

# MEMORANDUM OF AGREEMENT

April 6, 2024

## SAG-AFTRA National Code of Fair Practice for Sound Recordings

January 1, 2021 – December 31, 2026

1. **Artificial Intelligence Issues** – See Appendix

2. **Minimum Rates and H&R**

a. **Wages Increases**

1. Upon Ratification (first Monday of month after ratification) – 14.5%
2. January 1, 2025 – 3.75%
3. January 1, 2026 – 3.25%
4. December 31, 2026 – 3%

b. **H&R**

- i. January 1, 2025 – Increase H&R contribution rate to 13.5% for all contributions except for those relating to streaming payment.
- ii. For groups of six or more, the applicable contribution limit shall be calculated as the number of SAG-AFTRA living group members multiplied by the then current SAG-AFTRA Health Plan Minimum Eligibility Number (not to exceed \$28,653 per SAG-AFTRA living group member).
- iii. Roster Artists health contribution to be indexed to the individual annual cobra premium established by the health plan, less the annual individual participant premium for the plan.
- iv. As of January 1, 2025, H&R contributions will be made on 75% of streaming payments. On December 31, 2026, H&R contributions will be made on 100% of streaming payments.

3. **Reuse Fees (Side Letter)**

- a.** If a Company enters into a blanket catalog license allowing for the use of an entire (or a significant portion of) a Company's catalog for any non-traditional use at the licensee's discretion, the new use fee shall be .36% for worldwide Receipts, not to exceed .55% of Receipts from the United States. Such payments shall be made to the SRDF.

- b. Modify Video Game provisions to be covered as Traditional New Use at the 7% rate, up to a \$5,500 maximum new use fee, with no changes to the existing provisions for Supplemental Video Game content.

#### **4. Company Created Media Projects (Side Letter)**

- a. SAG-AFTRA will provide the Companies with appropriate contact information for assistance with costing of licensing of material created under other SAG-AFTRA Agreements.
- b. SAG-AFTRA will entertain in good faith reasonable requests for modifications to new use payments for company created media projects using material created under other SAG-AFTRA Agreements, taking into account the purpose and extent of the use of such material.

#### **5. Consents for Film/TV Tracks**

For sound recordings created under the terms of any SAG-AFTRA Film or Television agreement by a Royalty Artist under contract with a signatory Company and treated as a Royalty Artist for such recording, where the Company has paid covered Artists for the appropriate session compensation under this Agreement for the distribution of the sound recording, and except to the extent that better terms are otherwise provided in the Royalty Artist's agreement with the Company or in the Artist's agreement with the signatory to the SAG-AFTRA Film or Television agreement, (i) all such Artists shall be considered to have provided consent for any future licensing of the sound recording (excluding commercials), (ii) for any Royalty Artist that is allocated at least 50% of the licensing fee under their Royalty Agreement, the Royalty Artist shall be considered to have received required compensation under the applicable SAG-AFTRA Film or Television Agreement, and (iii) any other Artist entitled to compensation under the applicable SAG-AFTRA Film or Television Agreement shall receive the minimum applicable compensation required under such agreement for such licensing, except for Foreign Licenses, the Foreign Licensing provisions shall apply.

#### **6. Consents for Commercials**

For licensing of sound recordings for commercials, (i) all Non-Royalty Artists shall be considered to have provided consent for any such licensing, and (ii) any Non-Royalty Artist entitled to compensation under the applicable SAG-AFTRA Agreement shall receive the minimum applicable compensation, including residuals, required under such agreement for such licensing, except for Foreign Licenses, for which the Foreign Licensing provisions shall apply, and (iii) no other negotiations regarding compensation will be required under any other provisions of any SAG-AFTRA Agreement.

**7. Transfer of Rights/Assumption – Revise Article 36 and Exhibit 1 as Follows:**

**36. TRANSFER OF RIGHTS IN SOUND RECORDINGS**

A. If the Company sells, assigns, leases, licenses or otherwise transfers title to or permission to use any sound recording produced under any SAG-AFTRA agreement for any purpose, the Company may obtain from such party an assumption agreement in the form materially and substantially the same as that set forth in D below.

B. In the event the Company intends to obtain an assumption agreement from a third party in respect of a sound recording, then, within sixty (60) days of the sale, assignment, lease, license or other transfer of title of such sound recording produced under an SAG-AFTRA agreement, the Company shall provide SAG-AFTRA and the SAG-AFTRA Health and Retirement Fund with the identity of the sound recordings involved, the intended use of the product, the date of transfer, and the name, address, telephone number and fax number of each such purchaser, assignee, lessee, licensee, or other transferee, and with an executed copy of each assumption agreement entered into by the Company. An inadvertent failure on the part of the Company to comply with any of the provisions of this Article shall in no event constitute a default by the Company hereunder or a breach of this Agreement, provided that such failure is cured properly after notice thereof from SAG-AFTRA or the SAG-AFTRA Health & Retirement Fund.

C. Upon delivery of such assumption agreement, the Company (or any subsequent party obtaining an assumption agreement) shall not be further liable to SAG-AFTRA or to the SAG-AFTRA Health & Retirement Fund for compliance with the terms of this Agreement with respect to the obligations assumed by the other party to the assumption agreement. In the event that no assumption agreement is delivered, the Company (or the party last obtaining an assumption agreement) shall continue to be liable for compliance with the terms of this Agreement with respect to the applicable sound recordings, unless the purchaser, assignee, lessee, licensee, or other transferee is a signatory to an SAG-AFTRA Sound Code which is applicable to the use for which the transferred sound recording is intended, in which case the Company shall not have such liability. In the event of non-payment of new use fees to an artist for a license, the Company agrees to assist SAG-AFTRA in the collection process by providing the Union with relevant information and contacting the licensee regarding the non-payment.

D. The assumption agreement under this article shall be in the form in Exhibit 1 (additional provisions may be included so long as they do not alter the terms set forth in Exhibit 1).

## **EXHIBIT 1**

### **LICENSEE ASSUMPTION LANGUAGE**

To the extent that the recording(s) covered by this agreement are master recordings subject to the SAG-AFTRA National Code of Fair Practice for Sound Recordings (hereafter called "Sound Recordings Code"), ("Covered Recording"), Licensee hereby assumes all of the Company's obligations under the Sound Recordings Code with respect to the use of the Covered Recording as provided for in this Agreement.

Where the Covered Recording is being used for a purpose other than a Sound Recording (as that term is defined in the Sound Recordings Code) (a "New Use") and the terms of the New Use are not otherwise covered by the alternative New Use provisions of the Sound Recordings Code, the Licensee agrees to provide all artists covered by the Sound Recordings Code who rendered services in the recording of the Covered Recording not less than the compensation and other economic benefits having a substantially equivalent economic cost to the Licensee as those which would be payable to such artists if the Licensee were a signatory to the SAG-AFTRA collective bargaining Agreement applicable in the relevant medium for such use. Further, to the extent the alternative New Use Sideletter provisions apply, the Licensee will remit all payments required by those provisions.

As such, Licensee agrees expressly for the benefit of SAG-AFTRA and its members affected thereby to comply with all of the payment, reporting and audit requirements of the Sound Recordings Code and SAG-AFTRA Health Fund and AFTRA Retirement Funds Trust Agreements for the New Use, as well as the arbitration provisions contained therein. Upon the execution of this Assumption Agreement, the Company shall not be further liable to SAG-AFTRA, to the SAG-AFTRA Health Fund and the AFTRA Retirement Funds or to any performer subject to the Sound Recordings Code for compliance with the terms of this Agreement with respect to the obligations assumed by the other party to this Agreement.

It is expressly understood and agreed that the rights of Licensee to utilize such recordings shall be subject to and conditioned upon the prompt payment to the performers involved of all compensation as provided in the Sound Recordings Code. For transfers other than licenses for use in audiovisual works, SAG-AFTRA, on behalf of the performers involved, shall be entitled to injunctive relief in the event such payments are not made. This agreement does not establish any right to injunctive relief for non-payment for a license for use in an audiovisual work.

[In the event of a voluntary permanent transfer or assignment, sale or other disposition of a Sound Recording, the following will be included:

In the event of a subsequent transfer, assignment, sale or other disposition by Transferee of any recording(s) covered by this agreement, Transferee agrees to give written notice, by mail, to SAG-AFTRA of each such subsequent transfer,

etc. within 60 days after the consummation thereof, and such notice shall specify the name and address of the transferee, assignee or purchaser. Transferee shall also deliver to SAG-AFTRA a copy of the agreement with the transferee, assignee or purchaser, which agreement shall be in substantially the same form as this agreement.

The Licensee's obligations with respect to the Recording(s) are limited to those obligations set forth herein, and in no event shall the Licensee be deemed, solely as a result of having executed this assumption agreement, to have any other obligation under any SAG-AFTRA agreement or to be signatory to any SAG-AFTRA agreement. In addition, the Licensee's obligations with respect to the Recording(s) are limited to those rights actually acquired by the Licensee and only for the period it holds such rights (except to the extent that it transfers those rights to another party, in which case it shall retain liability unless it obtains an assumption agreement in substantially the same form as this assumption agreement).

8. **Withdrawal of Proposals:** The parties agree that all proposals that have been made and withdrawn in this negotiation have been done so without prejudice to any parties' position with respect to the interpretation of the current terms of the collective bargaining agreement and such proposal, withdrawals and any and all bargaining history related to the fact that such proposals were made and withdrawn in negotiations for this Agreement shall not be cited by either party as evidence regarding the interpretation of the this Agreement (or any of its provisions) in any future proceeding, including, without limitation, as evidence of an "unachieved bargaining demand."

[Continued next page]

9. **Future Bargaining** - The parties will meet no later than August 2026 prior to expiration of the CBA to begin contract negotiations.

**Dated: April 6, 2024**

**For WARNER BROS. RECORDS, ATLANTIC RECORDING CORPORATION, SONY MUSIC ENTERTAINMENT, UMG RECORDINGS, INC., CAPITOL RECORDS, LLC and HOLLYWOOD RECORDS, INC.**

By: Michael J. Lebowich

**Michael J. Lebowich**

**For SCREEN ACTORS GUILD - AMERICAN FEDERATION OF TELEVISION AND RADIO ARTISTS**

By: Duncan Crabtree-Ireland

**Duncan Crabtree-Ireland**

### **H&R Side Letter**

The parties will recommend that the SAG-AFTRA Health Plan Trustees to provide that Covered Roster Artists shall be eligible for benefit coverage no later than the calendar quarter after the Covered Roster Artist signs their recording agreement.