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GOVERNMENT NOTICE

DEPARTMENT OF TRADE AND INDUSTRY

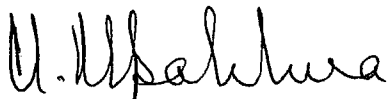
No. 924

29 August 2008

MEDIA, ADVERTISING AND COMMUNICATION M (MAC) SECTOR CHARTER ON BLACK ECONOMIC EMPOWERMENT

I, Mandisi Mpahlwa, Minister of Trade and Industry, hereby-

- a) Issue the following MAC Sector Charter under Section 12 of the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003); and
- b) Determine that this charter will come into operation on the date of this publication.



MANDISI MPAHLWA
MINISTER OF TRADE AND INDUSTRY

DATE: 29/08/2008



TRANSFORMATION OF THE MARKETING, ADVERTISING AND COMMUNICATION INDUSTRY CHARTER SUBMISSION

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1. PROPOSED MARKETING, ADVERTISING AND COMMUNICATION TRANSFORMATION CHARTER

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 47 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's (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 talents, 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 transforming 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 MAC Transformation Charter is based.

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 MAC 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 – reflects 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, people with disabilities, 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 that negatively impacts on the dignity of the 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 requirements 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 of business as well as the long-term aspirations of the South African nation.
- (b) Furthermore, the industry shall be committed to abide by the principle of good corporate governance and 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 of the Republic of South Africa, 1996 and protected by the Bill of Rights, especially Freedom of Expression.

The MAC Transformation Charter adheres to the Broad-Based Black Economic Empowerment (BBBEE) Act, 2003 (Act 53 of 2003), available on the Department of Trade and Industry's (the dti) website: www.thedti.gov.za. The MAC Transformation Charter is based on the principles outlined in the generic codes.

Stakeholder transformation charters are attached in ANNEXURE A:

Association of Advertising Agencies (AAA)

- a. MAC INDUSTRY SCORECARD: The BBBEE Scorecard for the MAC industry should be read in conjunction with the Second Phase BBBEE Codes of Good Practice (gazetted on 9 February 2007 in *Government Gazette No. 29617*), available on www.thedti.gov.za.

ANNEXURE A: STAKEHOLDER TRANSFORMATION 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.

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ANNEXURE B: PROPOSED MAC INDUSTRY SCORECARD

PART ONE: GENERIC SCORECARD

	Element	Weighting
1	Ownership	20 points
2	Management control	15 points
3	Employment equity	15 points
4	Skills development	15 points
5	Preferential procurement	15 points
6	Enterprise development	15 points
7	Socio-economic development initiatives	5 points

BBBEE status based on overall performance of a measured entity using the generic scorecard

	BBBEE status	Qualification	BBBEE-recognition level
1	Level-one contributor	> 100 points	135%
2	Level-two contributor	> 85 but < 100 points	125%
3	Level-three contributor	> 75 but < 85 points	110%
4	Level-four contributor	> 65 but < 75 points	100%
5	Level-five contributor	> 55 but < 65 points	80%
6	Level-six contributor	> 45 but < 55 points	60%
7	Level-seven contributor	> 40 but < 45 points	50%
8	Level-eight contributor	> 30 but < 40 points	10%
9	Non-compliant contributor	>30	0%

1. Ownership

BEE elements	Indicators	Weighting points	Minimum targets	Time frames		
				1-16	17-20	21-24
Voting rights	Exercisable voting rights in the enterprise in the hands of black people	4	25%+1	25%	30%	45%
	Exercisable voting rights in the enterprise in the hands of black women	2	10%			
Economic interest	Economic interest of black people in the enterprise	3	25%	25%	30%	45%
	Economic interest of black women in the enterprise	2	10%			
	Economic interest of the following black natural people in the enterprise: (1) black designated groups (2) black participants in employee-ownership schemes (3) black beneficiaries of broad-based ownership schemes (4) black participants in co-operatives	1	3%			
Realisation points	Ownership fulfilment	2		25%	30%	45%
	Net value	1				
Bonus points	Involvement in the ownership of the enterprise of black new entrants	3 (the dti 2)	10%	30%	60%	100%
	Involvement in the ownership of the enterprise of black participants: (1) in employee-ownership schemes (2) of broad-based ownership schemes (3) co-operatives	2 (the dti 1)	10%			

Weighting = 20

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2. Management

BEE elements	Indicators	Weighting points	Minimum targets	Time frames		
				2008	2009	2011
Broad participation	Exercisable voting rights of black board members using the adjusted recognition for gender	5	50%	25%	30%	50%
	Black executive directors using the adjusted recognition for gender	3	50%			
Top management	Black senior top management using the adjusted recognition for gender	4	50%			
	Other black top management using the adjusted recognition for gender	3	50%	10%	20%	30%
Bonus points	Black independent non-executive board members	1	30%			
		15 (excl. bonus)				

Weighting = 15

3. Employment equity

BEE elements	Indicators	Weighting points	Minimum targets	Time frames		
				2008	2009	2011
Employment equity	Black employees with disabilities as a percentage of all employees using adjusted recognition for gender	12	60%	25%	30%	60%
	Black employees in senior management as a percentage of all such employees	2 out of 12				
	Black employees in middle management as a percentage of all such employees	3 out of 12				
	Black employees in junior management as a percentage of all such employees	4 out of 12				
Bonus points	Bonus points for meeting or exceeding the economically active population target in above categories	3				
		15				

Weighting = 15

4. Skills development

BEE elements	Indicators	Weighting points	Minimum targets	Time frames		
				2008	2009	2011
Skills development expenditure on any programme specified in the Learning Programmes Matrix	Skills development expenditure on learning programmes specified in the Learning Programmes Matrix for black employees as a percentage of leivable amount using the adjusted recognition for gender	6	3%	1%	2%	3%
	Skills development expenditure on learning programmes specified in the Learning Programmes Matrix for black employees with disabilities as a percentage of leivable amount using the adjusted recognition for gender	3	0,3% (recommend 0,5%)			
Learnerships	Number of black employees participating in learnerships or Category B, C and D programmes as a percentage of total employees using the adjusted recognition for gender	6	5%			
		15				

Weighting = 15

5. Preferential procurement

BEE elements	Indicators	Weighting points	Minimum targets	Time frames		
				2006	2007	2008
Preferential procurement	BBBEE procurement spend from all suppliers based on the BBBEE procurement recognition levels as a percentage of total measured procurement spend	9	50%	25%	30%	50%
	BBBEE procurement spend from qualifying small enterprises or exempted micro-enterprises based on the applicable BBBEE procurement-recognition levels as a percentage of total measured procurement spend	2	15%	8%	10%	15%
	BBBEE procurement spend from any of the following suppliers as a percentage of total measured procurement spend: 1. suppliers that are 50% black owned (2 out of 4 points) 2. suppliers that are 30% black women owned (2 out of 4 points)	4	20%	10%	15%	20%

Weighting = 15

6. Enterprise development

BEE elements	Indicators	Weighting points	Minimum targets	Time frames		
				2006	2007	2008
Enterprise development	Average annual value of all enterprise development contributions and sector-specific programmes made by the measured entity as a percentage of the target	15	3% of (NPAT)	1-2%	3-4%	5%

Weighting = 15

7. Socio-economic development contributions

BEE elements	Indicators	Weighting points	Minimum targets	Time frames		
				2006	2007	2008
Social-economic development	Average annual value of all socio-economic development contributions by the measured entity as a percentage of the target	5	1% of NPAT	1-2%	3-4%	5%

Weighting = 5

TOTAL weighting = 100

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PART TWO: QUALIFYING SMALL ENTERPRISES (QSEs) SCORECARD

	Element	Weighting	Remarks
1	Ownership	20 points	1. QSEs must select five elements 2. At least one element must be selected from elements no. 1 to no. 3 [i.e. ownership, management control and employment equity]
2	Management control	20 points	
3	Employment equity	20 points	
4	Skills development	20 points	
5	Preferential procurement	20 points	
6	Enterprise development	20 points	
7	Socio-economic development contributions	20 points	
Total		100 points	

2. CONSTITUTION OF THE MAC SA

1 PREAMBLE

- 1.1 We, signatories to the MAC Transformation Charter, 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'etre*.
- 1.2 We further accept that to achieve our goal of transforming the MAC industry, we must work together through a single representative body and harness and manage our resources in the most cost-effective manner.
- 1.3 Therefore, we resolve to a forum comprising representatives of all representatives from all stakeholders, empowered in terms of the BBBEE Act, 2003, to guide our industry in its quest to live up to the letter and spirit of the Act.
- 1.4 This forum shall be a policy-making body primarily responsible for formulating mandates of the MAC Charter Council and reviewing its reports.

2. NAME

- 2.1 The forum shall be known as "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.
- 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.

3. OBJECTIVE

- 3.1 To give meaningful expression and implementation of the BBBEE Codes of Good Practice gazetted by the dti, by facilitating and expediting transformation within the industry, by assuming the role of a national policy-making body that will give mandates to the MAC Charter Council, by formulating policies agreed upon, and with guidance of the MAC Charter Council, tracking its progress.

4. COMPOSITION

- 4.1 In accordance with the Codes of Good Practice, there shall be equitable representation of stakeholders in the membership composition.
- 4.2 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 representatives.
- 4.3 The MAC SA shall fulfil its mandate through the Secretariat of the MAC Charter Council.

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5. ACCOUNTABILITY

- 5.1 The MAC SA is accountable to all stakeholders, comprising representatives from the MAC stakeholder bodies.
- 5.2 The MAC SA will consist of two members from each stakeholder who have signed the MAC Charter (including those industries which are advocacy bodies).
- 5.3 The MAC SA will convene at least one annual meeting to report and interact with the MAC Charter Council.
- 5.4 The MAC SA may review its mandate if tabled at a fully constituted meeting, and if more than 25% of stakeholders in the MAC SA agree to the motion.

6. DURATION OF TENURE

- 6.1 Each stakeholder representative shall serve for a minimum of two consecutive years with an option of another two consecutive years. No member may serve on the MAC SA for more than four consecutive years. No more than half of the members of the MAC SA may leave at the end of the first three years.
- 6.2 The chairperson of the MAC SA shall not be a chairperson of the MAC Charter Council.

7. MEETINGS

- 7.1 The MAC SA shall hold a duly constituted meeting at least biannually 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.
- 7.2 Every MAC SA meeting will be conducted in accordance with MAC SA's adopted rules and procedures. A quorum at a duly constituted meeting will be achieved when 50% of voting members are present.

8. FINANCIAL MANAGEMENT

- 8.1 All financial transactions will be undertaken under the auspices of the Secretariat of the MAC Charter Council, in accordance with general accepted accounting principles.
- 8.2 Financial reports will be presented to the MAC SA at every standing meeting.
- 8.3 The Secretariat shall arrange for an annual audit to be conducted and presented to the MAC SA.
- 8.4 The financial year will end on 31 March of every year.
- 8.5 The MAC SA will be funded by the stakeholders through the mechanism adopted by the MAC Charter Council.

9. DISQUALIFICATION

- 9.1 A member will be disqualified from serving on the MAC SA if he/she:
 - 9.1.1 ceases to represent his/her stakeholder
 - 9.1.2 becomes an unrehabilitated insolvent

- 9.1.3 is convicted of a crime and sentenced to more than six months' imprisonment and having to serve without the option of a fine
- 9.1.4 contravenes and/or violates the provisions of the MAC Transformation Charter
- 9.2 A stakeholder will be disqualified immediately if found to have violated the provisions of MAC SA's Constitution.

10. AMENDMENT TO MAC SA's CONSTITUTION

- 10.1 MAC SA's Constitution can only be amended if 60% of all voting members give their consent at a duly constituted council meeting.
- 10.2 A notice of amendment to MAC SA's Constitution must be circulated for a period of 14 days before its implementation.

11. DISSOLUTION

- 11.1 The MAC SA can only be dissolved if 60% of all voting members give their consent at a duly constituted meeting.
- 11.2 A meeting to discuss the dissolution of the MAC SA must be attended by 80% of voting members.
- 11.3 At least 21 days' notice must be given to all MAC SA members.
- 11.4 In the event that there is dissolution of the MAC SA, all assets will be ceded to the Media Development and Diversity Agency (MDDA).

12. INDEMNITY AND LIABILITY

- 12.1 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 the execution of his/her duties of the work of the MAC Charter Council, except if acted in bad faith or negligence.
- 12.2 No member of the MAC SA shall have any liability for any commitments undertaken by the MAC SA.



3. CONSTITUTION OF THE MAC CHARTER COUNCIL

1. PREAMBLE

- 1.1 We, signatories to the MAC Transformation Charter, 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*.
- 1.2 We further accept that to achieve our ideal, to be creators and custodians of a truly South African communication idiom, we must harness and manage our resources in the most cost-effective manner. We accordingly accept that there is a need for an efficacious and representative vehicle to help with the implementation and monitoring of the process.
- 1.3 Therefore, we resolve to establish a charter council, which will be empowered in terms of the BBBEE Act, 2003, to guide our industry in its quest to live up to the letter and spirit of the Act.
- 1.4 The MAC Charter Council has been established in terms of paragraph 15 of the charter to oversee the implementation of the MAC Transformation Charter with a view to promoting transformation and BEE within the MAC industry of the South African economy.

2. NAME

- 2.1 The council shall be known as the Marketing, Advertising and Communication Charter Council. The abbreviated form of the name shall be the MAC Charter Council. Both names shall be duly registered and afforded all legal protection as properties and or trademarks of the MAC Charter Council.
- 2.2 Likewise all icons, logos, logotypes, slogans and symbols developed specifically as part of the name and identity of the MAC Charter Council shall be registered and protected under the relevant legal provisions.

3. OBJECTIVE

- 3.1 To give meaningful expression to and implementation of the BBBEE Codes of Good Practice gazetted by the dti, by facilitating and expediting transformation within the industry.

4. FUNCTIONS

- 4.1 The functions of the MAC Charter Council as set out in the BBBEE Codes of Good Practice are to:
 - 4.1.1 provide guidance on sector-specific matters affecting BEE in entities within the sector
 - 4.1.2 monitor, measure and evaluate entities within the sector against the MAC Transformation Charter
 - 4.1.3 compile reports on the status of BBBEE within the sector
 - 4.1.4 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 Transformation Charter

- 4.1.5 report to the Minister of Trade and Industry and to the Advisory Council on progress made by the sector
- 4.1.6 implement programmes intended to leverage verification capacity within the industry.
- 4.2 The MAC Charter Council is required to apply good corporate governance principles in its daily functions.
- 4.3 The MAC Charter Council will provide oversight to the MAC SA.

5. COMPOSITION

- 5.1 In accordance with the Codes of Good Practice, there shall be equitable composition of stakeholders in the members of the MAC Charter Council. Stakeholders will each have one member represented on the MAC Charter Council.
- 5.2 In the interest of being representative of the collective experience of our country and to also avail itself of expertise, the MAC Charter Council will, co-opt five additional members from the other eight provinces, excluding Gauteng.
- 5.3 The MAC Charter Council shall be supported by a secretariat without voting rights.

6. ACCOUNTABILITY

- 6.1 The MAC Charter Council is accountable to a larger forum, the MAC SA, comprising representatives from each stakeholder, which is set up to give effect to the MAC Charter Council.

7. DURATION OF TENURE

- 7.1 Each stakeholder representative shall serve for a minimum of three consecutive years with an option of another three consecutive years. No member may serve on the MAC Charter Council for more than six consecutive years. No more than half of the members of the MAC Charter Council may leave at the end of the first three years.
- 7.2 All co-opted members shall serve on the MAC Charter Council for not more than three consecutive years.
- 7.3 The chairperson of the MAC Charter Council shall not be a chairperson of the MAC SA.

8. MEETINGS

- 8.1 The MAC Charter Council shall hold a duly constituted meeting every three months in pursuance of its mandate. A special meeting may be convened if a third of the voting members give their consent to the chairperson.
- 8.2 Every MAC Charter Council meeting will be conducted in accordance with the council's adopted rules and procedures. A quorum at a duly constituted meeting will be achieved when 50% of voting members are present.



9. FUNDING

- 9.1 The council will be funded by the stakeholders, in a manner agreed to and accepted by all. Each stakeholder which is a member of the MAC Charter Council shall pay an annual contribution towards the costs of the MAC Charter Council, the amount of which shall be determined in the manner set out in 9.2.
- 9.2 Prior to the commencement of each financial year of the MAC Charter Council, the budget of the council for the following financial year shall be prepared by the Secretariat following discussions with MAC SA members. The annual budget will be prepared for MAC Charter Council approval at the last meeting of the board in the then current financial year.
- 9.3 The budget determined in the manner referred to in 9.2 shall bind the MAC Charter Council.

10. FINANCIAL MANAGEMENT

- 10.1 The financial year of the MAC Charter Council shall be the period commencing on 1 April of each year and ending on 31 March.
- 10.2 Financial books will be kept in accordance with general accepted accounting principles. Financial reports will be presented to the council at every standing meeting. The Secretariat shall arrange for an annual audit to be conducted and presented to the council.
- 10.3 The MAC Charter Council shall have all the powers necessary to carry out its mandate.

11. DISQUALIFICATION

- 11.1 A member will be disqualified from serving on the council if he/she:
- 11.1.1 ceases to represent his/her stakeholders
- 11.1.2 becomes an unrehabilitated insolvent
- 11.1.3 is convicted of a crime and sentenced to more than six months' imprisonment and having to serve without the option of a fine
- 11.1.4 contravenes and or violates the provisions of the MAC Transformation Charter.
- 11.2 A stakeholder will be disqualified if found to have violated the provisions of the MAC Charter Council's Constitution.

12. AMENDMENT TO THE MAC TRANSFORMATION CHARTER'S CONSTITUTION

- 12.1 The MAC Charter Council's Constitution can only be amended if 60% of voting members give their consent at a duly constituted council meeting.
- 12.2 A notion of amendment to the MAC Charter Council's Constitution must be circulated for a period of 14 days before its implementation.

13. DISSOLUTION

- 13.1 The council can only be dissolved if 60% of voting members give their consent at a duly constituted council meeting.
- 13.2 A meeting to discuss the dissolution of the council must be attended by 80% of voting members.
- 13.3 At least 21 days' notice must be given to all council members.
- 13.4 Any assets will be ceded to the MDDA.

14. INDEMNITY AND LIABILITY

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

INTERPRETATIONS

Advocacy body: Those members of the MAC Charter Council who endorse or influence the transformation and the MAC Transformation Charter, due to their work and/or stakeholders.

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.

BEE accredited: Enterprises that have been accredited by the South African National Accreditation System, on behalf of the dti, and which 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 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 BBEE 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.

BEE transactions: All transactions for the acquisition, by black people, of direct ownership in an existing or new entity (other than a small and medium-sized enterprise [SME] in the marketing and communication industry and in other sectors of the economy) and joint ventures with marketing and communication ventures or other equity investments in BEE companies (other than SMEs).



BBBEE Codes of Good Practice: The dti publishes the Codes of Good Practice on BEE as per the requirements of the BBBEE Act, 2003. The BBBEE Codes of Good Practice are to be applied in developing, evaluating and monitoring BEE charters, initiatives, transactions and other implementation mechanisms. The statement contains basic principles and essential considerations, as well as guidance, in the form of explanatory and other material.

Black companies: Refers to companies that are more than 50% owned and controlled by black people.

Black-empowered companies: Refers to companies that are more than 25% owned by black people and where substantial participation in control is vested in black people.

Black-influenced companies: Refers to companies that are between 5% and 25% owned by black people and with participation in control by black people.

Black people: As defined in the BBBEE Act, 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. Regarding 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.

Black SME: Refers to an SME with a turnover ranging from R500 000 to R20 million per year, which is black, a black company or a black-empowered company.

Black women empowerment enterprises: Refers to companies that are more than 30% owned by black women, and where substantial participation in control is vested in black women.

Broad-based ownership: 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 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: Refers to a charter council established in terms of paragraph 4 (Role of Charter Council) of the BBBEE Codes of Good Practice.

Company: Refers to an enterprise registered in terms of the Companies 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 participation in:

1. control structures of a business unit or of the company (such as shareholder 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. executive management.

Discrimination: Refers to discrimination as defined in the promotion of Equality and Prevention of Unfair Discrimination Act, 2000 (Act 4 of 2000).

Designated investment: Refers to 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).

Direct ownership: Refers to ownership of an equity interest together with control over all the voting rights attaching to the equity interest.

Duly constituted meeting: Refers to a meeting convened according to the standard rules adopted by the MAC SA or the MAC Charter Council.

Empowerment financing: Refers to the provision of finance for or investment in:

1. targeted investment
2. BEE transactions.

Enterprise development: Refers to support for existing, or fostering of, new black SMEs and BEE companies in the financial and other sectors of the economy.

Indirect ownership: Occurs where an institution or other investor owns equity in a company on behalf of beneficiaries and where there may not be direct participation by the beneficiaries in the voting rights.

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 year. If the bonuses are in excess of 50% of total remuneration, 50% of the bonuses will be included as part of the package. The salary bands will increase in line with consumer price index on 1 January each year, commencing on 1 January 2004.

MAC SA: A broad forum comprising representatives from each stakeholder group or industry who are signatories to the Transformation Charter, and who are guided by the MAC SA Constitution and its mandate.

Management: Management is divided into senior, middle and junior levels:

1. Senior management: All employees with a package (excluding bonuses) in respect of which the cost to the employer is R450 000 or more per year, but excluding all employees who fall within the definition of executive management.
2. Middle management: All employees with a package (excluding bonuses) in respect of which the cost to the employer is between R250 000 and R450 000 per year.



Procurement: Refers to all expenditure to acquire goods and/or services, including capital expenditure, but excluding:

1. broker commission
2. reinsurance premiums
3. commissions to insurance intermediaries
4. property and rental purchases (although property management is specifically included)
5. 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)
6. procurement spending where there is a natural monopoly
7. any items of procurement where the supplier is imposed in terms of a global policy for technical (but specifically not commercial) reasons
8. inter-entity charges for services rendered by other members of the group
9. social-investment expenditure and donations
10. all value-added tax payable.

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.

Senior executive management: Refers to 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 developing and/or implementing the enterprise's strategy. Common examples of the senior executive management include without limitation, chief executive officers, chief operating officers and chief financial officers.

Small enterprise: A company is defined as a QSE if its annual turnover is between R5 million and R35 million, and if it follows the small enterprise scorecard. The small enterprise scorecard is "easier/more lenient" to achieve than the generic scorecard.

Definition provided by the National Small Business Act, 1996 (Act 102 of 1996):

"Small business" means a separate and distinct business entity, including co-operative enterprises and non-governmental organisations, managed by one owner or more which, including its branches or subsidiaries, if any, is predominantly carried on in any sector or subsector of the economy, which can be classified as a micro, a very small, a small or a medium enterprise.

Stakeholder	Annual turnover			
	Micro	Very small	Small	Medium
ACA	1 million	2,5 million	15 million	25 million
PRISA	1 million	5 million	15 million	30 million

Sound business practice: Refers to business practice which is conducive to establishing, maintaining and promoting:

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 subsectors in marketing and communication
5. sector value chain; and hence the avoidance of arbitrage between the subsectors
6. BEE transactions taking place on willing-seller and willing-buyer basis.

Stakeholder: All groups, organisations or individuals who can affect or who are affected by achieving the objective of the MAC Transformation Charter and are signatories to the charter.

Targeted investment: Refers to debt financing of, or other forms 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 under-developed areas and contribute towards equitable access to marketing, advertising and communication resources.

Voting member (MAC Charter Council): Any elected member of the MAC Charter Council, advocacy bodies and co-opted members, and who abide by the guidelines established by the MAC Charter Council and objectives of its constitution, are allowed to vote.

Voting member (MAC SA): A secretariat member represented on the MAC SA does not vote. All other members of the MAC SA, who abide by the objectives of the MAC SA Constitution and the guidelines established by the MAC SA, are allowed to vote.



ANNEXURE C: FUNDING AND BUDGET

Equitable funding by all stakeholders: This option requires that all the industry bodies represented on the Charter Council contribute equally to annual projected expenditure required, which can be made in cash and in kind, to support and operationalise the work of the Charter Council. Industry representatives will source funding from individual organisations that belong to that industry body.

The model of equitable contribution by all industry bodies

1. Promotes a true sense of ownership, responsibility and buy-in from all members.
2. The contribution is a nominal amount because of the large number of industry representatives.
3. Relative ease of application and management.

ANNEXURE D: CHARTER COUNCIL MEMBERS' ABRIDGED CVs

Bridget von Holdt – PRISA

Bridget von Holdt (Strategic Director of InZalo Communications) started Communications Consultants over 20 years ago. She is an active participant in the industry through PRISA and is involved in several initiatives to promote women's participation in business and commerce, in particular previously disadvantaged individuals.

Bridget personifies the passion and zest which have made InZalo Communications one of the country's leading strategic consultancies.

A secure client base built on years of mutual respect and unassailable service delivery attest to Bridget's standing in the industry. With such a broad base of clients, Bridget's knowledge of industry trends spans a wealth of areas, providing an ever-widening challenge to the role of communication.

Dikeledi Mosalo – Media, Advertising, Publishing, Printing and Packaging Sector Education and Training Authority (MAPPP Seta)

Dikeledi is employed with the MAPPP-Seta as chamber manager. Her core responsibilities are to liaise with the advertising industry to establish their skills-development needs and address them in line with the Skills Development Act, 1998 (Act 97 of 1998), and Skills Development Levies Act, 1999 (Act 9 of 1999). She holds a B. Comm Honours degree in Economics and has extensive experience in curriculum development and policy.

Tshifhiwa Mulaudzi – South African Advertising Research Foundation (SAARF)

Tshifhiwa Mulaudzi works for SAARF as a technical support executive. His responsibilities involve overseeing all SAARF products and technical aspects relating to surveys. This includes Television Audience Measurement Survey (TAMS), Radio Audience Measurement Survey (RAMS), All Media and Product Survey (AMPS) and Outdoor Survey. He previously worked for the SABC as market analyst at PBS Radio. He holds a Master's degree in Research Psychology from the University of Pretoria. He has extensive experience in the South African media landscape. He is also a member of the Pan-African Media Research Organisation (Pamro) and South African Marketing Research Association (Samra).

Gordon Muller – Advertising Media Forum (AMF)

In an advertising career spanning four decades, Gordon Muller has held senior positions at a number of major international advertising agencies such as McCann-Erickson, Bates-Wells, Ogilvy & Mather, Saatchi & Saatchi and OMD South Africa.

In 1996, he founded GSM Quadrant, a media planning and strategic media consultancy. GSM Quadrant offers a variety of communication services, ranging from strategic communication



and media planning, to media auditing, workshop facilitation and training programme development.

He has worked on a wide cross-section of local and multinational advertising business and has extensive experience of working on political campaigns in South and East Africa. As media director of Saatchi & Saatchi from 1989 to 1996, Gordon was a key figure in the development of the Africa Network ... systems, operational procedures and training.

A school guidance counsellor by profession, Gordon is a former chairperson of the Advertising Media Association of South Africa (Amasa), has served on the National Education Board of the Institute of Marketing Management and is the current chairperson of the AMF.

His book, *Media Planning – Art or Science*, is now in its third edition and is the prescribed text for the Institute of Marketing Management, Amasa/AAA School of Advertising Media Diploma, and the National Electronic Media Institute of South Africa. In conjunction with Amasa, his book was awarded the Media Director Circle's Media Innovator of Year Award for 1996.

Kagiso Musi – CAFÉ

Kagiso Musi has extensive experience in the MAC field in South Africa and in the Central African Republic region.

Kagiso is a graduate of the AAA School of Advertising (with various qualifications from AAA), University of South Africa (Unisa) and Vega School of Branding.

She is the chairperson of CAFÉ (Communication and Advertising Forum for Empowerment), a forum run by a group of young individuals from MAC industries.

Babs Naidoo – GCIS

Babs Naidoo is currently the Chief Director of the Communication Service Agency at GCIS. He holds a BA Honours degree in Anthropology from the University of KwaZulu-Natal, formerly the University of Durban-Westville. Babs has a wealth of knowledge in communication and marketing, accumulated over a period of 20 years. He has extensive experience of communication in the Public Service, and headed the communication unit of the Department of Water Affairs and Forestry from 1997 to 2006. Prior to joining GCIS, Babs was the Managing Director of Simeka TWS Communications. He was also the recipient of the inaugural National Bua Award for Excellence in Government Communication.

Mluleki Ncube – Research Industry Transformation Action Group

Mluleki Ncube has significant experience in general marketing and media audience research and in using TAMS, RAMS and AMPS databases. He gained most of his hands-on experience in marketing and media audience research when he worked for the SAARF. Mluleki was employed by SAARF as technical support executive from October 2000 until February 2005 when he was appointed CEO at Quest Research Services.

Mluleki holds an MBA in strategic management (Thames Valley University), is a chartered marketer, and part-time lecturer in Marketing Research at the AAA School of Advertising. He has travelled to countries such as Kenya, Ghana, Mauritius, Cameroon and Zimbabwe, co-ordinating Pamro.

He has presented a number of papers in international and local conferences. Among other things, "The Changing South African Landscape" was presented at the Samra Convention in May 2003 in Gaborone, Botswana. "The Flooding Radio Audience Research Methodology" was presented at the Pamro conference in August 2004 in Douala, Cameroon.

Mluleki is currently completing his doctorate in Business Leadership at the Unisa Graduate School of Business Leadership.

Nkwenkwe Nkomo – ACA

From an angry young black man to a mildly malignant middle-age tolerant executive. That's the short story of Nkwenkwe Nkomo. He joined Lindsay Smithers – FCB in 1983 as a trainee copywriter under Jim Haines and literally rose within the ranks to creative director, a position he held for seven years before being appointed deputy chairperson of Lindsay Smithers – FCB Sandton in 1995.

Nkwenkwe honed his skills in Chicago and is an alumni of the FCB advanced advertising programme class of 1987. He further enhanced his creative career with a stint in New York, traipsing between Madison Avenue and Fifth Street in the early days of the FCB and Leber Katz marriage.

He served as a member of the Creative Directors' Forum until 1996 and while he never hoisted his own bird, he played a role as a Loerie Awards judge for some years before publicly dissociating himself from the awards. His passion for creativity in radio advertising saw him facilitating and presenting sessions for numerous radio writers' workshops with John Culverwell, Street Ramley etc.

Nkwenkwe is the past chairperson of the AAA, now known as the ACA. He is group chairperson of FCB South Africa. He is a lover of music, especially jazz, and a renowned mad-hatter.

Tebogo Serobatse – THINK

Tebogo Serobatse is a qualified graphic designer and web-developer, who is serving her second term on the board of director's forum for THINK (South African Graphic Design Council). Her involvement with the industry has resulted in her participating in various industry-related concerns; and in judging panels of both student and professional design competitions, including the Loerie Awards.

Combining her natural artistic skill and her love for history and theory, she completed her BA Honours degree in Graphic Design. She continued researching design from the indigenous African perspective in completion of her M-Tech in Graphic Design, exploring the similarities

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between the visual arts produced during the Sophiatown Era and the Harlem Renaissance. Teaching came as a result of a combination of all those elements.

Currently, she is embroiled in a Master's degree in Education, specialising in Tertiary Education, through the University of the Witwatersrand. Having started in the print-design field, she moved on to digital design, and in fact, still dabbles in both. This gives her a unique perspective in her current position as design lecturer.



MARKETING ASSOCIATION OF SOUTH AFRICA
MAC SA

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.

Association for Advertising and Communication

Advertising Media Forum

Advertising Standards Authority

Communications and Advertising Forum for Empowerment

South African Institute of the Interior Design Professionals

Government Communications (GCIS)

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

Marketing Association of South Africa



Public Relations Institute of Southern Africa



Research Industry Transformation Action Group



South African Advertising Research Foundation



South African Communication Design Council

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.



Radio Today




National Association of Broadcasters



Sonovision



Media Development and Diversity Agency



Direct Marketing Association of South Africa

Signed on 26 September 2007 at Moross Arch, Johannesburg.