

ADJUSTMENT OF MEDIA GUIDELINES 2020 CONSEQUENT TO COVID-19 CRISIS

A. OBJECTIVES

- ◆ Increase and diversify programming in cinemas for European films and raise attendance for them, with a priority on non-national films.
- ◆ Encourage European exhibitors in their initiatives to attract Young Audiences.
- ◆ Develop a network of cinemas that can set up joint activities at the national and European level.
- ◆ Encourage innovation in the promotion of films and communication with the audiences.

B. SUPPORT SCHEME AND DISTRIBUTION OF FUND

Consequent to the COVID-19 crisis, a non-refundable advance payment of support (calculated on the basis of 2019 programming results) has been exceptionally made to network theatres during the year 2020 and for that same year. This advance payment corresponds to a maximum of 50% of the total 2020 support.

Payment of the balance of the 2020 support shall be made after examination by the April 2021 Validation Committee and following approval from the European Commission.

Therefore, the support is awarded now in increments ranging from 7 750€ maximum for one screen, to 30 000€ maximum.

Due to a total or partial cancellation of YA screenings all over Europe in the framework of COVID-19 crisis, Young Audience support will exceptionally not be awarded in 2020.

Therefore, 100% of the support is granted for a principally non-national European programming, calculated on the number of screenings.

- **Bonuses can be granted in addition to the main support:**
 - A **bonus for diversity** in the number of different European nationalities present in the programming,
 - A bonus for films that have been awarded the **Europa Cinemas Label**.

C. SUPPORT FOR EUROPEAN PROGRAMMING

Abbreviations: SENN - Non-National European Screenings / SE - European Screenings

A countries: France, Germany, Italy, Spain, United Kingdom.

B countries: Austria, Belgium, Czech Republic, Denmark, Finland, Greece, Ireland, Iceland, Luxemburg, The Netherlands, Norway, Poland, Sweden.

C countries: Croatia, Hungary, Portugal, Slovenia and Slovakia.

D countries: Albania, Bosnia and Herzegovina, Bulgaria, Cyprus, Estonia, Latvia, Lithuania, Macedonia, Malta, Montenegro, Romania and Serbia.

The four country categories were determined based on: production volume, number of theatres, average ticket price and market share of European and national films. As concerns D countries: the low amount of cinemas present in the network from these countries was also taken into account.

1. Scale for the main support

To trigger support for their programming, cinemas must schedule a minimum percentage of European screenings as set out in Table 1 (columns 1 and 2), depending on the number of screens and the objectives mentioned in the signed agreement with Europa Cinemas.

Programming support is **pro-rated according to the number of screens achieving a SENN of 25% if they have between 2 and 10 screens, or 30% if they have 11 screens or more, after the overall results of the screens covered by the same agreement have been averaged. For single-screen cinemas, the SENN must be a minimum of 15%** (Table 1, columns 3 and 4).

SENN maximums by nationality:

Should different films of a single nationality make up a significant portion of non-national European film screenings, they must not exceed:

- 33% of SENN for cinemas or groups of cinemas with more than 5 screens,
- 50% of SENN for cinemas or groups of cinemas with 2 to 5 screens,
- 66% of SENN for 1-screen cinemas.

TABLE 1

1 Total Number of Screens under one agreement	2. Minimum for support				3 Minimum SENN % per screen subsidised	4 Number of subsidised screens under one agreement	5 Maximum Support for one agreement
	A Countries: minimum SE% for one agreement	B Countries: minimum SE% for one agreement	C Countries: minimum SE% for one agreement	D Countries: minimum SE% for one agreement			
1	50%	45%	40%	30%	15%	1	7 750 €
2	49%	44%	39%	29%	25%	2	9 000 €
3	48%	43%	38%	28%	25%	3	10 250 €
4	47%	42%	37%	27%	25%	4	11 500 €
5	46%	41%	36%	26%	25%	5	12 750 €
6	45%	40%	35%	25%	25%	6	14 000 €
7	45%	40%	35%	24%	25%	7	15 250 €
8	45%	40%	35%	23%	25%	8	16 500 €
9	45%	40%	35%	22%	25%	9	17 750 €
10	45%	40%	35%	21%	25%	10	19 000 €
11	45%	40%	35%	20%	30%	11	20 250 €
12	45%	40%	35%	19%	30%	12	21 500 €
13	40%	35%	25%	18%	30%	13	22 750 €
14	40%	35%	25%	17%	30%	14	24 000 €
15 +	40%	35%	25%	15%	30%	15	25 250 €

As of 15 beneficiary screens under the same Agreement, each additional beneficiary screen will generate 750€ incrementally. The maximum amount payable per Agreement (programming + Bonus) cannot exceed 30 000€ per year.

Degressivity measure:

This degressivity measure established in 2015 applies to all cinemas having joined the network over ten years ago (first agreement signed in 2005).

Beyond these 10 years and for the following ten years, the support will be reduced by 1% per year (i.e. 1% of the total amount – programming support, diversity, Young audience support included).

Therefore, in 2020 the following reductions apply:

- 6% to cinemas having joined the network in 2005 or earlier,
- 5% to members since 2006,

4% to members since 2007,
 3% to members since 2008,
 2% to members since 2009,
 1% to members since 2010.

2. Bonus Scale

2.a. Bonus for diversity of programming

In order to encourage exhibitors to diversify the countries of origin of the films shown, a bonus can be granted according to the number of **European** countries represented in the programming. The bonus ranges from 1 to 20% of the programming support and is awarded if there are at least **11 European nationalities** in their programming. For a nationality to be considered, it must have **at least 3 screenings** (Table 2).

Table 2

SCALE FOR DIVERSITY BONUS		
Number of European countries represented	Bonus A and B countries	Bonus C and D countries
11 - 12	1%	11 %
13 - 14	2%	12 %
15 - 16	3%	13 %
17 - 18	4%	14 %
19 - 20	5%	15 %
21 - 22	6%	16 %
23 - 24	7%	17 %
25 - 26	8%	18 %
27 - 28	9%	19 %
29 - 30	10%	20 %

2.b. Europa Cinemas Label Bonus: encouraging screenings of films that have earned the Label

The Europa Cinemas Label is awarded to a European film by a jury of exhibitors at 5 different festivals: Berlin, Cannes, Karlovy Vary, Locarno and Venice. In order to consolidate their success, Europa Cinemas encourages member exhibitors to include these films in their line-up and to extend their run.

Modalities of the Bonus:

Single screen cinemas: after the second week of programming and 14 screenings, every screening counts twice in calculating the cinema's percentage of Non-National European Screenings.

Cinemas with 2 or more screens: after the second week of programming and 28 screenings, every screening counts twice in calculating the cinema's percentage of Non-National European Screenings.

3. Matching Fund

The purpose of the Matching Fund is to balance the support received and the cinema's investment: the amount awarded to the exhibitor cannot exceed his own investment.

In order to respect this principle, the programming support payment cannot exceed, exceptionally in 2020, €1 per admission to European films.

4. Payments to cinemas. Special adjustment measures

For cinemas not entirely reaching the thresholds of European screenings set out in the Guidelines, the payments will be respectively 100%, 75%, 50% or 25% of the maximum total, according to the rates indicated in the rules of procedure of the Validation Committee.

If in certain A and B countries, the national and European market shares drop by more than 8 points compared to the previous year, the following adjustments measures will apply:

- For SENN, the support scale for C and D countries will be applied to A and B countries, according to Annex to the Internal Rules,
- The SE programming threshold will be lowered by 5 points.

In C and D countries in the same conditions of variation, the following adjustments will apply:

- The SENN programming threshold will be lowered by 5 points,
- The SE programming threshold will be lowered by 5 points.

These adjustments will apply to all cinema theatres of the country/countries concerned.

With regard to the distribution of support within mini-networks, programming support must be shared proportionally to each cinema's results in the area of Non-National European Screenings. Europa Cinemas will ask the network leader for proof of payment to the co-beneficiary(ies).

The final amount of support granted to each Agreement will depend on the total amount received from the European Commission as well as on the total number of cinema theatres which could benefit from a financial support from Europa Cinemas. If the total amount due is superior to the available budget, each amount of support will be pro-rated.

D. DEFINITIONS

European films:

"European films" are fictional works or programmes lasting at least 60 minutes, as well as works of animation and documentaries that meet the MEDIA criteria and are for the majority produced by one or more producers resident(s)/citizen(s) of one or more MEDIA countries and are created with a significant participation of professionals established in states participating in the MEDIA programme / Creative Europe.

Table 3

34 countries participating in the MEDIA programme in 2020	
Albania	Italy
Austria	Latvia
Belgium	Lithuania
Bosnia and Herzegovina	Luxembourg
Bulgaria	Macedonia
Croatia	Malta
Cyprus	Montenegro
Czech Republic	Netherlands
Denmark	Norway
Estonia	Poland
Finland	Portugal
France	Romania
Germany	Serbia
Greece	Slovak Republic
Hungary	Slovenia
Iceland	Spain
Ireland	Sweden
	United Kingdom

Table 4: 10 points needed out of 19

MEDIA	Points
Director	3
Screenwriter	3
Composer	1
Leading role*°	2
2 nd lead*°	2
3 rd lead*°	2
Artistic direction	1
Image*	1
Editing	1
Sound and mixing	1
Filming location	1
Laboratory	1
TOTAL	19

* Excluding animated films

° Excluding documentaries

For further details please see: https://ec.europa.eu/programmes/creative-europe/content/creative-europe-participating-countries_en

All films made for promotional purposes, all pornography or works which incite to racism or violence are strictly excluded.

National/Non-National European Film:

A European film is considered a national film in the country participating in the MEDIA / Creative Europe programme whose residents/citizens participated for the majority in the elaboration of the film. It is considered non-national in all other countries.

In the impossibility of determining the leading nationality of a European co-production, it will then be considered a European non-national film in all European countries.

Cinemas:

A “cinema” defined as a commercial venture with a single or multiple screens grouped together on one site under one name. **Should screens be on several different sites within one municipality but depend on a single managing/programming body, they are considered to be a single establishment and therefore covered by a single agreement.**

Mini-networks:

Cinemas within one country that wish to be counted together in order to reach the minimum admissions and screening levels and that meet the programming goals set in the guidelines can cooperate as a mini-network, pooling their results. These cinemas can be represented by a single coordinating and/or programming body.

A “network leader” is designated in keeping with the agreement signed by participating exhibitors whose names and cinemas must be explicitly mentioned. The “network leader” exhibitor is the person who will sign the agreement with Europa Cinemas and the one who is delegated to receive the support. Every exhibitor participating in a mini-network gives Europa Cinemas the power to represent them within MEDIA / Creative Europe programme.

E. CONDITIONS FOR CINEMA ESTABLISHMENTS TO BECOME PART OF THE EUROPA CINEMAS NETWORK

The network is open to all cinemas that meet the following criteria:

- **European commercial cinemas*** open to the public since the last 6 months at least, with a ticketing system and officially declared income, technical equipment up to professional standards and safety conditions that meet national legislation.

** European commercial cinema: business, corporation, association (or any other type of legally declared entity) owned, either directly or by majority participation, by residents of countries participating in the MEDIA programme and established in these countries. Pornographic cinemas are excluded.*

- **Minimum number of annual screenings for permanent cinemas: 520**

A reduced limit of 370 screenings is accepted for single-screen cinemas or cinemas operating under particular conditions (in regions with very few cinemas, in particular in D countries, multi-use establishments with reduced but regular programming, etc.).

For outdoor cinemas, a minimum of 30 screenings a month is required.

In D countries, travelling cinemas must provide evidence of at least 30 screenings a year, as well as screenings in a minimum of 5 different cities (out of which at least one with no active cinema) to qualify for support. In other countries, seasonal touring cinemas and itinerant networks must provide evidence of at least 200 screenings a year.

- **Programming of recent films:** The network can include first-run cinema establishments that show recent European films, within 12 months of their national release. At least 70% of all European screenings must be of first-run films.

- **Minimum number of seats per establishment: 70.** The cinema must have at least 70 seats in order to become a member of the network.

- **Minimum number of seats per screen in cinemas with 2 or more screens: 50** (including dedicated area for people with reduced mobility). If a cinema has one or more screens with seating for less than 50, these screens will be counted so as to reach the required minimum of 50 seats. Europa Cinemas thereby reserves the right to sign an agreement counting fewer than the actual number of screens.

- **Minimum number of admissions over 12 months:**

- **30,000** tickets for Germany, Spain, France, Italy and the United Kingdom,
- **25,000** tickets for Austria, Belgium, Luxemburg and The Netherlands,
- **15,000** tickets for Croatia, Denmark, Finland, Greece, Hungary, Ireland, Iceland, Norway, Poland, Portugal, Czech Republic, Slovenia, Slovakia and Sweden,

- **10,000** tickets for Albania, Bosnia and Herzegovina, Bulgaria, Cyprus, Estonia, Latvia, Lithuania, Macedonia, Malta, Montenegro, Romania and Serbia.
- **5,000** tickets for mobile cinemas in D countries.

• Cinemas that wish to work together in **mini-networks** must individually meet the European programming criteria. Their acceptance to Europa Cinemas will depend on their collective results and their position on the national market in terms of offer and location. Acceptance of mini-networks is given priority in countries/regions where Europa Cinemas is underrepresented.

F. COMMITMENTS AND APPLICATION PROCEDURE

The **application file** can be downloaded on the Europa Cinemas website. The following elements must be enclosed and sent within the specified deadline:

- the complete information sheet identifying the cinema,
- detailed programming of the last 6 months,
- copies of every publication or brochure from the cinema,
- statement of revenue made to the distributor,
- recent colour photos of the cinema and the exhibitor,
- an official document confirming the registration of the exhibition company (company registration certificate, chamber of commerce extract, etc.).

An incomplete or late application may be refused.

Cinemas that are members of the network commit to:

- signing an Agreement for at least 1 year of European programming following the established criteria,
- making public their membership to the network and the support of MEDIA by:
 - Visibly displaying the EUROPA CINEMAS / MEDIA signboard in the theatre's foyer.
 - Running the EUROPA CINEMAS / MEDIA animated logo before each screening.
 - Including the following legible text on their website, on all advertising material and documentation published: EUROPA CINEMAS - Creative Europe / MEDIA.

IMPORTANT: the exhibitor's failure to duly respect these undertakings, without supplying justifiable cause, can lead to the suspension or cancellation of the support.

- setting up initiatives for Young Audiences of European cinema,
- taking part in joint activities at the European level and contributing to their shared financing,
- setting up an internet site,
- ensuring the best conditions for the public, comfortable screening, quality projection, promotion and visibility,
- providing Europa Cinemas regularly and at least once a year with the following information:
 - titles of all films on the programme,
 - number of screenings for every film,
 - number of admissions and ticket sales (Box-Office) for every film.

This detailed information should be sent to Europa Cinemas through the Member Zone page on Europa Cinemas' internet site, a secure and confidential space. This will allow the Validation Committee to calculate and pay the annual financing support the cinemas are to receive as long as the conditions of the contract are kept.

G. ACCEPTANCE AND RETAINING CINEMAS IN THE NETWORK

The Validation Committee proceed to two annual evaluations:

- **The April meeting of the Validation Committee** analyses the annual results from member cinemas and proposes the payment of support if the contractual goals have been met. This Committee also examines applications for new cinemas held over from October and makes decisions on retaining cinemas in the network.
- **The October evaluation** analyses applications from cinemas wishing to become members of the network. Are selected those which fulfil the network admission criteria.

The Validation Committee considers the following criteria when making its decisions:

- the cinema's performance in terms of numbers of admissions and events,

- the total percentage of European programming evaluated with regards to the market conditions in the area,
- the geographic balance of cinemas in the country and region with priority given to national and regional capitals, university towns, key cities for spreading cinema, mid-sized cities that are strategic for economic, geographic or cultural reasons. Particular attention is granted to countries or regions with low production capacity and/or that are restricted linguistically or geographically. In these countries, formation of mini-networks of cinemas is encouraged.

Should a member cinema be very far off the percentages stipulated in the contract or fail to send their programming for three consecutive years, the cinema will exit the network.

Applications accepted by the members of the Validation Committee in October take effect on the 1st January of the current year.

H. DEADLINES

For applications: this deadline is clearly communicated by Europa Cinemas, the European Commission and the Media Desks. It is 15th September, 2020. The application will be available online in July 2020.

Applications will be analysed by the Europa Cinemas team and submitted to the Validation Committee. Cinemas will be informed of the final results following the Committee meeting.

For annual programming reports: this deadline is communicated by Europa Cinemas to its member cinemas. Programming reports for 2020 must be sent before the end of January 2021.

The reports will be analysed by the Europa Cinemas team and submitted to the Validation Committee in April 2021. The Committee will examine the programming reports as well as the applications that were carried over from the previous October. Cinemas will be informed of the final results for acceptance into the network following the Committee meeting.

Cinemas will be informed of the decision regarding their support after examination and decision of the Validation Committee and the Steering Committee, and subject to validation by the European Commission. The sum ultimately paid on the basis of each Agreement will depend in particular on the global financial package received from the European Commission, and on the number of theatres that are members of the network and receive financial support from Europa Cinemas.

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INTERNAL REGULATIONS 2020 - PROGRAMMING

1) Payment of the support

If a film theatre does not achieve its contractual percentages (European screenings SE), the amounts paid shall be allocated at a rate of 100%, 75%, 50% or 25%, in accordance with the support scales in the Appendix. This measure applies to all countries.

Countries C and D (Croatia, Hungary, Portugal, Slovenia and Slovakia / Albania, Bosnia-Herzegovina, Bulgaria, Cyprus, Estonia, Latvia, Lithuania, Macedonia, Malta, Montenegro, Romania and Serbia) and Countries A and B are subject to specific support scales.

Should common results under a **joint agreement** or for a **mini-network** (agreements covering several film theatres) prove insufficient, film theatres may be examined separately by applying the criteria in the guidelines. Support will then be given solely to the film theatres achieving the expected percentages, said support corresponding to the number of screens in question. This measure also applies to support for Young Audiences.

In the case of partial payment of support, the **diversity bonus** will be paid at the same percentage as the main support.

Should in some countries the specific situation or an important market variation come to lower the national and European market shares by more than 8 points, the support scheme for Countries C and D will apply to Countries A and B, concerning the SENN, while the SE threshold will be lowered by 5 points. In Countries C and D, both criteria will be lowered by 5 points.

2) Ceiling of one euro maximum per European admission

The ceiling of one euro per European admission is shown on the summary sheet and used to calculate the maximum amount that may be paid to a film theatre for its recorded admissions to European films (excluding Young Audiences).

This ceiling will be applied if lower than the maximum amount of support that can be paid to the film theatre.

Note:

- **Outdoor film theatres and seasonal tours:** outdoor film theatres and seasonal film theatres will have their support prorated on the basis of their period of operation for single-screen theatres. For agreements covering several film theatres or screens, the number of screens under contract shall be calculated according to the period of operation during the year (for example, a summer film theatre and a winter film theatre may constitute a single screen under the terms of the agreement). This case applies mainly in Greece.

- **Conservation conditions for network film theatres:** A film theatre whose results do not reach the contractual percentages or which has not submitted its programme for three consecutive years will be excluded from the network. This decision shall be validated during the meeting of the Validation Committee and film theatres shall be informed accordingly thereafter. An inactive member cinema (no communication with Europa Cinemas, extended closure period, etc.) during three consecutive years will also be liable to exit the network, upon decision of Europa Cinemas.

A film theatre exits the network the same year this information is being communicated.

If a film theatre leaves the network, it may apply again to the network.

-**Division of a Common Agreement/mini-network:** film theatres which are part of a common Agreement or a mini-network may decide to split (and therefore benefit from individual Agreements) if both parties involved communicate their intention to Europa Cinemas and subject to sufficient programming results. Their division will be taken into account for the signing of the upcoming Agreements.

Annex to the Europa Cinemas 2020 Internal Regulations

A & B COUNTRIES

SE -1,5	100%
SE -3	75%
SE -4,5	50%
SE -6	25%

C & D COUNTRIES

SE -1,5	100%
SE -3	75%
SE -4,5	50%
SE -6	25%

As indicated in the Internal Rules, the support for open-air cinemas and seasonal tours is proportional to their opening period.