

NON-GOVERNMENTAL ORGANIZATION

NO. 387

01 APRIL 2016

**CODES OF GOOD PRACTICE ON BROAD BASED BLACK
ECONOMIC EMPOWERMENT**

I, Dr Rob Davies, Minister of Trade and Industry, hereby:

- (a) Issue the **Marketing, Advertising and Communication Sector Code** in terms of section 9 (1) of the Broad-Based Black Economic Empowerment Amendment Act, (Act No. 53 of 2003) as amended by the B-BBEE Amendment Act No. 46 of 2013.
- (b) Determine that these Codes come into effect on the date of this publication.



Dr Rob Davies, MP
Minister of Trade and Industry
10 March 2016



MARKETING, ADVERTISING
& COMMUNICATION SOUTH AFRICA
MAC SA

MARKETING, ADVERTISING AND COMMUNICATION SECTOR CODE

**TRANSFORMATION OF THE MARKETING, ADVERTISING AND
COMMUNICATION SECTOR CODE SUBMISSION**

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MARKETING, ADVERTISING AND COMMUNICATION SECTOR CODE**1. INTRODUCTION**

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 as the livewire of a free market-based economy is an intrusive form of communication to which over 47 million South Africans are subjected to 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.

2. SCOPE OF APPLICATION

The provisions of this Sector Code apply to Advertising, Public Relations and Communication as marketing vehicles in all media including digital platforms. It is applicable to companies who derive more than 50% of their turnover from this sector. It is acknowledged that the Amended Codes of Good Practice will govern the management of B-BBEE. The MAC Sector Code will take precedence except when the MAC Sector Code is silent; the Amended Generic Codes of Good Practice will apply including but not limited to Key Measurement Principles and Definitions.

- 2.1 An advertising company is an enterprise whose core business is the conceptualisation, creation and production of advertising to foster a relationship between a product and the consumer.
- 2.2 A public relations company is an enterprise whose core business is the conceptualisation, creation and implementation of communication to facilitate a relationship between a product and the public.
- 2.3 A communication company is an enterprise whose core business is the conceptualisation, creation, production and implementation of communication as a marketing tool in two or more of the following disciplines;
- Advertising
 - Public Relations
 - Experiential
 - Design
- 2.4 This will apply specifically to the following:
- 2.4.1 Advertising in general with particular reference to the following forms:
- **Through the line:** Traditional form of advertising using all paid for media from electronic to print embracing interactive and non-interactive response mechanisms.
 - **Above the line:** Traditional form of advertising using all paid for media from electronic to print excluding interactive response mechanisms.
 - **Below the line:** Traditional form of advertising using all paid for media from electronic to print as interactive response mechanisms.
 - **Experiential:** Traditional form of advertising using unconventional media like events and functions to physically bring the experience of the product to the consumers.
 - **Digital:** An umbrella term for marketing and advertising activities using technology as the format and the internet for distribution. This would include the desktop and mobile web, display & search advertising, native advertising, social media, mobile applications, digital activations, internet-based outdoor and streaming media.
 - **Design:** Design as a classical communications discipline as well as an integral element of Integrated Marketing Communication in all paid for media.
 - **Integrated Marketing Communication (IMC):** Is the application of consistent brand messaging across both traditional and non-traditional marketing and communication channels and using different promotional methods to reinforce each other in order to (a) deliver the same message and (b) create maximum marketing effect through synergy.

- 2.4.2 Communication
- **Public Relations:** Traditional form of communication that employs all media from electronic to print by issuing media releases, communiqués, statements and advertorials.
 - **Social Marketing:** Communication form that uses all media as in public relations, traditional advertising and experiential for cause related communications.
- 2.5 In as far as the marketing sector is referred to in this document, it is with the understanding that they are clients, who themselves could belong or subscribe to their own or other sector specific codes.
- For example: marketers in the mining industry are bound by the Mining Sector Code.

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 Parliamentary Portfolio Committee on Communications directed government, through Government Communications and Information System (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 as contained in the values statement. 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.

3 VALUES STATEMENT

As a statement of values of an industry which is global in its outlook and reach, and genuinely South African in its roots, we of the marketing, advertising and communication industry state that:

We 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.

We further recognise that the industry plays a critical role in the creation of wealth and the development of our economy, and 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. 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.

Whilst this Sector Code endeavours to achieve redress, the commitment made in this Sector Code shall not place limits upon the various rights and obligations enshrined in the Constitution and protected by the Bill of Rights, especially the Freedom of Expression.

Distilled from the values are the objectives

1. Transformation
2. Truly South African industry
3. Creativity

4. COMMITMENT AND UNDERTAKINGS

This need was recognised by the Association for Communication and Advertising (ACA) previously known as the Association of Advertising Agencies (AAA) herein after referred to as 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."

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.

Public Relations Institute of Southern Africa (PRISA):

"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."

5. STRATEGIC DRIVERS OF CHANGE

- 5.1 Demonstrate commitment to grow and enhance the levels of creativity in the marketing, advertising and communication sector.
 - Support the AAA School of Advertising and all other institutions that offer courses in marketing communication and visual arts.
 - Avail financial assistance for marketing and public relations communication and visual arts students.
 - Subscribe to a periodic mandatory intake of interns and trainees.
- 5.2 Intervene to increase the pool of skills in copywriting and visual arts.
 - Recognise talent and creative ability as criteria for entry into the creative studios or nurseries.
 - Encourage and support creative community initiatives as talent nurturing pools.
 - Facilitate the development of skills needed for migration to digital communication especially amongst the previously excluded.
- 5.3 Promote and popularise the communication sector as a career.
 - Organise and participate in career open days especially at high school level.
 - Advertise the industry as a career opportunity in popularly consumed media.
- 5.4 Subscribe to and uphold ethical conduct in line with generally expected business principles in a democratic South Africa.
 - Actively promote fair procurement processes in communication services which must neither unfairly discriminate against nor prejudice emerging and small qualifying enterprises.
 - Impose sanction on any business practice that undermines provisions of the South African constitution with regards to freedom of commercial expression. These sanctions will be levied by the relevant self-regulatory bodies in the sector.
- 5.5 Encourage adherence to responsible advertising and communication in all facets of social communication.
 - Organise and conduct seminars on the subject.
 - Conduct research where necessary to update knowledge bank.
 - Update communications, including government communications on responsible advertising trends.

6 INTERPRETATIONS

Absorption – means a measure of the Measured Entity's ability to successfully secure formal permanent or long-term contract employment for the learner/intern or to assist the learners/interns to proceed with further education and training

Admissible/Appropriate Evidence – refers to the measure of the quality of evidence in respect of its relevance and reliability in providing support for detecting misstatements affecting individual scorecard elements. The reliability of evidence is influenced by its source and its nature and is dependent on the individual circumstances under which it is obtained.

Amended Codes – refers to B-BBEE Codes of Good Practice, as amended from time to time.

B-BBEE Act – refers to the Broad-Based Black Economic Empowerment Act, Act no 53 of 2003 as amended by the Broad-Based Black Economic Empowerment Act, Act No 46 of 2013 and any amendments thereto.

BEE Verification Professional – means any verification enterprise that has been accredited by a statutory body on behalf of the Department of Trade and Industry (**the dti**) and who meet the minimum technical and BEE criteria for rating agencies as described in the accreditation manual.

The main role of the BEE rating agencies is to provide an independent opinion on the Broad-Based BEE (B-BBEE) 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.

B-BBEE Verification Regulator – a body appointed by the **Minister of Trade and Industry** for the accreditation of rating agencies or the authorisation of B-BBEE Verification Professionals.

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.

Black empowered company – means a company that is more than 25% owned and controlled by black people and where substantial participation in control is vested in black people.

B-BBEE Owned Company – means juristic person having shareholding or similar member interest that is B-BBEE Controlled in which Black participants enjoy a right to economic interest that is at least 51% of the total such rights measured using the Flow Through Principle

Black people – is as generic term which means Africans, Coloureds and Indians who are citizens of the Republic of South Africa by birth or descent; or who become citizens of the Republic of South Africa by naturalisation before 27 April 1994 or on or after 27 April 1994 and who would have been entitled to acquire citizenship by naturalisation prior to that date.

Broad-based ownership scheme – 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 comprise black people.

Charter Council – means a Charter Council established in terms of this Sector Code and that is responsible for the overall monitoring, evaluation and reports of the Sector Code.

Certificate Date – means the date on which the certificate was issued and therefore the start of the 12-month validity period of that certificate.

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. Control centres on the authority and power to manage assets, determination of policies and direction of business operations. Indicators of control may include:

1. 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.
2. Participation in executive management.

Enterprise Development Contributions – means monetary or non-monetary contributions made to the following beneficiaries, towards their development, sustainability and financial and operational independence:

- (a) Enterprise Development Contributions to Exempted Micro Enterprises which are at least 51% Black Owned or 51% Black Women Owned
- (b) Enterprise Development Contributions to Qualifying Small Enterprises which are at least 51% Black Owned or 51% Black Women Owned

Exempted Micro Enterprise – means an Entity with an annual turnover of R10 (ten) million or less for the Marketing, Advertising and Communication Research sector. However, an EME in the Public Relations sector means an entity which has an annual turnover of less than R5 million.

Industry Stakeholder - means all groups, organizations, individuals who, may or may not be signatories of the MAC SA Sector Code in the context of this Sector Code, demonstrate common commercial characteristics and are directly or indirectly affected by the implementation of the MAC Sector Code.

Intended User – means persons within or external to the Measured Entity, for whom the B-BBEE Verification Certificate on the Scorecard elements and B-BBEE status report.

Internship – means an opportunity to integrate career –related experience into an undergraduate education by participating in planned supervised work.

Large Entity – means a company is defined as a Large Entity if its annual turnover is:

Industry Sub-Sector	Definition of Large Entity
Public Relations industry	Turnover is R10 million and above
Advertising industry	Turnover is R50 million and above
Marketing, Advertising and Communication Research industry	Turnover is R50 million and above

Learnership – means a work-based route to a qualification. It is a workplace education and training program comprising both structured practical workplace (on the job) experience and structured theoretical training.

MAC SA - A broad forum of marketing, advertising and communication enterprises comprising representatives from each stakeholder group or industry who are signatories to the Sector Code, and who are guided by the MAC SA Constitution and its mandate.

MAC SA Charter Council – means the Charter Council established in terms of this MAC SA Sector Code that is responsible for the overall monitoring, evaluation and reports of this Sector Code.

Management – The general management definition and levels will be in line with the guidelines set by the Department of Labour with the provision that the sector will constantly align specific portfolio positions with the requirements of the BBBEE Amendment ACT 46 of 2013.

Qualifying Small Enterprise (QSE) – means a company is defined as a Qualifying Small Enterprise (QSE) if its annual turnover is:

Industry Sub-Sector	Definition of QSE
Public Relations industry	Turnover of between R5 million and R10 million
Advertising industry	Turnover of between R10 million and R50 million
Marketing, advertising and communication research industry	Turnover of between R10 million and R50 million

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

1. domestic and international confidence in the marketing and communication sector
2. best international practice and culture relating to creative production that reflects the aspiration of the people of South Africa
3. sustainable sources of finance, taking cognisance of the different resources available
4. 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
5. BEE transactions taking place on willing seller and willing buyer basis

Turnover – is defined as total sales less cost of sales. Cost of sales is restricted to third party costs that result in the execution of ideas on which agencies earn remuneration.

Verification – means the process and activities conducted by a B-BBEE Verification Professional to assess, verify and validate that the score awarded to a Measured Entity is a result of individual scorecard elements supplied by a Measured Entity, and to evaluate BEE transactions in order to provide an indicative B-BBEE score and Certification based on the principles of the Amended Broad-Based BEE Codes of Good Practice.

Voting Member (MAC SA Sector Code Council) – means any elected member of the MAC SA Sector Code Council.

Voting Member (MAC SA) – means a member representing any constituents of the MAC SA.

7 MAC SA SECTOR SCORECARD

The Broad-Based Black Economic Empowerment (B-BBEE) Scorecard for the Marketing, Advertising, Public Relations and Communication sector should be read in conjunction with the Amended B-BBEE Codes of Good Practice available on <http://www.acasa.co.za> and www.prisa.co.za.

Eligibility as an exempted micro enterprise (EME)

Any enterprise with an annual Total Revenue of R10 million or less qualifies as an Exempted Micro-Enterprise. Any Exempted Micro-Enterprise is deemed to have a B-BBEE Status of “Level Four Contributor” having a B-BBEE recognition level of 100%. Enhanced B-BBEE recognition level for an Exempted Micro-Enterprise: An EME which is 100% Black owned qualifies for elevation to “Level One Contributor” having a B-BBEE recognition level of 135%. An EME which is at least 51% Black owned qualifies for elevation to “Level Two Contributor” having a B-BBEE recognition level of 125%. An EME is allowed to be measured in terms of the QSE scorecard should they wish to maximise their points and move to a higher B-BBEE recognition level. An EME is only required to obtain a sworn affidavit or Companies and Intellectual Property Commission (CIPC) issued certificate on an annual basis, confirming the following: Annual Total Revenue of R10 million or less or R5 million if it is in the Public Relations sector; and Level of Black ownership.

Eligibility as a qualifying small enterprise (QSE)

A Measured Entity with an annual Total Revenue of between R10 million and R50 million qualifies as a Qualifying Small Enterprise. A QSE must comply with all the elements of B-BBEE for the purposes of measurement. Enhanced B-BBEE recognition level for QSE: A qualifying small enterprise which is 100% Black owned qualifies for a Level One B-BBEE recognition. A QSE which is at least 51% Black owned qualifies for Level Two B-BBEE recognition level. A Black QSE is only required to obtain a sworn affidavit or Companies and Intellectual Property Commission (CIPC) issued certificate on an annual basis, confirming the following: Annual total Revenue of R50 million or less or R10 million or less if it is in the Public Relations sector; and Level of Black ownership.

7.1 B-BBEE status based on overall performance of a measured entity using the generic scorecard

	B-BBEE status	Qualification	B-BBEE-recognition level
1	Level-one contributor	≥100 points on the Generic Scorecard	135%
2	Level-two contributor	≥95 but <100 points on the Generic Scorecard	125%
3	Level-three contributor	≥90 but <95 points on the Generic Scorecard	110%
4	Level-four contributor	≥80 but <90 points on the Generic Scorecard	100%
5	Level-five contributor	≥75 but <80 points on the Generic Scorecard	80%
6	Level-six contributor	≥70 but <75 points on the Generic Scorecard	60%
7	Level-seven contributor	≥55 but <70 points on the Generic Scorecard	50%
8	Level-eight contributor	≥40 but <55 points on the Generic Scorecard	10%
9	Non-compliant contributor	<40 points on the Generic Scorecard	0%

7.2 PART ONE: LARGE ENTITIES SCORECARD

	Element	Weighting
1	Ownership	25 points
2	Management control	27 points
3	Skills development	20 + 10 bonus points
4	Enterprise and supplier development	42 + 4 bonus points
5	Socio-economic development initiatives	5 points
6	Responsible Social Marketing and Communications	5 points
	Total weighting points	124 + 14 bonus points

8 Ownership

BEE elements	Indicators	Weighting points	Compliance Targets	Timeframe
				31 March 2018
8.1 Voting rights	8.1.1 Exercisable voting rights in the enterprise in the hands of black people	4	40%	45%
	8.1.2 Exercisable voting rights in the enterprise in the hands of black women	2	20%	30%
8.2 Economic interest	8.2.1 Economic interest of black people in the enterprise	4	40%	45%
	8.2.2 Economic interest of black women in the enterprise	2	20%	30%
	8.2.3 Economic interest of black natural people in the enterprise:	3	3%	5%
	8.2.3.1 black designated groups			
	8.2.3.2 black participants in employee-ownership schemes			
8.2.3.3 black beneficiaries of broad-based ownership schemes				
8.2.3.4 black participants in co-operatives	2	2%	4%	
8.2.4 Involvement in the ownership of the enterprises of black new entrants.				
8.3 Realisation points	Net value	8		
		25		

The principles and formulas for calculation of black ownership under the Amended Codes including the calculation of net value, shall apply using the ownership target of this MAC Sector Code.

9 Management Control

BEE elements	Indicators	Weighting points	Compliance Targets	Timeframe
				31 March 2018
9.1 Board Participation	9.1.1 Exercisable voting rights of black board members as a percentage of all board members	2	50%	50%
	9.1.2 Exercisable voting rights of black female board members as a percentage of all board members	1	25%	25%
	9.1.3 Black executive directors as a percentage of all executive directors	2	50%	50%
	9.1.4 Black female executive directors as a percentage of all executive directors	1	25%	25%
9.2 Other Executive Management	9.2.1 Black executive management as a percentage of all executive management	3	60%	60%
	9.2.2 Black female executive management as a percentage of all executive management	2	30%	30%
9.3 Senior Management	9.3.1 Black employees in senior management as a percentage of all senior management	3	60%	60%
	9.3.2 Black female employees in senior management as a percentage of all senior management	2	30%	30%
9.4 Middle Management	9.4.1 Black employees in middle management as a percentage of all middle management	3	75%	75%
	9.4.2 Black female employees in middle management as a percentage of all middle management	2	38%	38%
9.5 Junior Management	9.5.1 Black employees in junior management as a percentage of all junior management	2	88%	88%
	9.5.2 Black female employees in junior management as a percentage of all junior management	2	44%	44%
9.6 Employees with Disabilities	9.6.1 Black employees with disabilities as a percentage of all employees	2	2%	2%
		27		

10 Skills Development

BEE elements	Indicators	Weighting points	Compliance Targets	Timeframe
				31 March 2018
10.1 Skills development expenditure on any programme specified in the Learning Programme Matrix for black people as a percentage of the Leviaible Amount	10.1.1 Skills development expenditure on learning programmes specified in the learning programme matrix for black people as a percentage of leviaible amount	8	4%	6%
	10.1.2 Skills development expenditure on learning programmes specified in the learning programme matrix for black employees with disabilities as a percentage of leviaible amount.	4	0.2%	0.3%
10.2 Learnerships and Internships	10.2.1 Number of black unemployed people participating in learnerships and internships as a percentage of total employees	4	1.5%	2.5%
	10.2.2 Number of black unemployed people participating in training specified in the learning programme matrix as a percentage of number of employees	4	1.5%	2.5%
10.3 Bonus points	10.3.1 Number of black people absorbed by the Measured and Industry Entity at the end of the Learnerships and Internships programme	10	100%	100%
		30		

11 Enterprise and Supplier Development

BEE elements	Indicators	Weighting points	Compliance Targets	Timeframe
				31 March 2018
11.1 Preferential procurement	11.1.1 B-BBEE procurement spend from all empowering suppliers based on the B-BBEE procurement recognition levels as a percentage of total measured procurement spend	5	80%	80%
	11.1.2 B-BBEE procurement spend from all empowering suppliers that are qualifying small enterprises based on the applicable B-BBEE procurement recognition levels as a percentage of total measured procurement spend	4	15%	20%
	11.1.3 B-BBEE procurement spend from all exempted micro-enterprises based on the applicable B-BBEE procurement recognition levels as a percentage of total measured of total measured procurement spend	5	15%	20%
	11.1.4 B-BBEE procurement spend from empowering suppliers that are at least 51% black owned based on the applicable B-BBEE procurement recognition levels as a percentage of total measured procurement spend	9	40%	40%
	11.1.5 B-BBEE procurements spend from empowering suppliers that are at least 30% black women owned based on the applicable B-BBEE procurement recognition levels as a percentage of total measured procurement spend	4	12%	12%
Bonus points	B-BBEE procurement spend from designated group suppliers that are at least 51% black owned	2		2%
11.2 Supplier development	11.2.1 Annual value of all supplier development contributions made by the measured entity as a percentage of the target	10	2% of NPAT	2% of NPAT
11.3 Enterprise development	11.3.1 Annual value of enterprise development contributions and sector specific programmes made by the measured entity as a percentage of the target	5	1% of NPAT	1% of NPAT
11.4 Bonus points	11.4.1 Bonus point for graduation of one or more enterprise development beneficiaries to graduate to the supplier development level	1		
	11.4.2 Bonus point for creating one or more jobs directly as a result of supplier development and enterprise development initiatives by the measured entity	1		
		46		

12 Socio-economic Development Contributions

BEE elements	Indicators	Weighting points	Compliance Targets	Timeframe
				31 March 2018
12.1 Social-economic development	12.1.1 Average annual value of all socio economic development contributions by the measured entity as a percentage of the target	5	1% of NPAT	2.5%

13 Responsible Social Marketing and Communications

In a society where the national agenda takes precedence, it is important that social marketing pays heed and promotes it in a responsible yet creative manner. This will ensure that all messages aimed at promoting social coherence and edification are consistent with the national agenda in the best interest of society.

Social marketing is the use of any marketing communications platform for the purpose of encouraging society to embrace habits and practices that contribute to its collective wellbeing and welfare. This can be achieved by a number of approaches:

- Cultivating new habits and practices
- Encouraging adoption of good behavioural methods
- Discouraging behavioural patterns that have negative impact on society
- Reinforcing behavioural patterns that contribute to good fellowship and citizenry

For instance, South Africa has recognised the deleterious effects of obesity on the general welfare of the country. While this recognition has not been elevated to a statutory imperative, it has been identified and accepted as a threat to the wellbeing of society. Therefore it would be irresponsible of the MAC Sector to promote it in any manner or platform. Driving with an alcohol level above the national limit is a statutory offence and has dire consequences that impact negatively on the national welfare. The resultant damage, grief and sorrow can never be adequately quantified. Therefore the MAC Sector is constrained to making sure that this national issue is clearly and unambiguously communicated in the interest of social cohesion.

Fulfillment of this additional pillar will be measured by the contribution MAC Sector entities make towards the promotion of responsible social marketing through involvement in a programme designed to propound, propagate and entrench responsible social marketing:

- Attendance of sector RSM initiatives
- Attaining no adverse RSM ruling for the year under review

The South African Advertising Standards Authority (ASA) will be the MAC Sector organ entrusted with the responsibility of managing this element of the MAC Sector Codes.

BEE elements	Indicators	Weighting points	Compliance Targets	Timeframe 31 March 2018
13.1 Responsible Social Marketing and Communications	13.1.1 Annual value of contributions and participation in sector specific programs of the entity to promote responsible behavioural changes in line with national strategic objectives.	5	1% of NPAT	2.5%

TOTAL weighting = 134

14 Part Two: Qualifying Small Enterprises (QSEs) Scorecard

	Element	Weighting
1	Ownership	25
2	Management control	15
3	Skills development	25 + 10 bonus points
4	Enterprise and supplier development	30
5	Socio-economic development initiatives	5
6	Responsible Social Marketing and Communications	5
Total weighting points		105 + 10 bonus points

15 Ownership

BEE elements	Indicators	Weighting points	Compliance Targets	Timeframe
				31 March 2018
15.1 Voting Rights	15.1.1 Exercisable voting rights in the enterprise in the hands of black people	5	25% + 1 vote	25% +1 vote
	15.1.2 Exercisable voting rights in the enterprise in the hands of black women	2	10%	12%
15.2 Economic Interest	15.2.1 Economic interest of black people in the enterprise	5	25%	25%
	15.2.2 Economic interest of black women in the enterprise	2	10%	12%
	15.2.3 New entrants or black designated groups	3	2%	2%
15.3 Realisation Points	15.3.1 Net value	8		
		25		

16 Management Control

BEE Elements	Indicators	Weighting points	Compliance Targets	Timeframe
				31 March 2018
16.1 Executive Management	16.1.1 Black representation at executive management	5	50%	50%
	16.1.2 Black female representation at executive management	2	25%	30%
16.2 Non-Executive Management	16.2.1 Black representation at non-executive management	6	60%	60%
	16.2.2 Black female representation at non-executive management	2	30%	35%
		15		

17 Skills Development

BEE elements	Indicators	Weighting points	Compliance Targets	Timeframe
				31 March 2018
17.1 Skills development expenditure on any programme specified in the Learning Programme Matrix for black people as a percentage of the Leivable Amount	17.1.1 Skills development expenditure on learning programmes specified in the learning programme matrix for black people as a percentage of leivable amount	20	3%	4%
	17.1.2 Skills development expenditure on learning programmes specified in the learning programme matrix for black females as a percentage of leivable amount	5	2%	3%
17.2 Bonus points	17.2.1 Number of black people absorbed by the Measured and Industry Entity at the end of the Learnerships and Internships programme	10	100%	100%
		35		

18 Enterprise and Supplier Development

BEE elements	Indicators	Weighting points	Compliance Targets	Timeframe
				31 March 2018
18.1 Preferential procurement	18.1.1 B-BBEE procurement spend from all empowering suppliers based on the B-BBEE procurement recognition levels as a percentage of the total measured procurement spend	12	60%	60%
	18.1.2 B-BBEE procurement spend from all empowering suppliers that are at least 51% black owned based on the applicable B-BBEE procurement recognition levels as a percentage of total measured procurement spend	8	15%	20%
18.2 Supplier development	18.2.1 Annual value of all supplier development contributions made by the measured entity as a percentage of the target	5	1% of NPAT	2% of NPAT
18.3 Enterprise development	18.3.1 Annual value of enterprise development contributions and sector specific programmes made by the measured entity as a percentage of the target	5	1% of NPAT	2% of NPAT
		30		

19 Socio-economic development contributions

BEE elements	Indicators	Weighting points	Compliance Targets	Timeframe
				31 March 2018
19.1 Social-economic development	19.1.1 Annual value of all socio-economic development contributions by the measured entity as a percentage of the target	5	1% of NPAT	2% of NPAT

20 Responsible Social Marketing (RSM) and Communications

In a society where the national agenda takes precedence, it is important that social marketing pays heed and promotes it in a responsible yet creative manner. This will ensure that all messages aimed at promoting social coherence and edification are consistent with the national agenda in the best interest of society.

Social marketing is the use of any marketing communications platform for the purpose of encouraging society to embrace habits and practices that contribute to its collective wellbeing and welfare. This can be achieved by a number of approaches:

- Cultivating new habits and practices
- Encouraging adoption of good behavioural methods
- Discouraging behavioural patterns that have negative impact on society
- Reinforcing behavioural patterns that contribute to good fellowship and citizenry

For instance, South Africa has recognised the deleterious effects of obesity on the general welfare of the country. While this recognition has not been elevated to a statutory imperative, it has been identified and accepted as a threat to the wellbeing of society. Therefore it would be irresponsible of the MAC sector to promote it in any manner or platform. Driving with an alcohol level above the national limit is a statutory offence and has dire consequences that impact negatively on the national welfare. The resultant damage, grief and sorrow can never be adequately quantified. Therefore the MAC sector is constrained to making sure that this national issue is clearly and unambiguously communicated in the interest of social cohesion.

Fulfillment of this additional pillar will be measured by the contribution MAC sector entities make towards the promotion of responsible social marketing through involvement in a programme designed to propound, propagate and entrench responsible social marketing:

- Attending sector RSM initiatives
- Attaining no adverse RSM ruling for the year under review

The South African Advertising Standards Authority (ASA) will be the MAC sector organ entrusted with the responsibility of managing this element of the MAC Sector Code.

BEE elements	Indicators	Weighting points	Compliance Targets	Timeframe
				31 March 2018
20.1 Responsible Social Marketing and Communications: Annual value of contributions and participation in sector specific programs of the entity to promote responsible behavioural changes in line with national strategic objectives	20.1.1 Attaining no adverse RSM ruling for the year under review	3	1% of NPAT	2% of NPAT
	20.1.2 Attending sector RSM initiatives	2		

TOTAL weighting = 105

21 CONSTITUTION OF THE MAC SOUTH AFRICA (MAC SA)

21.1 PREAMBLE

- 21.1.1 We, signatories to the Marketing, Advertising and Communication sector code, having irrevocably committed ourselves to the goals and targets enshrined therein, acknowledge that transformation goes beyond numbers and percentage; it embraces the totality of our experience and *raison d'être*.
- 21.1.2 We further accept that to achieve our goal of transformation of the Marketing Advertising, Public Relations and Communication sector, we must work together through a single representative body and harness and manage our resources in the most cost effective manner.

- 21.1.3 Therefore, we resolve to a forum comprising representatives of all representatives from all stakeholders, empowered in terms of Section 4 of the B-BBEE Amendment Act 46 of 2013 to guide the MAC industry in its implementation of the Sector Code and all matters related to the B-BBEE Codes.
- 21.1.4 A duly constituted monitoring and evaluation forum, the MAC SA Charter Council shall be the highest decision making body on all matters related to the implementation of the Sector Code.

21.2 NAME

- 21.2.1 The forum shall be known as the "Marketing, Advertising and Communication South Africa". The abbreviated form of the name shall be the "MAC SA". Both names shall be duly registered and afforded all legal protection as properties and or trademarks of the MAC SA.
- 21.2.2 Likewise all icons, logos, logotypes, slogans and symbols developed specifically as part of the name and identity of the MAC SA shall be registered and protected under the relevant legal provisions.

21.3 FUNCTIONS

- The functions of the MAC SA Charter Council as set out in the Amended B-BBEE Codes of Good Practice are to:
- 21.3.1 Provide guidance on sector-specific matters affecting BEE in entities within the sector.
- 21.3.2 Monitor, measure and evaluate entities within the sector against the MAC sector code.
- 21.3.3 Compile reports on the status of B-BBEE within the sector.
- 21.3.4 Share information with the national monitoring mechanism and approved accreditation agencies, which can have specific relevance to BEE in the sector in terms of targets set out in the MAC sector code.
- 21.3.5 Report to the B-BBEE Commission, Line Minister, Minister of Trade and Industry and to the Presidential Advisory Council on progress made by the sector implement programmes intended to leverage verification capacity within the industry.

21.4 OBJECTIVES

- 21.4.1 To give meaningful expression and implementation of the MAC Sector Code by facilitating and expediting the transformation within the industry.
- Assume the role of a national policy making body that will give mandates to the MAC SA Charter Council
 - Formulate policy directives with the guidance of the MAC SA Charter Council, monitor and evaluate the progress of implementation of the MAC Sector Codes.

21.5 COMPOSITION OF THE COUNCIL

- 21.5.1 In accordance with the Amended Codes of Good Practice, there shall be equitable representation of stakeholders in the membership composition.
- 21.5.2 In the interest of being representative of the collective experience of our country and to also avail itself of expertise, each stakeholder will be entitled to two (2) representatives.
- 21.5.3 The MAC SA fulfils its mandate through the Secretariat of the MAC SA Charter Council.
- 21.5.4 The council members shall be appointed by the Line Minister upon nomination by the sector.

21.6 ACCOUNTABILITY

- 21.6.1 The MAC SA is accountable to all stakeholders, comprising representatives from the Marketing, Advertising, Public Relations and Communication stakeholder bodies.
- 21.6.2 The MAC SA will consist of two (2) members from each stakeholder who subscribed to the MAC Sector Code. MAC SA reserves the right to co-opt members from advocacy bodies.
- 21.6.3 The MAC SA will convene at least one (1) annual meeting to report and interact with the MAC SA Charter Council.
- 21.6.4 The MAC SA may review its mandate if tabled at a fully constituted meeting, and if more than twenty five percent (25%) of stakeholders in the MAC SA agree to the motion.

21.7 DURATION OF TENURE

- 21.7.1 Each stakeholder representative shall serve for a minimum of two (2) years with the option of another two (2) consecutive years. No member may serve on the MAC SA for more than four (4) consecutive years. No more than half of the members of the MAC SA may leave at the end of the first two years.
- 21.7.2 The Chairperson of the MAC SA shall not be a Chairperson of the MAC SA Charter Council.

21.8 MEETINGS

- 21.8.1 The MAC SA shall hold a duly constituted meeting at least once a year in pursuance of its mandate. A special meeting may be convened if at least a third of voting members give their consent to the Chairperson.
- 21.8.2 Every MAC SA meeting will be conducted in accordance with the MAC SA's adopted rules and procedures. A quorum at a duly constituted meeting will be achieved when fifty percent (50%) of voting members are present.

21.9 FINANCIAL MANAGEMENT

- 21.9.1 All financial transactions will be undertaken in the auspices of the MAC SA Charter Council Secretariat in accordance with International Financial Reporting Standards Framework (IFRS).
- 21.9.2 Financial reports will be presented to the MAC SA at every standing meeting.
- 21.9.3 The Secretariat shall cause an annual audit to be conducted and presented to the MAC SA.
- 21.9.4 The financial year will end on the 31st March of every year.
- 21.9.5 The MAC SA will be funded by the stakeholders through the mechanism adopted by the MAC SA Charter Council.

21.10 DISQUALIFICATION

- 21.10.1.1 A member will be disqualified from serving on the MAC SA on the following if:
- 21.10.1.2 Advised by the constituent body which the member represents.
- 21.10.1.3 Withdrawal by the Constituent body of participation on the MAC SA and or ceases to be a member of the MAC SA for any reason.
- 21.10.1.3 Becomes an unrehabilitated insolvent.
- 21.10.1.4 Is convicted of a crime and sentenced to more than six (6) months imprisonment and having to serve without the option of a fine.
- 21.10.1.5 Contravenes and or violates the provisions of the MAC Sector Code.
- 21.10.1.6 A stakeholder will be disqualified immediately if found to have violated the provisions of the MAC SA Constitution.

21.11 AMENDMENT TO THE MAC SA CONSTITUTION

- 21.11.1 The MAC SA Constitution can only be amended if sixty percent (60%) of all voting members give their consent at a duly constituted council meeting.
- 21.11.2 A notice of amendment to the MAC SA Constitution must be circulated for a period of fourteen (14) days before its implementation.

21.12 DISSOLUTION

- 21.12.1 The MAC SA can only be dissolved if sixty percent (60%) of all voting members give their consent at a duly constituted meeting.
- 21.12.2 A meeting to discuss the dissolution of the MAC SA must be attended by eighty percent (80%) of voting members.
- 21.12.3 At least twenty-one (21) days notice must be given to all MAC SA members.
- 21.12.4 In event that there is dissolution of the MAC SA, any assets will be ceded to a body that espouses similar objectives.

21.13 INDEMNITY AND LIABILITY

- 21.13.1 Every member of the MAC SA shall be indemnified against personal claims made against that member and in any losses and expenses incurred by that member in execution of his or her duties of the work of the MAC SA Charter Council, except if acted in bad faith or negligence.
- 21.13.2 No member of the MAC SA shall have any liability for any commitments undertaken by MAC SA.

21.14 FUNDING AND BUDGET

- 21.14.1 **Equitable funding by all stakeholders:** This option requires that all the industry bodies represented on the Charter Council including the GCIS contribute equitably to annual projected expenditure required. This contribution can be made in cash or in kind to support and operationalise the work of the MAC SA Charter

- Council. Industry representatives will source funding from individual organisations that belong to that industry body.
- 21.14.2 **The model of equitable contribution by all industry bodies:** The core members as defined in the scope of application will contribute proportionately together with the GCIS to the annual running costs of the MAC SA Charter Council. Once the funding model has been adopted by all parties referred to in the preceding clause, it will be incorporated into the MAC Sector Code.

22 MAC SA CHARTER COUNCIL MEMBERS

The MAC SA Charter Council comprises members who have been voted and/or delegated by the stakeholders and approved by the Line Minister.

23 SECRETARIAT FOR THE MAC SA CHARTER COUNCIL

The GCIS will avail the secretariat function for the foreseeable future until the MAC SA Charter Council establishes its full time Secretariat.

24 INDUSTRY STAKEHOLDERS UNDERTAKINGS

In support of the MAC SA Charter Council application for SECTION 9 (1) status, the following core members and stakeholders have given their endorsement:

- Advertising Standards Authority of South Africa (ASA)
- Association for Communication and Advertising (ACA)
- Communication and Advertising Forum for Empowerment (CAFE)
- Government Communications and Information Services (GCIS)
- Public Relations Institute of Southern Africa (PRISA)
- South African Advertising Research Foundation (SAARF)



association for
communication
and advertising

BOARD RESOLUTION

At the Board meeting of the Association of Communication and Advertising NPC held on the 22nd of August 2013, it was resolved that:

The ACA Board acknowledges the efforts made by the GCIS and DTI BBBEE unit in assisting with the revision of the sector charter. Furthermore, having taken into consideration the undertaking by the DTI BBBEE unit, that the Minister is ready to gazette the proposed MACSA Charter for public comment as a Section 9 Charter, the Board mandated the MACSA task team to accordingly submit the revised MAC Charter.

Signed on behalf of the ACA Board of Directors:

ODETTE VAN DER HAAR
Chief Executive Officer
Association for Communication and Advertising NPC

Date: 22/08/2013

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DIRECTORS: Chairperson: N. Morris Vice Chairpersons: G. Curtis M. Gendel B. Pezisa
M. Abel J. Barty A. Deeb K. Denelane S. Dexter J. Dixon G. Leck M. Makhene A. Mbanga J. McCarthy
P. Middleton I. Moroke K. Musi S. Napier N. Nkomo E. O'Hanlon C. Primos J. Ribeiro D. Tomlinson N. Wills

Association for Communication and Advertising NPC Registration No. 1971/008178/09

ANNEXURE 24.2



The Advertising Standards Authority of South Africa

(Association incorporated under Section 21)

Telephone 011 781 2006 Fax 011 781 1610 Email info@asasa.org.za Website www.asasa.org.za
W: www.Burnside Estate Office Park (Entrance off A'hole) 410 Jan Smuts Avenue Craighall Park PO Box 41555 Craighall 2024
Company Registration Number: 1985/007840/09 (Non-profit) Registration Number 043 694 NPO

Mr/Mrs/Ms
Department of Trade and Industry (The DTI)
Designation

Email address:

RE: Support for MAC Charter

Dear Mr/Mrs/Ms

The Advertising Standards Authority of South Africa, (ASA), is one of the original signatories of the Marketing, Advertising and Communications sector Charter, (MAC Charter) in compliance with S12 B-BBEE Codes of Good Practice, promulgated in 2007.

We now support the application for the MAC Charter to be gazetted as a sector Charter under S9 of the said B-BEE Codes of Good Practice.

Yours Sincerely

Ms TN Msibi
Chief Executive Officer

Date: 27/03/2014

N Nkomo
Chairman of the Board

Date: 23/03/2014.

President Judge Kate O'Regan
Directors NV Nkomo (Chairperson) J Siney-Gould (Vice Chairperson) TN Msibi (CEO) DR Terblanche I Louw P Moliwa M Gendel

ANNEXURE 24.3

**Pledge by the South African Advertising Research Foundation (SAARF)**

The South African Advertising Research Foundation hereby re-affirms that it identifies with the Marketing, Advertising and Communication Charter and pledges to advocate, promote and support the transformation goals and targets contained therein.

Although the Charter does not apply to SAARF as a non-profit organization, SAARF will endeavour as far as it is able to, to comply with the spirit of the MAC Charter and reaffirms its support of the transformation goals and targets contained therein.

SAARF's members represent the diversity of the communication industry, and the vast majority already has their own programmes in place in their respective industries. However, they also wish to express their in-principle support for the Charter again and have it noted as such.

As it will not be appropriate for SAARF to serve on the MAC Charter Council (since it is a non-profit research organization whose members in any event comprise representatives of industry players), SAARF will not be nominating anybody to serve on the MAC Charter Council.

Signed on behalf of the South African Advertising Research Foundation.

Paul Haupt
CEO: SAARF

Page 1 of 1

54 Queens Road, Bryanston P O Box 98874 Sloane Park 2152
Tel: (011) 463-5340/1/2 Fax: (011) 463-5010 / 0866 353 562 e-mail address: saarf@saarf.co.za Website: <http://www.saarf.co.za>
Directors: L. Benjamin, R. Chalmers, B. Cooke, S. F. du Plessis (Chair), G. Gardin, M. Grauman, P. Haupt (Dir) (CEO), N. F. Holdsworth, T. Muisudzi,
P. Middleton, L. Siso (Vice Chair), T. Stafford, B. Wortley (Vice Chair)

ANNEXURE 24.4



PRISA - The Institute for Public Relations & Communication Management

Section 21 Registration No 2000/016388/08
 VAT registration number: 4230111686
 Tax Reference Number: 9807027140
 P O Box 2825 Pinegowrie 2123 South Africa
 ProComm House 108 Bram Fischer Drive Ferndale 2194
 Tel +27 11 326 1262
 Fax +27 11 326 1259
 Email info@prisa.co.za
 Website www.prisa.co.za

15 June 2015

Mr/Mrs/Ms

Department of Trade and Industry (The DTI)
Designation

Email address:

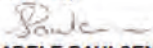
RE: Support of MAC Charter

Dear Mr/Mrs/Ms

The Public Relations Institute of Southern Africa, (PRISA), is one of the original signatories of the Marketing, Advertising and Communications sector Charter, (MAC Charter) in compliance with S 12 B-BBEEE Codes of Good Practice, promulgated in 2007.

We now support the application for the MAC Charter to be gazette as a sector Charter under S9 of the said B-BEE Codes of Good Practice.

Sincerely


ADELE PAULSEN
 EXECUTIVE DIRECTOR

PUBLIC RELATIONS INSTITUTE OF SOUTHERN AFRICA (NPO)

Section 21 Company Directors: Lungile Lose APR, Lorraine van Schalkwyk APR, Ingrid Lotze APR, Kevin Welman CPRP, Sylvia Collins APR, Roshnee Pillay CPRP, Tasneem Carrim CPRP, Brightness Mangolotho CPRP, Kyler Martin, Kavitha Kalicheren APR, Adele Paulsen (Executive Director)

