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AGREEMENT BETWEEN SONY PICTURES ANIMATION, INC. AND THE I.A.T.S.E.



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**AGREEMENT BETWEEN SONY PICTURES ANIMATION, INC.
AND
I.A.T.S.E.**

This Agreement is made and entered into between Sony Pictures Animation, Inc. ("Employer") and the INTERNATIONAL ALLIANCE OF THEATRICAL STAGE EMPLOYEES, MOVING PICTURE TECHNICIANS, ARTISTS and ALLIED CRAFTS OF THE UNITED STATES AND CANADA, AFL-CIO, CLC ("Union").

**ARTICLE 1
SCOPE OF AGREEMENT**

This Agreement shall be applicable to all persons employed by the Employer to perform services in the County of Los Angeles, or employed by the Employer in the County of Los Angeles to perform services outside said County, in any of the job classifications hereinafter set forth.

**ARTICLE 2
RECOGNITION**

The Employer recognizes the International Alliance of Theatrical Stage Employees and Moving Picture Technicians, Artists and Allied Crafts of the United States and Canada as the exclusive collective bargaining representative of all classifications listed in this Agreement, employed by the Employer to perform services in Los Angeles County, or employed by the Employer in Los Angeles County to work outside said County and in the United States. The Union makes this Agreement on behalf of such employees employed by the Employer.

The Union represents that the terms of this Agreement have been submitted to its membership and have been duly approved thereby.

**ARTICLE 3
UNION SECURITY**

- A. Each and every employee subject to this Agreement engaged in a staff capacity and employed after the effective date of this Agreement shall become a member in good standing of the Union on and after the thirtieth (30th) day of employment or the effective date of this Agreement, whichever is later. The same shall apply to each and every employee subject to this Agreement engaged as a Production Hire except that the applicable period shall be ninety (90) days, whenever employed. The foregoing requirements to tender dues and initiation fees as a condition of employment shall be subject to the obligations of the parties under the law. "Member in good standing" shall be defined, interpreted and implemented by the parties as an employee who meets the financial obligations only in accordance with the National Labor Relations Act.
- B. The Employer may employ or continue to employ any such employee who does not become or is not a member or has not paid the financial obligation to the Union as required under Paragraph A., above, until:
 - (1) the Union first gives the employee and the Employer written notice that such employee has failed to tender the periodic dues and the initiation fee uniformly required as a condition of acquiring or retaining membership, and

(2) such employee fails to tender to the Union such required periodic dues or initiation fees or payment plan, as the case may be, within ten (10) working days after employee receives such notice, in which event Employer, upon receipt of written notice by the Union requesting the discharge of such employee, shall discharge said employee at the close of the shift on which such employee is working at the time Employer receives such notice.

C. Employer agrees to inform the Union in writing within seven (7) days (Sundays and holidays excluded) from the date of employment of any employee subject to this Agreement, of such employee's name, residential address, social security number, classification, applicable scale wage, and date of employment.

Employer agrees to inform the Union in writing within seven (7) days (Sundays and holidays excluded) of severance of employment and of promotions.

D. The Union agrees to indemnify the Employer and hold it harmless against any and all suits, claims, demands or other liabilities arising out of or resulting from the application of the provisions of this Article.

ARTICLE 4

WAGE SCALES, HOURS OF EMPLOYMENT AND WORKING CONDITIONS

Wage scales, hours of employment and working conditions shall be as set forth herein and in Job Classifications and Wage Rates Schedule attached hereto.

A. The rates of pay now being received by any employee shall not be decreased by reason of the execution of this Agreement.

B. It is recognized that weekly employees in classifications covered by this Agreement who are exempt under the Fair Labor Standards Act of 1938, as amended, and whose rate is higher than one hundred ten percent (110%) of the applicable Journey rate may be considered on an "On-Call" basis if agreed in writing with the employee. An employee placed in such category shall not be subject to the provisions set forth in Article 14 ("Work Schedules and Overtime") of this Agreement for work performed on a regularly- scheduled workday and may be required to work additional hours as required during those days. If an employee employed on an On-Call basis pursuant to Article 4, shall be required to work a sixth (6th) or seventh (7th) workday as defined in this Agreement, then he shall be paid a premium of one and one-half (1.5) times one-fifth (1/5) of the minimum basic weekly rate (one-tenth of such rate if called in for four (4) or less hours on such day) provided herein for such employee's classification for each day so worked. Contributions for such On-Call employees to the Motion Picture Industry Pension, Individual Account and Health Plans shall be made on the basis of 56 hours per week for a five-day workweek, 63 hours per week for a six-day workweek and 72 hours per week for a seven-day workweek.

C. Nothing in this Agreement shall prevent any individual from negotiating and obtaining from the Employer better conditions and terms of employment than those herein provided. Further, the Union and the Employer agree that the Employer shall have the right to adjust compensation, conditions and benefits at the sole discretion of the Employer, but in no event less than the applicable minimum compensation, conditions and benefits provided herein for such employee's classification. No such granting to any individual of better terms and conditions, if any, shall in any manner affect the terms and conditions herein provided, nor shall it be considered in any manner as precedent for granting better conditions and terms than those herein provided to any other individuals or job.

For any employee whose salary is in excess of one hundred and ten percent (110%) of the minimum scale required hereunder, any overscale payment made to such employee may be credited, to the extent legally permissible, to all premium and/or overtime payments required under this Agreement.

D. Deductions for Time Off

Whether due to tardiness or other causes, deductions shall not be in excess of time lost.

E. Technological Change

1. Definition of Technological Change: As used herein, the term "technological change" means the introduction of any new or modified devices or equipment for the purpose of performing any work by employees covered by this Agreement, which work directly results in a change in the number of employees employed under this Agreement or which results, with respect to the performance of work in any classification hereunder, in materially changing the job description thereof, if any, provided herein, or in requiring substantially different training, qualification or skills therefore.
2. Employer's Right to Institute Technological Changes: The parties hereto agree that Employer has the unrestricted right to make technological changes and that such right shall not be subject to grievance or arbitration or any other proceeding. The Employer agrees that where, in the sole, non-reviewable discretion of the Employer, it is both practical and feasible to do so, it will provide retraining to employees affected by a technological change.
3. Notice of Technological Change: If Employer intends to make any substantial technological change it shall give written notice thereof to Union. Such notice shall be given as soon as practicable.

**ARTICLE 5
NON-DISCRIMINATION**

The parties agree to continue to comply with all applicable federal and state laws relating to non-discriminatory employment practices.

**ARTICLE 6
GRIEVANCE AND ARBITRATION**

In the event of any dispute between the Union or any employee covered by this Agreement and the Employer with regard to the interpretation or application of any of the terms of this Agreement, the following grievance and arbitration procedure shall, unless otherwise expressly provided herein, be the exclusive means of resolution of such dispute.

Failure to settle the dispute within ten (10) business days after the invocation of Step One entitles either party to proceed to Step Two; failure to settle the dispute within ten (10) business days after the invocation of Step Two entitles either party to proceed to Step Three. Failure to settle the dispute within ten (10) business days after the invocation of Step Three entitles either party to proceed to arbitration. In the event the grieving party does not exercise its option to proceed to the next step by serving written notice upon the other party as required hereunder within ten (10) business days of entitlement to do so as provided herein, then such grieving party shall be deemed to have waived such grievance unless the parties mutually stipulate otherwise in writing.

Each party agrees to provide, upon written request by the other party, non-proprietary information which is relevant and necessary to the processing of any grievance hereunder. Such information shall be provided to the requesting party in a timely manner.

STEP ONE -- A grievance shall be filed in writing within thirty (30) days of the date on which the grieving party knew or reasonably should have known of the event(s) giving rise to the grievance, but in no event later than one (1) year from the date such event(s) occurred. The representative of the Union and the Employer's representative shall immediately discuss the matter and the dispute shall be settled if at all possible. The decision, if any, of these representatives shall be final and binding upon the parties to the dispute.

STEP TWO – In the event of a failure to settle the dispute under Step One above, the grieving party shall present the grievance in written form to the Representative of the other party. Such written notice shall contain the specific contract section(s) which are alleged to have been violated, the date(s) or approximate date(s) of the alleged violation(s), the specific facts and details or a summary of the alleged violation(s) on which the grievance is based, the name of the production (if any), the remedy sought and the name(s) of the individual(s) aggrieved, except for group claims for which the classification(s) of the individuals aggrieved shall be listed.

In the event the party receiving the Step Two notice does not feel that the written notice complies with the preceding, then the party receiving the Step Two notice shall notify the grieving party within five (5) working days of receipt of such Step Two notice. This response shall indicate those areas in which more specific information is required. The grieving party shall then have five (5) working days to provide such additional information. This procedure tolls the running of the time limitations otherwise applicable for such five (5) day period.

The representative of the Union and the Labor Representative of the Employer will then meet in an attempt to settle the same; their decision, if any, shall be final and binding upon the parties to the dispute.

STEP THREE -- In the event of a failure to settle the dispute under Steps One or Two, prior to proceeding to arbitration, the President of the IATSE or his designee and the head of Labor Relations for the Employer or his designee will meet in an attempt to settle the grievance. Their decision, if any, shall be final and binding upon the parties to the dispute, including any employees affected thereby.

ARBITRATION: In the event of a failure to settle the dispute under Steps One, Two or Three above, the aggrieved party may elect to proceed to arbitration by delivering or mailing to the other party a written demand for arbitration. Such demand shall be submitted within ten (10) days of the Step Three meeting or, if no such meeting is held, within ten (10) days of the last date for such meeting to be held. In such event, an Arbitrator shall be mutually agreed upon by the parties to the dispute and such Arbitrator shall promptly proceed to hear the matter and settle the dispute. In the event the parties to the dispute cannot mutually agree upon said Arbitrator as aforesaid, then the aggrieved party may immediately request the Federal Mediation and Conciliation Service ("FMCS") to submit a list of nine (9) names of Arbitrators to the parties to the dispute for the purpose of selection of an Arbitrator. The parties will then alternately strike names from the list until one name is left and that person shall be the Arbitrator who hears the dispute. The selection of such Arbitrator shall be made within five (5) workdays, excluding Saturdays, Sundays and holidays, after receipt by the parties to the dispute of the names of the Arbitrators submitted by

the FMCS. The Arbitrator selected shall notify the parties as to the time and place of the arbitration hearing if the parties cannot agree.

The subject of the arbitration shall be limited to the specific issues and facts set forth in the written notice required under Step Two above. The decision of the Arbitrator shall be binding upon the parties hereto and upon the persons subject to this Agreement. The Arbitrator shall have the power to interpret and apply the provisions of this Agreement, but shall not have power to amend, add to, delete from or modify any of its provisions. The Arbitrator shall not have power to determine jurisdictional disputes between the Local Union and any other labor organization.

Fees and expenses of the arbitration shall be borne equally by the parties to the dispute.

ARTICLE 7 EMPLOYER'S RIGHTS

Except as expressly limited by the specific provisions of this Agreement, the Employer retains all of the rights which it held prior to the negotiation of any agreement with the Union, including, but not limited to, the sole and exclusive right to determine the types of productions to be made, locations, schedules of productions, methods, processes and means of production, the size of its workforce and facilities and workshifts, starting and stopping times, to hire, promote and lay off employees, increase wages above the rates set forth in this Agreement for excellent work performance, qualitative or quantitative, to maintain discipline and efficiency of employees, to subcontract out work, to assign personnel special work requirements and overtime, and to do all things necessary and lawful to run its business. The foregoing list of rights reserved to Employer shall not be construed as complete or exhaustive. Accordingly, any rights not expressly limited by the specific provisions of this Agreement are reserved by, and shall belong exclusively to, the Employer. Such rights shall not be used directly or indirectly to illegally discriminate against any employee.

ARTICLE 8 BUSINESS REPRESENTATIVE ACCESS

Duly authorized Business Representatives of the Union shall be permitted to visit any portion of the Employer's facilities necessary for the proper conduct of the business of the Union during working hours, provided that any such visits shall not unreasonably interrupt business operations and provided further that notice be given to the Employer at least one (1) business day prior to the visit unless such notice is not practicable due to exigent circumstances. It is understood that due to the secure nature of the Employer's workplace, the Business Representative shall be escorted by a representative of management during any such visit; provided, however, that he or she shall be permitted to consult privately with employees outside of the hearing of any escort.

ARTICLE 9 GENERAL PROVISIONS

A. Posting of Notices

The Union shall be accorded the privilege of posting official bulletins or Union notices on the regular bulletin boards on the premises in which its members are employed. It shall not post notices of a political nature.

B. Safety

It is agreed by the parties that too great an emphasis cannot be placed on the need to provide a safe working environment. In that context, it shall be incumbent on the employees to obey all safety and health rules and regulations and on the Employer to furnish employment and a place of employment which are safe and healthful for the employees therein; to furnish and use safety devices and safeguards, and adopt and use practices, means, methods, operations, and processes which are reasonably adequate to render such employment and place of employment safe and healthful; to do every other thing reasonably necessary to protect the life, safety and health of employees.

Correspondingly, Employer shall not require or permit any employee to go or be in any employment or place of employment which is not safe and healthful. In addition, Employer and every employee shall comply with occupational safety and health standards and all rules, regulations and orders pursuant to applicable laws which are applicable to his own actions and conduct; no person (employer or employee) shall remove, displace, damage, destroy or carry off any safety device, safeguard or notice of warning furnished for the use in any employment or place of employment; no person shall interfere with the use of any method or process adopted for the protection of any employee, including himself, in such employment or place of employment.

C. Stewards

The Business Representative of the Union may appoint a reasonable number of stewards to inspect all working conditions affecting the terms of this Agreement. Any member so appointed shall be permitted to perform these duties provided that such duties do not interfere with his work or with production activities. The Union shall discuss the matter with the Employer before making such an appointment.

D. Supervisory Employees

1. Notwithstanding anything contained in the Constitution and By-laws of the Union, or in the obligation taken by a person upon becoming a member of the Union, or otherwise, which directly, indirectly or by implication places upon a supervisory employee within the meaning of that term as set forth in the Labor Management Relations Act of 1947, as amended, the duty or obligation to accord an unlawful employment preference to members of the Union, such supervisory employee shall not give or recommend any unlawful employment preference, and the Union shall not in any manner discipline or threaten with discipline any such supervisory employee for failing or refusing to give or recommend any such unlawful employment preference.
2. Supervisors engaged by the Employer may be covered by this Agreement for Pension and Health contributions. Such contributions shall be on the same basis as set forth in Articles 18 and 19.

E. Personal Service Contracts

The Employer agrees that any Personal Service Contract entered into between the Employer and the employee for work performed under the jurisdiction of the Union shall provide that all of the applicable provisions of this Agreement between the Employer and the Union shall be deemed by reference to be incorporated and made a part of the Personal Service Contract.

F. No Strike -- No Lockout

The Union and the employees it represents agree during the existence of this Agreement, unless the Employer fails to comply with an arbitration award, not to strike against, picket or boycott the Employer for any reason whatsoever, and the Union agrees to order its members to perform their obligations to the Employer hereunder and to use its best efforts to get the employees to perform such obligations. The Employer agrees not to engage in any lockout unless the Union fails to comply with an arbitration award. However, the Employer's or Union's properly- served notice to the other party of its intention to attempt to set aside an arbitration award in a court of competent jurisdiction (including continuation through the appropriate appeals procedure) shall not constitute failure to comply with said award.

Notwithstanding the earlier termination of this Agreement, this No Strike No Lockout clause and all of its terms shall continue to apply to any project committed to by the Employer for a third party (including Columbia Pictures, TriStar and other Sony related entities) until the completion of such project.

G. Loanouts

1. Employees loaned out by the Employer shall receive at least the hourly rate or salary provided herein for such employee's classification. If the employee works in a higher classification for a full day or longer, the Employee will receive the wage rate for that classification. The Employer agrees that it will not abuse this provision by assigning an employee on a regular basis to work part of each day in a higher classification.
2. It is understood and agreed that there will be transfers and interchange of employees between the Employer and Sony Pictures Imageworks. In the event of such transfer or interchange, the Employer shall have the right to apply the provisions of sub-paragraph G.1, above, or to have the employee transferred to the Sony Pictures Imageworks payroll and receive the wages, hours and working conditions applicable to Sony Pictures Imageworks employees.

H. Gender -- Included Meanings

Words used in this Agreement in the masculine gender include the feminine and the neuter.

**ARTICLE 10
SEVERANCE PAY**

Employees who have been laid off by the Employer for a period in excess of ninety (90) calendar days and have not been offered re-employment by the Employer during such period shall be entitled to severance pay at their rate of pay in effect at the time of the layoff for the number of weeks set forth below, provided that they meet the length of employment eligibility requirements set forth below.

- | | |
|---|------------------|
| Employees who have completed two years of consecutive employment: | one (1) week |
| Employees who have completed five years of consecutive employment: | two (2) weeks |
| Employees who have completed seven years of consecutive employment: | three (3) weeks. |
| Employees who have completed ten years of consecutive employment: | five (5) weeks. |

**ARTICLE 11
STAFFING**

There shall be interchangeability within and between crafts employed hereunder.

**ARTICLE 13
FORMS OF EMPLOYMENT**

Employees may be employed on a daily, weekly, or, in the case of exempt employees, weekly On-Call basis. Employees employed on a weekly basis shall be guaranteed forty hours; employees employed on a daily basis shall be guaranteed at least four hours of work on any day they are called in. Weekly On-Call employees shall work the number of hours required of them during the regular workweek. A weekly employee or weekly On-Call employee called in to work on a sixth or seventh consecutive day shall be guaranteed a minimum of four hours of work. There is no guarantee of employment in excess of one week for weekly and weekly On-Call employees or one day for daily employees, unless agreed to in writing as a better condition by the Employer. The employee's deal memo will specify whether the employee is employed on a daily, weekly or weekly On-Call basis. Unless otherwise expressly stated in an employee's written contract or deal memo, all employees are employed on an at-will basis.

**ARTICLE 14
WORK SCHEDULES AND OVERTIME**

- A. Employees employed on a weekly basis shall be guaranteed a minimum of forty (40) hours in any five (5) workdays out of seven (7) consecutive days, with two (2) consecutive days off. A day off at the end of any workweek immediately followed by another day off at the beginning of the next workweek shall satisfy the two (2) consecutive days off requirement. A workday starting on one calendar day and running into the next calendar day shall be credited to the first (1st) calendar day. The Employer will give notice of at least five (5) working days prior to a change in the employee's regular work schedule except where exigencies of production make such notice impractical or impossible.
- B. Overtime shall be paid as follows for employees other than Weekly On-Call employees:
 - (1) Time and one-half the employee's regular hourly rate of pay for hours worked over eight (8) in a day or over forty (40) within a workweek, except as otherwise provided herein.
 - (2) Time and one-half the employee's regular hourly rate of pay for all hours worked on a sixth consecutive day worked within a workweek.
 - (3) Two (2) times the employee's regular hourly rate of pay for all hours worked in excess of twelve (12) in a workday and all hours worked on a seventh consecutive day worked within a workweek.
 - (4) Weekly On-Call employees shall not be entitled to daily overtime and premium pay for work on a sixth or seventh consecutive day worked shall be paid in accordance with Article 4, above.
 - (5) There shall be no pyramiding or compounding of overtime premiums.

**ARTICLE 15
HOLIDAYS**

- A. There shall be nine (9) holidays during the year: New Year's Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, the day after Thanksgiving and Christmas Day. Every employee shall receive straight time pay for each unworked holiday; double time shall be paid for all work done on said holidays.
- B. For holidays not worked, 3.719% of the employee's annual straight time earnings shall be payable upon request of the employee after March 15 in the calendar year subsequent to the calendar year in which such earnings are accumulated. The total amount of salary paid in the period of a calendar year hereunder for recognized holidays not worked shall be offset against an amount equal to 3.719% of such employee's accumulated earnings within the same period. The employee shall be paid the amount by which such 3.719% computation exceeds the amount of holiday pay such employee has received for such period.
- C. The holidays shall be counted as eight (8) hours of work in computing the forty (40) hour week.
- D. If any such holiday falls on the sixth (6th) day of an employee's workweek, then the fifth (5th) workday of such employee's workweek shall be considered as the paid holiday, unless another day off is mutually agreed upon by the Employer and the employee.
- E. If any such holiday falls on the seventh (7th) day of an employee's workweek, then the first (1st) workday of the following week shall be considered as the paid holiday, unless another day off is mutually agreed upon by the Employer and the employee.
- F. To make it possible for the employees to enjoy an extended holiday, the sixth (6th) day may be worked in any week in which a holiday falls in place of a regularly scheduled workday, provided it is mutually agreeable between the Employer and the Union. If an employee has not worked forty (40) hours in any such workweek, the time worked on the sixth (6th) day shall be paid for at straight time.
- G. In the event a holiday should occur during the vacation period on a day the employee is normally scheduled to work, an additional day's vacation shall be allowed an employee, or the Employer, at its discretion, may pay for such extra day in lieu thereof.

**ARTICLE 16
VACATION**

All weekly employees covered by this Agreement shall be given vacations as follows:

- A. Employees who have had one (1) year of continuous employment with the Employer shall be entitled to two (2) weeks paid vacation.
- B. Employees who have less than one (1) year of continuous employment with the Employer whose services are terminated shall be paid vacation pay at the rate of four percent (4%) of straight time earnings.
- C. Vacation shall not be cumulative between calendar years and shall be taken at times approved by the Employer. As much notice as possible will be given to employee.

- D. An employee's sixth (6) and seventh (7) workdays occurring during vacation periods are excluded as days granted.
- E. When any portion of the vacation period is less than a full payroll week, by mutual agreement between the Employer and the employee, the Employer may grant leave of absence without pay for the remaining fractional portion of the payroll week.
- F. The Employer, at its election, may compute any payment of vacation pay on the employee's personal income tax earnings year, or the employee's anniversary year, or the Employer's established fiscal vacation year. The Employer will notify the Union Accordingly.

G. Additional Vacation Provisions

The following vacation provisions shall apply to employees who meet the necessary eligibility qualifications:

(1) Eligibility Requirements.

Eligible employee shall be entitled to one hundred twenty (120) hours of vacation after eight (8) years. Eligible employees are those who actually worked for Employer for eight (8) consecutive "eligible" years.

As used in this provision, the term "year" shall mean the employee's personal income tax earnings year (also hereinafter referred to as "tax year"). The Employer, at its election, may substitute for the tax year the employee's anniversary year; the term "eligible year" shall mean a tax year in which the employee worked one hundred (100) or more straight time days for Employer; the term "straight time days" shall be deemed to include the five (5) days of employment specified under the normal workweek.

Any tax year in which employee actually works less than one hundred (100) "straight time days" for Employer shall be excluded in computing the required eight (8) eligible tax years.

Employees who fail to work more than one hundred (100) straight time days for such Employer in each of any two (2) consecutive tax years shall, at the end of such second (2nd) year, be considered a new employee hereunder with no previous employment credit with the Employer for the purpose of establishing the above eligibility requirements; provided, however, that in determining such two (2) consecutive years, no year shall be included (and the straight time days worked in such year shall not be counted for any eligibility purposes hereunder) in which the employee could not work one hundred (100) straight time days for Employer due to either or both of the following:

- a. The period of recorded leaves of absence granted by the Employer;
- b. The period during which the employee was absent and physically unable to work for Employer solely as a result of an "Industrial Accident" occurring to such employee while employed by the Employer.

(2) Vacation Days and Pay

Such employees who become eligible as above provided shall, beginning with the date they so become eligible, earn with Employer fifty percent (50%) more in vacation time and money based upon the vacation schedule set forth above. Any such employee shall be limited to earning a

maximum of one hundred twenty (120) hours vacation per year; provided that, for the remainder of any such tax year in which such an employee becomes eligible, he shall only earn additional vacation time and money, as above provided, based solely on the straight time days he worked for Employer after he so became eligible and within the remaining portion of such year; to be computed separate and apart at the rate of one-half (1/2) of the vacation benefit specified under the above vacation schedule.

(3) Loss of Eligibility

Employees who become eligible, as above provided, but who thereafter either resigned from employment with Employer or fail to work for Employer more than one hundred fifty (150) straight time days in any one (1) tax year shall, as of the last day of such tax year or, in the case of resignation, the date of such resignation, lose such eligibility and right to earn the additional vacation days and pay above provided; in such event they shall thereupon be considered new employees hereunder with no previous employment credit with Employer for the purpose of subsequently establishing the above requirements.

In determining whether any employee loses eligibility for failure to work for Employer more than one hundred fifty (150) straight time days in a tax year as above provided, no such year shall be counted for this purpose in which the employee could not work at least one hundred fifty (150) straight time days for Employer due to either or both of the following:

- a. The period of recorded leaves of absence granted by the Employer;
- b. The period during which the employee was absent and physically unable to work for Employer solely as a result of an "Industrial Accident" occurring to such employee while employed by the Employer.

(4) Eligibility Credit

For the purposes of determining "eligible" years and "loss of eligibility" only, as above provided, employees who leave the employ of Employer to perform military service and who remain in the Armed Forces of the United States in accordance with the applicable National Selective Service Act (or other subsequently enacted comparable national legislation then in effect pertaining to such service) shall be credited as having worked for Employer the number of applicable days the employee would normally have been employed by Employer for straight time days in each workweek of the period of such service.

(5) The method of payment of vacation and holiday pay shall be as set forth in Article 17, below.

ARTICLE 17

PROCEDURE FOR PAYMENT OF VACATION AND HOLIDAY PAY

The following system shall be implemented regarding the payment of vacation and holiday pay:

- (1) On or about March 15 of the year following the calendar year in which vacation and/or holiday pay was earned, employees and the Union will be notified as to the amount of vacation and holiday pay earned in the preceding year. Employees on payroll may request vacation and holiday pay and schedule their vacations according to the Agreement. Employees on layoff may claim vacation and holiday pay pursuant to the provisions of the existing Agreement.

- (2) On or about February of the second calendar year following the year in which vacation and/or holiday pay was earned ("the second calendar year"), employees who have not taken or claimed vacation or holiday pay, and the Union, will be notified that they must claim such pay by June 1 of that year. On or about May 15 of the second calendar year, the Union will be notified that, unless claimed by June 1, unclaimed vacation and holiday pay will be paid to the Motion Picture Industry Pension Plan and credited to the appropriate employee's pension plan account.

ARTICLE 18 HEALTH AND WELFARE

A. The parties hereby agree to incorporate by reference the terms of Article XII, Article XIV, Article XVIII, Article XIX, Article XXVIII, Article XXVIII A and the Sideletter RE: Exhibition of Motion Pictures Transmitted Via New Media of the 2015 IATSE Basic Agreement as though set forth in full. Employer contributions to the Motion Picture Industry Health Plan and the Retired Employees Fund on behalf of employees covered by this Agreement shall commence on the effective date of this Agreement. Eligibility for benefits under said Plans shall be governed by the eligibility provisions established by the Directors of said Plans. Notwithstanding anything to the contrary contained in the Basic Agreement, contributions for On-Call employees shall be made on the basis set forth in Article 4.B. of this Agreement and contributions for Freelance Animation Writers and Story Board Artists shall be made on the basis set forth in the Job Classifications and Wage Rates schedule attached hereto.

B. With respect to those employees covered by this Agreement who are, as of the effective date of this Agreement, enrolled in the Sony Pictures Entertainment Group Benefit Plan ("SPE Group Benefit Plan"), the Employer shall, at its option, either:

- (1) Continue to make such coverage available to the employee on the same terms and conditions in effect on the effective date of this Agreement until the earlier of the commencement of the employee's eligibility for benefits under the Motion Picture Industry Health Plan or the date on which the employee would have become ineligible to participate in the SPE Group Benefit Plan; provided, however that the right to modify any or all of the terms and conditions of the SPE Group Benefit Plan before or after the effective date of this Agreement, as may be required by law and/or as may be modified for all other employees eligible for the SPE Group Benefit Plan, is specifically reserved by the Employer or
- (2) In cooperation with the Union, which cooperation the Union agrees to provide, petition the Motion Picture Industry Health Plan to permit such employees to become immediately eligible for benefits under that Plan on such terms and conditions as are acceptable to the Plan, the Employer and the Union.

ARTICLE 19 MOTION PICTURE INDUSTRY PENSION AND INDIVIDUAL ACCOUNT PLANS

A. The parties hereby agree to incorporate by reference the terms of Article XIII and Article XIII A, Article XVIII, Article XIX, Article XXVIII, Article XXVIII A and the Sideletter RE: Exhibition of Motion Pictures Transmitted Via New Media of the 2015 IATSE Basic Agreement as though set forth in full. Except as provided in subparagraph (B), below, Employer contributions to the Motion Picture Industry Pension Plan and the Motion Picture Industry Individual Account Plan on behalf of employees covered by this Agreement shall commence on the effective date of this Agreement. Eligibility for benefits under said Plans shall be governed by the eligibility provisions established by the Directors of

said Plans. Notwithstanding anything to the contrary contained in the Basic Agreement, contributions for On-Call employees shall be made on the basis set forth in paragraph 4.B. of this Agreement and contributions for Freelance Animation Writers and Story Board Artists shall be made on the basis set forth in the Job Classifications and Wage Rates schedule attached hereto.

B. Notwithstanding the provisions of subsection (A) of this Article 19, the following shall apply to those employees covered by this agreement who, as of the effective date of this Agreement, are active participants in the Sony Pictures Entertainment Savings and Profit Sharing Plan ("SPE Savings Plan"). Such employees shall have a one (1) time election, to be made in writing no later than _____, to either:

(1) Cease any further participation in the SPE Savings Plan as of the effective date of this Agreement and have contributions made on their behalf to the Motion Picture Industry Pension and Individual Account Plans as provided in subparagraph (A) of this Article 19. Employees so electing shall continue to be entitled to any vested benefits which they may have under the SPE Savings Plan, but shall not be entitled to make further contributions to said SPE Savings Plan, or have any contributions of any kind made to said SPE Savings Plan on their behalf, and shall not accrue any further benefits under said Plan; or

(2) Continue to participate in the SPE Savings Plan in accordance with the terms of that Plan, as such terms may be modified or amended in whole or in part and from time to time for any reason, during the period of their eligible employment with the Company, in which case they shall not be entitled to have any contributions made on their behalf to the Motion Picture Industry Pension or Individual Account Plans and shall not become participants in said plans.

(3) It is understood that once employees have made the election to continue in the SPE Savings Plan, the Employer will be required to engage in non-discrimination testing under the Internal Revenue Code of 1986, as amended (the "Code") and Employee Retirement Income Security Act of 1974, as amended ("ERISA"), to determine whether such participation is in compliance with the Code, ERISA and the regulations promulgated thereunder and other applicable laws. If, under the Code, ERISA or other applicable law, any employee or group of employees is or becomes ineligible to continue to participate, in whole or part, in the SPE Savings Plan or such participation would adversely affect the SPE Savings Plan by requiring an amendment or affecting the SPE Savings Plan's tax-qualified status under the Code, then the following shall occur:

- a. Contributions made previously by employee(s) pursuant to an election to continue to participate in the SPE Savings Plan while employed as a member of the union may be reduced and amounts refunded to the employee(s), as necessary, if applicable law requires such action; and
- b. any election to continue participation in the SPE Savings Plan shall be of no further force or affect and the employee or group of employees will cease any future participation in the SPE Savings Plan and, instead, beginning as of the earliest date possible following cessation of continued participation under the SPE Savings Plan, such employee or group of employees will have contributions made on their behalf to the Motion Picture Industry Pension and Individual Account Plans in accordance with subparagraph (a) of this Article 19.
- c. Employees so affected shall continue to be entitled to any vested benefits which they may have under the SPE Savings Plan but shall not be entitled to make further contributions to said Plan, or have any contributions of any kind made to said Plan on their behalf, and shall not accrue any further benefits under said Plan.

**ARTICLE 20
ANIMATION GUILD, LOCAL 839 IATSE 401 (k) PLAN**

The Employer will remit employee deductions to The Animation Guild 401(k) Plan. It is agreed that such participation shall be predicated upon the Plan maintaining qualified status. It is understood that the Plan requires no Employer contributions and employee deductions will not exceed the yearly IRS cap on such deductions.

**ARTICLE 21
NEW CLASSIFICATIONS**

In the event any classifications of employment which fall within the bargaining unit covered by this Agreement are created during the life of this Agreement, the wage scale for employees in such new or additional classifications shall be negotiated by the Union and the Employer and shall thereupon become a part of this Agreement.

**ARTICLE 22
QUARTERLY REPORTS**

The Employer agrees to provide the Union with a quarterly report of the name, earnings and hours worked of each employee subject to this Agreement.

**ARTICLE 23
MISCELLANEOUS**

The parties acknowledge that, during the negotiations which resulted in this Agreement, each had the unlimited right and opportunity to make demands and proposals with respect to any subject or matter not removed by law from the area of collective bargaining, and that the understandings and agreements arrived at by the parties, after the exercise of that right and opportunity, are set forth in the Agreement. Therefore, the Employer and the Union, for the life of this Agreement, each voluntarily and unqualifiedly waives the right and each agrees that the other shall not be obligated to bargain collectively with respect to any subject matter referred to or covered in this Agreement or with respect to any subject or matter not specifically referred to or covered by this Agreement.

**ARTICLE 24
TERM**

This Agreement shall take effect on September 24, 2016 and shall extend for three (3) years from that date. Each one (1) year period commencing with the effective date shall be referred to as a "Contract Year." Either party may terminate this Agreement by giving notice to the other party no more than ninety (90) days and no less than sixty (60) days prior to the expiration of the third Contract Year. If no such notice is given, this Agreement shall continue in full force and effect on a month-to-month basis, terminable by either party on sixty (60) days' notice.

**ARTICLE 25
WAGES**

The wage rates for employees covered by this Agreement shall be those set forth in the Wage and Classification Schedule attached hereto.

INTERNATIONAL ALLIANCE OF
THEATRICAL STAGE EMPLOYEES AND
MOVING PICTURE TECHNICIANS, ARTISTS
AND ALLIED CRAFTS OF THE UNITED
STATES, ITS TERRITORIES AND CANADA

SONY PICTURES ANIMATION, INC.

DocuSigned by:
Michael F. Miller, Jr.
By: 855F20894DA44E4...
International Vice President/
Its: Dept. Director, Motion Picture and Television Production
Date: 12/6/2017

By: *[Signature]* 05/16/17 SPA
Its: *[Signature]* Ac UP balm kelatz
Date: 11/16/17

**SONY PICTURES ANIMATION
WAGE AND CLASSIFICATION SCHEDULE
PERIOD 1 – 09/24/2016 to 09/23/2017**

LEVEL I

\$47.13

Animation Story Board (Sr.)
Animation Writer
Animator (Sr.)
Art Director/Production Designer
Character Designer (Sr.)
Editor
Illustrator/Designer (Sr.)
Layout Artist (Sr.)

Music Editor
Production Designer
Sound Editor
Sound Effects Editor
Story Artist (Sr.)
Visual Development Artist (Sr.)
Animator Specialist

LEVEL II

\$40.19

Animation Story Board (Int.)
Animator (Int.)
Art Director (Int.)
Editor (Asst.)
Music Editor (Asst.)
Sound Editor (Asst.)

Character Designer (Int.)
Illustrator/Designer (Int.)
Sculptor
Story Artist (Int.)
Visual Development Artist (Int.)

LEVEL III

\$32.95

Animation Story Board (Asst.)
Animator (Asst.)
Editor (Assoc.)
Character Designer (Asst.)
Illustrator/Designer (Assoc.)

Story Artist (Asst.)
Story Cleanup
Art Director (Asst.)
Visual Development Artist (Asst.)

LEVEL IV

First 6 months - \$25.27
Second 6 months - \$28.35
Third 6 months - \$31.41

Animation Story Board Trainee
Animator Trainee
Apprentice Editor
Character Designer Trainee
Illustrator/Designer Trainee

Editorial Trainee
Story Artist Trainee
Visual Development
Artist Trainee

Leadworkers shall be paid the key rate of 15% above the minimum Level one rate for their classification during such assignment.

**FREELANCE ANIMATION WRITER AND STORYBOARD
PERIOD 1**

<u>SHORT SUBJECTS - (4 to 7 minutes)</u>		<u>Pension & Health Hours</u>
Synopsis and Outline	\$ 968.63	33
Storyboard Only	\$1,343.24	60
Screenplay	\$2,314.00	67
 <u>SHORT SUBJECTS - (7 to 15 minutes)</u>		
Synopsis and Outline	\$ 977.41	47
Storyboard Only	\$1,626.62	75
Screenplay	\$3,187.99	153
 <u>HALF-HOUR SUBJECTS</u>		
Synopsis and Outline	\$1,738.77	91
Storyboard Only	\$3,088.87	140
Screenplay	\$6,110.21	309
 <u>ONE HOUR OR MORE SUBJECTS</u>		
Synopsis and Outline	\$2,587.62	93
Storyboard Only	\$4,607.27	210
Screenplay	\$9,191.54	307

In reference to the above Freelance Animation Writer and Storyboard rates, the Employer may require two-rewrites or re-works without additional compensation. If the Employer requires an additional re-write or re-work, an additional 20% of the original unit rate shall be paid for each re-write or re-works. Any amount negotiated in excess of the above minimums may be applied against any additional compensation for re-write or rework when due.

**SONY PICTURES ANIMATION
WAGE AND CLASSIFICATION SCHEDULE
PERIOD 2 – 09/24/2017 to 09/22/2018**

LEVEL I

\$48.55

Animation Story Board (Sr.)
Animation Writer Animator (Sr.)
Art Director/Production Designer
Character Designer (Sr.)
Editor
Illustrator/Designer (Sr.)
Layout Artist (Sr.)

Music Editor
Production Designer
Sound Editor
Sound Effects Editor Story Artist (Sr.)
Visual Development Artist (Sr.)
Animator Specialist

LEVEL II

\$41.40

Animation Story Board (Int.)
Animator (Int.)
Art Director (Int.)
Editor (Asst.)
Music Editor (Asst.)
Sound Editor (Asst.)

Character Designer (Int.)
Illustrator/Designer (Int.)
Sculptor
Story Artist (Int.)
Visual Development Artist (Int.)

LEVEL III

\$33.94

Animation Story Board (Asst.)
Animator (Asst.)
Editor (Assoc.)
Character Designer (Asst.)
Illustrator/Designer (Assoc.)

Story Artist (Asst.)
Story Cleanup
Art Director (Asst.)
Visual Development Artist (Asst.)

LEVEL IV

First 6 months - \$26.03
Second 6 months - \$29.20
Third 6 months - \$32.35

Animation Story Board Trainee
Animator Trainee
Apprentice Editor
Character Designer Trainee
Illustrator/Designer Trainee

Editorial Trainee
Story Artist Trainee
Visual Development
Artist Trainee

Leadworkers shall be paid the key rate of 15% above the minimum Level one rate for their classification during such assignment.

**FREELANCE ANIMATION WRITER AND STORYBOARD
PERIOD 2**

<u>SHORT SUBJECTS - (4 to 7 minutes)</u>		<u>Pension & Health Hours</u>
Synopsis and Outline	\$ 997.69	33
Storyboard Only	\$1,383.54	60
Screenplay	\$2,383.42	67
<u>SHORT SUBJECTS - (7 to 15 minutes)</u>		
Synopsis and Outline	\$1,006.73	47
Storyboard Only	\$1,675.42	75
Screenplay	\$3,283.63	153
<u>HALF-HOUR SUBJECTS</u>		
Synopsis and Outline	\$1,790.93	91
Storyboard Only	\$3,181.54	140
Screenplay	\$6,293.52	309
<u>ONE HOUR OR MORE SUBJECTS</u>		
Synopsis and Outline	\$2,665.25	93
Storyboard Only	\$4,745.49	210
Screenplay	\$9,467.29	307

In reference to the above Freelance Animation Writer and Storyboard rates, the Employer may require two-rewrites or re-works without additional compensation. If the Employer requires an additional re-write or re-work, an additional 20% of the original unit rate shall be paid for each re-write or re-works. Any amount negotiated in excess of the above minimums may be applied against any additional compensation for re-write or rework when due.

**SONY PICTURES ANIMATION
WAGE AND CLASSIFICATION SCHEDULE
PERIOD 3 – 09/23/2018 to 09/23/2019**

LEVEL I

\$50.00

Animation Story Board (Sr.)
Animation Writer Animator (Sr.)
Art Director/Production Designer
Character Designer (Sr.)
Editor
Illustrator/Designer (Sr.)
Layout Artist (Sr.)

Music Editor
Production Designer
Sound Editor
Sound Effects Editor Story Artist (Sr.)
Visual Development Artist (Sr.)
Animator Specialist

LEVEL II

\$42.64

Animation Story Board (Int.)
Animator (Int.)
Art Director (Int.)
Editor (Asst.)
Music Editor (Asst.)
Sound Editor (Asst.)

Character Designer (Int.)
Illustrator/Designer (Int.)
Sculptor
Story Artist (Int.)
Visual Development Artist (Int.)

LEVEL III

\$34.96

Animation Story Board (Asst.)
Animator (Asst.)
Editor (Assoc.)
Character Designer (Asst.)
Illustrator/Designer (Assoc.)

Story Artist (Asst.)
Story Cleanup
Art Director (Asst.)
Visual Development Artist (Asst.)

LEVEL IV

First 6 months - \$26.81
Second 6 months - \$30.07
Third 6 months - \$33.32

Animation Story Board Trainee
Animator Trainee
Apprentice Editor
Character Designer Trainee
Illustrator/Designer Trainee

Editorial Trainee
Story Artist Trainee
Visual Development
Artist Trainee

Leadworkers shall be paid the key rate of 15% above the minimum Level one rate for their classification during such assignment.

**FREELANCE ANIMATION WRITER AND STORYBOARD
PERIOD 3**

<u>SHORT SUBJECTS - (4 to 7 minutes)</u>		<u>Pension & Health Hours</u>
Synopsis and Outline	\$1,027.62	33
Storyboard Only	\$1,425.05	60
Screenplay	\$2,454.92	67
<u>SHORT SUBJECTS - (7 to 15 minutes)</u>		
Synopsis and Outline	\$1,036.93	47
Storyboard Only	\$1,725.68	75
Screenplay	\$3,382.14	153
<u>HALF-HOUR SUBJECTS</u>		
Synopsis and Outline	\$1,844.66	91
Storyboard Only	\$3,276.99	140
Screenplay	\$6,482.33	309
<u>ONE HOUR OR MORE SUBJECTS</u>		
Synopsis and Outline	\$2,745.21	93
Storyboard Only	\$4,887.85	210
Screenplay	\$9,751.31	307

In reference to the above Freelance Animation Writer and Storyboard rates, the Employer may require two-rewrites or re-works without additional compensation. If the Employer requires an additional re-write or re-work, an additional 20% of the original unit rate shall be paid for each re-write or re-works. Any amount negotiated in excess of the above minimums may be applied against any additional compensation for re-write or rework when due.