

Summary of the Tentative 2023 Television Animation Agreement and 2023 Basic Cable Animation Agreement

The following summarizes the tentative agreements reached for the 2023 Screen Actors Guild-American Federation of Television and Radio Artists Television Animation Agreement (“TV Animation Agreement”) and 2023 Screen Actors Guild-American Federation of Television and Radio Artists Basic Cable Agreement for Animated Motion Pictures (“Basic Cable Animation Agreement”) collectively, “Animation Agreements.”

I. TERM, WAGES AND APPLICABILITY OF THE TELEVISION AGREEMENT

- A. The term of the Animation Agreements shall commence on July 1, 2023, and terminate on June 30, 2026.
- B. Minimum wage rates shall increase by seven percent (7%) effective July 1, 2023, an additional four percent (4%) effective July 1, 2024, and an additional three and one-half percent (3.5%) effective July 1, 2025. These increases shall be compounded. Retroactive payments shall be made as soon as practicable.
- C. The terms of the 2023 SAG-AFTRA Television Agreement (“Television Agreement”), except as modified below, will be incorporated by reference, as applicable, to the Animation Agreements.

II. ARTIFICIAL INTELLIGENCE

The improvements negotiated on the subject of Artificial Intelligence in the 2023 Television Agreement shall apply to the Animation Agreements with certain improvements:

- A. Voice Actor as Human: The Animation Agreements A.I. language expressly acknowledges that the term “voice actor” includes only humans.
- B. Recognizability: The 2023 Television Agreement A.I. provisions specify performer rights regarding their digital replication when the digital replica is recognizable as the performer. This applies very differently to animation, where voice actors typically perform in character voices that are not necessarily recognizable as the voice actor. The recognizability criteria have therefore been adjusted as follows:
 - 1. For an Employment-Based Digital Replica, the requirement of recognizability has been modified to require instead that the digital replica be readily identifiable and attributable to the voice actor through contracts or other regular business records. Accordingly, the digital replica need not sound like the voice actor as long as it can be shown that the digital replica was made using the voice actor’s voice.
 - 2. For an Independently Created Digital Replica, the requirement of recognizability has been modified to require instead that the digital replica be readily identifiable and attributable to the “role.” Accordingly, the digital replica need not sound like the voice actor as long as it sounds like the character voice in which the voice actor is performing.
- C. Foreign Residuals: The Producers confirmed on the record that if a voice actor’s performance is digitally altered into a foreign language and the digitally altered performance is exhibited, the voice actor shall be eligible for all applicable residuals based on that exhibition.
- D. Rateable Distribution: When a voice actor’s Employment-Based Digital Replica is the only performance by that voice actor used in an animated program, the calculation of the voice actor’s residuals shall take into account how much the voice actor was paid (unlike under the 2023 Television Agreement) in addition to how much time the voice actor spent performing.
- E. The requirement to notify and bargain with the Union over the use of “synthetic performers in a human role” was expanded by removing the “human role” criterion. Producers must therefore notify the union and bargain over any appropriate consideration whenever they use a “synthetic voice” instead of a voice actor.

- F. Prompting with Performer Names: When a Producer uses a performer name or multiple performer names to generate a synthetic voice by prompting a Generative Artificial Intelligence system, the Producer must obtain the consent of the performer or performers. (Unlike under the 2023 Television Agreement, there is no requirement that the prompt include a “major facial feature” of the voice actor, nor is there any substitute for that criterion.)
- G. Importance of Voice Acting: The Generative Artificial Intelligence language specifically acknowledges the importance of “voice acting” as part of acknowledging the role of “human performance.”
- H. Inclusion of Tracking in Producer A.I. Meetings: The semi-annual meetings that the Union may demand on the subject of A.I. will include addressing systems for tracking the use of digital replicas.

III. HIGH BUDGET SUBSCRIPTION VIDEO-ON-DEMAND (“SVOD”) RESIDUALS

- A. The improvements to the domestic High Budget SVOD residual achieved in the 2023 Television Agreement shall apply to the Animation Agreements using the existing, lower budget levels applicable to animation, including:
 - 1. “Grandfathering” will be eliminated for animated programs and series that were grandfathered to prior High Budget SVOD residual formulas for any new season of an animated series for which principal recording of the first episode of the season commences on or after the first Sunday following the business day on which the AMPTP receives notice of ratification.
 - 2. Subscriber tiers 1 and 2 will be collapsed into subscriber tier 3 so that the lowest subscriber tier is the sixty-five percent (65%) tier, effective for animated programs that commence principal recording on or after July 1, 2024.
 - 3. The exhibition year percentages for exhibition years 8 and 9 will increase to 10% (from 8% and 5%) and for exhibition years 10, 11 and 12 will increase to 5% (from 4.5%, 3% and 2.5%) for animated programs that commence principal recording on or after the first Sunday following the business day on which the AMPTP receives notice of ratification.
 - 4. The ceilings that limit the total actual compensation to which the High Budget SVOD residual formula applies will increase by 2.5% for all programs that commence principal recording on or after the first Sunday following the business day on which the AMPTP receives notice of ratification.
 - 5. The ability to credit compensation in excess of 65% of minimum against any other compensation due to a series or term contract performer on a High Budget SVOD program made for a platform with fewer than 20 million subscribers (or for a platform with more than 20 million subscribers if the budget falls below specified amounts) will be eliminated for contracts entered into on or after the first Sunday following the business day on which the AMPTP receives notice of ratification.
 - 6. It will be clarified that the determination of the applicable number of domestic subscribers for “bundled” services applies only to the determination of the applicable subscriber tier, not the actual number of subscribers. (“Bundled services” refers to platforms that combine access to covered programs with other services into a single consumer offering, such as Amazon Prime offering access to covered programs and free delivery as a single product.)
- B. The improvements to the foreign High Budget SVOD residual achieved in the 2023 Television Agreement shall apply to the Animation Agreements using the existing, lower budget levels applicable to animation, effective for programs that commence principal recording on or after the first Sunday following the business day on which the AMPTP receives notice of ratification, including:
 - 1. Revising the formula so that it is no longer based on a percentage of the domestic residual, but is instead separately calculated in the same manner as the domestic residual, but with specified foreign subscriber tiers.
 - a) The foreign subscriber tier percentages applicable to animation shall be 20% for subscriber tier 1 (fewer than 20 million); 26% for subscriber tier 2 (20 million to 45 million); 32% for subscriber tier 3 (more than 45 million but fewer than 75 million) and 39% for subscriber 4 (75 million or more).
 - b) These percentages reflect the same proportion to the live action High Budget SVOD foreign residual as under the prior Animation Agreements, which takes into account the fact that covered performances are often removed from animated programs exhibited in foreign markets because the animated programs are dubbed into the local language.

2. Clarifying that the determination of the applicable number of foreign subscribers for “bundled” services applies only to the determination of the applicable subscriber tier, not the actual number of subscribers. (“Bundled services” refers to platforms that combine access to covered programs with other services into a single consumer offering, such as Amazon Prime offering access to covered programs and free delivery as a single product.)
- C. The “Data Transparency” provisions from the 2023 Television Agreement that require Producers to provide viewership information — specifically, the total number of hours streamed domestically and on foreign-affiliated SVOD services — shall apply equally to High Budget Animated SVOD pictures, except that the foreign viewership information shall be provided only when covered performances remain in the animated program.

IV. APPLICABILITY OF SCALE TO CERTAIN ADVERTISER-SUPPORTED VIDEO-ON-DEMAND (“AVOD”) PROGRAMS

- A. The High Budget AVOD terms from the 2023 Television Agreement shall not apply to the Animation Agreements. The Producers have represented and the Union has confirmed that there are currently no animated programs in production for AVOD platforms.
- B. Scale rates will apply, however, to any animated program produced for initial exhibition on an AVOD platform provided that:
 1. Principal recording commences on or after the first Sunday that is 90 days following the business day on which the AMPTP receives notice of ratification.
 2. The program is at least eleven (11) minutes in length.
 3. The program is budgeted at \$25,000 per minute or more.

V. AUTOMATED DIALOGUE REPLACEMENT (“ADR”)

For new animated series, animated multi-part closed-end series and animated programs that commence principal photography on or after the first Sunday following the business day on which the AMPTP receives notice of ratification, any voice actor employed to speak improvised lines in the nature of “omnies” during ADR shall be covered as principal performers. This prospectively reverses a long-standing, unfavorable arbitration result that allows Producers to cover voice actors under background actor terms when performing omnies during ADR.

VI. HOLIDAYS

Martin Luther King Jr.’s Birthday and Juneteenth shall be considered contractual holidays effective January 1, 2024. Retroactive payments shall be made as soon as practicable.

VII. SHEET MUSIC

Upon request of a voice actor who is required by the Producer to sing, Producer shall provide the voice actor with the relevant sheet music, if it is available.

VIII. COOPERATION ON CONTRACT COMPLIANCE:

- A. Late Payment: On a company-by-company basis, and upon request of the Union, but not more than twice per year, representatives of the Producers and the AMPTP shall meet with the Union to find ways to ensure that voice actors are paid on time. Producers shall endeavor to resolve any concerns raised by the Union at these meetings on a timely basis.
- B. Recoupment of Overpaid Residuals: Each Producer agrees to provide the Union with the name and contact information of an individual or department to explain to the Union the reasons for any recoupment of overpaid residuals.
- C. Reporting: The AMPTP will issue a bulletin instructing Producers to notify a voice actor or voice actor’s representative at the time an offer is made, if known, whether an animated program qualifies as an Animated High Budget SVOD program or animated program made for new media that is at least eleven (11) minutes in length and budgeted at \$25,000 per minute or more (to which scale minimums therefore apply).
- D. Voice Actor Contract: The Producers agree that voice actors should be provided with copies of their contracts if

requested. Producers, and, if needed, the AMPTP, will cooperate with the Union in obtaining individual performer contracts.

IX. INTERSTITIAL BITS

- A. The Union agreed to allow for Interstitial Bits that are up to two and one-half (2½) minutes long (as opposed to the current limitation of two minutes) in exchange for higher use payments that will apply to Interstitial Bits that are longer than two minutes but less than two and one-half minutes, as follows:
 - 1. For the initial five (5) year period of use, 245% of the voice actor's total applicable minimum salary (instead of 190%); for a second five-year period of use, 140% of the voice actor's total applicable minimum salary (instead of 110%); for a third five-year period of use, 110% of the voice actor's total applicable minimum salary (instead of 85%); for a fourth and each succeeding five-year period of use, 75% of the voice actor's total applicable minimum salary (instead of 60%).
 - 2. The Producers acknowledge that each Interstitial Bit shall contain its own story and that animated programs may not be edited down and paid as a series of Interstitial Bits. Interstitial Bits may, however, take place in the same universe, and the same characters and themes may appear in more than one Interstitial Bit.
- B. The Union agreed to allow for Interstitial Bits that have already completed their initial five-year use period to be exhibited on new media only in exchange for the following payments: For a second five-year period of use only in new media, twenty percent (20%) of the voice actor's applicable minimum salary; for a third five-year period of use only in new media, fifteen percent (15%) of the voice actor's applicable minimum salary; for a fourth and each subsequent five-year period of use only in new media, five percent (5%) of the voice actor's applicable minimum salary.

X. THEATRICAL EXHIBITION OF ANIMATED PROGRAMS:

- A. Limited Theatrical Exhibition of Animated Programs:
 - 1. As a reminder, the limited theatrical exhibition provisions allow the Producer to pay a distributor's gross receipts-based residual of nine percent (9%) for the theatrical exhibition of a television program in lieu of the fixed residual otherwise due when the theatrical exhibition meets certain limitations.
 - 2. The Union agreed that the limited theatrical exhibition provisions of the Television Agreement will apply, with the below provisos, to all covered animated new media programs, not just to Animated High Budget SVOD programs.
 - a) If the license for the limited theatrical exhibition of the animated program under this provision includes one or more other motion pictures produced by the same Producer:
 - (1) The required notice to the Union must also include whether the animated program will be exhibited in connection with such other motion pictures.
 - (2) The reporting of distributor's gross receipts required in connection with residuals payments must notify the Union of the allocation of distributor's gross receipts among such motion pictures.
 - (3) Inadvertent failure to comply with the foregoing requirements shall not be subject to grievance and arbitration.
 - b) This provision may not supersede any individually bargained terms governing theatrical exhibition in a voice actor's personal services agreement.
 - c) The provisions of Section 18(d) of the Television Agreement, which regulate the advance payment of residuals, shall apply to a covered new media program for purposes of a limited theatrical exhibition under this provision.
- B. Promotional Theatrical Exhibition When No Admission Fee Is Charged: The Union agreed to include all covered animated new media programs, not just Animated High Budget SVOD programs, in the provision that allows for theatrical exhibition of an animated program without payment when the exhibition is promotional, no admission fee is charged, and neither the Producer nor the Producer's licensee receives any remuneration for such exhibition.