

Report of SFP-ZAPA Activity in 2018

(prepared according to the model set out in Regulation of the Minister of Culture and National Heritage of 17 July 2014 on the detailed scope of the annual report on the activity of a copyright and related rights collective management organization (Journal of Laws of 2014 item 978)).

Chapter 1

Information and copies of documents relating to the structure of the copyright or related rights collective management organization, hereinafter the collective management organization, and its internal bodies:

1. Name, registered office and address of the collective management organization:

Stowarzyszenie Filmowców Polskich (SFP), Warsaw. Address: until 31 May 2018 — ul. Krakowskie Przedmieście 7, 00-068 Warszawa, and from 1 June 2018 — ul. Pańska 85, 00-834 Warszawa. SFP's organizational unit established for collective rights management is the Union of Audiovisual Authors and Producers (Związek Autorów i Producentów Audiowizualnych, or SFP-ZAPA), ul. Żelazna 28/30, 00-832 Warszawa.

2. Designation of the registry court in which registry files of the collective management organization are kept:

District Court for the capital city of Warsaw in Warsaw
XII Commercial Division of the National Court Register

3. Number in the National Court Register and the statistical identification number in REGON system:

KRS: 0000068354

REGON SFP: 000818002

REGON SFP-ZAPA: 000818002-00028

4. Names and surnames of members of the statutory bodies of the collective management organization holding functions during the reporting year, excluding the general meeting of members and the meeting of delegates:

Management Board of Polish Filmmakers Association (SFP):

- | | |
|-----------------------------------|---|
| 1. Jacek Bromski | SFP President; |
| 2. Karolina Bielawska | Vice-President; |
| 3. Władysław Dariusz Gajewski | Vice-President; |
| 4. Michał Kwieciński | Member of the Management Board and Treasurer |
| 5. Allan Starski | Member of the Management Board |
| 6. Janusz Kijowski | Member of the Management Board |
| 7. Juliusz Machulski | Member of the Management Board |
| 8. Filip Bajon | Member of the Management Board |
| 9. Witold Giersz | Member of the Management Board |
| 10. Janusz Gauer | Chairperson of Image Operators' Club |
| 11. Maciej Karpiński | Chairperson of Screenwriters' Club |
| 12. Nikodem Wołk-Łaniewski | Chairperson of Sound Directors' Club |
| 13. Andrzej Haliński | Chairperson of Set Designers' Club |
| 14. Ewa Borguńska | Chairperson of Film Producers' Club |
| 15. Andrzej Jasiewicz | Chairperson of Children's and Youth Filmmakers' Club |
| 16. Barbara Hollender-Kwiatkowska | Chairperson of Film Writers' Club |
| 17. Krzysztof Wierzbiański | Chairperson of Senior Filmmakers' Club |
| 18. Michał Szcześniak | Chairperson of Young Filmmakers' Club |
| 19. Mirosława Wojtczak | Chairperson of Make-up Artists' Club |
| 20. Alina Skiba Wojnach | Chairperson of Digital Film Forms Club |
| 21. Andrzej Marek Drażewski | Chairperson of Documentary Film Section |
| 22. Andrzej Sapija | Deputy Chairperson of Documentary Film Section |
| 23. Jerzy Kucia | Chairperson of Animated Film Section |
| 24. Hanna Margolis | Deputy Chairperson of Animated Film Section |
| 25. Jacek Zygałło | Chairperson of Television Section |
| 26. Witold Będkowski | Deputy Chairperson of Television Section |
| 27. Tomasz Dettloff | Chairperson of Kraków Branch of the Association |
| 28. Zbigniew Żmudzki | Chairperson of Łódź Branch of the Association, whose term in office expired on 26 July 2018 |
| 29. Andrzej Stachecki | Chairperson of Wrocław Branch of the Association |

The composition of the Management Board changed during the reporting year in that the term of Zbigniew Żmudzki, Chairperson of the Łódź Branch of the Association, expired on 26 July 2018. A new Chairperson of the Łódź Branch was chosen on 4 February 2019.

Supervisory Board:

- | | |
|--------------------------|--------------------------------------|
| 1. Zbigniew Domagalski | Chairperson of the Supervisory Board |
| 2. Irena Strzałkowska | Committee Member |
| 3. Ewa Jastrzębska | Committee Member |
| 4. Łukasz Mańczyk | Committee Member |
| 5. Krzysztof Tchórzewski | Committee Member |

The composition of the Supervisory Board did not change during the reporting year.

The Disciplinary Court of the Association:

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|--------------------------|--------------------|
| 1. Marek Piestrak | Chairperson |
| 2. Tomasz Miernowski | Deputy Chairperson |
| 3. Piotr Wojciechowski | Deputy Chairperson |
| 4. Grażyna Banaszkiewicz | Secretary |
| 5. Henryk Bielski | |
| 6. Violetta Buhl | |
| 7. Andrzej Luter | |
| 8. Wiktor Skrzynecki | |
| 9. Andrzej Sołtysik | |
| 10. Andrzej Stachecki | |
| 11. Dorian Ster | |
| 12. Magdalena Tomanek | |

The composition of the Disciplinary Court of the Association did not change during the reporting year.

SFP-ZAPA Administrative Board – internal control body of the Union of Audiovisual Authors and Producers (ZAPA):

- | | |
|-------------------------|--------------------|
| 1. Juliusz Machulski | Chairperson |
| 2. Michał Kwieciński | Deputy Chairperson |
| 3. Jacek Bromski | Secretary |
| 4. Janusz Gauer | |
| 5. Jacek Hamela | |
| 6. Mirosław Bork | |
| 7. Wojciech Leszczyński | |
| 8. Karolina Bielawska | |
| 9. Janusz Kijowski | |

The composition of the SFP-ZAPA Administrative Board did not change during the reporting year.

5. Date of lapse of the term in office of the members of statutory bodies of the collective management organization:

In accordance with Article 18.2 of the Articles of Association of the Polish Filmmakers Association, the term in office of the members of the governing bodies of SFP, except for the General Meeting, lasts four years, however not less than until the appointment of new governing bodies. The term in office of the members of the Association's governing bodies, including the Management Board, commenced on 23 April 2016.

The term in office of the members of SFP-ZAPA Administrative Board lapses on 7 May 2020.

6. Description or organizational structure of the collective management organization, including field branches, with the information on the changes to that structure during the reporting year:

In 2018, the following changes were made to the organizational structure of SFP: the position of "Assistant Office Manager" was created and the position of "Coordinator of Distribution Support" was eliminated.

In 2018, the following changes were made to the organizational structure of SFP-ZAPA: a new organizational unit "Legal and Public Affairs Department" was created in place of the position of "Legal Representative", a new position "Communication Officer" was created in place of the position of "Public Relations Officer", and the position of "IT Audit Specialist" was eliminated.

7. Addresses, responsibilities and geographic coverage of field branches of the collective management organization:

The Polish Filmmakers Association has three field branches in Łódź, Kraków and Wrocław, which have no separate legal personality and are not engaged in collective rights management activity. The responsibilities of field branches concur with the responsibilities of the Polish Filmmakers Association, with the sole difference being that the branches deal with matters related to a given region. Field branches geographically cover the designated cities. The branches have no separate offices. Hence, no specific address can be provided.

SFP-ZAPA, SFP's organizational unit established for collective rights management, does not have any field branches.

8. Specification of the number of members of the collective management organization by membership category stipulated in the articles of association and changes to that number during the reporting year, with the information on the categories of members who hold active or passive voting rights to appoint members of the statutory bodies of the collective management organization;

The articles of association of the Polish Filmmakers Association do not foresee categorisation of membership in the strict meaning of that term. Nonetheless, the competences of the General Meeting include the right to award the title of a honorary member to the persons with distinguished service to the cinematography. The formula has not yet been used. All members of the Association hold passive and active voting rights to appoint the members of the Association's governing bodies, with the proviso that honorary members do not hold passive voting rights.

At the end of 2018, **1,784** persons held membership of the Polish Filmmakers Association, with **66** persons joining the Association in the course of the reporting year and **29** persons seeing their membership expire for various reasons.

Furthermore, we wish to explain that, pursuant to Article 35 of the Articles of Association of the Polish Filmmakers Association, sections and clubs operate within the structures of the Association that bring together the members of the Association by type of profession exercised and professional category, with every member having the right to join more than one section with the proviso, however, that in such case he or she shall hold a passive voting right in one of those units only.

Below please find the information on the number of SFP members as at 31 December 2018, by club and section:

- Animated Film Section: 192 members
- Documentary Film Section: 287 members
- Fiction Film Section: 419
- Television Section: 203 members
- Stunt Performers' Club: 14 members
- Make-Up Artists' Club: 48 members
- Young Filmmakers' Club: 164 members
- Digital Film Forms' Club: 25 members
- Film Writers' Club: 60 members
- Film Producers' Club: 85 members
- Children's and Youth Filmmakers' Club: 65 members
- Sound Directors' Club: 88 members
- Screenwriters' Club: 100 members
- Set Designers' Club: 71 members
- Senior Filmmakers' Club: 414 members
- Film Operators' Club: 267 members

9. Specification of the committees, boards and other teams appointed by collective management organization, with specification of responsibilities of the individual groups as well as the members' names and surnames;

- Munk Film Studio Programme Board — directs the work of Munk Film Studio which operates within the structures of the Polish Filmmakers Association; Membership: 5. Composition: Jacek Bromski, Carmen Szwec, Edward Miszczak, Michał Kwieciński, Wojciech Marczewski.
- “First Documentary” Artistic Board — assesses and, thereafter, selects the projects for Munk Film Studio’s programme titled First Documentary the primary objective of which is to enable directors to debut by making their first 10 to 15-minute long professional documentary; Membership: 5. Composition: Karolina Bielawska, Jerzy Kapuściński, Paweł Kędzierski, Paweł Łoziński, Marta Minorowicz.
- “30 Minutes” Artistic Board — assesses and, thereafter, selects the projects for Munk Film Studio’s programme titled 30 Minutes; the programme foresees production of ten 30-minute long fiction debuts about the contemporary world per year; Membership: 9. Composition: Jacek Bromski, Wojciech Marczewski, Michał Rosa, Filip Bajon, Denijal Hasanovic, Carmen Szwec, Anna Waśniewska-Gill, Robert Gliński, Jerzy Kapuściński.
- “Young Animation” Artistic Board — assesses and, thereafter, selects the projects for Munk Film Studio’s programme titled Young Animation; the programme foresees production of five 3- to 5-minute long animated films per year; Membership: 6. Composition: Balbina Bruszevska, Piotr Furmankiewicz, Hanna Margolis, Liwia Mądziak, Kamil Polak, Alina Skiba-Wojnach.
- “60 Minutes” Artistic Board — assesses and, thereafter, selects the projects for Munk Film Studio’s programme titled “60 Minutes”. Membership: 5. Composition: Jerzy Kapuściński, Alicja Gancarz, Agnieszka Smoczyńska, Jan P. Matuszyński, Piotr Domalewski;
- Scholarship Board of the Polish Filmmakers Association — awards art scholarships to the members of SFP’s Young Filmmakers Club; Membership: 7. Composition: Karolina Bielawska, Krystyna Krupska-Wysocka, Janusz Łęski, Oriana Kujawska-Dowjat, Barbara Hollender-Kwiatkowska, Kinga Lewińska, Jadwiga Madej.
- Board of the Film Discussion Club of the Polish Filmmakers Association — programs and oversees the activity of the Film Discussion Club of the Polish Filmmakers Association; Membership: 5. Composition: Andrzej Bukowiecki, Józef Gębski, Michał Bukomiejski, Anna Górna-Zajac, Marek Nowicki;
- Distribution Support Expert Team — operates as part of implementation of the System for Supporting Distribution of Polish and European Films and Cinema Classics programme designed to support cinema distribution of films of high artistic value. To that end, a seven-member Expert Team was established tasked with assessment of the applications filed by distributors, both in terms of artistic value of films and substantive content of their distribution plan. Composition: Barbara Hollender-Kwiatkowska, Anna Wróblewska, Grażyna Torbicka, Maria Magdalena Gierat, Rafał Marszałek, Tomasz Raczek, Krzysztof Kwiatkowski. The execution of the program “System for Supporting Distribution of Polish and European Films and Cinema Classics” was concluded on 30 August 2018, which caused the dissolution of the Distribution Support Expert Team.

10. Specification of foundations and other entities established by the collective management organization:

In 2005, the Polish Filmmakers Association, together with the Local Government Assembly of the Pomeranian Voivodship and the Municipality of Gdynia, established as the founders, the Pomeranian Film Foundation in Gdynia (registry data: Pomorska Fundacja Filmowa w Gdyni, registered address: pl. Grunwaldzki 2, 81-547 Gdynia, KRS: 0000233880). The Foundation continued to operate during the reporting year.

11. Specification of associations and other entities of which the collective management organization is a member, with the date of acquisition of their membership:

- as of 30 July 2010, the Polish Filmmakers Association is a member of the National Federation of Polish NGOs (Ogólnopolska Federacja Organizacji Pozarządowych, or OFOP);
- as of 9 November 2012, the Polish Filmmakers Association is a member of the Polish Federation of Film Discussion Clubs;
- as of 14 January 2014, the Polish Filmmakers Association is a member of the Creative Poland Association (Stowarzyszenia Kreatywna Polska).

12. Specification of the companies of which the collective management organization is or was a partner, including a shareholder, during the reporting year:

During the reporting year, the Polish Filmmakers Association remained a partner in TV Film Spółka z ograniczoną odpowiedzialnością with its registered office in Warsaw, ul. Jubilerska 10, 04-190 Warszawa, entered in the register of entrepreneurs of the National Court Register under no. KRS 0000176239, NIP 7120162074, REGON 430300367.

13. Specification of international organizations of which the collective management organization is a member, with the date of acquisition of their membership:

- as of 4 March 1982, the Polish Filmmakers Association is a member of FIPRESCI (International Federation of Film Critics);
- as of 1 October 1990, the Polish Filmmakers Association is a member of FERA (Federation of European Film Directors);
- as of 28 April 1996, Stowarzyszenie Filmowców Polskich is a member of CIFEJ (International Centre of Films for Children and Young People);
- as of 1 December 1999, the Polish Filmmakers Association is a member of CISAC International Confederation (Confédération Internationale des Sociétés d'Auteurs et Compositeurs);
- as of 21 May 2002, the Polish Filmmakers Association is a member of AGICOA (Association de Gestion Internationale Collective des Oeuvres Audiovisuelles);
- as of 15 June 2009, the Polish Filmmakers Association is a member of EUROCOPYA;
- as of 11 May 2010, the Polish Filmmakers Association is a member of SAA (Société des Auteurs Audiovisuels).

Chapter 2

Information and copies of documents relating to the activity of the collective management organization in the area of acquisition of copyright and related rights for collective management:

1. Specification of the number of entities (natural persons, legal persons and unincorporated organizational units granted legal capacity under separate laws and regulations) that entrusted their rights into collective management as at the end of the reporting year, excluding the mutual or unilateral representation agreements;

5,555, of which 4,901 are authors and 654 are producers.

2. Specification of the number of entities that entrusted their rights into collective management in a given reporting year, excluding the mutual or unilateral representation agreements;

418, of which 376 are authors and 42 are producers.

3. Specification of the number of entities that withdrew their rights from collective management in a given reporting year, excluding the mutual or unilateral representation agreements;

1

4. Specification of the number of the members of the collective management organization who have entrusted their rights thereto into collective management, as at the end of the reporting year;

1,016

5. Specification of the number of members of the collective management organization who entrusted their rights thereto into collective management in a given reporting year;

6. Specification of the number of members of the collective management organization who withdrew their rights from collective management in a given reporting year;

0

7. Specification of the number of entities whose rights are managed by the collective management organization pursuant to an agreement on the entrusting of rights into collective management, as at the end of the reporting year, excluding the mutual or unilateral representation agreements;

5,555, of which 4,901 are authors and 654 are producers.

8. Indication whether the collective management organization collects remunerations also for the benefit of the entities whose rights have not been entrusted thereto in collective management, with provision of the legal basis and individual fields of exploitation to which collection applies.

SFP-ZAPA collects remunerations also for the benefit of the entities whose rights have not been entrusted thereto in collective management, within the following fields of exploitation:

- fixing and reproduction of works using a specific technique, including magnetic recording and digital;
- introduction to trade the original or the copies on which the work was fixed;
- public performance;
- projection in cinemas and similar establishments;
- retransmission;
- rental and lending;
- broadcasting;
- retransmission;
- making the work available to the public in such a way that members of the public may access it from a place and at a time individually chosen by them (on-demand exploitation).

The legal basis for collecting remunerations, also for the benefit of the entities whose rights have not been entrusted to SFP-ZAPA into collective management, are regulated in the Article 21¹ and Article 70 Clauses 2¹ and 3 of the Act on Copyright and Related Rights, Articles 752 et seq. of the Civil Code, the permission granted by the Minister of Culture and Art on 28 February 2003 and Article 15.2 of the Articles of Association of the Polish Filmmakers Association.

Furthermore, SFP-ZAPA collects remunerations pursuant to Article 70 Clauses 2¹ and 3 of the Act on Copyright and Related Rights for the film editors grouped in the Polish Association of Film Editors (Polskie Stowarzyszenie Montażystów, or PSM).

At the end of the reporting year, the number of film editors to whom payments were made amounted to: 41.

Chapter 3

Information and copies of documents relating to the activity of the collective management organization in the area of collection of remunerations and fees:

1. Tables of tariffs of remunerations validly approved by the Copyright Commission or court.

The table of tariffs of remunerations for public performances of works and subjects of related rights became final and binding, except:

1. The part in which it refers to hotels with regard to the rates of remunerations for public performances from sound carriers and by means of devices used to receive TV and radio broadcasts and by means of other devices and techniques:
 - at restaurants and bars (O/OG);
 - at service outlets (O/OU);
 - during musical and dancing events (O/ZA);
 - at hotels and other facilities (O/HT);
 - in transport carrying passengers (O/OK);
 - during fairs, special events, sports and recreational events, fashion shows (O/IM);
 - at sports and recreational and entertainment facilities (O/OR);
 - in shops and at shopping centers (O/OH);
 - room TV (O TV-HT);
 - for sound carriers in juke-boxes and devices with karaoke functions (O/SZ);

2. Resolutions and other internal acts setting out the amount of tariffs of remunerations for the exercise of the rights subject to collective management, with a brief statement of reasons for the adoption of such tariffs;

The resolution of the Administration Board of SFP-ZAPA enclosed above defines the level of the rates of remunerations for the exercise of copyright or related rights applied by SFP-ZAPA in the fields of exploitation covered by the collective management permit. However, the enclosed resolution does not specify the rates of remunerations applied by SFP-ZAPA in the field of exploitation covered by the collective management permit: “broadcasting by means of video or audio wire or wireless systems using a ground station or broadcasting via a satellite” and “making the work available to the public in such a way that members of the public may access it from a place and at a time individually chosen by them”, as the amount of those rates is defined by way of individual negotiation with the users after taking into consideration the requirements from Article 110 of the Act on Copyright and Related Rights. The rates applied by SFP-ZAPA in those fields of exploitation incorporate the amount of the receipts generated by the users as well as the nature and scope of use of the repertoire protected by SFP-ZAPA.

According to the enclosed resolution, the rates specified therein are adjusted for inflation on an annual basis. However, following the 2010 amendment of the Act on Copyright and Related Rights which introduced the requirement to submit the table of tariffs’ approval requests to the Copyright Commission, SFP-ZAPA did not adjust the remunerations rates for inflation while awaiting the final and binding decisions on the table of tariffs.

The level of the rates contained in the authors’ tariffs of remunerations applied by SFP-ZAPA is the result of arrangements made by SFP-ZAPA with the users of audiovisual works within individual fields of exploitation and is reflected in multiple agreements concluded by SFP-ZAPA in the past and in the present.

RETRANSMISSION - a rate of 2.2% of net receipts of a cable operator in force from mid-2009 is the result of the effort to meet the expectations of the cable TV operators who demanded the lowering of the rate of 2.8% of net receipts of a cable operator in force from 2004 agreed under the General Contract and applied in the years 2004 to 2009. The current rate of 2.2% of net receipts of a cable TV network operator is applied in over 300 contracts with operators who jointly hold over 90% of the cable TV market in terms of the number of subscribers. On 26 April 2018, the Court of Appeals in Poznań upheld the verdict of the Regional Court in Poznań from 2 March 2017, where the court approved the Table of Tariffs of Remunerations for the Use of Works and Videograms in Retransmission Field of Exploitation that set the rate for SFP-ZAPA rightsholders at 2.2% of the receipts of cable operators obtained from subscribers in connection with the provision of retransmission. The confirmed table includes remuneration for exploitation in the field of retransmission on cable networks for economic rights belonging to producers and co-authors of audiovisual works as well as remuneration for retransmission on cable networks of videograms that have been introduced to trade, to which related rights belong to producers of audiovisual works. The judgment is final and binding and, consequently, the legitimacy of the 2.2% rate sought by SFP-ZAPA over many years has been ultimately confirmed.

CINEMA SCREENING - the currently applied rate of 0.95% of total gross receipts (net of VAT) obtained by cinema operators for the screening of films is reflected in over 390 agreements concluded by SFP-ZAPA with the operators. Due to the fact that some of these operators have more than one cinema, the total number of cinemas covered by these contracts is over 400. Comparing this number to the data presented in "Cinema Operation in 2017" ("Działalność Kin w 2017 r.") prepared by Central Statistical Office (Główny Urząd Statystyczny), which states that in 2017 in the entire territory of Poland there were 491 permanent cinemas, reveals that the 0.95% rate is accepted by about 80% of all the cinemas in Poland.

At the same time it is necessary to note that just the three corporations Multikino S.A., Helios S.A. and Cinema City sp. z o.o., which have not concluded agreements with SFP-ZAPA and with whom SFP-ZAPA continues to have ongoing court cases, run 115 cinemas altogether, which is about 20% of all the cinemas in Poland.

The above rate was determined as a result of a years-long market practice within the framework of the remunerations rate collected by Society of Authors ZAiKS from cinemas in the amount of 2.1% of gross receipts (less VAT) which incorporated also the remunerations for authors represented by SFP-ZAPA. Under the agreement concluded with SFP-ZAPA, ZAiKS transferred the applicable portion of the remunerations to SFP-ZAPA which, in turn, distributed that remunerations among the eligible authors.

REPRODUCTION - the rates of the author's remunerations in that field of exploitation were established as a result of a years-long market practice derived from the rulings of the Copyright Commission issued in 2000 and in 2001 which covered the aggregate rate for the rights represented by Society of Authors ZAiKS and SFP-ZAPA at the level of 8% of the user's revenue. The rate currently applied by SFP-ZAPA is derived from the aforesaid global rate while taking into consideration the scope of the rights represented by SFP-ZAPA in that field in relation to the rights represented by Society of Authors ZAiKS. In addition to the percentage rates, SFP-ZAPA applies also amount-based rates. These vary depending on the type of the work and the type of the carrier on which it has been reproduced and are derived from SFP-ZAPA's contractual practice established with the users. The rates in this field of exploitation have also been approved by the Union of Public Media Employers (Związek Pracodawców Mediów Publicznych) in the course of the proceedings for approval of SFP-ZAPA remunerations tables before the Regional Court in Poznań.

PUBLIC PERFORMANCES - the rates in this field of exploitation are derived from the remunerations table approved by the Copyright Commission on 10 July 2013. As of the date of this report, the Committee's ruling relating to some of them has already become final and binding. On 9 May 2019 the Regional Court in Poznań confirmed part of the table of rates of remuneration presented by the participants in the proceeding before the Copyright Commission in the appealed part, described further in chapter 3 pt. 1 of this report. SFP-ZAPA's due share in the rates of author's remunerations approved by the Copyright Commission for the reproduction of the repertoire protected by SFP-ZAPA in the manner defined in the parts of the Table incorporates the actual scope of the repertoire protected by the organization and the manner of its utilization (e.g. public performances from an image and sound carrier, public performances in hotel rooms) within this field of

exploitation. The said share was confirmed in the agreement concluded on 29 June 2015 with ZAiKS, the second organization in Poland protecting the rights of co-authors of audiovisual works.

RENTAL - the rates in this field of exploitation cover the repertoire represented by SFP-ZAPA, the level of receipts generated for the utilization of the works whose co-authors are protected by the organization as well as the scope and nature of exploitation of those works.

3. Specification of the fields of exploitation where the collective management organization exercised collective management during the reporting year as well as the fields of exploitation in which it intends to exercise collective management in the following reporting year, with specification of the reasons for failure to exercise collective management in a given field of exploitation if the situation in question took place;

SFP-ZAPA exercised collective management within the following fields of exploitation:

- fixing and reproduction of works using a specific technique, including magnetic recording and digital;
- introduction to trade the original or the copies on which the work was fixed;
- public performance;
- projection in cinemas and similar establishments;
- retransmission;
- rental and lending;
- broadcasting;
- retransmission;
- making the work available to the public in such a way that members of the public may access it from a place and at a time individually chosen by them (on-demand exploitation).

In the following reporting year, SFP-ZAPA intends to exercise collective management within the same scope as in the year 2018.

At the same time it is important to consider that recent legislative changes have created a legal basis that obligates SFP-ZAPA to licence subjects of rights in the exploitation field of public performance. Specifically this concerns the addition to the Act on Copyright and Related Rights of Article 21 Clause 3, which states that “owners of devices used to receive radio or television programs are allowed to publicly perform broadcast works solely on the basis of a license granted by the appropriate copyright collective management organization (...)”. In addition, regarding the exploitation of broadcasters’ archives, according to the new Article 21 Clause 2 of the Act on Copyright and Related Rights,

collective management organizations are also required to license archival works used by broadcasters in the exploitation fields of broadcasting, and making a videogram available to the general public so that everybody is able to access it at the place and time of their choosing.

Another new law whose implementation will allow broad licensing in the name of authors and producers is article 17 of the Copyright Directive in the Digital Single Market, on which basis service providers that provide content online (internet platforms) will be required to enter into appropriate licensing agreements with collective rights management organizations in order to allow their users to legally upload content.

4. Specification of the number of the users with whom the collective management organization had agreements concluded as at the end of the reporting year;

1425

The aggregate number of users is not equal to the sum of the agreements concluded with the users within individual fields of exploitation. This is attributable to the fact that SFP-ZAPA has agreements concluded with some of the users that cover more than one field of exploitation.

5. Specification of the number of the users with whom the collective management organization had agreements concluded within the individual fields of exploitation as at the end of the reporting year;

As previously mentioned in item 4 above, the aggregate number of users is not equal to the sum of the agreements concluded with the users within individual fields of exploitation. This is attributable to the fact that SFP-ZAPA has agreements concluded with some of the users that cover more than one field of exploitation. We indicate the number of agreements from the individual fields of exploitation in items 6, 7 and 8 below.

1. Public performance: 630
2. Screening in cinemas: 390
3. Retransmission: 303
4. Reproduction: 79
5. Broadcasting: 19
6. Making the work available to the public in such a way that members of the public may access it from a place and at a time individually chosen by them: 5

6. Specification of the number of users with whom the collective management

organization concluded agreements in individual fields of exploitation during a given reporting year.

1. Public performance: 41
2. Screening in cinemas: 279
3. Retransmission: 21
4. Reproduction: 33
5. Broadcasting: 1
6. Making the work available to the public in such a way that members of the public may access it from a place and at a time individually chosen by them: 0

7. Specification of the number of users with whom the concluded agreements in individual fields of exploitation expired or were terminated during a given reporting year:

1. Public performance: 24
2. Screening in cinemas: 254
3. Retransmission: 11
4. Reproduction: 31
5. Broadcasting: 0
6. Making the work available to the public in such a way that members of the public may access it from a place and at a time individually chosen by them: 0

The overwhelming majority of the agreements indicated in items 1 and 2 are agreements concluded for a definite term. They are concluded for specific exploitation of the works that commences and ends during the reporting year (e.g. film shows held during the summer holiday, occasional reproduction of films, e.g. during temporary exhibitions or a film on a DVD added to a magazine or newspaper). Additionally, especially in the case of retransmission, a part of businesses wind up their business or are acquired by major operators.

8. Specification of the amount of remunerations for collective management collected during the reporting year within the individual fields of exploitation, including separately under Article 70 Clause 21 of the act, in net amounts;

Total amount of remunerations collected in 2018: PLN 153,627,553, which consists of the sum of the amounts specified in pt.8 herein – domestic remunerations (PLN 148,205,339), pt. 9 below – fees due on the basis of art. 20 clause 1 of the Act (PLN

4,323,056) and pt. 10 below – foreign remunerations and fees (PLN 1,099,158).

Domestic remunerations for collective management: PLN 148,205,339

of which separately under Article 70 clause 2¹ of the Act: PLN 77,915,381

1. Retransmission: 70 192 192 zł

2. Making the work available to the public in such a way that members of the public may access it from a place and at a time individually chosen by them: 97 766 zł,
– of which under Article 70 Clause 21 of the act: PLN 77,915,381:

3. Public performance: PLN 1,025,160
4. Screening in cinemas: PLN 1,962,928
5. Reproduction: PLN 4,241,690
6. Broadcasting: PLN 70,685,603

Detailed specification of the amounts collected within the individual fields of exploitation for the utilisation of the Polish works abroad is not possible owing to the method of reporting deposits by foreign collective management organizations which, in such cases, collect and transfer amounts due to us for our rightsholders, frequently providing the sum of the amounts due to a given author from different fields of exploitation. Of the specified amount of PLN 1,099,158 collected for the utilisation of the Polish works abroad, PLN 95,762 was due to the producers – of which PLN 20,684 for private copying, and PLN 75,078 for retransmission. The amount due to authors, i.e. PLN 1,003,396 was transferred for the utilizations in the fields of exploitation covered by the agreements with foreign collective management organizations such as broadcasting, retransmission, private copies, cinema screening, reproduction, making the work available to the public in such a way that members of the public may access it from a place and at a time individually chosen by them and use for educational purposes.

The structure of collection would be different if all users paid their fees on an ongoing basis. However, owing to the fact that some large users, e.g. cinema multiplex owners, refuse to pay royalties (and SFP-ZAPA is forced to pursue royalties in court), the value of collection in some items is lower than expected. This is the case, first of all, in the screening in cinemas field of exploitation but a similar situation is also observed in the reproduction field where multiple press distributors and publishers of films on DVDs (also in the form of the so-called inserts) fail to pay due remunerations, which also results in litigation. As regards making the work available to the public in such a way that members of the public may access it from a place and at a time individually chosen by them, conclusion of agreements and collection of remunerations is rendered significantly more difficult by the additional remunerations for authors not having been guaranteed in the act.

9. Specification of the amounts of fees collected for collective management during the reporting year, in net amounts:

- a) pursuant to Article 20 Clause 1 of the act: PLN 4,323,056
- b) pursuant to Article 201 Clause 1 of the act: SFP-ZAPA does not collect fees on that account.

10. Specification of the amount of remunerations and fees collected during the reporting year from the national or foreign collective management organizations, also under the unilateral or mutual representation agreements, in net amounts:

Amount of remunerations and fees collected during the reporting year from national collective management organizations: **PLN 6,010,169**. This amount includes the amount obtained by SFP-ZAPA pursuant to Article 20 clause 1 of the Copyright and Related Rights Act, which is specified in item 9. The remainder of this amount refers to various fields of exploitation and is incorporated in the amounts in item 8.

Amount of remunerations and fees collected during the reporting year from foreign collective management organizations: **PLN 1,099,158**

11. Specification of the amount and legal basis of deductions made for administration costs during the reporting year, with explanation of the reasons for cost growth in relation to the preceding reporting year, if any:

The legal basis for the deductions being made is provided in the provisions of Article 17(2)(E) of the SFP Articles of Association and in the individual rules and regulations of distribution approved by way of the resolutions of SFP-ZAPA Administration Board.

TOTAL: PLN 15,397,340

In relation to the overall collection, i.e. PLN 153,627,553, administration costs accounted for 10,02 %.

The amount of administrative costs is closely related to the amounts collected from users. Administrative costs are deducted at the time that SFP-ZAPA receives payment.

12. Specification of the amount of remunerations paid to the persons who collect remunerations or fees on the basis of a power of attorney or civil law contracts.

SFP-ZAPA does not outsource collection of remunerations or fees to any persons on the basis of powers of attorney or civil law contracts.

Chapter 4

Information and copies of documents relating to the activity of the collective management organization in the area of division (distribution) of remunerations and fees:

1. During the reporting year, the following amendments were introduced to the rules and regulations of distribution:

- Resolution No. 7/2018 of SFP-ZAPA Administration Board dated 5 February 2018, on the matter of confirming the list of TV channels for the distribution of receipts for cable and satellite retransmission for 2017
- Resolution No. 18/2018 of SFP-ZAPA Administration Board dated 12 June 2018, on the matter of adding sound recorders to the list of co-authors in animated films, puppet films and 3D animations; this resolution changed the proportional shares of co-authors in animated films, puppet films and 3D animations. This resolution applies to all Rules and Regulations of distributions for periods from 1 January 2018 inclusive.
- Resolution No. 31/2018 of SFP-ZAPA Administration Board dated 21 November 2018 on the matter of distributions of remunerations for authors; a new rule was entered that in distributions of remunerations for authors, works and fragments of works with a broadcast duration of not more than 1 minute are not to be included.

All other Rules and Regulations of Distribution remained unchanged in the reporting year.

2. Specification of the amount and legal basis for deductions made for distribution costs during the reporting year;

SFP-ZAPA does not deduct additional administration costs. They are incorporated in the costs customarily referred to as the administration costs referred to in chapter 3 item 11 above.

3. Specification of the amount and legal basis of the deductions made for the individual purposes other than the costs of administration or distribution, including deductions for social or promotional activity;

The legal basis for the deductions made is Article 47 Clause 3 of the Articles of Association of the Polish Filmmakers Association stipulating that up to 10% of the sums collected within the framework of collective rights management may be allocated by the Polish Filmmakers Association to social and cultural purposes and promotion of films. The method of expending these monies has been defined in the Rules and Regulations of the Statutory Social, Cultural and Film Promotion Fund dated 16 May 2013.

TOTAL: PLN 13,886,967

SFP-ZAPA does not expend the monies deducted for the aforesaid Fund. The amounts collected on that account are transferred in full to the Polish Filmmakers Association which manages them each time on the basis of the resolutions of the Management Board of SFP, passed in compliance with the applicable regulations, in particular the Rules and Regulations of the Statutory Social and Cultural and Film Promotion Fund dated 7 March 2006 — in the wording adopted by way of Resolution No. 69 of SFP Management Board dated 16 June 2013. In the overwhelming majority of cases, the collected monies are used to finance all initiatives supporting the making of films. The key initiatives include:

- *Supporting financially festivals at which Polish films are presented.*

The main area of the Association's activity were the comprehensive measures taken to create, build, co-ordinate and deliver highly-rated events of great artistic value both to the film industry and the Polish society at large. In 2018, SFP supported as a Co-Organizer, Partner, Benefactor or Patron almost thirty events held in Poland (festivals, reviews and conferences).

The most important festivals for SFP remain the Polish Film Festival in Gdynia, the key annual event for the Polish fiction film industry, the Krakow Film Festival, the oldest film festival in Poland dedicated to foreign and Polish documentaries, animated and short films, and the Koszalin Film Debut Festival "Młodzi i Film", a unique event in Poland held for many years that is devoted in full to film debuts and the young generation of filmmakers. For those three festivals, the Association maintained its status of the Co-Organizer and supported the events not only financially but also in terms of organisation, substance and program.

SFP continued in 2018 to support financially and in terms of content the Camerimage International Film Festival (Międzynarodowego Festiwalu Sztuki Autorów Zdjęć Filmowych CAMERIMAGE), an event known and appreciated outside of Poland. In addition SFP once more supported many events dedicated to film animation, among others Międzynarodowy Festiwal Filmowy „Etiuda&Anima”, Międzynarodowy Festiwal Filmów Animowanych ANIMATOR, Konkurs Polskich Filmów Animowanych ANIMATOR.PL, Międzynarodowe Warsztaty Filmu Animowanego w Krakowie/Lanckoronie as well as Legnicka Akademia Filmową – Warsztaty Filmu Animowanego. The Association also contributed to many renowned festivals and events that are directed at smaller audiences, but are very important for the promotion of Polish film, and at the same time are recognized as worthy by the film community. These include Tarnowska Nagroda Filmowa, Ogólnopolski Festiwal Sztuki Filmowej „Prowincjonalia”, Festiwal Filmu i Sztuki „Dwa Brzegi”, Festiwal Mediów „Człowiek w Zagrożeniu”, Festiwal Filmów – Spotkań Niezwykłych, Plenery „Film Spring Open”, Kino Dokumentu w Domu Sztuki na Ursynowie, Suspence Film Festival, Festiwal Piosenki i Ballady Filmowej, Gdańsk Docfilm Festival and Międzynarodowy Festiwal Filmów Młodego Widza „Ale Kino!”.

- *Supporting publications promoting Polish cinematography.*

This encompasses multiple initiatives pursued by the Polish Filmmakers Association such as, for instance, publishing *Magazyn Filmowy*, the Polish filmmakers' specialist industry magazine, and operating a website service dedicated, in the first place, to filmmakers, which presents in depth issues relating to the Polish audiovisual market. The publications co-sponsored by SFP provide a forum for the Polish filmmakers to express their views on the current developments in the film industry.

As part of the execution of the project "100 Years of Poland's Regained Independence. Polish History in Film Masterpieces", an exclusive publication (box set) was created, encompassing seven Blu-Ray discs with works presented to the world at large. The publication was accompanied by a film catalog including essays about the time periods in which the presented films took place. The catalog was distributed as promotional materials for international screenings. It was translated into five foreign languages (German, English, Vietnamese, Japanese and Chinese). Many outstanding historians and film critics took part in the project, as well as film authors and artists.

In addition, SFP supported financially several important book publications dealing with film, among others: „Animacja autorska w PRL. Lata 1957 – 1968” authored by Hanna Margolis, „Opowieści filmowe” by Edward Żebrowski, and „Różyczka i inne scenariusze” by Maciej Karpiński.

- *Supporting debuts of young filmmakers.*

Film debuts are supported within the framework of "30 minutes", "First Documentary" "Young Animation", and "60 minutes" programs implemented by the Munk Film Studio (Studio Młodzi i Film im. Andrzeja Munka) operating within the SFP structures.

- *Funding scholarships and prizes for young Polish artists.*

Without the support from the Polish Filmmakers Association, young artists, deprived of financial backing, would have little chance, for instance, to write a film script or raise their professional qualifications to be able to pursue a career in film professions such as a film director or operator. By securing the young artists' financial future, scholarships allow them to focus on their professional development and work under a professional mentorship scheme,

- *Supporting domestic and international events promoting Polish cinematography.*

SFP organized a film celebration of the centennial of Poland's regained independence. A series of screenings titled "100 Years of Poland's Regained Independence. Polish History in Film Masterpieces" covered over thirty cities on five continents. Screenings of films set in Poland's history took place from April to December 2018, with the peak of activity in October and November. As part of this series residents of New Zealand, the United

States of America, Canada, Germany, Romania, Japan, China, Vietnam and Brazil had the opportunity to see Polish films. Presented were the following titles: "Ashes and Diamonds", "The Promised Land" and "Man of Marble" directed by Andrzej Wajda, "Nights and Days" by Jerzy Antczak, "The Pianist" directed by Roman Polański, "Warsaw 44" by Jan Komasa, and "Wołyń" directed by Wojciech Smarzowski. The project was supported by the Ministry of Foreign Affairs, the Adam Mickiewicz Institute and the Polish Film Institute. Aside from the foreign screenings organized as part of the centennial celebrations of Poland's regained independence, a Polish edition of the event was also organized as part of the Tarnowska Nagroda Filmowa festival.

In 2018 screenings were held as part of the "Young Viewer Polish Cinema" project, however they only took place as part of the overview "Gdynia for Kids", part of the Polish Film Festival in Gdynia. "Young Viewer Polish Cinema" is a longtime project that has been going on for fifteen years. The project includes many diverse cultural events for young children based on the output of Polish and world cinema. In 2018 six packages were prepared, consisting of the newest productions of Polish animated film studios. Apart from animations, the project program also included new fiction productions from Poland. Since this was the 15 anniversary of the Gdynia for Kids overview, the program also included fiction films from the most deserving creators of films for children. In addition to this, as part of "Panorama of World Cinema", films from foreign artist were presented, from classics to modern films, including British, Chinese and Iranian-French productions. As part of supplementary events film dubbing workshops were organized. Overall over 9,000 young viewers from Gdynia, Elbląg, Wejherowo and Łębork took part in the events.

Awarding patronage is one of the most important parts of executing the statutory mission of SFP which is the popularisation of film culture – thus among the events that are given this status there are often small, local events. SFP awards honorary patronage as well as media patronage on www.sfp.org.pl and Magazyn Filmowy. Festivals, overviews, exhibits, contests and workshops, more rarely books and DVD/BD or CD releases are given patronage. Among the film events given patronage by SFP were: the Polish Film Festival in Gdynia, Kraków Film Festival, Koszalin Film Debut Festival, Camerimage International Film Festival, Tarnowska Nagroda Filmowa, Kołobrzeg Suspense Film Festival, Ogólnopolskie Spotkania Filmowe Kameralne Lato w Radomiu, Ogólnopolski Festiwal Sztuki Filmowej Prowincjonalia, Festiwal Filmu i Sztuki Dwa Brzegi, Film Spring Open, Sokołowski Festiwal Filmowy Hommage a Kieślowski, Międzynarodowy Festiwal Filmów Młodego Widza „Ale Kino”, Forum Kina Europejskiego Cinergia w Łodzi, Międzynarodowy Festiwal Filmów i Programów Religijnych dla dzieci MUNDI, Międzynarodowy Festiwal Filmowy „Etiuda&Anima”, Międzynarodowy Festiwal Filmów Animowanych „Animator”, Polish Film Festival w Los Angeles, Seattle Polish Film Festival and the Toronto Polish Film Festival „Ekran”.

From 14-16 of September 2018, the annual conference of the Federation of European Film Directors was held at the headquarters of SFP in Warsaw. FERA represents directors from 26 European countries, and their conference takes place in a different European city each year. About 60 people took part in the conference. The Polish Film Institute was invited to cooperate, and also subsidised the conference, and the Mazovia Warsaw Film Commission was also invited.

The Association organizes and supports financially tens of events promoting the Polish cinematography. The most important ones include:

- SFP Documentary and Animated Film Forum (Forum Dokumentu i Animacji SFP) during the Krakow Film Festival;
- SFP Forum (Forum SFP) during the Gdynia Film Festival;
- SFP Prizes and Golden Tapes of SFP Film Writing Club (Złote Taśmy Koła Piśmiennictwa SFP);
- Perspective Prize named after Janusz "Kuba" Morgenstern;
- Polish film shows for the diplomatic corps in Poland;
- Formal premieres of films after digital reconstruction at Kultura cinema;
- Premieres of films produced by Munk Film Studio and SFP; and
- Young Viewer Polish Cinema project.

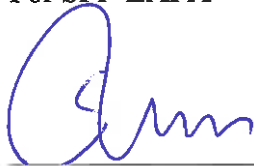
4. Discussion and justification of the method of management of receipts from remunerations and fees before their payment to rightsholders, including specification of the uses to which the interest earned on term deposits, bank accounts and other financial or equity market instruments is put;

During the period from their collection until their payment to rightsholders, receipts from fees and remunerations are deposited in term deposits and overnight deposits. This is owed to the fact that a collective management organization may rely solely on the safe forms of investment that guarantee rapid access to the accumulated monies. Keeping those monies in a non-interest bearing account would expose the collective management organization to the charge of mismanagement. SFP-ZAPA allocates the interest earned on deposits to coverage of its current operating expenses.

5. Specification of the total amount of remunerations and other performances transferred during the reporting year to foreign collective management organizations and other foreign entities representing the rightsholders, also under the mutual or unilateral representation agreements;

PLN 40,072,790

For SFP-ZAPA



Dominik Skoczek

ZAPA Director