

2024 SAG-AFTRA Sound Recordings Code Contract Summary

The following summary highlights the key provisions of the proposed tentative agreement. The SAG-AFTRA Executive Committee, on behalf of the National Board, and the Sound Recordings Code Negotiating Committee unanimously recommend that you VOTE YES to approve the 2024 National Code of Fair Practice for Sound Recordings tentative agreement.

Covers work by singers and recording artists for the four leading record labels: Warner Music Group, Sony Music Entertainment, Universal Music Group and Disney Music Group and most of their subsidiary labels.

Covers the period from January 1, 2021, through December 31, 2026.

KEY TERMS INCLUDE:

1. ARTIFICIAL INTELLIGENCE PROTECTIONS

First-ever collectively bargained guardrails to ensure ethical and responsible use of artificial intelligence in the music industry, all of which take effect immediately upon ratification of the agreement, including:

- The terms “artist,” “singer,” and “royalty artist,” under this agreement only include humans.
- Consent is required prior to the release of a sound recording using digital replication of an artist’s voice.
 - ❖ Must be clear and conspicuous.
 - ❖ Must be in a separate writing, not embedded in the royalty agreement or performer contract.
 - ❖ Must include reasonably specific details of the intended use.
 - ❖ Blanket consent generally prohibited; consent must be obtained on a per-project basis.
 - Special rules for blanket consent for asset sales for high-earning royalty artists as defined.
 - ❖ Consent must be obtained from the representative or estate of deceased artists if not obtained from them during their lifetime.
 - ❖ Takedown remedy for any tracks with disputed consent, and damages available if takedown is not effectuated right away.
- **Minimum compensation terms for use of digital replica with consent in a released track.**
 - ❖ Royalty artists per their royalty agreement.
 - ❖ Non-royalty artists (session singers) — minimum of three sides per project, subject to negotiation upwards.
- **Notice is required. A minimum of 48 hours’ notice of any recording session for the purpose of creating a digital replica, and such session is paid as work time.**
- **Generative Artificial Intelligence (“GAI”) provisions.**
 - ❖ First-ever explicitly defined compensation requirements for the release of a sound recording containing a synthetic vocal performance using GAI.
 - ❖ If creating a purely synthetic voice track, as defined, the labels will:
 - Pay the digital exploitation payments (streaming royalties) required by the Code to the Sound Recordings Distribution Fund (SRDF) as though a human performer had voiced the track.
 - If licensing the track for use in any other medium, the label will give the union notice that such a track has been licensed, provide specified information about the license, and will negotiate with the union in good faith for compensation for such use.

- **Semi-annual meetings.**

- ❖ Each label agrees to meet twice annually at the union's request to discuss the label's current and planned activities with respect to generative artificial intelligence.

2. INCREASED MINIMUMS

- Compounded total increase of 26.3% over the term of the agreement.
 - ❖ 14.5% - first Monday of the month after ratification.
 - ❖ 3.75% - January 1, 2025.
 - ❖ 3.25% - January 1, 2026.
 - ❖ 3.00% - December 31, 2026.

3. HEALTH & RETIREMENT IMPROVEMENTS

- General contribution rate increase of 0.5% to 13.5% effective January 1, 2025, except contribution rate on streaming will remain 13.0%.
- Percentage of streaming revenue covered by contributions will increase from 50% to 75% on January 1, 2025, and again from 75% to 100% on December 31, 2026.
- For groups of six or more, the contribution limit (cap) will be changed so that all group members are able to reach the qualifying threshold, regardless of the number of members of the group.

4. PAYMENTS FOR USAGE (LICENSING)

- Payments for blanket licensing of a label catalog will be set to match the payment for streaming use.
- Licensing into video games will now be covered as a traditional new use at the 7% rate with a maximum fee of \$5,500.
- Union will consider in good faith requests for modifications to new use payments for company-created projects.
- Consent for licensing of tracks created for film and television projects will now be presumed, provided the required compensation under the licensing provisions of the collective bargaining agreement and any applicable royalty agreement are paid.
- Consent for licensing into commercials will now be presumed for non-royalty artists, only subject to their being paid the required payments under the applicable commercials contract.

5. TIMELINE FOR BARGAINING SUCCESSOR AGREEMENT

- Parties agree to begin negotiations on a successor agreement no later than August 2026.

The foregoing contract summary has been carefully prepared to reflect the key provisions of the contract. As a summary, however, it does not contain all details of the agreement, and is not the authoritative document. In the event of any conflict, the Memorandum of Agreement governs.