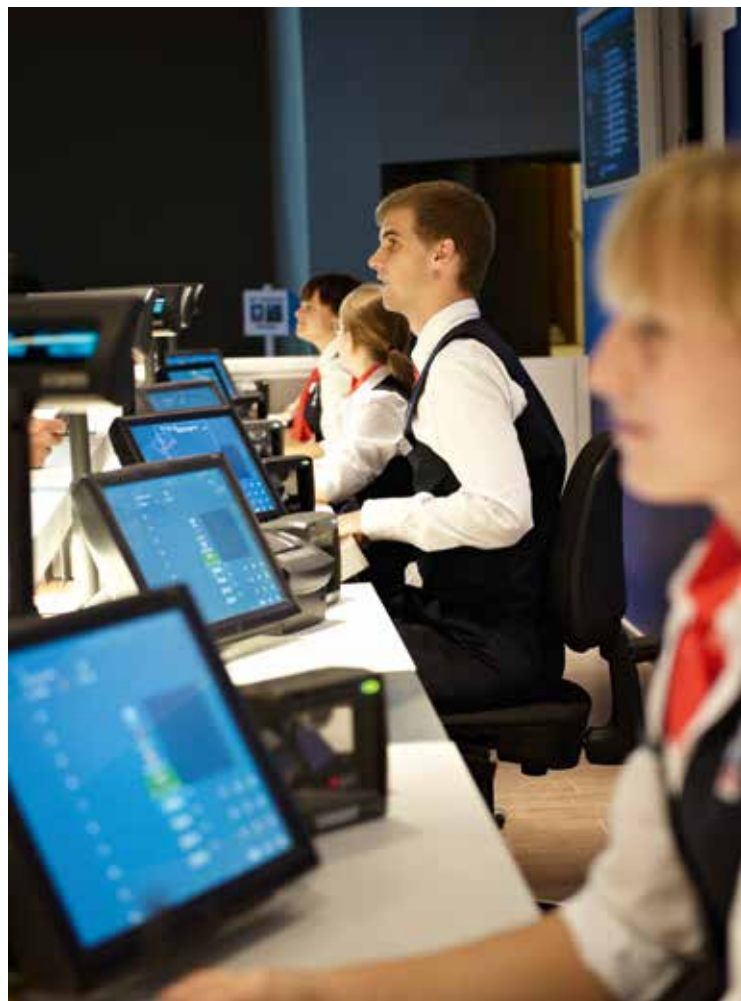
KPI

NUMBER OF 'BUDGET OWNERS' IN RELATION TO THE TOTAL NUMBER OF EMPLOYEES IN 2019 ⁽¹⁾



(1) Excluding MJR Digital Cinemas

(2) Students in Belgium, employed via Randstad



EVALUATION OF OUR POLICY

Kinopolis wants to give as many employees as possible responsibility for departmental targets and budgets, enabling them to actively contribute to the continuous improvement of Kinopolis' business operations. This bottom-up approach is part of the DNA of Kinopolis, and is illustrated by the number of 'budget owners' in relation to the total number of employees.

2019 was the first year in which all the Canadian cinema teams participated in the 5% exercise (the improvement plan for 2020) after the principle of budget ownership was introduced in all the cinemas. In this way, the Landmark teams, like their European Kinopolis colleagues, also looked for improvement potential themselves, using the processes, reporting and KPIs provided by Kinopolis. The theatre managers involved now fully understand Kinopolis' strategy and self-learning corporate culture and are enthusiastic about their 2020 plans, which incorporate their own innovative ideas, as well as best practices from Europe.

Kinepolis values



KINEPOLIS VALUES

'Client Focus', 'Teamwork', 'Operational Excellence', 'Flexibility' and 'Hands-On' are the behavioural values that every Kinepolis employee works hard to put into practice. Putting the customer first, working together constructively with a common goal in mind, performing your job correctly and efficiently, dealing flexibly with changes and with a sense of initiative and entrepreneurship: everyone is expected to implement each of these aspects individually and as a team. Kinepolis uses a 'Hire for attitude' policy for new recruitments: the right attitude is more important than the right diploma. Kinepolis is prepared to invest more in the training of new employees, as long as the behaviour and attitude of the candidates are in line with the values of the company.

The Landmark core values fit seamlessly with these Kinepolis values, but have a different form and formulation today.

PEOPLE SATISFACTION INDEX

Kinepolis measures employee satisfaction every year by means of a People Satisfaction Index (PSI) survey. In Canada, this is called the Employee Engagement Survey, or EES. Employees are invited, completely anonymously, to share their experience of Kinepolis (or Landmark) as an employer, indicating what they like and what they feel could be improved. The results are then discussed with the team, and translated into concrete actions. In 2019, 85% of European Kinepolis employees participated in the survey, an increase of 3 percentage points compared to 2018, and the overall satisfaction improved slightly from an already very high level of satisfaction in the previous year. 97% of the employees in Canada took part in the Engagement Survey.

Landmark core values



The five statements that were given the **highest scores** in Europe (PSI) in 2019 are:



1. My direct line manager is available for me



2. I am able to work in a customer-friendly way



3. I know what's expected of me



4. I have confidence in the future of Kinepolis



5. It is pleasant at work, I experience a positive atmosphere

The five statements that were given the **highest scores** in Canada (EES) are:



1. I feel myself valued and respected as an employee of LMC



2. I'm happy to come to work, there's a positive, friendly atmosphere



3. I have confidence in my managers



4. I have had an assessment interview in the last 12 months



5. I have all the means I need to carry out my job well

KINEPOLIS ACADEMY

Training – for every employee – is another important aspect of the Human Capital policy. The 'Kinepolis Academy' helps employees develop their personal skills, including through e-learning. Many training courses are organised on the work floor, with more senior employees assuming a coaching role to help new employees during their on-boarding process. There are also personal coaching programmes for managers, and 'Insights Discovery' training courses have been organised for teams since 2017. A total of 19 Insights training courses were given to teams in Belgium, the Netherlands and France in 2019.

An updated digital 'Kinepolis Academy' was introduced in Europe in 2019, with various new e-learning modules and training programmes at various levels (Star(t)s, Professional, Lead and Develop).



HELLO NEW STAR(T) DAY

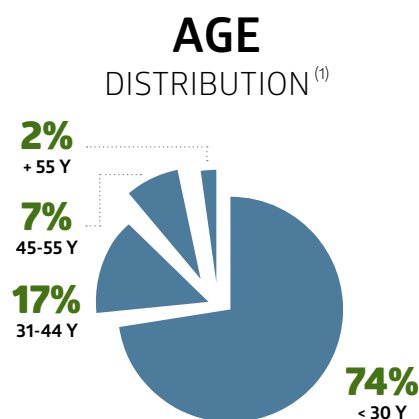
New employees at the head office in Ghent (BE) get to know each other and the various Kinepolis departments during the 'Hello New Star(t)' day, which is organised once a quarter.

Star(t)s training courses relate to general modules for new employees (e.g. Safety, K-Values, GDPR), the 'Professional' module contains job-specific training, 'Lead' offers training for novice and experienced managers, and 'Develop' focuses on personal development needs, such as language training or an individual coaching process. In 2019, more than 1 200 e-learnings were being followed on the new platform, which only gives a limited picture given the phased roll-out in the various countries. More complete reporting will be possible from 2020.

In 2019, Landmark focused on an updated Health & Safety training course for its employees, and a new training course for employees who serve alcohol to visitors during their work. Landmark's senior leadership team participated in a leadership development programme in 2019 and – after a positive evaluation – decided to expand this further in 2020.

TALENT FACTORY

Every Kinopolis employee has a formal assesment interview meeting with his or her manager at least once a year. The performance of the person concerned is assessed, and personal objectives for the coming year are discussed. Employees and managers are coached and encouraged to conduct this discussion openly and to discuss both short- and long-term ambitions and development needs.



(1) In Canada, which represents a large volume of employees, 84.7% of the employees are under 31 years of age.



TALENT ON THE MOVE

Erwin Six



After 12 years of operational experience in Kinopolis Brussels and Braine-L'Alleud, and 3 years of project management at the start-up of Kinopolis Netherlands, Erwin Six moved to MJR Digital Cinemas in Michigan (USA) in December 2019. With his extensive Kinopolis experience, he will assist the US team as Integration Support Manager. In this new role, Erwin will supervise the integration of the recently acquired American group, a fine example of how personal development can be in line with the growth and further development of the organisation.

TALENT ON THE MOVE

Kelly Ruel-Allen



In 2019, Kelly Ruel-Allen was promoted to Theatre Manager of the Landmark Cinema in St. Catharine (Pen Centre Mall, Canada). Kelly was previously responsible for In-theatre Sales and is taking along her 25 years of experience from previous positions within the food & beverage sector.

Chris Ciolfi

Chris Ciolfi started his career tearing tickets in the same cinema (St. Catharine), and then worked in various positions in different Landmark cinemas. After a period as Theatre Manager at Landmark 6 Hamilton, he took on the role of Regional Operations Support Manager in 2019, where he supports various Landmark cinemas using his operational knowledge and experience.

Under the name ‘Talent Factory’, Kinopolis offers a framework and toolset to identify and coach talents and as such, further develop its human capital. Talents within the company are identified with an eye to development and promotion possibilities, and job opportunities are always communicated internally. After all, internal mobility leads to greater employee engagement and employability. ‘Talent reviews’ are organised with managers throughout the year in order to identify and highlight the talent and development of their employees. In open dialogue with their line managers, employees are encouraged to give their input regarding their own career. Kinopolis wants to highlight internal mobility, with the aim of motivating and inspiring employees, through an internal communication series ‘Talent on the Move’.

SELF-LEARNING ORGANISATION

In its day-to-day operations, Kinopolis creates and stimulates learning networks through its so-called ‘operating reviews’, among other things. Here, employees in similar functions but from different cinemas talk to each other in order to gain new insights and to learn from each other. In this way, Kinopolis invests in a work environment that revolves around feedback and entrepreneurship.

As stated previously, a new organisational structure has also been implemented in Canada, as a basis for introducing and facilitating the self-learning corporate culture of Kinopolis.



Landmark team at the opening of the cinema in Regina in October 2019.



Annual ceremony

SELF-INNOVATING ORGANISATION

With the introduction of the Kinopolis Innovation Lab, which encourages employees to submit innovative ideas and to then work them out together with a project team, Kinopolis aims to be both a self-learning and a self-innovating organisation. Everyone at Kinopolis – from student to manager – is encouraged to think outside the box and to dare to be ‘entrepreneurial’. Every quarter, the best ideas are selected by an Innovation Lab jury, and teams are put together to flesh them out and implement them. In this way, the Innovation Lab also ensures that employees collaborate more across departments.

‘Innovation Awards’ are presented for the best ideas each year. And even when a project proves unsuccessful, the initiator is rewarded with an entrepreneur bonus. The Innovation Lab has not yet been introduced in Canada, but it is planned for a later stage.

HEALTH AND SAFETY OF EMPLOYEES

Kinopolis has always been committed to ensuring a safe working environment and takes appropriate measures to ensure that all activities, such as replacing projector lamps and maintenance work on technical installations and screens, are carried out as safely as possible.

In addition, Kinopolis offers its employees the possibility of an annual flu vaccination. The head office in Ghent is currently being renovated with a view to further optimising the working environment for the growing organisation.

CONSTRUCTIVE DIALOGUE WITH SOCIAL PARTNERS

Based on the governance framework, Kinopolis aims to achieve a social dialogue and a long-term relationship with its employees and/or involved external employee organisations in all countries. In consultation with the social partners, Kinopolis wants to find the best solution(s) for both employees and the company in the field of social dialogue, social relations and safety, with due consideration for the legal obligations. An example of this is the flexible remuneration system developed for Belgian employees in response to the index rise in 2017.

DIVERSITY

Kinopolis has respect for the individuality of each of its employees and is committed to giving everyone equal opportunities. Kinopolis endeavours to mirror the diversity of society in its workforce, with regard to age, gender, origin and so on.

KINEPOLIS AS THE FIRST WORK EXPERIENCE FOR STUDENTS

Kinopolis employed 1 240 students in Belgium in 2019. These students commit themselves to work in the cinema on at least one weekday and one weekend day per week. The duties vary: from working at the cash desk or in the shop, through cleaning to coordinating events. Kinopolis thereby provides hundreds of young people with a first work experience and guides them in acquiring many professional skills, such as working in a team and bearing responsibility. Many of them stay with Kinopolis for years and there are numerous examples of students who have signed a permanent contract and have a rewarding career at Kinopolis.

Testimonials



STUDENT AT KINEPOLIS ANTWERP MASOUDY ANISSA



"It's a job with lots of variety and the atmosphere on the work floor is always good and pleasant. You work in a team and everyone helps everyone where necessary."



STUDENT AT KINEPOLIS ANTWERP MEHIC SEJL



"The cooperation within Kinepolis is always good. You get to know many great colleagues and you never have the feeling that you're on your own. There are also some nice friendships, and the work is pleasant, because there's a lot of variation. The big advantage is that we can choose our days off ourselves and the communication runs smoothly. If a problem arises, it's resolved very quickly."



Kinepolis as first work experience for students



Kinepolis 's-Hertogenbosch (NL)

Care for the environment



Kinepolis seeks to limit its environmental footprint as much as possible by means of its 'Green Star' policy (introduced in 2011).

GREEN STAR POLICY

The Kinepolis 'Green Star' policy is based on the following principles:

- A sustainable design and execution of new construction projects;
- Sustainable renovation of existing cinemas;
- The application of water- and energy-saving techniques;
- Sustainable cinema technology;
- The promotion of mobile ticketing and the pursuit of a ticketless customer journey;
- Limiting waste and raising awareness about waste sorting.

The main objective of the above-mentioned policy measures is to systematically optimise, or at least hold the level of energy consumption in check. As a Key Performance Indicator, Kinepolis has been measuring the evolution of the energy consumption within the Group (expressed in kWh/m²) since 2019. Reporting for 2019 is limited to Kinepolis Europe. Full reporting including Landmark Cinemas Canada is expected from 2020.

In support of the above policy, Kinepolis has recently engaged an external consultant, who will exclusively deal with energy audits and further optimisation of the energy consumption of the Group.

KPI

ENERGY CONSUMPTION OF KINEPOLIS GROUP ⁽¹⁾ IN 2019

In kWh/m ²	2017	2018	2019
Belgium	171.55	169.95	160.92
The Netherlands	N/A	N/A	158.17
France	N/A	N/A	162.88
Spain	101.43	99.60	107.24 ⁽²⁾
Luxembourg	N/A	N/A	192.30

⁽¹⁾ Excluding Landmark Cinemas Canada and MJR

⁽²⁾ The increase is explained by the addition of El Punt cinemas, with lower energy performance.

SUSTAINABLE REAL ESTATE

In addition to the comfort of visitors and employees, the green parameters are also central elements in both the design of new complexes and the renovation of existing ones. Kinepolis aims to minimise its ecological footprint through its choice of energy sources and building materials.

The following Green Star principles are applied for new-build projects:

- The use of certified materials and techniques with a limited ecological impact;
- Adaptation of systems to sustainable sources of energy, such as geothermal heating systems in Utrecht, Dordrecht and 's-Hertogenbosch;
- Where possible, cinema complexes are supplied with renewable energy (by entering into green power contracts);
- Standard choice for LED lighting;
- Simplicity of maintenance, an important factor in the total cost of ownership (sum of construction plus operating costs);
- Focus on multifunctional spaces for various types of use, without major alterations;
- Efficient wall and roof insulation;
- Aiming to obtain a sustainability certificate for new-build projects (such as GPR in the Netherlands);
- Installing water-saving technology in sanitary areas.

Renovations are often the ideal opportunity to implement additional measures, such as:

- The installation of additional insulation during roofing work;
- The insulation of the parking spaces under the theatres;
- The use of water-permeable asphalt when renovating parking lots in order to take advantage of the absorption capacity of the soil;
- The installation of rainwater tanks for the collection of surface water (e.g. the installation of a rainwater collector with a capacity of 60 000 litres in the underground car park of Kinepolis Leuven in 2019);
- The installation of updated control systems for heating and cooling (for example, BaOpt and Optivolt);
- Replacing the existing floors in our shops with Gerfloor, a 100% recyclable PVC flooring that is free from formaldehyde;
- Installation of water-saving technology in sanitary areas.



GPR CERTIFICATION FOR NEW CINEMAS

Kinepolis is aiming for GPR certification for all new-build projects in the Netherlands. GPR provides an insight into the sustainability of real estate, based on five criteria: Energy, Environment, Health, Quality of Use and Future Value. Each aspect is graded from 1 to 10, and the CO₂ emission is also measured. Kinepolis Dordrecht (which opened in 2016) and Kinepolis 's-Hertogenbosch (which opened in 2018) presented an excellent report in all areas and received GPR certification.

SOLAR PANELS FOR KINEPOLIS

'S-HERTOGENBOSCH AND KINEPOLIS BRAINE-L'ALLEUD

Kinepolis 's-Hertogenbosch has had a photovoltaic installation since the beginning of 2019. Solar panels were also installed on the roof of Kinepolis Braine-L'Alleud in the first quarter of 2020. This installation will lead to estimated energy savings for the involved cinema complexes of 20 to 25%. The installation of solar panels will also be evaluated for other cinemas, where appropriate (an evaluation is ongoing for the cinemas in Breda, Utrecht, Madrid and Granada, among others).

APPLICATION OF ADVANCED ENERGY-SAVING TECHNIQUES

Kinepolis has been able to reduce power consumption year after year through the intensive monitoring and adjustment of its technical systems. Kinepolis systematically measures and assesses power consumption in its cinemas and, where possible, takes steps to reduce the consumption further. In Kinepolis Dordrecht and Kinepolis 's-Hertogenbosch, for example, the air treatment installation was fitted with a frequency-controlled variable pressure system. This is a revolutionary control technology that achieves a much more natural and pleasant indoor climate, while consuming up to 40% less energy compared to traditional air-conditioning systems. Kinepolis will now opt for this technique as standard for new-build cinemas.



OPTIVOLT

In January 2017, Kinepolis used the Optivolt systems for the first time to reduce power consumption at Kinepolis Antwerp by eliminating inefficient power consumption. After a positive evaluation, almost all Belgian and several Dutch Kinepolis cinemas were equipped with, among others, Optivolt V-Liners en Multiliners in 2017 and 2018. Optivolt works together with engineers to ensure that the control systems in existing buildings work as efficiently as possible and neutralise the peaks in power consumption. A significant reduction in power consumption can be achieved by setting up the systems to work efficiently, paying particular attention to the interactions between them. Peak capacities have thereby been reduced by around 20%.

In addition, Kinepolis has been deploying Optivolt energy-saving systems in Belgium and the Netherlands since the beginning of 2017 (see box). The roll-out of Optivolt in French cinemas (Nîmes and Lomme) started in 2019. Similar systems were already installed in all cinemas in Spain in 2018, albeit working together with another supplier.

In Canada, the Landmark team started implementing several energy-saving measures in 2019, and these will be rolled out further in 2020. These include switching to LED lighting, presence sensors, variable-speed HVAC drives and better building automation and control systems. The above-mentioned measures have already been implemented in most, if not all, European cinema complexes; these are practices that have now become common in Europe.



Closed refrigerators and popcorn warmers

Kinepolis continues to look for ways to reduce its energy consumption. For instance, the heat generated in the projection booths is being used to heat the foyers, where possible. Another example is the switch from open to closed popcorn warmers. Closed popcorn warmers consume between 30% and 60% less power than open ones. Kinepolis has replaced dozens of popcorn warmers every year since 2017. Some 30 open popcorn warmers were also replaced by the closed version in 2019.

SAVING WATER

Kinepolis is also mindful of its water consumption, and is implementing various measures to reduce water consumption and prevent waste. Ipee technology was installed in the toilets at several cinema complexes, for instance. These are smart sensors that adjust the flushing after every use, in order to ensure optimal hygiene without wasting water. In recent years, Kinepolis has also replaced the traditional washbasins in most complexes with automatic, water-efficient taps based on optical detection.

SUSTAINABLE TECHNOLOGY

LASER PROJECTION

An important step in the sustainability policy of Kinopolis was the digitisation of the projection systems. This technological evolution has made the chemical production of film celluloid and the transport of voluminous film rolls redundant. Projection technology has taken a step further in the meantime, and Kinopolis has opted for laser projection overall. In June 2018, the cinema group signed an agreement with Cinionic, Barco's cinema joint venture, to equip approx. 300 screens with Barco laser projection by 2021. This includes both installations in new-build cinemas and replacements of older models in existing complexes.

Laser projectors guarantee sublime image quality while also using 30 to 40% less energy than xenon lamp projectors. Moreover, the absence of lamps also reduces the need for cooling, and lamp replacement is, of course, now a thing of the past.



Mobile ticketing



Laser projectors in Kinopolis Breda (NL)

At the end of 2019, Kinopolis had more than 200 screens with laser projection, providing an energy saving of 1.8 MWh on an annual basis. Due to the relatively new projection systems in the Landmark cinemas, we have not yet proceeded with a broad replacement of the current projection systems with laser projectors in Canada. The cinemas that were newly opened in 2019, however, are fully equipped with lasers, including a laser ULTRA screen.

ONLINE AND MOBILE TICKETING

The increasing importance of online and mobile ticket sales also reduces the ecological impact of operations. Some years ago, Kinopolis was one of the first cinema operators to introduce numbered and reserved seating, thereby stimulating the sales of online tickets. 42% of the tickets are purchased online or via the app in Europe, and 55% in Canada. With mobile ticketing, customers can purchase tickets on their smartphone or tablet, and don't need to print them out to go to the cinema. Customers who purchase tickets at the ticket machines in European cinemas can also enter without a printed ticket.



Landmark Cinemas ticket machines

WASTE SORTING

Kinepolis has always made efforts to limit waste and to ensure the specialised removal of waste flows.

The company tries to minimise waste wherever possible. One example of this is the replacement of the automatic hand-towel rolls in sanitary areas with electrical drying systems. When seats are renovated, the cushions are only replaced if worn. Where possible, they are covered with new fabric.

In addition, visitors are constantly asked to pre-sort their waste. Separate receptacles at the entrances and exits of the theatres, and in the foyer, facilitate this waste collection, which is picked up and processed by specialised companies. Information on waste sorting is repeated in the pre-show (screen announcements ahead of the film). The rules and the recycling possibilities vary from country to country. In Canada, for example, a distinction is currently only made between paper/cardboard and other waste.



WASTE SORTING TRIAL PROJECT TOGETHER WITH FOST PLUS

Fost Plus has been working with Kinepolis Belgium for many years to sort waste within the walls of cinema complexes and theatres. No less than 54 tons of PMD were selectively collected in 2018. As part of a test project at the end of October 2019, the selective collection of PMD was extended to the outdoor environment, namely the cinema car parks, in Hasselt. At the exits and in the parking lot, visitors are reminded of the need to sort their waste.

If the results of this project are positive, there will be an extension to the other locations. Test projects are also ongoing for the separate collection of PET in the Netherlands (in Emmen and Groningen in 2019), in collaboration with, among others, the Environmental Service Netherlands.

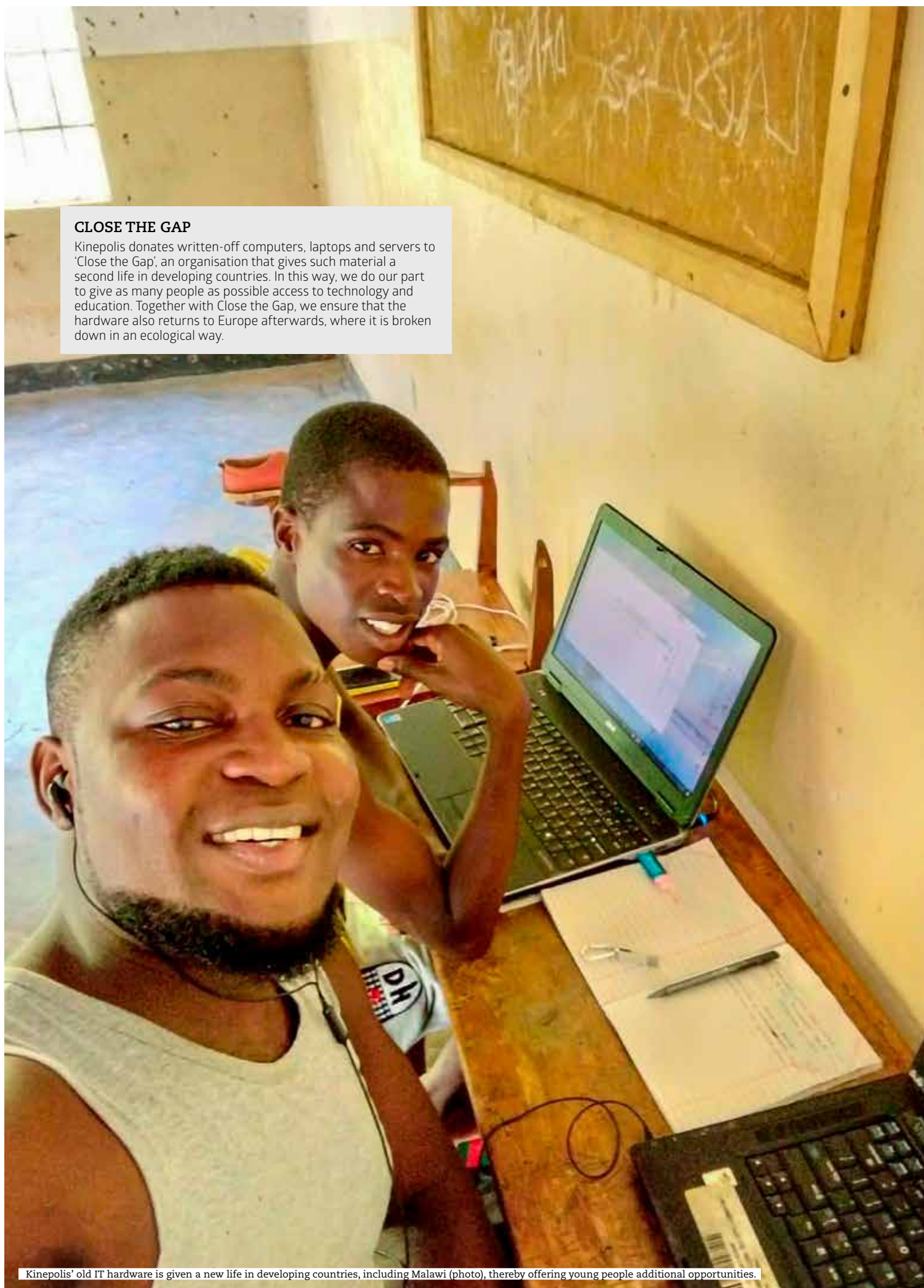
IN-THEATRE SALES GOES FOR SUSTAINABLE SOLUTIONS

In addition to replacing the open popcorn warmers with the closed version (see earlier), Kinepolis switched to paper drinking straws in its Belgian cinema complexes, and the plastic candy bags were replaced by a paper version. The plastic nacho trays will be replaced by trays made from (fully-compostable) sugar cane in 2020.

In general, at national level, Kinepolis is aiming to enter into partnerships in order to come up with sustainable solutions together. Regular discussion partners include, among others, Coca Cola and waste-processing companies, but also cities and municipalities and sustainability groups. For example, Kinepolis is an active member of the Green Business Club Utrecht Central, which is looking for opportunities to bundle the logistical flows of companies in the station area, and thereby reduce the emissions from trucks.

CLOSE THE GAP

Kinepolis donates written-off computers, laptops and servers to 'Close the Gap', an organisation that gives such material a second life in developing countries. In this way, we do our part to give as many people as possible access to technology and education. Together with Close the Gap, we ensure that the hardware also returns to Europe afterwards, where it is broken down in an ecological way.



Kinepolis' old IT hardware is given a new life in developing countries, including Malawi (photo), thereby offering young people additional opportunities.

Integrity in business



KINEPOLIS ANTI-CORRUPTION AND BRIBERY POLICY

Kinepolis pursues a stringent anti-corruption and bribery policy:

- Kinepolis prohibits the offering and/or payment of bribes to government employees (or the acceptance of such);
- Kinepolis prohibits the direct or indirect offering, promising, payment, demand or acceptance of bribes or other unlawful benefits in order to obtain or retain contracts or illegal advantages. Kinepolis also does not wish to be connected with money laundering in any way whatsoever;
- Kinepolis carries out business exclusively with partners who operate with integrity, and who cannot be associated with fraud in any way.

Kinepolis pursues such a stringent policy based on the conviction that, aside from the unethical aspect, corruption and bribery will ultimately result in irreparable reputational and economic damage to the company and its stakeholders.

POLICY MEASURES

This policy is explicitly described in the Kinepolis Code of Conduct, which every permanent employee receives when entering employment and is requested to sign. Furthermore, all managers must make a formal declaration every year that they have complied with the stipulations of this code of conduct (including the above policy).

KPI

% OF EMPLOYEES WHO HAVE SIGNED THE CODE OF CONDUCT IN 2019 ⁽¹⁾



100%

(1) Attached to the employment contract and signed by every new employee.

In addition, the Kinepolis management is made particularly aware of the anti-corruption and bribery policy through compulsory training courses on risk management and control measures. Employees are encouraged to immediately report any potential risk situations to their line manager, either making use of the formal 'whistleblower' procedure or not, so that they can be handled appropriately.

Breaches of the Code may lead to sanctions in accordance with the employment regulations and/or laws of the country in question.

RESPECT FOR HUMAN RIGHTS

Kinepolis endorses the Universal Declaration of Human Rights as adopted by the United Nations and endeavours to comply with it in all aspects of its operational management. On the one hand, these rights are guaranteed by compliance with the laws of the countries in which Kinepolis currently operates, and, in addition, respect for human rights is an important criterion for Kinepolis when seeking and selecting potential partners, suppliers and materials.

Aside from the unethical aspect of such conduct, the failure to respect human rights could cause irreparable reputational and economic damage to the company and its stakeholders.



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This report is available in English, French and Dutch.



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