



INSIDER TRADING POLICY – CODE OF CONDUCT – TRANSACTIONS WITH AFFILIATES

The Dealing Code, approved in 2016 and updated in 2019, applies to the members of the Board of Directors, the Chief Executive Officer, persons closely related to the aforementioned persons, and all other persons who might have inside knowledge. The Protocol is designed to ensure that share trading by the persons in question only occurs strictly in accordance with applicable EU and national rules, as well as in accordance with the guidelines issued by the Board of Directors. As the Compliance Officer, the Chief Financial Officer (CFO) is responsible for monitoring compliance with the rules on insider trading, as set out in this Protocol.

A Code of Conduct has also been in force since 2013, containing the appropriate guidelines, values and standards with regard to the ethical and appropriate way in which Kinepolis wishes to treat employees, customers, suppliers, shareholders and the general public. In this document, the employees are reminded that any form of bribery is unacceptable and that personal gifts should not be accepted, except in the case of small gifts in line with generally accepted corporate practices. This corporate culture is applied by all employees of the Company at all times.

The limited transactions with affiliated companies, as included in Notes to the Consolidated Financial Statements, were conducted in complete transparency with the Board of Directors.

REMUNERATION REPORT

GENERAL PRINCIPLES

Pending the approval of the updated remuneration policy that is to be submitted to the shareholders at the General Meeting on 12 May 2021, the remuneration for the 2020 period was allocated to the Board of Directors and Executive Management based on the principles set out in the 2019 Annual Report, and more specifically:

- The overall remuneration for the Board of Directors is determined by the General Meeting on the proposal of the Board of Directors assisted by the Nomination and Remuneration Committee; the General Meeting of 13 May 2020 thereby set the remuneration at a maximum amount of € 918 414.
- The distribution of the global portfolio is decided by the Board of Directors on the proposal of the Nomination and Remuneration Committee, based on the following principles:
 - The non-executive directors receive a fixed amount of € 32 500 for the performance of their duties as members of the Board of Directors, taking into account at least 6 attendances at the meetings of the Board of Directors; in the event of attending fewer meetings, the remuneration is reduced proportionally;
 - The members of the committees are allocated a fixed amount of € 3 000 per attendance of a meeting of the committee, with an additional fixed fee of € 3 750 for the Chairman of the Audit Committee;
 - The Chairman and Vice-Chairman of the Board of Directors are allocated a fixed annual amount for participation in the meetings of the Board of Directors and the committees, amounting to € 568 164 and € 100 000 respectively;
 - The Chief Executive Officer is allocated a fixed annual amount of € 30 000 for participation in the meetings of the Board of Directors.
- The non-executive directors do not receive any bonuses or share-related long-term incentive programmes, nor any benefits in kind (with the exception of the right to attend a number of film screenings each year).
- The Board of Directors determines the remuneration of the Executive Management based on the proposal of the Nomination and Remuneration Committee, with due consideration for the relevant contractual stipulations and benchmark data from other comparable listed companies, in order to ensure that these remunerations are in line with market rates in relation to the tasks, responsibilities and management objectives to be fulfilled:

- As such, the fixed remuneration for the CEO (excluding the remuneration as a member of the Board of Directors) was set at € 725 242 and the maximum variable remuneration at € 485 000 (excluding any outperformance bonuses);
- The variable part of the remuneration is aimed at ensuring that the interests of Executive Management run parallel to those of the Company, that they lead to value creation, and provide the appropriate incentive to optimise the short-term and long-term objectives of the Group and its shareholders;
- The management targets to which the variable remuneration is linked are proposed annually by the Nomination and Remuneration Committee, and are approved by the Board of Directors. These targets consist of both quantitative and qualitative targets, with 30% of the variable remuneration being linked to the achievement of the qualitative targets, and 70% to the achievement of the quantitative targets. All the targets are formulated by the Board of Directors in such a way that they achieve not only the Group's short-term objectives, but also the long-term objectives;
- With respect to the quantitative objectives, the Board of Directors customarily used the evolution of the Adjusted EBITDA (formerly called 'recurring EBITDA') versus the targets set by the Board of Directors as performance criterion, as this criterion was the relevant parameter for measuring the development of value creation within the Company. If the Adjusted EBITDA realised for the relevant year is between the set objectives, an amount between 0 and 100% of the variable compensation linked to the realisation of the quantitative objectives will be paid pro rata;
- Due to the Covid-19 crisis, the formerly used financial objectives were reconsidered during 2020 and the manner the Company faces this crisis from an operational and financial point of view, was used as the parameter to evaluate the management;
- The qualitative objectives that must be realised over several years and are aimed at long-term value creation for the Company are evaluated annually on the basis of the progress achieved per specific objective and, for 2020, consisted of (1) the further development of the improvement potential of the MJR cinemas, (2) the optimisation of various management, analysis and reporting tools and the simplification of administrative processes, (3) the further implementation of the expansion strategy taking the Covid-19 impact into account, (4) the further development of the CSR strategy and (5) the adaptation of the Company to the consequences of the Covid-19 crisis.

- On the proposal of the Board of Directors, which is of the opinion that the quantitative and qualitative management objectives are set in such a way that they also ensure the long-term goals of the Company, the General Meeting of 11 May 2016, in accordance with the applicable regulations, approved the proposal to base the integral annual variable remuneration of the CEO for the periods of 2017 to 2020 included on objective and measurable performance indicators agreed in advance, and always measured over a period of one year.

REMUNERATION OF THE BOARD OF DIRECTORS

The remuneration for the year 2020 was established on the basis of the above-mentioned principles.

In light of the Covid-19 crisis and the financial efforts made by the persons employed by the Group in this regard, all directors have however decided to reduce their remuneration for the year 2020 by 20% as shown in the table on the next page, and moreover the Chairman has decided to postpone the payment of part of his remuneration.

All members of the Board of Directors, as well as the directors of the subsidiaries of the Company, are insured via a 'civil liability of directors' policy', for which the total premium amounts to € 63 000, excluding taxes, and which is paid by the Company.

With the exception of the right to attend film screenings in the Kinopolis cinemas, the non-executive directors received no other remuneration, benefits, share-based or other incentive bonuses from the Company in the past period.

Remuneration of the Board of Directors

NAME	TITLE	2019 REMUNERATION (IN €) ⁽¹⁾	2020 REMUNERATION (IN €) ⁽¹⁾
Mr. Joost Bert, permanent representative of Pentascoop NV	Chairman	568 164	454 531 ⁽²⁾
Mr. Philip Ghekiere	Vice-Chairman	100 000	80 000
Mr. Eddy Duquenne	Managing Director	30 000	24 000
Ms. Sonja Rottiers, permanent representative of SDL Advice BV	Independent director	53 500	40 400
Ms. Marleen Vaesen, permanent representative of Mavac BV	Independent director	44 500	35 600
Mr. Ignace Van Doorselaere, permanent representative of 4F BV	Independent director	41 500	30 800
Ms. Marion Debruyne, permanent representative of Marion Debruyne BV	Independent director	32 500	26 000
Mr. Geert Vanderstappen, permanent representative of Pallanza Invest BV	Director	48 250	38 600
TOTAL		918 414⁽³⁾	729 931

(1) All amounts are gross amounts before tax.

(2) Of which, given the Covid-19 crisis, € 265 142 will not be paid until a later stage.

(3) 934 664 including the management remunerations paid to the board members whose mandate ended on 8 May 2019.

REMUNERATION OF THE CEO

The remuneration of the CEO was determined by the Board of Directors on the proposal of the Nomination and Remuneration Committee, taking into account the principles of the remuneration policy mentioned above.

Fixed remuneration

In view of the Covid-19 crisis and the financial and other efforts made by the persons employed by the Group in this regard, the CEO has decided to invoice only part of the fixed remuneration amounting to € 271 965 for the year 2020, and to postpone the payment of the remaining part amounting to € 453 277.

Variable remuneration

PERFORMANCE CRITERION	RELATIVE WEIGHTING	MEASURED PERFORMANCE
Quantitative objectives (development of Adjusted Ebitda)	70%	Above target
Qualitative objectives	30%	On target

In 2020, the Board of Directors, assisted by the Nomination and Remuneration Committee, evaluated the objectives to be achieved in the 2019 period and noted based on the consolidated results that, with respect to the quantitative objectives, the Adjusted EBITDA realised was well above the maximum targets set and also that the milestones set with respect to the qualitative objectives – which related to the further development of Landmark Cinemas Canada's improvement potential, the further expansion of the Group, the optimisation of the various management, analysis and reporting tools to support the further implementation of the business strategy and the programming and marketing strategy – had also been achieved, resulting in the allocation of a variable remuneration amounting to € 485 000 in 2019.

In view of the 'outperformance' regarding the quantitative objectives as well as the significant steps taken in the expansion strategy, it was also decided to grant an 'outperformance bonus' in the amount of € 48 500.

In light of the Covid-19 crisis, the CEO has postponed the payment of this variable remuneration related to the year 2019 to a later period.

Total remuneration

EDDY DUQUENNE BV	FIXED REMUNERATION		VARIABLE REMUNERATION IN THE SHORT TERM ⁽²⁾	EXCEPTIONAL ITEMS	PENSION COST	TOTAL REMUNERATION	RATIO OF FIXED AND VARIABLE REMUNERATION
	BASIS	ADDITIONAL BENEFITS ⁽¹⁾					
2020	725 242 ⁽³⁾	9 000	0	0	0	725 242	Fixed: 100% Variable: 0%

(1) Expense allowance.

(2) Concerns the variable remuneration as decided upon and paid out.

(3) Of which € 453 277 will be paid out later.

LONG-TERM INCENTIVES

On 11 May 2016, the General Meeting approved the 2016 Share Option Plan, under which 543 304 options (with a term up to 10 May 2024) on existing shares could be granted to the former Chairman of the Board of Directors, the Executive Management and eligible executives of the Company or its subsidiaries in order to enable the aforementioned persons to participate in the long-term shareholder value they will help create, thereby aligning their interests with the interests of the shareholders. By granting stock options, the Company aims to be able to attract, motivate and commit the best management talent to the Company in the long term.

The options listed hereafter were granted to Messrs Bert and Ghekiere in their capacity as co-CEO and Chairman of the Board of Directors, respectively, in 2017.

The options are vested over a period of 5 years, and the vested options can be exercised at the earliest 4 years

after being granted, and at the latest on 10 May 2024.

A more detailed description of the features of these options can be found in Note 20 to the Consolidated Financial Statements and on <https://corporate.kinepolis.com/en/investor-relations/share-kinepolis/information-memorandum>.

No additional options were granted to the persons listed below in 2020, nor were any options exercised by them.

Long-term incentives

BENEFICIARY	NUMBER OF OPTIONS GRANTED	NUMBER OF OPTIONS VESTED ⁽¹⁾
Eddy Duquenne	90 000	74 970
Joost Bert	45 000	37 485
Philip Ghekiere	45 000	37 485

(1) On the date of the Financial report.

Evolution of the remuneration and performance of the Company

	2016	2017	2018	2019	2020
Remuneration of directors	+5.59%	+6.53%	+89.73% ⁽¹⁾	+19.52%	-21.90%
Remuneration CEO Eddy Duquenne ⁽²⁾	+18.19%	-11.66%	+19.74%	+1.08%	-36.74% ⁽³⁾
Remuneration CEO Joost Bert ⁽²⁾	-2.55%	-6.46%	-34.98% ⁽⁴⁾	-100% ⁽⁴⁾	/
Net profit	+47.72%	+2.98%	-3.38%	+14.69%	-227.11%
Adjusted EBITDA	+3.98%	+10.28%	+14.10%	+46.34%	-89.96%
Average remuneration of employees ⁽⁵⁾	+19.2%	+12%	+5%	-14%	-29%

1) The increase is explained by the fact that a new Chairman was appointed as from 11 May 2018.

2) In this evolution we have considered the total remuneration where, as for the variable part, we have taken into account the amount which has been awarded and paid out for services provided in the prior year; the evolution does not include the remuneration as director.

3) This percentage takes into account that the variable remuneration awarded in 2020 for services provided in 2019, will only be paid out in 2021.

4) Mr. Bert has been CEO until 10 May 2018.

5) The evolution is based on the cost of labor of Kinepolis Group NV of all employees and of all natural and legal persons linked to the Company by a management agreement or similar agreement, and takes into account the fixed and variable remuneration, vacation pay, end-of-year pay, all extra-legal payments and employer contributions.

SEVERANCE PAYMENTS

No severance payments were made in 2020.

CLAW-BACK RIGHTS

There were no claw-back rights applied for any variable remuneration in 2020.

RATIO BETWEEN HIGHEST AND LOWEST REMUNERATION

The ratio between the highest and lowest remuneration within Kinopolis Group NV is factor 17. This includes all components of the remuneration and more exactly for the lowest remuneration the fixed remuneration, variable remuneration, vacation pay, end-of-year pay, all extra-legal payments and employer contributions.

SHAREHOLDER'S VOTE

In accordance with section 7:149, paragraph 3 of the BCAC, the Company has reflected on the votes cast by shareholders when determining the remuneration for the 2020 period, but considers the remuneration policy as applied in 2020 to be a balanced policy aimed at sustainable value creation for all stakeholders, and has therefore adopted the remuneration policy on the same lines for the following years.

DESCRIPTION OF THE MAIN CHARACTERISTICS OF THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

In accordance with the Corporate Governance rules and the various relevant regulations, the Company has developed a process for risk management. Kinopolis Group makes use of the 'Integrated Framework for Enterprise Risk Management' in this regard as developed by the *Committee of Sponsoring Organisations of the Treadway Commission* ('COSO'). This framework integrates both the internal control and risk management processes, and is aimed at the identification and management of strategic, operational and reporting risks, as well as legal and regulatory risks in order to ensure the achievement of the corporate objectives.

Kinopolis Group uses this framework to implement a system of Risk Management or to control the above risks in the business processes and financial reporting. The system is developed centrally, and is uniformly applied as far as possible in the various parts of the organisation and its subsidiaries. The system deals with the various components as prescribed by the reference model, as well as the various roles and responsibilities with regard to internal controls and risk control.

ROLES AND RESPONSIBILITIES

Risk management is not the exclusive responsibility of the Board of Directors and Executive Management within Kinopolis Group; every employee is responsible for the proper and timely application of the various risk management activities within the scope of his or her job.

The responsibilities regarding the risk management of the Board of Directors (and its various committees) and the Executive Management are established and described in detail in legal stipulations, the Belgian Corporate Governance Code 2009 and 2020 and the Kinopolis Corporate Governance Charter. In brief, it can be stated that the Executive Management bears final responsibility for the appropriate implementation and management of the risk-management system, while the Board of Directors has a supervisory role in this matter.

The implementation and management of the risk-management system is based on a pyramidal responsibility structure, in which each manager is not only responsible for the proper introduction and application of the risk-management processes within the scope of his or her job, but also has a duty to monitor its proper implementation by his or her subordinates (who may, in turn, be managers).

In this way, management can be confident of proper and comprehensive risk management throughout the Company and be assured that related risks in the various business processes and departments are being tackled in an integrated way.

APPLICATION OF THE VARIOUS COMPONENTS

The way in which the Group applies the various components of the COSO framework is outlined below. This description covers only the most important elements, and is therefore not comprehensive. In addition, the appropriateness of the application is evaluated on a regular basis and is therefore continually subject to change.

INTERNAL CONTROL ENVIRONMENT

An appropriate internal environment is a precondition for being able to effectively apply other risk-management components. With this in mind, Kinopolis Group highly values integrity and ethical action. In addition to the existing legal framework, Kinopolis Group endeavours to encourage and enforce such behaviour by means of both preventive measures (e.g. via the Charter, the Code of Conduct, the work regulations, the application of strict criteria in the area of human resources, in particular with regard to the areas of the selection and recruitment of staff and periodic evaluations, and various procedures and policies) as well as investigative measures (e.g. reporting procedure, compliance inspections).