



## **MARKETING, ADVERTISING AND COMMUNICATION CHARTER**

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Marketing, Advertising and  
Communication Charter

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## 1. PREAMBLE

We, members of the broader marketing, advertising, public relations, communication and research industry as well as related sectors, recognise the critical role our industry, fulfils in South Africa. We are mindful of the impact our industry has on millions of our people across all walks of South African life, therefore we accept the responsibility consequent thereto.

We further acknowledge that marketing and advertising communication is the livewire of a free market-based economy. It is an intrusive form of communication to which over 40 million South Africans are subjected every day of their lives. For such a small industry, its power to influence South Africans is disproportionate to its size, hence the need to make it a truly South African industry is imperative.

**This need was recognised by the Association for Communication and Advertising (ACA) in 2000:**

*"We, members of the ACA, believe that our industry should be the creator and custodian of truly outstanding South African advertising and communication ideas, ideas that while proudly proclaiming their African heritage, still communicate effectively within the global context. We, accordingly, jointly and severally commit ourselves to the harnessing of all resources at our disposal towards the transformation of our industry and related disciplines to reflect and represent the totality of skills and contribution from our unique South African experience."*

**This was an echo of the Public Relations Institute of Southern Africa (PRISA) commitment:**

*"Transformation is the implementation of fundamental changes to the way we do things to become and remain a successful organisation. The availability of various talent, competencies and cultural backgrounds among members of the Institute will enhance performance and stature. Therefore, PRISA is committed to a process of transformation that will accelerate opportunities for diversity and growth and will make its membership representative of the South African population at all levels."*

In October 2001, the Parliamentary Portfolio Committee on Communications, an organ of the National Assembly, convened public hearings into the pace of transformation in the advertising and marketing value chain. After finding that the pace of transformation in the value chain was unacceptably slow, the Portfolio Committee on Communications directed government, through Government Communications (GCIS) and the Department of Communications, to facilitate a consultative process with all stakeholders to find a common blueprint for the transformation of the industry.

This mandate resulted in the first joint undertaking by all stakeholders to commit to a unified view and common approach. This was codified as "The Values Statement of the Marketing and Communication Industry". It was endorsed by all stakeholders, adopted and signed on 23 April 2003. The Values Statement, reproduced in full hereinafter, is the foundation on which the Marketing, Advertising and Communication Charter is based.

## 2. VALUES STATEMENT

Of an industry which is global in its outlook and reach, and genuinely South African in its roots, we of the marketing and communication industry:

- acknowledge that like the rest of South African society, we have been plagued by the injustices of South Africa's racist past in terms of employee representivity, ownership and decision-making
- recognise that the industry plays a critical role in the creation of wealth and the development of our economy
- believe that transformation of the industry is essential for its long-term growth and the upliftment of people who have historically been disadvantaged.

In the spirit of the Constitution of South Africa, we believe that "South Africa belongs to all who live in it, united in our diversity and committed to improve the quality of life of all citizens and the potential of each person."

**We hereby commit ourselves to the following values:**

### **I. Inclusivity and Diversity**

- (a) The sector reflects and shapes the norms of our society. As such it must be committed to reflecting the values and aspirations of all South Africans.
- (b) This requires that the industry – in its ownership as well as in the traditions and cultures it draws upon – to reflect the diversity of the South African population.
- (c) The industry is committed to sustainable skills development, which enables all our people to enjoy access to the knowledge base needed to shape their destinies within the industry.

### **II. Soul of the Nation**

- (a) This industry works in the context of a unique transition – a transition described as a miracle.
- (b) We shall use our strengths to promote pride in the South African Brand.
- (c) The industry can contribute to the transition by promoting understanding and appreciating our diverse cultures, traditions, histories, abilities and disabilities. It can highlight prejudice where it exists by promoting tolerance of all human beings. In doing so, the sector can become a mirror of the soul of the nation.

### **III. Respect and Human Dignity**

- (a) The industry works in a society where the poor, the illiterate, the disabled, women and children suffer a myriad of intolerances. While working for their amelioration and empowerment, the industry shall ensure that the dignity of all human beings, and in particular of these vulnerable groups, is respected.
- (b) The industry recognises the difficulty of escaping the stereotyping of any group. Where this

has to be resorted to, the industry shall take particular care not to stereotype or use humour in a manner to target groups mentioned above.

#### **IV. Business and People's Needs**

- (a) We recognise that the consumer is at the core of our business. Recognising that the industry serves business in its endeavour to create wealth, we shall ensure that the requirement and sensitivities of the consumer are placed at the centre of all our creativity and planning. In doing so, we shall better serve the commercial needs to business as well as the long-term aspirations of the South African nation.
- (b) Furthermore, the industry shall be committed to abiding by the principle of good corporate governance and abide by the highest standards of ethical business practices.

#### **V. Responsible Creativity**

- (a) We are mindful that this is an industry which impacts on the views and aspirations of the entire population.
- (b) This means that the industry must act sensitively while endeavouring to break the bounds of creative barriers. Such commitment will lay the basis for a self-regulation regime that can best serve all stakeholders.

This commitment must not place limits upon the various freedoms enshrined in the Constitution and protected by the Bill of Rights, especially the Freedom of Expression.

### 3. MARKETING, ADVERTISING AND COMMUNICATION SCORECARD

Core Components	BEE Elements		Code Ref	Weighting	Indicators	Indicator Weighting	Targets	Time Frames		
								2006	2009	2014
Direct Empowerment	Ownership	BEE 100	20%	Exercisable voting rights by black people	4%	25%+1	25%	30%	45%	
				Exercisable voting rights by black women	2%	10%				
				Economic Interest in enterprises to which black people are entitled	3%	25%				
				Economic interest in the enterprises to which black women are entitled	2%	2.5%				
				Economic interest in the enterprise to which black designated groups are entitled	1%	3%				
				Ownership fulfilment	1%	No restrictions				
				Net economic interest	7%	30% of target (yr 1-2) 60% of target (yr 3-5) 100% of target (yr 6-8)				
				Ownership by BBBEE Schemes and New Entrants	3%	Bonus per each level of 5%				
	Management	BEE200	10%	Exercisable voting rights by black people	3%	50%	25%	30%	50%	
				Members of the board who are black people	1%	50%				
				Members of the board who are black women	1%	25%				
				Black senior executive representation	2%	40%				
				Black women senior executive representation	1%	20%				
				Black other executives	1%	40%				
				Black women executives & other executives	1%	20%				
				Black independent director representation (Bonus)	1%	40%				

Core Components	BEE Elements	Code Ref	Weighting	Indicators	Indicator Weighting	Targets	Time Frames		
							2006	2009	2014
Human Resource Development	Employment Equity	BEE 300	10%	Employment Equity stats across all job levels	12%	50%	25%	30%	60%
				Weighted black women representation across all job levels	8%	50%			
	Skills Development	BEE 400	10%	Investment in Skills Development (incl. skills development levy) as a percentage of payroll	10%	3%	1%	2%	3%
Indirect Empowerment				Indicator under residual element					
	Preferential Procurement	BEE 500	20%	Level 1 Contributor, as verified by BEE verification agencies institute under Statement 020 (Recognition of R1,35 for every R1 spent)					
				Level 2 Contributor, as verified by BEE verification agencies institute under Statement 020 (Recognition of R1,25 for every R1 spent)					
				Level 3 Contributor, as verified by BEE verification agencies institute under Statement 020 (Recognition of R1,10 for every R1 spent)					
				Level 4 Contributor, as verified by the BEE verification institute under statement 020 (Recognition of R1,00 for every R1 spent)					
				Level 5 Contributor, as verified by BEE verification institute under statement 020 (Recognition of R0,80 for every R1 spent)					
				Level 6 Contributor, as verified by BEE verification institute under statement 020 (Recognition of R0,60 for every R1 spent)					
				Level 7 Contributor as verified by the BEE verification institute under statement 020 (Recognition of R0,50 for every R1 spent)					
				Level 8 contributor as verified by BEE verification institute under statement 020 (Recognition of R0,10 for every R1 spent)					

Core Components	BEE Elements					Time Frames				
	Indirect	Enterprise Development	Code Ref	Weighting	Indicators	Indicator Weighting	Targets	2006	2009	2014
			BEE 600	10%	Cumulative quantified contribution to enterprise development over the previous five years over average profit before tax, interest and dividend over the previous five years	10%	1% year 1 and 2 2% year 3 and 4 3% year 5 and 6 4% - year 7 5% - year 8	1-2%	3-4%	5%
		Preferential	BEE 700	10%	Cumulative contribution to social development and industry specific initiatives over the previous five years over average profit before tax, interest and dividend over the previous five years	10%	1% year 1 and 2 2% year 3 and 4 3% year 5 and 6 4% year 7 5% year 8	1-2%	3-4%	5%
				10%	People employed through learnerships (as a percentage of total employees)	10%	3%	1%	2%	3%
TOTAL	ELEMENT WEIGHTING		100%		INDICATOR WEIGHTING		110%	N/A		



## 4. SIGNATORIES TO THE CHARTER

### 4.1 Industry bodies

#### Marketing, Advertising and Communication Charter Pledge

We, members of the broader marketing, advertising, public relations, communication and research industry, as well as related sectors, recognise the critical role our industry fulfils in South Africa. We are mindful of the impact our industry has on millions of our people across all walks of South African life, therefore we accept the responsibility consequent thereto.

We further acknowledge that marketing and advertising communication is the livewire of a free market-based economy. It is an intrusive form of communication to which over 40 million South Africans are subjected every day of their lives. For such a small industry, its power to influence South Africans is disproportionate to its size, hence the need to make it a truly South African industry is imperative.

Therefore, we, the undersigned, adopt the Marketing, Advertising and Communication Charter and irrevocably commit ourselves to the realisation of the empowerment and transformation goals and targets set out therein.

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Association for Advertising and Communication

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Media, Advertising, Publishing, Printing and Packaging  
Sector Education and Training Authority

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Advertising Media Foundation

-----  
Out of Home Media South Africa

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Advertising Standards Authority

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Public Relations Institute of Southern Africa

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Communication and Advertising Forum for Empowerment

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Research Industry Transformation Action Group

-----  
Design South Africa

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South African Advertising Research Foundation

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Government Communications (GCIS)

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South African Graphic Design Council

4.2 Advocacy Group

**Marketing, Advertising and Communication Charter Pledge**

We, the undersigned, also identify with the Marketing, Advertising and Communication Charter and pledge to advocate, promote and support the transformation goals and targets contained therein.

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Commercial Producers Association

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Hilltop Sound

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Radio Today

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National Association of Broadcasters

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Sonovision

*Signed on 24 November 2005 at the Indaba Hotel, Johannesburg.*

## 5. APPENDICES AND STAKEHOLDER CHARTERS

### I Interpretations

- 5.1 Black Economic Empowerment (BEE) – is defined as an integrated and coherent socio-economic process that directly contributes to the economic transformation of South Africa and brings about significant increases in the number of black people who manage, own and control the country's economy, as well as significant decreases in income inequalities.
- 5.2 BEE Accredited – are enterprises that have been accredited by the South African National Accreditation System (SANAS) on behalf of the Department of Trade and Industry (the dti), who meet the minimum technical and BEE criteria for rating agencies. The main role of the BEE rating agencies is to provide an independent opinion on the Broad-Based BEE status of enterprises. An accredited BEE rating agency must have the capacity to evaluate, verify and confirm the BEE status of enterprises using the Broad-Based BEE scorecard as presented in Statement 000. An accredited BEE rating agency cannot issue an opinion on an enterprise with which it has a conflict of interest.
- 5.3 BEE transactions means:
- all transactions for the acquisition, by black people, of direct ownership in an existing or new entity (other than a small, medium enterprises [SME] in the marketing and communication and in other sectors of the economy)
  - joint ventures with, marketing and communication ventures or other equity investments in BEE companies (other than SME).
- 5.4 BEE companies – refer to companies as defined in paragraphs 5.5; 5.6; 5.7 and 5.13.
- 5.5 Black companies – refer to companies that are more than 50% owned and controlled by black people.
- 5.6 Black empowered companies – mean companies that are more than 25% owned by black people and where substantial participation in control is vested in black people.
- 5.7 Black influenced companies – mean companies that are between 5% and 25% owned by black people and with participation in control by black people.
- 5.8 Black people – is as defined in the Broad-Based BEE Act, 2003 (Act 53 of 2003), save that it is limited to South African citizens. In terms of the implementation of the Codes of Good Practice, the term is further defined as Africans, Coloureds and Indians who are South African citizens. For avoidance of doubt, this term does not include juristic persons or any form of enterprise other than a sole proprietor. With regard to this definition, "black women" means black people who are women and "black designated groups" means black people who are also workers, youth, people with disabilities or people living in rural areas.

- 5.9 Black SME – means a small or medium enterprise (with turnover ranging from R500 000 per annum to R20 million per annum), which is black, is a black company or a black empowered company.
- 5.10 Black women empowerment enterprise – means companies that are more than 30% owned by black women, and where substantial participation in control is vested in black women.
- 5.11 Broad-based ownership – is where an empowerment shareholder represents a broad base of members such as employees (to the extent that the options have actually been exercised), collective and/or communities, or where the benefits support a target group, for example black women, people living with disabilities and the youth. Shares are held directly or indirectly through non-profit organisations and trusts. At the same time, directors and management of the groups should predominantly compromise black people.
- 5.12 Charter Council – means a Charter Council established in terms of paragraph 4 (Role of Charter Council) of the BBBEE Codes of Good Practice.
- 5.13 Company – means an enterprise registered in terms of the Company Act, 1973 (Act 61 of 1973), close corporations trusts and any other such enterprise formed for business purposes.
- 5.14 Control centres on the authority and power to manage assets, determination of policies and direction of business operations. Indicators of control may include:
- Participation in control structures of a business unit or of the company (such as shareholders meetings, board of directors, board subcommittees and divisional boards), the exercise of voting rights on the board of directors and committees thereof, and controlling equity.
  - Participation in executive management.
- 5.15 Discrimination – means discrimination as defined in the promotion of Equity and Prevention of Unfair Discrimination Act, 202 (Act 25 of 2002).
- 5.16 Designated investment – means any form of statutory or voluntary deposit saving, investment or risk insurance placed or made by the South African public (whether of a wholesale or retail nature, but not by one financial institution in another).
- 5.17 Direct ownership – means ownership of an equity interest together with control over all the voting rights attaching to the equity interest.
- 5.18 Empowerment financing – means the provision of finance for or investment in:
- Targeted investment
  - BEE transactions.
- 5.19 Enterprise development – means support for existing, or fostering of, new black SMEs and BEE companies in the financial and other sectors of the economy.

- 5.20 Senior Executive management – means employees of an enterprise who are appointed by or upon the authority of the board of that enterprise, to undertake the day to day management of that enterprise, who have individual responsibility for the overall management (including financial management) of the enterprise and who are actively involved in the development and/or implementation of the enterprise's strategy. Common examples of the Senior Executive Management include without limitation, chief executive officers, chief operating officers, and chief financial officers.
- 5.21 Indirect Ownership – occurs where an institution or other investor owns equity in a company on behalf of beneficiaries and there may not be direct participation by the beneficiaries in the voting rights.
- 5.22 Management – management is divided into senior, middle and junior levels:
- Senior Management – means all employees with a package (excluding bonuses) in respect of which the cost to the employer is R450 000 per annum or more, but exclude all employees who fall within the definition of executive management.
  - Middle management – means all employees with a package (excluding bonuses) in respect of which the cost to the employer is between R250 000 and R450 000 per annum.
  - Junior management – means all employees with a package (excluding bonuses) in respect of which the cost to the employer is between R150 000 and R250 000 per annum.
- 5.23 If the bonuses are in excess of 50% of total remuneration 50% of the bonuses will be included as part of the package.
- 5.24 The salary bands will increase in line with consumer price index (CPIX) on 1 January each year, commencing on 1 January 2004.
- 5.25 Procurement – means all expenditure to acquire goods and or services including capital expenditure, but excluding:
- Broker commission
  - Reinsurance premiums
  - Commissions to insurance intermediaries
  - Property and rental purchases (although property management is specifically included)
  - Expenditure classes covered elsewhere in the charter e.g. salaries and wages. (Contract staff are regarded for this purpose as own staff and are excluded)
  - Procurement spending where there is a natural monopoly
  - Any items of procurement where the supplier is imposed in terms of a global policy for technical (but specifically not commercial) reasons
  - Inter-entity charges for services rendered by other members of the group
  - Social investment expenditure and donations
  - All Value-Added Tax payable.
- 5.26 Regulation or regulate – when used in this charter, it shall have a common law or economic meaning, depending on the context in which it is used.

5.27 Sound business practice – means business practice which is conducive to the establishment, maintenance and promotion of:

- domestic and international confidence in the marketing and communication sector
- best international practice and culture relating to creative production that reflects the aspiration of the people of South Africa
- sustainable sources of finance, taking cognisance of the different resources available
- level playing fields and competition between the different sub sectors in the marketing and communication sector value chain; and hence the avoidance of arbitrage between the sub sectors
- BEE transactions taking place on willing seller and willing buyer basis.

5.28 Targeted Investment – means debt financing of, or other form of credit extension to, or equity investment in South African projects in areas where gaps or backlogs in economic development and job creation have been adequately addressed by financial institutions. It specifically means financing of, or investment in:

- marketing, advertising and communication transformational infrastructure projects that support economic development in underdeveloped areas and contribute towards equitable access to marketing, advertising and communication resources.

## II Stakeholder Charters

### Association of Advertising Agencies

#### Transformation charter

*We, members of the Association of Advertising Agencies, believe that our industry should be the creator and custodian of truly outstanding South African advertising ideas, ideas that while proudly proclaiming their African heritage, still communicate effectively within the global context.*

*We, accordingly, jointly and severally commit ourselves to the harnessing of all resources at our disposal towards the transformation of our industry and related disciplines to reflect and represent the totality of skills and contributions from our unique South African experience.*

*We, further, pledge ourselves to the actualisation of empowerment and transformation goals as determined by prevailing industry needs and dictates in order to achieve meaningful and total involvement of those formerly excluded from the real process.*

*We are irrevocably committed to changing our industry for the better and shall only open membership of the Association of Advertising Agencies to those who demonstrate their commitment to transformation by adopting and signing this charter.*

#### We will therefore

*establish the advertising industry as unique  
to South Africa;*

*for all the people of South Africa;*

*by all the people of South Africa;*

*promote the constitutional right of equality and the exercise of true democracy;*

*eliminate unfair discrimination;*

*ensure the implementation of employment equity to redress the effects of discrimination;*

*achieve a diverse workforce broadly representative of our people;*

*promote economic development and efficiency in the workforce;*

*provide training and skills through the AAA School of Advertising to students previously excluded from access*

*initiate practical training programmes for skills development;*

*change the culture of our organisation and members to accept and implement the changes;*

*seek and accept equity partners to reflect the true demography and rich cultures of South Africa;*

*support and encourage each other in reaching our stated goals in letter and spirit;*

*irrevocably bind ourselves to measures to achieve these goals within a reasonable time.*

