



SAG·AFTRA®

2020

**TELEVISION ANIMATION
AGREEMENTS**

REFERENDUM BOOKLET

IMPORTANT INFORMATION

The SAG-AFTRA Executive Committee recommends members **VOTE YES** for the gains negotiated for the 2020 Television Animation Agreements.

VOTE YES TODAY
ivsballot.com/animation2020

All eligible affected members were mailed a postcard on Aug. 12, 2020, with instructions and a PIN number on how to vote online or how to request a paper ballot. If necessary, you can retrieve your PIN number at the voting website by clicking “Find My PIN.”

Ballots – whether submitted online or by mail – must be received by 5 p.m. PDT on **Wednesday, Sept. 2, 2020.**

MEMBER INFORMATIONAL MEETING

ONLINE

Wednesday, Aug. 19, 2020

3-5 p.m. PT / 5-7 p.m. CT / 6-8 p.m. ET

RSVP online at sagaftra.org/animation2020

For questions, email tanimation2020@sagaftra.org or call the contract hotline at (866) 296-0503.

PLEASE NOTE: Meeting information subject to change. Check sagaftra.org/animation2020 and watch your email for information about this meeting. All paid-up SAG-AFTRA members in good standing who work the TV Animation Contracts are urged to attend this important informational meeting. This meeting is only open to paid-up SAG-AFTRA members in good standing, no guests are allowed. Parents/guardians of performers under 18 years old are welcome.



Dear SAG-AFTRA Member,

On behalf of the SAG-AFTRA Executive Committee and the Television Animation Contracts Negotiating Committee, we are pleased to recommend you **VOTE YES** to ratify the 2020 SAG-AFTRA Television Animation Agreements.

The Executive Committee under its delegated authority by the SAG-AFTRA National Board unanimously approved the proposed agreement — which covers animated programs produced for television, including network television, basic cable and streaming platforms such as Hulu and Amazon Prime — and now it's up to you, the members, to ratify it.

The negotiating team focused on the provisions that members told us were most important to them, when we gathered feedback during the wages and working conditions process.

One area of particular import was the application of scale minimums to animated programs made for new media. We have made progress here that is unique to animation by requiring scale to be paid for animated programs made for subscription streaming services that do not qualify as "high budget" if they are at least 11 minutes long and have a budget of at least \$25,000 per minute. That means that scale will be required for 11-minute animated programs made for subscription streaming services — a standard length for some shows — at a budget as low as \$275,000.

In addition, the budget threshold that a half-hour animated program made for a subscription streaming service must reach to trigger "high-budget" terms will decrease from \$550,000 to \$500,000. Mirroring the great gains in the recently ratified TV/Theatrical agreement, the residuals that are paid for continued availability of high-budget animated programs on subscription streaming services will increase by 26%. With limited exceptions, those improvements will apply to new seasons of existing series beginning in the second year of the contract, unlike in 2014 and 2018, when the improvements that we negotiated for these residuals applied almost exclusively to new series. Taken together, this means we are achieving significantly better terms applied to more work sooner on the fastest-growing platform for animated programs.

Important gains include:

- Wage increases of 2.5% in the first year, 3% in the second year and 3% in the third year.
- A 1% increase in the contribution rate to the SAG-AFTRA Health Plan and optional wage diversions in the second and third years that allow the union to shift 0.5% from the wage increase to the contribution rate for the SAG-AFTRA Health Plan or the SAG-Producers Pension Plan/AFTRA Retirement Fund.

- A 26% improvement in residuals for high-budget animated programs made for subscription streaming services like Amazon Prime and Hulu.
- A further reduction of the budget threshold that triggers high-budget coverage for half-hour animated programs made for subscription streaming services from \$550,000 to \$500,000.

If ratified by members, this new, three-year agreement would apply retroactively to July 1 and extend through June 30, 2023.

After reviewing the accompanying summary information, should you have questions, we have scheduled a virtual meeting to review the details of these contracts. You may RSVP for this meeting at sagaftra.org/animation2020. You may also email questions to tanimation2020@sagaftra.org or call (866) 296-0503.

All eligible affected members were mailed a postcard on Aug. 12, 2020. Using the PIN code from the postcard sent to you in the mail, please vote at ivsballot.com/animation2020. You may also retrieve your PIN at the voting website. If you do not wish to vote online, you may request a paper ballot by calling Integrity Voting Systems toll free at (844) 798-3760 before noon PDT on Friday, Aug. 28, 2020, and a paper ballot package will be mailed to you.

The deadline for all ballots to be received, whether submitted online or by mail, is 5 p.m. PDT on Wednesday, Sept. 2, 2020.

Thank you for taking the time to review this referendum package. As your president and chief negotiator, we work to protect and expand members' contractual gains. With these new contracts, we believe we have achieved those goals and recommend you **VOTE YES**.

Strength in unity,



Gabrielle Carteris
President



David White
National Executive Director

Summary of Tentative Animation Agreements

I. SCOPE, TERM AND WAGES

- A. Scope:** The following terms describe the tentative agreement reached for successor agreements to the 2018 Producer-SAG-AFTRA Television Animation Agreement and 2018 Producer-SAG-AFTRA Basic Cable Agreement for Animated Motion Pictures (hereafter, collectively “the Animation Agreements”). The Animation Agreements cover animated programs made for broadcast television, pay television, basic cable and new media, including subscription streaming services like Amazon and Hulu. As described further below, the Animation Agreements incorporate the applicable terms of the 2020 Producer-SAG-AFTRA Codified Basic Agreement (“Codified Basic Agreement”) and 2020 SAG-AFTRA Television Agreement (“Television Agreement”) (hereafter, collectively “the Live Action Agreements”).
- B. Term:** The successor agreements go into effect on July 1, 2020, and continue through June 30, 2023. Except as otherwise provided, wages and economic terms go into effect on July 1 and working conditions terms go into effect the Sunday after notice of ratification to the Alliance of Motion Picture and Television Producers (“AMPTP”), which is the multi-employer bargaining association that represents the major studio animation producers in negotiations with SAG-AFTRA.
- C. Wages:** Minimums shall increase by 2.5% effective July 1, 2020, by another 3% effective July 1, 2021, and by another 3% effective July 1, 2022. These increases shall be compounded. Per item VI.B below, the National Board shall have the option to redirect 0.5% of the second and/or third-year wage increases to the benefit fund contribution rates, in which case minimums shall increase by 2.5% in the second and/or third years.

II. EXPANDED REQUIREMENT TO PAY SCALE FOR ANIMATED PROGRAMS MADE FOR SUBSCRIPTION STREAMING SERVICES

- A. Background:** As is true for the Live Action Agreements, the Animation Agreements provide that for made-for-new media animated programs other than animated programs made for subscription streaming platforms that qualify as “high budget,” initial compensation is to be freely negotiated between the producer and the animation voice actor with no application of scale minimums.
- B. New Terms:** Under the terms of the tentative agreement, the requirement to pay not less than the scale minimums in the Animation Agreements will now apply to some animated programs made for subscription streaming platforms that do not qualify as “high budget.” Specifically, the requirement to pay not less than scale will now apply to animated programs made for a subscription streaming service that have a budget of at least \$25,000 per minute and a runtime of at least 11 minutes. That means that the requirement to pay scale will attach to an animated program that is 11 minutes long — a standard length for segments/episodes of some animated series — at a budget as low as \$275,000.

III. IMPROVEMENTS FOR “HIGH BUDGET” ANIMATED PROGRAMS MADE FOR SUBSCRIPTION STREAMING PLATFORMS

A. Scope: These changes apply to “high budget” animated programs that are 20 minutes or longer (with two segments of at least 10 minutes each exhibited together qualifying) and made for initial exhibition on subscription-based streaming services like Amazon, Hulu, HBO Max, etc.

B. Reduced Budget Thresholds: The budget thresholds that must be met to trigger “high budget” terms (which are very similar to traditional television terms) have been reduced as set forth below. This has the effect of reducing the number of animated programs that do not benefit from scale and other traditional terms of the Television and Animation Agreements.

1. For a ½-hour animated program (20-35 minutes), from \$550,000 to \$500,000 effective July 1, 2020.
2. For a 1-hour animated program (35-65 minutes), from \$2,500,000 to \$1,700,000 effective July 1, 2020, and from \$1,700,000 to \$1,750,000 effective July 1, 2022.
3. These improvements shall not apply to animated programs that commence principal photography prior to July 1, 2020, or to a series if the first episode commences principal photography prior to July 1, 2020, pursuant to a license agreement entered into prior to July 1, 2020, or to animated programs and series commencing on or after July 1, 2020, pursuant to a license agreement entered into prior to July 1, 2020, unless the producer has the right to negotiate the material terms of the license for the additional animated programs or episodes.

C. Improved Residuals: The residuals that apply for continued exhibition of a high budget animated program made for a subscription-based streaming platform increased by 26% for the first three years of exhibition. The improvements and new terms apply to every element of the residual formula as follows:

1. **Increased Ceilings:** Residuals for these animated programs are based upon a percentage of the compensation that the animation voice actor received for their work on the animated program, subject to a ceiling. Those ceilings will increase by 7.5% in the first year of the agreement and by another 7.5% in the second year of the agreement. These improvements translate into more money for animation voice actors whose compensation meets or exceeds the current ceilings.
2. **Increased Percentages:** The percentage of capped animation voice actor compensation that the residual is based upon will increase for the first three domestic residuals payments as follows:
 - a) From 35% to 45% for the first residual, which covers exhibition for the year immediately following the first 90 days of exhibition.

- b) From 30% to 40% for the second residual, which covers exhibition for the year after the one-year period covered by the first residual.
- c) From 30% to 35% for the third residual, which covers exhibition for the year after the period covered by the second residual.

3. Additional Clarity Around Subscriber Counts: To calculate the yearly residual due for domestic exhibition, the applicable percentage of the animation voice actor's capped compensation is adjusted based on the platform. Each platform is placed into one of five "tiers" based on the number of domestic subscribers and the residual is adjusted based on the corresponding percentage: 20%, 40%, 65%, 100% and 150%. The parties clarified two items with respect to determining which tier a platform is placed in:

- a) For a newly launched platform, if the union and the platform cannot agree on the appropriate subscriber tier, the tier shall be set based on the number of domestic subscribers on the 91st day after launch. Any episode that commences principal photography prior to the 91st day after launch will be treated as having fewer than 20 million domestic subscribers (tier 3 at 65%). The "special crediting" applicable to animated programs made for subscription-based streaming platforms that have fewer than 20 million domestic subscribers cannot be applied to residuals if the platform has more than 20 million domestic subscribers on the 91st day after launch.
- b) The parties agreed that for the first year of the agreement, Amazon shall be deemed to be in the 20 to 45 million subscriber ("100%") tier, AppleTV+ and HBO Max shall all be deemed to be in the over 5 to under 20 million subscriber ("65%") tier, and Peacock shall be in the 1 to 5 million subscriber ("40%") tier.

4. Increased Foreign Residuals: Subject to certain exceptions, the residual for exhibition of these animated programs on a related foreign subscription-based streaming platform (e.g., AmazonUK) is calculated as a percentage of the domestic residual that presently commences at 15% and declines to 4% by the 13th year of exhibition. As a result of this tentative agreement, that percentage will remain at 15% for all years of exhibition.

5. Residual for Exhibition on a Related Advertiser-Supported Platform: Where a platform offers both subscription-based access to the consumer and advertiser-supported access that is free to the consumer (for example, Peacock and HBO Max), exhibition of an animated program made for the subscription-based portion of that platform on the related, advertiser-supported, free-to-the-consumer portion of the platform shall be paid under the same fixed residual formula for the first year that would apply to free streaming of an animated program made for network television. Thereafter, residuals are paid under the same formula that is applicable to ongoing free streaming of television animated programs on an unrelated platform.

6. Grandfathering Eliminated in the Second Year of the Agreement: The improvements to the subscription-based streaming residuals negotiated in 2014 and 2017 applied almost exclusively to new animated series and not to

new episodes of existing animated series. Except as provided in paragraph III.B.3 above with respect to budget thresholds, the foregoing improvements shall become applicable to new seasons of existing animated series that commence principal photography on or after July 1, 2021, except that series that commenced prior to July 1, 2017, or that were grandfathered to the 2014 terms shall remain grandfathered and the foregoing improvements will not apply to new episodes of such series. Additionally, there may be some circumstances where an exhibitor is not obligated to reimburse residuals or where that obligation is capped, in which case the improved terms may not be applicable to new episodes of existing series or that application may be limited.

IV. DERIVATIVE NEW MEDIA RESIDUAL IMPROVEMENT

The residuals due for the first year of ad-supported (free to the consumer) streaming of an animated “Derivative New Media Production” (i.e., a production made for initial exhibition on new media that is based on an existing traditional media production) commence with up to two payments, each of which pay for 26 weeks of exhibition. Under the terms of the tentative agreement, those two payments will increase as follows:

- A.** For animated programs 10 minutes or less, from \$22 to \$25, effective July 1, 2020.
- B.** For animated programs longer than 10 minutes, from \$27 to \$30, effective July 1, 2020.

V. INTERSTITIAL BITS

Interstitial bits are animated programs less than two minutes long that are used as “interstitial” material between programs. In exchange for explicitly including “new media” as a permitted exhibition platform for “interstitial bits,” the union achieved an increased cycle payment that will be due every time interstitial bits are exhibited, whether or not they are exhibited in new media. The cycle payments were increased as follows:

- A.** For the first five-year cycle of use, beginning 60 days after the date such interstitial bits were recorded, the amount due shall increase from 185% of the animation voice actor’s “total applicable minimum salary” to 195% if the producer reruns such “interstitial bits” on network television, and from 170% to 180% if the producer does not rerun such “interstitial bits” on network television. (“Total Applicable Minimum” refers to what the animation voice actor would have earned for their work on the interstitial bits at scale, including any additional compensation for performing additional voices, regardless of what their actual salary was.)
- B.** For the second five-year cycle of use, the amount due shall increase from 100% of total applicable minimum to 110%.
- C.** For the third five-year cycle of use, the amount due shall increase from 75% of total applicable minimum to 85%.
- D.** For the fourth and each subsequent five-year cycle of use, the amount due shall increase from 50% of total applicable minimum to 60%.

E. Prospective Only: The interstitial bits improvements shall become effective the first Sunday after notice of ratification to the AMPTP. The union agreed that it would not bring claims for new media exhibition of interstitial bits that took place prior to the effective date of the new Animation Agreements. This agreement was carefully drafted so as not to impact any pending claims.

VI. IMPROVEMENTS TO BENEFIT FUND CONTRIBUTIONS

A. 1% Increase to Health Plan: The contribution rate to the SAG-AFTRA Health Plan shall increase by 1% effective July 1, 2020, increasing the total benefit fund contribution rate (exclusive of contributions to the Industry Advancement and Cooperative Fund, which have not changed) from 18.5% to 19.5% as follows:

1. For animated programs that contribute to the SAG-Producers Pension Plan, the contribution rate to the SAG-AFTRA Health Plan shall increase from 7.31% to 8.31%.
2. For animated programs that contribute to the AFTRA Retirement Fund, the contribution rate to the SAG-AFTRA Health Plan shall increase from 8.91% to 9.91%.

B. Optional Wage Diversions in Years 2 and 3: The National Board may elect to redirect up to 0.5% of the second and/or third year wage increases to the contribution rate for the SAG-AFTRA Health Plan and/or SAG-Producers Pension Plan/AFTRA Retirement Fund, in which case the 3% increase to minimums shall be correspondingly reduced for that year or years. In the event that the National Board elects to increase the contribution rate to the AFTRA Retirement Fund, those increases shall be subject to “decoupling,” meaning that the increased contributions will not increase participant accruals, but will go entirely to improving the financial condition of the AFTRA Retirement Fund.

C. Home Video Rate Unchanged: The total benefit fund contribution rate on residuals paid for the exhibition of animated programs through home video, DVD and electronic sell through shall remain at 13.5%. Benefit fund contributions on these residuals are paid using dollars that would otherwise be distributed to animation voice actors, so keeping the contribution rate low is in animation voice actors’ interest.

D. Sideletter K Rate Increased: The Sideletter K contribution rate to the SAG-AFTRA Health Plan, which applies to pilots and the first two seasons of one-hour animated programs, shall also increase by 1% effective July 1, 2020. The increased Sideletter K contribution rate shall apply only to new animated series that commence principal photography on or after July 1, 2020. Any contribution rate increase resulting from the elective wage diversions described above in section VI.B shall not apply to the Sideletter K contribution rate.

VII. HARASSMENT PREVENTION POLICY

The Animation Agreements have always prohibited unlawful harassment, including sexual harassment, indirectly as a

form of discrimination. The Animation Agreements now contain a new provision that addresses harassment prevention explicitly, as set forth below.

- A. Producer Responsibility:** The new provision articulates the producer's responsibility to maintain a workplace free from unlawful harassment in compliance with applicable laws.
- B. Duty to Investigate and Take Action:** Animation voice actors who believe that there has been unlawful harassment are encouraged to bring information forward, at which point the producer shall investigate promptly and take appropriate action.
- C. Confidentiality:** Producer will make a reasonable effort to maintain the confidentiality of the complaint and the investigation.
- D. Retaliation Prohibited:** Producer shall refrain from unlawfully retaliating against any animation voice actor who, in good faith, raises a bona fide complaint or participates in an investigation.

VIII. INTERVIEWS/AUDITIONS IN HOTEL ROOMS

The union achieved the addition of language prohibiting interviews or auditions in hotel rooms and private residences unless there is no other alternative, in which case the animation voice actor shall be entitled to bring a support peer into the audition with them.

IX. INCREASED WEEKLY SCHEDULE BREAK

Effective on the first Sunday after notice of ratification to the AMPTP, the minimum weekly salary that producers must pay to access the terms of the "higher" weekly schedules (that confer fewer benefits upon animation voice actors, e.g., no weekly overtime) will increase from \$5,000 per week to \$5,150 per week effective July 1, 2020, for singers working under Schedule G-II and contract and multiple-picture performers engaged under Schedule F, with the exception of performers engaged under Schedule F to work on multi-part, closed-end pictures (better known as "mini-series").

X. PICK-UP LINES AND SYNCHRONIZED LINES

The union agreed to two producer initiatives that allow producers to use all four hours of a four-hour session to record pick-up and/or synchronized lines:

- A.** The two-hour time limitation that applies to a session called for the sole purpose of recording pick-up lines and/or synchronized lines will be removed with the understanding that the producer shall continue to pay the full four-hour session rate for such session.
- B.** The limitation that producers may only use one hour from within a four-hour session to record pick-up lines and/or synchronized lines at a session at which principal recording also takes place will be removed.

XI. REUSE OF SOUNDTRACK FROM ONE EPISODE TO ANOTHER IN THE SAME SERIES

The union agreed that producers may reuse soundtrack from one episode of an animated series into another episode of the same animated series without bargaining or compensation under the following conditions:

- A.** The voice actor recording such soundtrack was employed on both episodes;
- B.** The voice actor's terms of engagement on the second episode were not less than those on the first episode;
- C.** The soundtrack is reused from the first episode as aired;
- D.** Should the reused soundtrack constitute a third or subsequent voice for that animation voice actor on the subsequent episode, the animation voice actor will be paid for the additional voices as required by the Animation Agreements, subject to a cap of an additional scale session fee.

XII. SIDELETTER EXCLUDING COVID-19-RELATED COSTS FROM BUDGET THRESHOLDS

The AMPTP proposed to exclude COVID-19-related costs from determining whether a "high budget" animated program made for a subscription streaming platform qualifies under any of the budget tiers in that section of the contract. The union agreed to apply the same resolution of this issue to the Animation Agreements that is agreed upon between SAG-AFTRA and the AMPTP for the Live Action Agreements in the ongoing "return to work" negotiations.

XIII. DISTRIBUTOR'S GROSS RECEIPTS-BASED RESIDUAL FOR BROADCAST SYNDICATION

In order to achieve the improvements to the residual for high-budget, subscription-based streaming — the fastest growing platform for animated content — SAG-AFTRA conformed to the industry pattern and agreed to a 6% "distributor's gross receipts"-based residual for the exhibition of animated programs in broadcast syndication. No changes were made for animated programs licensed into syndication on basic cable.

- A. Background:** Presently, the residual that applies when an animated program is exhibited in broadcast syndication is a "run-based" residual that is calculated as a percentage of "total applicable minimum," i.e., what the animation voice actor would have earned for their work on the episode had they been paid at scale, regardless of their actual salary. As a result of significant declines in the syndication market, the total residual obligation due under the current formulas can often exceed the revenue a distributor can achieve, rendering the syndication market largely inaccessible. Indeed, only two animated series presently remain in broadcast syndication.
- B. New Formula:** The new formula is based upon "distributor's gross receipts," i.e., the revenue achieved by the producer. Six percent (6%) of that revenue is distributed to the cast based on a formula that considers how long each animation voice actor worked on the animated program and how much they were paid for their work. For animated programs that commenced principal photography prior to July 1, 1998, the 6% will be inclusive of pension, health and retirement contributions. For animated programs that commenced principal photography after July 1, 1998, the pension, health and retirement contributions will be paid in addition to the 6%.

C. Exceptions and Protections: The union negotiated various protections and exceptions to the application of the new formula in order to minimize the impact on animation voice actors:

- 1. No Application to Existing Licenses:** Animated programs exhibited in syndication under a license entered into on or before July 1, 2020, must continue to pay under the existing syndication formula for the duration of the license, including any extensions.
- 2. No Application to Primetime Runs on The CW:** Because The CW does not meet the definition of a “network,” exhibition on The CW is treated as syndication. Primetime exhibition on The CW, however, represents a different, more valuable market than the typical syndication platform and that has been recognized and protected by retaining the existing syndication residual for primetime exhibition on The CW, regardless of whether the show was made for The CW or is “moving over” from another platform for exhibition on The CW.
- 3. No Deduction for Promotional Runs:** In order to encourage the success of new series, the Television Agreement allows a “free run” for the first three episodes of the first season of such series, provided that the reruns occur within two months of the initial exhibition of the episode, which means only the weekly and day performers (not series regulars) get residuals for that rerun. Because it never counted in the run pattern, if a promotional rerun takes place in syndication, the fixed residuals will be paid for that exhibition. Subsequently, the full value of the license is paid upon, regardless of whether any “free runs” were included in the license.
- 4. Access to Information:** In order to facilitate enforcement, the tentative agreement requires producers to prepare an annual statement of distributor’s gross receipts for animated programs licensed under the new formula. It also gives the union broad rights to audit unredacted license agreements and ancillary documents twice each year.

D. No Advance Payment: A particularly significant limitation achieved by the union with respect to this residual is the prohibition of advance payment of the new residual for animation voice actor contracts entered into on or after July 1, 2020. This ensures that animation voice actors will actually “receive a check” for this residual instead of simply having it credited against a prepayment negotiated into their individual contract. The parties have reserved their respective positions on whether advance payment provisions negotiated into older contracts may be claimed as a prepayment of the new residual, since advance pay rules and language in animation voice actor’s individual contracts vary greatly depending on the type of animated program and date of principal photography.

XIV. AIR TRAVEL

The union conformed to the pattern extending the rule that allows coach-class air travel for domestic flights under 1,000 air miles to international travel as well, effective on the first Sunday after notice of ratification to the AMPTP. This change will have little to no application to the Animation Agreements, however, as voice actors are rarely, if ever, traveled for their work. Nevertheless, the accommodation negotiated into the live action agreement requiring

that, when available, access to first-class lounges and priority boarding will be provided for coach-class air travel outside of North America will also apply under the Animation Agreements.

XV. PLATFORM SWITCH

The union conformed to a pattern provision designed to help producers find the best platform for animated programs made for television or subscription-based streaming platforms by giving them certainty that they can pay residuals as though the animated program was always going to be made for the platform on which it in fact initially exhibits.

- A. Background:** In an environment where exhibition platforms are evolving and becoming more numerous, there is growing uncertainty surrounding what platform an animated program will be initially exhibited on. The originally intended platform may “pass” on the series and decide not to exhibit it, requiring the producer to find another exhibition platform in order to save the series. Alternatively, the commissioning studio may decide that the animated program is better suited for one of their other platforms rather than the one they originally thought was best.
- B. New Rule:** In order to address this uncertainty, the union agreed that in these circumstances, residuals for an animated program made for television or for a subscription-based streaming platform will be paid as though the animated program was always intended to be made for the platform on which it initially exhibits. For an animated program that “switches” to a free-to-the-consumer, advertiser-supported platform, the residuals formula applicable to a derivative new media production exhibiting on that type of platform will apply (because there is no residual for the continued exhibition of original new media production on such platforms).
- C. Additional Protections:** In order to protect animation voice actors against some of the potential for lost compensation caused by a platform switch, there are several additional protections that apply to platform switches:
- 1. Minimums Protected:** If the animated program that is switching platforms was made without the benefit of scale minimums (because it was made for a subscription-based streaming platform and is less than 20 minutes long and/or below the budget thresholds for triggering “high budget” terms) and it is switching to a platform where scale does apply, the producer must pay the additional initial compensation necessary to meet the minimums that apply to the platform of initial exhibition within 30 days.
 - 2. “Special Crediting” Prohibited:** There are “special crediting” provisions that apply to animated programs made for subscription-based streaming platforms with fewer than 20 million domestic subscribers. Under these provisions, the producer may utilize a credit equal to 35% of scale to pay for overtime, penalties, residuals and other compensation otherwise due to a series regular. If an animated program that is eligible for this special crediting switches to a platform where the special crediting does not apply, then the producer will not apply the crediting. Conversely, if the animated program is originally produced for a platform that does not allow for that form of crediting and then switches to a platform that would allow for such crediting, the producer shall not apply the crediting in that instance either.

- 3. Sunset:** These provisions are deemed experimental and will expire on termination date of the Agreements.

XVI. HBO MAX SIDELETTER

The parties agreed to a sideletter clarifying the residuals treatment of content available on the new HBO Max platform, which will house content made for initial exhibition on the HBO pay television service, original content made for HBO Max and non-HBO library content licensed for exhibition on HBO Max.

- A. Background:** In 2017, the parties agreed to Sideletter 30, which provides that when a linear pay television service (e.g., HBO) delivers the same content through the internet (e.g., HBO Go and HBO Now), that exhibition will be treated as pay television regardless of whether the content appears on only one or on all of those platforms. The only possible exception is where content is available exclusively on an internet-delivered platform that consumers can subscribe to without subscribing to the linear pay television service (e.g., HBO Now), in which case the union reserved the right to argue that the “HBO Now”-type service should be treated as a subscription-based streaming platform, not as pay television. The parties expanded on this approach to address the treatment of animated programs on HBO Max.
- B. New Rules:** Consistent with the 2017 sideletter described above, the parties agreed to treat HBO Max content as follows:
 1. Animated programs made for initial exhibition on HBO, HBO Go or HBO Now that are also made available on HBO Max will be treated as pay television under Sideletter 30.
 2. Animated programs made for initial exhibition on HBO Max will be treated as animated programs made for a subscription-based streaming service (like Amazon, Hulu, Disney+, etc.). For this purpose, anyone who is offered the ability to access HBO Max because of their status as a subscriber to another service (e.g., HBO, DIRECTV, AT&T TV or AT&T U-Verse) will count as a subscriber to HBO Max as long as they actually take advantage of the offer by creating the login credentials necessary to access HBO Max. Individuals who access HBO Max at no charge on a promotional basis will not be counted as a subscriber for up to 30 days.
 3. Animated programs other than those set forth above that are licensed for exhibition on HBO Max will be treated as having been licensed to a subscription-based, consumer-pay new media platform. The animation voice actors shall therefore be owed a residual of 3.6% of distributor’s gross receipts distributed to the cast.

XVII. MISCELLANEOUS PROVISIONS

- A. Arbitrator Replacement:** Arbitrator Michael Rappaport has retired and will be replaced by arbitrator Gail Title.
- B. Harassment Prevention Training:** The union agreed to harassment prevention training for animation voice actors to be completed during paid time or with payment of a stipend. The training will be provided through CSATF,

with implementation to be discussed by the parties. This operates as a convenience to members, as the training is mandated by law in several states and would otherwise have to be completed on a production-by-production basis instead of completing it once through a centralized program.

C. Updating Sick Leave Waivers: Many jurisdictions across the country have adopted laws requiring employers to provide paid sick leave to employees who work regularly enough to trigger the requirements of the law. Some of these laws allow for the requirement of paid sick leave to be waived in a collective bargaining agreement. Since 2014, the union has agreed, as have the other industry unions, to waive the application of these laws where such waivers are possible. The list of waived ordinances was updated in this cycle to include paid sick leave ordinances that have been enacted in the past three years.

D. Renewal of Expiring Clauses: Several clauses and sideletters that would otherwise expire under their own terms have been renewed as follows:

1. The following provisions of the Codified Basic Agreement have been renewed: Schedule A, Section 32.F.(2); Schedule B, Section 44.B.(2); Schedule C, Section 41.B.(2); Schedule E, Section 32.B.(2); Schedule K, Part I, Section 22.E.(2); Schedule K, Part II, Section 27.B.(2); Sideletter 21 and Sideletter 22.
2. The following provisions of the Television Agreement have been renewed: Section 19(c)(5), Sideletter K, Sideletter H, Sideletter I and Sideletter Q.

E. Discussion Items: The parties discussed and achieved resolution on the following two items:

1. The union raised a concern that producers are not disclosing whether an animated program made for a subscription streaming service qualifies as “high budget” during the negotiation of the animation voice actor’s individual agreement. The AMPTP agreed that, if known, producers will provide that information upon the request of the animation voice actor and/or their representative.
2. The union raised a concern that producers are not providing animation voice actors with copies of their individual contracts. The AMPTP agreed that animation voice actors should be provided with copies of their individual contracts upon request.