

LIONSGATE®

HR ANNUAL REPORT

FISCAL YEAR 2017

HR ACCOUNTABILITYFY17

Consolidate Gains, Improve Processes & Communication

WHO WE ARE

Human Resources is a strategic resource for Lionsgate's global businesses leveraging our programs, platforms and partnerships to continuously create extraordinary value for the organization through its most valuable resource - - its people.

WHAT WE ARE COMMITTED TO DELIVERING

Talent Acquisition: Ensuring that Lionsgate is a great place to work through enhancing the candidate experience, recruiting candidates that provide added-value to our workplace and by utilizing diverse channels as well as modern and strategic efforts to source, hire, and retain top talent.

Engagement: Engaged employees are fully involved, committed, and enthusiastic about their work at Lionsgate. We provide resources and programs for employees in the areas of community outreach, wellness, learning and development, recognition and rewards, as well as social functions. These opportunities, along with ongoing employee communication, provide our employees with an outlet to grow, serve, meet, and learn from each other.

HRIS: Developing, maintaining and streamlining cutting edge systems that allow employers and employees to engage as part of the Lionsgate community, while also developing effective analytic tools to guide the HR agenda. **In 2017, we launched our data analytics initiative which will provide a wealth of information for directing and evaluating HR spend, informing business decisions, and mining data for inclusion in future Annual Reports.**

Legal/Legislative: Providing legal and employment counsel to all areas of HR including, but not limited to, advising the HR team on employee relations matters, securing department-wide legal compliance, reviewing/drafting policy documents, employment/equity/independent contractor contracts, etc.; and, keeping abreast of/proactively communicating the impact and strategizing the implementation of legislative changes/legal requirements that impact our workforce.

Total Reward Programs: Offering total reward programs which are competitive in the space and at the level, we choose to compete and provide managers the opportunity to recognize and reward performance; providing cost effective health care solutions to our employees that offer choice and require employees to be responsible as partners in their wellbeing.

Learning & Development: Providing our employees with ongoing learning opportunities helps employees' development on both a personal and professional level. Our resources help ensure that our employees continue to grow as individuals and as teams. Our Performance Conversation Program allows our supervisors to provide meaningful feedback to employees in the areas of performance and career growth.

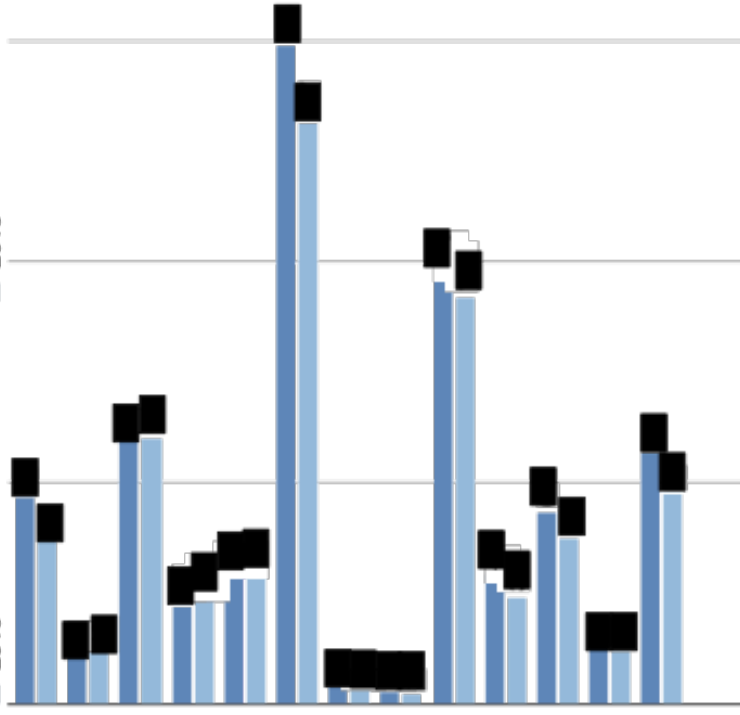
Lionsgate by the Numbers

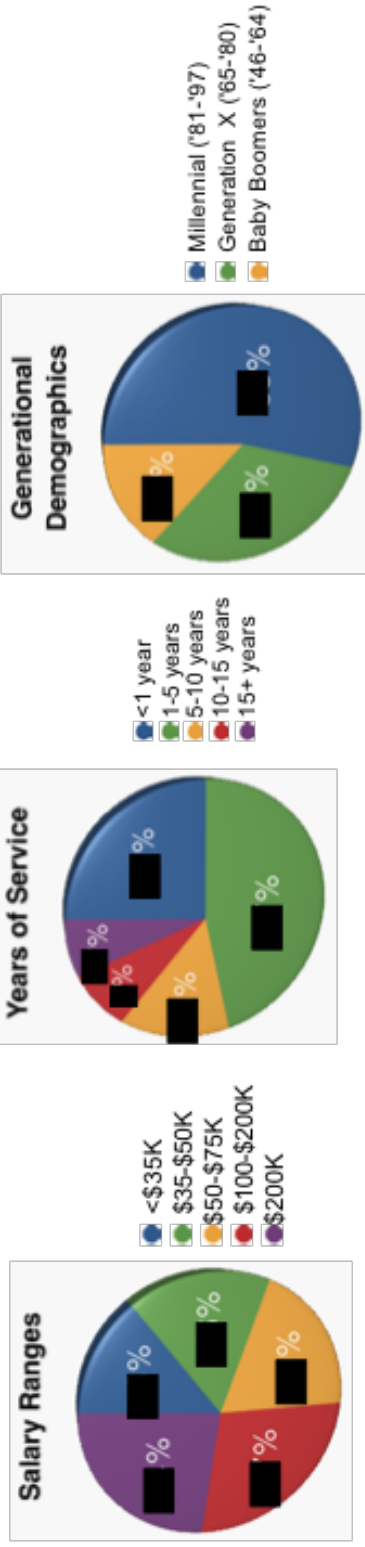
This report is organized by the product and service lines that Human Resources provides to both the business and employees from recruitment to retention. Please note that the Starz acquisition was completed in December of 2016 and unless specifically cited, is not included in the data for FY17, but will be included going forward.

Lionsgate Employee Headcount 2015 vs 2016 (Q3):

■ 2016 ■ 2015

Business & Legal
Executive
Finance
HR & Admin.
Information Technology
Motion Picture Group
Code Black Productions
Grindstone
Home Ent
TV Dist
TV Production
Debmart Mercury
LGUK





Key Takeaways

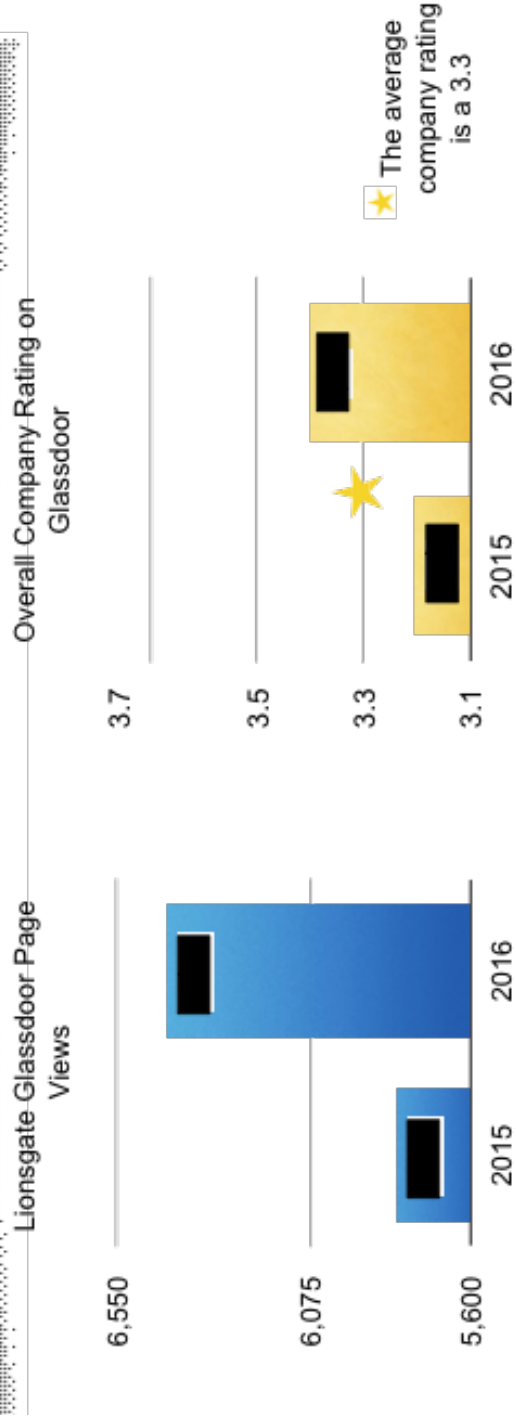
- The Motion Picture Group has experienced the highest growth in number of employees.
- Over half the company's employees are considered millennials.
- Most employees (35%) have between 1-5 years of service.
- The same percentage of employees earn less than \$50k per year as those who earn between \$100k-\$200K.

Recruit

Talent Acquisition (TA) utilizes various channels to source, hire and retain top talent. The following chart is indicative of not only the volume of work the TA team handles, but also demonstrates the rate at which employees refer and recommend their network for positions at Lionsgate. The number of referrals (and the number of new hires who are referrals) reflects positively on employee satisfaction and the rate at which employees are recommending the company as a great place to work.

FY16-FY17	
Full Time Hires	██████████
Employee Referral New Hires (F/T)	██████████%
Referrals	██████████
Applications for F/T Openings	██████████

Glassdoor: The leading employment rating social network site.
The statistics below indicate Lionsgate's recent positive growth in recognition and reputation.
Our company rating has increased by ██████% since 2016.



A recent Harvard Business Review article highlighted the importance of Employee Resource Groups (ERGs) in retaining an engaged workforce (i.e., over 90% of Fortune 500 companies offer these groups to their employees). We've launched these groups in early 2017 to enhance our recruitment and retention of diverse candidates and employees.

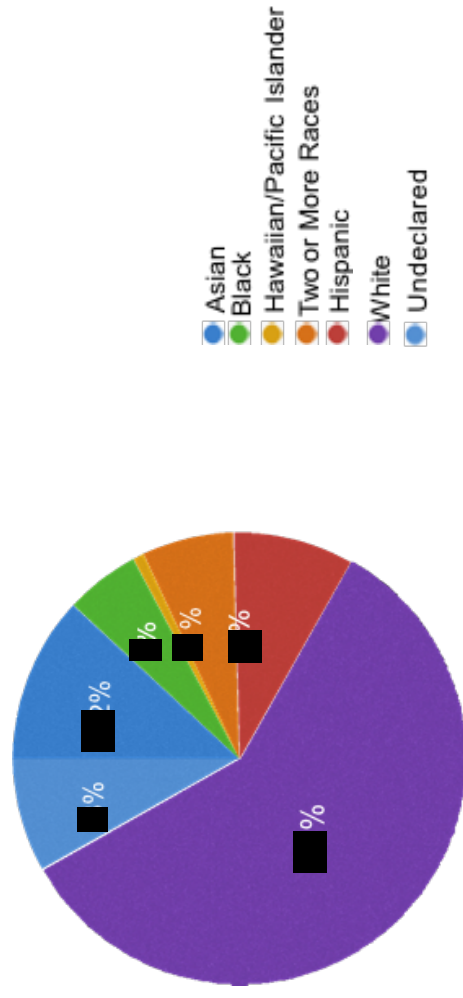
Employee Resource Group Launches:

Veterans: █ Participants
 Multicultural: █ Participants
 Women's Empowerment: █ Participants
 PRIDE (LGBTQ): █ Participants

Diversity & Inclusiveness

Humar Resource's diversity strategy extends beyond recruiting and is a contributing factor to increased employee retention. According to a study by McKinsey, racially and ethnically diverse companies outperform industry profitability norms by 35%, and gender diverse companies are 15% more likely to outperform industry norms. An organization's success and competitiveness depends on its ability to embrace diversity and realize the benefits of an inclusive workforce. Lionsgate has increased diversity in its hiring practices through campus recruiting and strategic partnerships with community organizations, and private sector efforts.

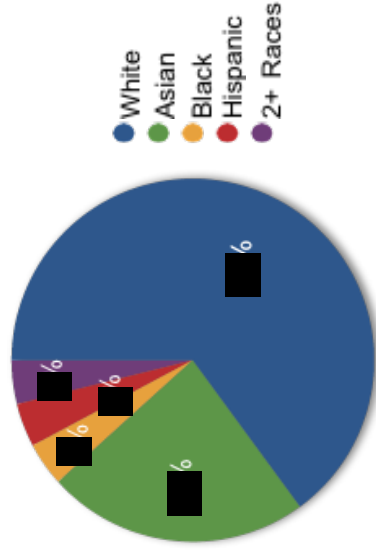
2016 New Hires by Ethnicity



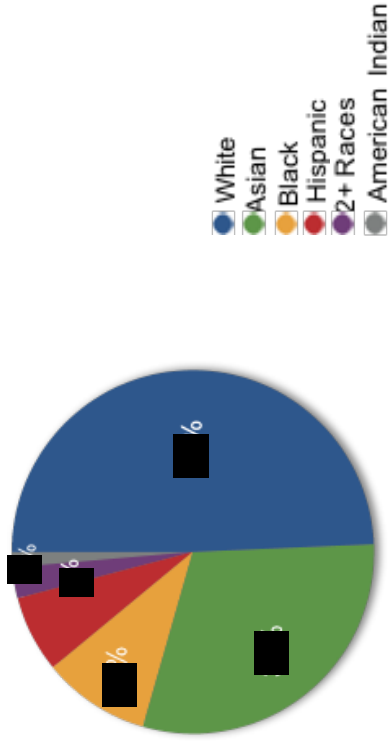
Intern Hires

Since its inception, the intern program has provided Lionsgate with [redacted] full time employees in addition to a pool of future candidates and brand ambassadors. Lionsgate's focus on the varied ethnicity of our interns will lead to broadening the diversity of our organization.

Summer 2016 Intern Breakdown by Ethnicity



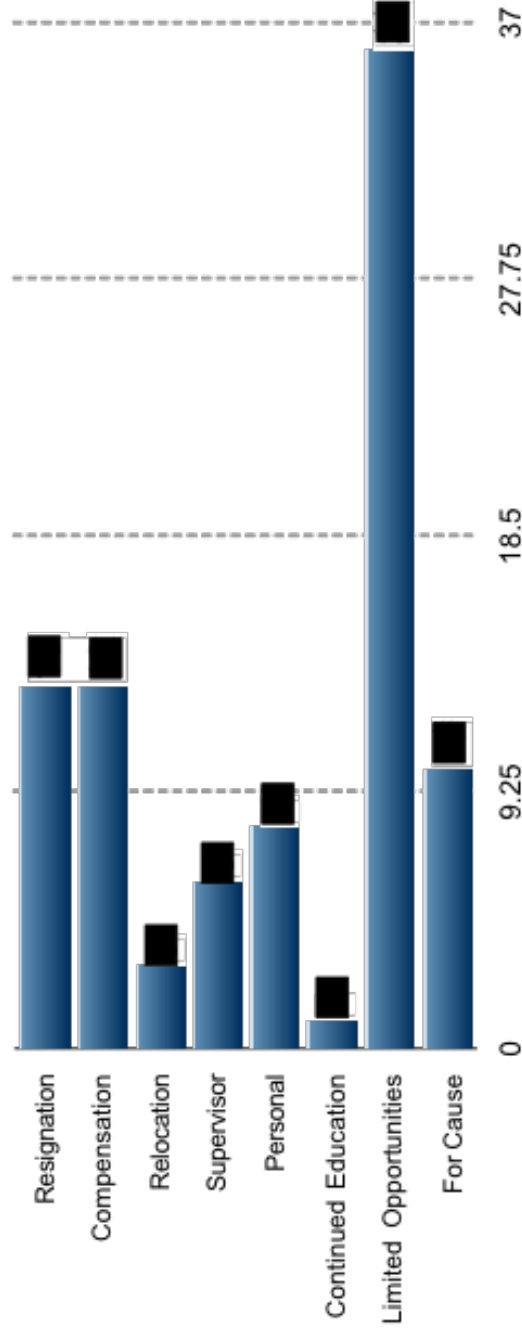
Fall 2016 Intern Breakdown by Ethnicity



Develop

An innovative culture and employee population are twin drivers of Lionsgate's ongoing success. Our **learning and development** initiatives mirror this commitment to equipping staff with the tools to develop their technical, managerial and innovative skills etc. As a key component of employee turnover is [REDACTED] (from our 2016 Employee Survey), it is critical to continue to create new opportunities for our employees in their current positions and advancement outlets across the organization in order to retain engaged staff.

Reasons for Termination Given During Exit Interviews



LGU provides financial support for & targeted training opportunities

<u>Tuition Reimbursement</u> Participants: █ MBA Participants: █	<u>Manager Training</u> Attendees: █	<u>Additional Onsite Courses</u> Creating High Performance Teams Spanish 101 Mandarin 101 Dale Carnegie - Leadership Skills Presentation Skills
<u>Mentorship Program</u> Participants: █ pairs Learning Sessions: █	<u>New Hire Orientation</u> Attendees: █ New Hires	
<u>Assistant Training</u> Attendees: █ New Assistants	<u>Insights*</u> : Employee participation: █ Teams participated: █ Offsite events: █	
In our 2016 Employee Survey, over █% of Lionsgate managers reported that the training provided to their staff was critical in performance development and turnover mitigation.		
<i>Insights:</i> A psychometric evaluation tool which highlights an employee's business communication style, approach to problems and value to the team.		

Engage & Reward

Engagement directly translates into the willingness to do more than merely meeting job requirements and is the extent to which employees are motivated to contribute to business success. The HR department created reward tools for managers such as Lionsgate's Employee Appreciation Program (LEAP), which recognizes and rewards employees for their contributions and extraordinary achievements. These programs highlight Lionsgate's focus on acknowledging and rewarding employees who embody Lionsgate's entrepreneurial spirit, that is, "our superstars".

	Spot Bonuses (FY2017) \$100	Achievement Awards (FY2017) \$500-\$3,000 (Individuals & Teams)
Bonuses Awarded	██████████	██████████
Departments Participating	██████████	██████████
Employees Awarded	██████████	██████████

Service Awards: Awards given to employees reaching the 5, 10, 15, and 20 year milestone.
Employees Rewarded in 2016: ██████████

Engaging and empowering employees leads to an innovative workforce and Lionsgate offers several programs which provide employees with opportunities for personal and professional development within the Lionsgate community beyond the day to day work schedule. Some of the perks of working for Lionsgate include:

Holiday Party
Attendees: [REDACTED]

Employee Discounts
Available: [REDACTED]

Lunch & Learns
Lionshares Events: [REDACTED]

Impact Day
Participants: [REDACTED]

Employee Screenings
Yearly total: [REDACTED]

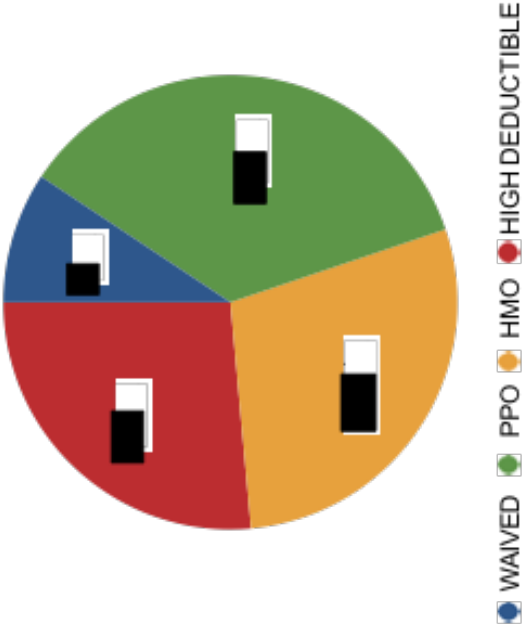
Halloween Contest
Participants: [REDACTED]

Exec. Lunch & Learns
Attendees: [REDACTED]

In order to remain competitive, the Benefits and Compensation teams ensure Lionsgate has a cost-effective and creative benefits package which meet the needs of our multigenerational workforce. Through LionsHealth, the Benefits team provides opportunities to enrich employees' work experience by fostering healthier lifestyle choices. Events such as the Wellness Fair, "Lunch and Learns" and the various sports teams provide employees with the opportunity to develop collegial relationships, enhance well-being, and reduce health risk factors allowing Lionsgate to enhance engagement and promote a productive and active workforce.

Benefits

Medical Enrollment by Plan



LionsHealth Events

Triathlon: █ Participants

Basketball Tournament: █ Participants

Wellness Fair: █ Participants

Lunch & Learns: █ Events

Total Health & Welfare Costs	
Annually.....\$	█
Per Employee.....\$	█

Starz Integration

On December 8th, 2016 Lionsgate completed its acquisition of Starz.

Key HR Impacts:

- The Starz division will utilize centralized HR services in the areas of payroll, benefits, HRIS and employment law.
- Savings from combining health plans are estimated at \$[REDACTED] per year against a total benefits cost of \$[REDACTED].
- Open enrollment meetings were held in Beverly Hills and Denver with an estimated [REDACTED] Starz employees attending the general and on-site meetings.
- Integration of compensation systems (i.e., long-term incentives, bonuses, and employment agreements) is underway and is projected to be complete Q1 of FY18.
- Consolidation of Starz handbook with Lionsgate's new handbook (e.g., sick pay, paid family leave, immigration and drug policies).