

OPERATING GUIDE FOR THE GLOBAL CINEMA FEDERATION

ARTICLE 1 NAME AND PURPOSES

Section 1.01. Name. The name of this association is Global Cinema Federation (“GCF” or “the Federation”).

Section 1.02. Mission. GCF is a volunteer-based federation established to represent the global cinema exhibition community and to make representations to global stakeholders on their behalf. The federation seeks to increase industry effectiveness in providing input to international regulatory bodies and to contribute more effectively to the international dialogue on issues of common interest. Examples of activities include but are not limited to: (1) advocacy regarding the common interests of exhibitors to global regulatory groups, standard-setters, studios and related bodies, among others, in order to increase the industry’s effectiveness; (2) assisting individual members in establishing dialogue with national regulators, when and where invited; (3) contributing to a global dialogue on issues of common interest by formalizing contact, cooperation and dialogue among global exhibitors, associations and stakeholders; (4) educating exhibitors globally with greater information collection and sharing; and (5) providing information on positions taken by the Federation. All such activities will be consistent with all applicable laws.

GCF commits to the principle of subsidiarity and will not involve itself in issues relating to national or regional regulators unless invited to do so by the relevant national associations, and where agreed to by all Executive Committee Members.

ARTICLE 2 MEMBERSHIP AND DUES

Section 2.01. Members.

- a. **Definition.** A Member is any Exhibitor Member or Trade Association Member as described below.
 - i. **Exhibitor Member.** An Exhibitor Member is any sole proprietorship, partnership, corporation, or other business entity, which is directly engaged in the operation of one or more motion picture exhibition facilities. All Exhibitor Members must also be members of one of the Trade Association Members but need not be members of all Trade Association Members that they are otherwise eligible to join. Exhibitor Members who operate in regions without any corresponding Trade Association Members may join without the trade association membership requirement.

- ii. **Trade Association Member.** A Trade Association is a national or multinational trade association established for the sole purpose of furthering the interests of those engaged in the operation of motion picture exhibition facilities.

Section 2.02. Qualifications and Duration. Except as otherwise provided in this Operating Guide, the qualifications and duration of any category of membership, as well as the creation of additional categories of membership, must be reviewed and approved by the Executive Committee by unanimous vote.

Section 2.03. Resignation of Membership. Any Member may resign or withdraw from the Federation by giving written notice of its intention to any Member of the Executive Committee. The resignation or withdrawal will be effective on the date specified in the notice, provided the specified date is on or after the receipt of notice by the Executive Committee, or if no date is specified, then thirty days after receipt of such notice. A Member who resigns or withdraws in good standing may rejoin at any time. Members who are expelled pursuant to Section 2.05 may only be readmitted with unanimous approval from the Executive Committee.

Section 2.04. Dues and Assessments.

- a. **Annual Dues.** The Federation will not charge dues during the initial organization-building phase. Any future dues for each Member will be determined by the affirmative unanimous vote of the Executive Committee Members voting after considering the recommendations, if any, of the Advisory Board.
- b. **Special Assessments.** In the event that the Federation needs funding as determined by the Executive Committee, the Federation may charge Members a special assessment. Any special assessment shall be apportioned to the Members in a manner determined by the Executive Committee, after considering the recommendations, if any, of the Advisory Board. A special assessment must be approved by the affirmative unanimous vote of the Executive Committee Members voting.

Section 2.05. Expulsion of Member.

- a. **Grounds for Expulsion.** Any Member may be expelled by a unanimous vote of the Executive Committee. Specific grounds for expulsion include: (1) violating any article of the Operating Guide or resolution of the Federation; (2) filing any false document with GCF; (3) engaging in conduct prejudicial to the best interests of GCF or of the motion picture exhibition industry; (4) violating any GCF conflict of interest rule; and (5) engaging in other serious misconduct which the Executive Committee determines warrants expulsion of the Member.

Section 2.06. Review of Membership Criterion. The Executive Committee will review the membership structure and screen threshold after an initial period of two years as of the initial meeting at CinemaCon 2017, as described in Section 10.02 below.

ARTICLE 3 MEMBER PARTICIPATION AND GOVERNANCE

Section 3.01. Purpose of Governance Structure. GCF's structure and this Operating Guide are designed to encourage maximum member participation in the activities, benefits, and deliberations of the Federation, while locating the specific and fiduciary duties of care and diligence in a manageable governing body. To that end, GCF deliberations are divided between an "Advisory Board" (described in Article 4) and an "Executive Committee" (described in Article 5).

Section 3.02. Advisory Board. Membership on the Advisory Board is open to all Qualifying Exhibitor Members and Trade Association Members as further set forth in Article 4.02(a), including a 250 screens threshold. The Advisory Board constitutes a forum for GCF members to, among other activities, discuss industry issues, debate Federation policies, and formulate best practices. The Advisory Board may not bind the Federation, but may make recommendations to the Executive Committee, which the Executive Committee must consider in its deliberations.

Section 3.03. Executive Committee. Members of the Executive Committee are set forth in Article 5.02(a)(i), until such time as the Executive Committee unanimously agrees to revise the membership. The Executive Committee is the governing body of the Federation and may bind the Federation.

ARTICLE 4 ADVISORY BOARD

Section 4.01. Powers. The Advisory Board brings together diverse elements of the international exhibition community for the purpose of deliberating on exhibition issues, studying and promulgating best practices, and guiding the development of the Federation. In furtherance of these purposes, the Advisory Board may:

- a. Debate and vote on resolutions reflecting the consensus views of Advisory Board Members on issues affecting exhibition;
- b. Make policy recommendations to the Executive Committee, which the Executive Committee is obliged to consider;
- c. Suggest committees and task forces charged with studying specific issues or clusters of issues;

- d. Make recommendations to the Executive Committee regarding the operations and priorities of the Federation; and
- e. Discuss and develop exhibition best practices.

Advisory Board activities are subject to Executive Committee approval whenever they would have operation or effect outside the deliberations of the Advisory Board.

Section 4.02. Advisory Board Qualifications.

- a. **Definition.** Advisory Board membership is open to any Qualifying Exhibitor Members and Trade Association Members, as defined below.
 - i. **Qualifying Exhibitor Members.** To qualify as an Exhibitor Member of the Advisory Board, the Exhibitor Member must be a member of the GCF in good standing who meets the requirements of membership as described in Section 2.01(a)(i) AND such Exhibitor Member must directly own or control at least 250 screens. Exhibitor Members who do not meet the screen threshold requirements to be a Qualifying Exhibitor Member of the Advisory Board shall still enjoy all the benefits of GCF membership including: eligibility to share and receive all information, data and reports Non-Qualifying Exhibitor Members may also provide input to the Advisory Board and Executive Committee, but are not eligible for a vote.
 - ii. **Qualifying Trade Association Members.** To qualify as a Trade Association Member of the Advisory Board, the Trade Association Member must be a member of the GCF in good standing that meets the requirements of membership as described in Section 2.01(a)(ii).
- b. **Member Representative.** To qualify as representative of a Member who wishes to serve on the Advisory Board, a person must own or be employed by a GCF Exhibitor Member or Trade Association Member in good standing. Further qualifications may be added by the Executive Committee.
- c. **Designation of Company Employees.** Each GCF Member may designate in writing to the Executive Committee one of its employees as qualified candidates to serve and cast votes on the Advisory Board, subject to adjustment by the Executive Committee. In the case of an Exhibitor Member with subsidiaries that would otherwise be eligible to be Exhibitor Members, the parent may permit the subsidiary company to designate a representative to represent the subsidiary. This appointment will not count as the parent company's candidate. The subsidiary will not be entitled to a vote.

- d. **Executive Committee Members.** Executive Committee members are automatically members of the Advisory Board for the period in which they serve on the Executive Committee.

Section 4.03. Meetings.

- a. Meetings of the Advisory Board may be held at times and locations designated by the Executive Committee, and will, whenever possible, occur in tandem with the annual Executive Committee meeting. One annual Advisory Board meeting will take place at an annual exhibition convention which include, but are not limited to: CinemaCon, CineEurope and CineAsia.
- b. Attendance at and participation in Advisory Board meetings will be open to any GCF member in good standing, and all GCF members in good standing will receive notice of any Advisory Board meeting.
- c. The Chair of the Federation, or his or her designee, will preside at meetings of the Advisory Board.

Section 4.04. Voting.

- a. **Official Roll.** Only individuals listed on the official roll of the Advisory Board, maintained as described in 9.01(b), are entitled to vote.
- b. **Quorum.** A quorum for Advisory Board resolutions and recommendations to the Executive Committee is 20 percent of Advisory Board members.
- c. **Majority Vote.** All Advisory Board votes require a simple majority of Advisory Board members voting. The percentage results of the vote on any issue shall be recorded in the communication to the Executive Committee for its consideration of the issue.
- d. **No Proxy Voting.** Only Advisory Board members present at and participating in an Advisory Board meeting will count toward the quorum and be entitled to vote.

Section 4.05. Recommendations to the Executive Committee. The Advisory Board may, by majority vote, make recommendations to the Executive Committee. The Executive Committee must then consider and vote on such recommendations.

Section 4.06. Notice of Meetings.

- a. **Change of Address.** Each Advisory Board Member will provide prompt written notice of any change of physical or electronic mail address.

- b. **Content and Timing.** Notice of all Advisory Board meetings must state the place, date, and hours of the meeting and, unless it is an annual meeting, indicate that it is being issued by or at the direction of the person or persons calling the meeting. Notice of a special meeting will also state the purpose for which the meeting is called. Notice of any Advisory Board meeting will be given to each appointed representative of each Member entitled to vote at such meeting not less than thirty (30) days before the date of the meeting.
- c. **Delivery Date.** Notices, offers, consents, and communications will be deemed to have been delivered and received: (i) in the case of personal delivery, or fax, on the date of such delivery; (ii) in the case of delivery by overnight courier, on the first business day after the date sent; (iii) in the case of mailing, on the tenth business date following such mailing; and (iv) in the case of electronic mail, on the date of transmission, provided no message of failed or aborted delivery is promptly received.
- d. **Waiver of Notice.** Notice of any Advisory Board meeting need not be given to any Member who submits a signed waiver of notice, in person or by proxy, whether before or after the meeting. Attendance by any Member at a meeting, in person or by proxy, without protesting prior to the meeting the lack of notice of such meeting, constitutes a waiver of notice by such Member.

ARTICLE 5 EXECUTIVE COMMITTEE

Section 5.01. Powers. Subject to any limitations of the applicable laws governing this Federation, and subject to any limitations in this Operating Guide, the activities and affairs of the Federation will be conducted and all corporate powers will be exercised by or under the direction of the Executive Committee. The Executive Committee may delegate the management of the activities of the Federation to one or both of the Founder Trade Association members or committees however composed, provided that the activities and affairs of the Federation will be managed and all official powers will be exercised under the ultimate direction of the Executive Committee.

Section 5.02. Composition.

- a. **Eligibility.** The Executive Committee will be comprised of the Founding Members of the Federation, as defined below.
 - i. **Founding Member.** A Founding Member is one of the twelve Exhibitor Members and two Trade Association Members that worked to form the Federation. The Founding Members are the sole members of the Executive Committee until such time as the Executive Committee unanimously agrees to revise its membership. This process is described in further detail in Section 2.06. The Founding Exhibitor

Members are: AMC, Cinemark, Cineplex, Cinépolis, Cineworld, CJ-CGV, Event Cinemas, Gaumont-Pathé, Regal Entertainment Group, Toho, Vue, and Wanda. The two Trade Association Members are: The National Association of Theatre Owners (NATO) and the International Union of Cinemas (UNIC).

- b. A company may hold only one voting seat on the Executive Committee, though each company shall also appoint an additional senior employee (“Deputy”) who may also attend all meetings of the Executive Committee and provide input on all discussions.
- c. The Executive Committee may adjust the number or ratio of Executive Committee members, or the definition of various membership categories only by a unanimous vote of the Executive Committee Members.

Section 5.03. Obligations.

- a. **Staff Time.** The Federation currently operates without a dues assessment. As such, each of the Members of the Executive Committee agrees to offer dedicated staff time of one or more senior employees to support this Federation. Such support may include: (i) developing policy positions; (ii) recruiting new members; (iii) developing operating documents and strategies; (iv) liaising with Members or stakeholders on behalf of the Federation; (v) compiling data; and more.

Section 5.04. Meetings.

- a. **Annual Meetings.** The Executive Committee will meet in closed session at least once a year at an annual exhibition convention which include, but are not limited to: CinemaCon, CineEurope and CineAsia. At least one of the Executive Committee meetings will be held in conjunction with the Advisory Board meeting.
- b. **Special Meetings.** A special meeting of the Executive Committee may be called by the Chair.
- c. **Attendance.** Except by special invitation of the Chair, only members of the Executive Committee and their appointed Deputies, may attend the Executive Committee meetings.

Section 5.05. Notice of Meetings.

- a. **Change of Address.** Each Executive Committee Member will provide prompt written notice of any change of physical or electronic mail address.
- b. **Notice Content and Timing.** Notice of all Executive Committee meetings must state the place, date, and hours of the meeting and, unless it is an annual meeting, indicate that it is

being issued by or at the direction of the person or persons calling the meeting. Notice of a special meeting will also state the purpose for which the meeting is called. Notice of any Executive Committee meeting will be given to each appointed representative of each Member entitled to vote at such meeting not less than thirty (30) days before the date of the meeting. Electronic voting, when consented to by the Executive Committee, shall have no notice requirement.

Section 5.06. Executive Committee Action Without a Meeting. Any action required or permitted to be taken by the Executive Committee may be taken without a meeting if all of the Members of the Executive Committee consent in writing to the adoption of a resolution authorizing the action. Written consent may be obtained by electronic mail.

Section 5.07. Quorum. A majority of the Members of the Executive Committee constitutes a quorum for the transaction of business. In the absence of the official Executive Committee Member representative, the Deputy shall count towards the quorum and be eligible to vote on behalf of the Deputy's respective company.

Section 5.08. Voting. Action of the Executive Committee is authorized by either a majority or unanimous vote of the members present at the time of the vote if there is a quorum. Unanimous agreement of the voting members present is required on: (1) governance changes (e.g., adding a member to the Executive Committee, changing structural requirements, etc.); and (2) whenever the Federation is making a formal, public statement on policy. All policy positions will be subject to unanimous agreement by the Founding Members. For all other decisions, majority consensus would be the rule. To provide further clarity, the following hypothetical decisions illustrate when unanimous agreement or majority consensus is required: (1) A vote to change the membership criteria for the membership categories of the Federation (unanimous agreement); (2) statement calling for certain technology standards (unanimous agreement); (3) appointment of an independent consultant to assist the Federation in issues around cinema technology (majority agreement); (4) a vote to conduct research on consumer attitudes on film theft (majority agreement).

Section 5.09. Resignation and Removal of Executive Committee Members.

- a. **Resignation.** Any Executive Committee member may resign effective upon giving written notice to another member of the Executive Committee unless the notice specifies a later time for the effectiveness of such resignation.
- b. **Removal.** Any Executive Committee member may be removed for cause by a unanimous vote of the Executive Committee provided quorum is present at the meeting of Members at which such action is taken.

ARTICLE 6

CHAIR AND OFFICERS

Section 6.01. Officers. GCF will initially operate without officers, other than a Chair as selected in the Federation's first gathering. During this initial period, the Executive Committee shall appoint members of the Executive Committee to record minutes, and handle other executive obligations. To ensure that the governing body and members remain informed about day-to-day proceedings of the Federation minutes of all conference calls and meetings will be kept. All decisions regarding officers, elections and terms shall be determined by a unanimous vote of the Executive Committee. Decisions about Chair succession, appointment of additional officers, and other governance decisions shall be included in the review process described in Section 10.02.

Section 6.02. Chair. The initial Chair is to be selected at the Federation's first gathering in CinemaCon 2017 and shall serve for a period of two years. The Executive Committee shall review the chair position every two years thereafter. The Executive Committee is to select a new chair by majority vote of the members present at such meeting. No Chair may serve for more than [two] consecutive two year terms.

ARTICLE 7

COMMITTEES

Section 7.01. Ad Hoc Committees, Task Forces, and Forums. The Executive Committee may create such other committees, task forces, and forums as appropriate to the mission of the Federation. The charter and term of such committees, task forces, and forums will be provided or approved by the Executive Committee.

ARTICLE 8

NO INDEMNIFICATION

Section 8.01. No Indemnification. The Federation is an informal and unincorporated group of exhibitors and associations working in their official capacities as representatives for their respective companies and does not have the power to purchase or maintain insurance for indemnification of officers and directors. As such, the Federation will not indemnify members of the Executive Committee. Executive Committee Members should ensure their activities with the Federation are covered by their employer's insurance policies.

ARTICLE 9

RECORDS

Section 9.01. Records. The Trade Association Members of the Executive Committee will jointly maintain correct and complete records of accounts and minutes of the proceedings of its Members and the Executive Committee. The Trade Association Members of the Executive Committee will

maintain an updated list of the names and addresses of: (a) all members and their classes of membership; (b) all members of the Advisory Board; (c) all Members of the Executive Committee; and (d) the individual representatives and Deputies identified by each Member entitled to participate and/or vote at each meeting.

ARTICLE 10 AMENDMENTS TO OPERATING GUIDE

Section 10.01. Amendments. Except as otherwise required by law, this Guide may be amended or repealed, and new rules may be adopted, by a unanimous vote of the Executive Committee members present at such vote.

Section 10.02. Review After Initial Period. The Executive Committee agrees to review all aspects of this Operating Guide after an initial period of not more than two years from the initial meeting at CinemaCon 2017. This review shall take account of new industry developments and shall consider a process to add a limited number of additional Exhibitor Members and Trade Association Members to the Executive Committee. Membership categories and qualifications shall also be reviewed at that time.