

<b>Policy Number</b>	<b>CES/02/2012</b>
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<b>TITLE</b>	Fully Funded Programme (FFP) Policy
<b>CUSTODIAN AREA</b>	TV Division/Commercial Enterprises
<b>PREPARED BY</b>	Business Development/TV Division (Enhanced Planning work stream)
<b>DATE APPROVED</b>	
<b>EFFECTIVE DATE</b>	
<b>APPROVED BY</b>	

## 1. **POLICY**

### 1.1 **Policy Objective**

The objective of this Policy is to govern the parameters and processes for Fully Funded Programmes (FFP's) to be broadcast on SABC Platforms. FFP's include Advertiser Funded Programmes (AFP's) and Donor Funded Programmes (DFP's). The purposes of FFP's in the SABC are to 1) provide cash saving 2) Generate revenue and/or 3) provide editorially guided content to the SABC Platforms at no cost to the SABC.

### 1.2 **Policy Statement**

FFP's on the SABC will comply with the relevant section of the SABC Delegation of Authority Framework (DAF). They will also comply with the Editorial Code of the SABC.

### 1.3 **Policy Outline**

This policy affects all SABC staff members who, within the course and scope of their operations and employment handle or are in any way involved in the execution of requests or the pursuit of FFP's on any SABC Platform.

This Policy excludes deals in respect of paid for classical advertisements, Sponsorships (inclusive of Product Placements and Storyline Integration sponsorship elements), Content Funding/Co-productions, Social Economic Development (SED) exposure, Public Service Announcements (PSA's), Trade Exchanges and the licensing of free content (e.g. programmes, fillers, music videos).

#### 1.4 Risk Implications

Non compliance with this Policy may expose the SABC to financial loss and legal risks. Individual staff members who contravene this policy and its procedures will be subject to disciplinary action.

## 2. DEFINITIONS

- 2.1 **“Advertiser Funded Programme (AFP)”** means a fully commercially funded programme that meets platform and advertiser requirements where the SABC has editorial input but does not own the IP;
- 2.2 **“AFP Compliance Checklist”** means the minimum standards that an AFP shall comply with (see Annexure A);
- 2.3 **“DAF”** means the SABC’s Delegation of Authority Framework document;
- 2.4 **“DE”** means Commercial Enterprises’ Deal Evaluation pricing grid used to cost on air exposure elements;
- 2.5 **“DFP Compliance Checklist”** means the minimum standards that a DFP shall comply with (see Annexure A);
- 2.6 **“Donor Funded Programmes (DFP)”** means a fully funded non-commercial programme that meets donor and platform mandate requirements where the SABC maintains editorial input but does not own the IP
- 2.7 **“Editorial Input”** means the provision of guidance to the content producer to ensure it does not conflict with the SABC’s standards;
- 2.8 **“FFP Acquisition Agreement”** means a fully signed agreement between the SABC and the funder/advertiser that governs a Fully Funded Programme.
- 2.9 **“Fully Funded Programme (FFP)”** means a fully funded programme that meets platform and funder requirements where the SABC has editorial input but does not own the IP
- 2.10 **“Free Content”** means content that is licensed to the SABC for broadcast at no cost where the SABC may have no editorial input;
- 2.11 **Intellectual Property (IP)** means any and all patents, designs, design rights, copyrights, trademarks, source codes, inventions, trade secrets, confidential information and all other intellectual property rights of a similar character whether registered or capable of registration and all applications and rights to apply for the protection of any of the same;
- 2.12 **“License”** means the right and authority granted by a licensor or rights holder to a licensee to utilise and or exploit specific content and or programmes and or intellectual property

for a defined period of time, within a defined territory and subject to such limitations, terms and conditions as may be contained in a license agreement;

2.13 “SABC Platforms” means SABC television channels, radio stations, websites and mobi-sites;

2.14 “Senior Official” means the duly appointed senior official as per the DAF;

### 3. **PROCEDURES – Advertiser Funded Programmes and Donor Funded Programmes**

#### 3.1 **Procurement/Solicitation of Advertiser Funded Programmes (AFP’s).**

3.1.1 AFP’s can originate from more than one source – internal requests (in response to an RFP) and external submissions (through an unsolicited submission).

3.1.2 AFP’s are fully funded by commercial entities and must comply with SABC Editorial guidelines and meet the SABC’s mandate and commercial imperatives.

3.1.3 Compliance with Editorial Policies will be monitored by Commissioning Editors and are a key consideration with all AFP’s in addition to platform content requirements;

3.1.4 AFP’s are not permitted in the following genre/content areas:

- News
- Children
- Education

3.1.5 All proposals for AFP’S must be in writing and registered with the Commissioning Office where eligibility is established via the AFP Compliance Checklist which must include written confirmation of interest from the advertiser.

3.1.6 Once registered, the Commissioning Office will route the AFP request to a cross functional team as follows:

- Programme Manager of the Platform as identified by the advertiser or as recommended by Commissioning Editor;
- Commissioning Editor of the appropriate Genre within the Content division and
- The relevant Commercial Enterprises Channel Champion.

#### 3.2 **Response to AFP Submissions**

3.2.1 The designated representative from Commercial Enterprises will be responsible for responding to the advertiser/producer within 10 working days from the initial registration date to confirm interest or lack thereof from the platform.

3.2.2 If interest is indicated then a process of negotiation follows, inclusive of a content pitch and a pricing assessment with Commercial Enterprises after which the SABC will confirm its acceptance or rejection of the AFP. This process should not exceed 30 calendar days.

### **3.3 Procurement/Solicitation of Donor Funded Programmes (DFP's)**

3.3.1 DFP's can originate from more than one source – internal requests and external submissions.

3.3.2 DFP's are fully funded by non-commercial entities but must meet the SABC's mandate delivery and business imperatives and are required to comply with SABC Editorial guidelines.

3.3.3 Compliance with Editorial Policies will be monitored by a Commissioning Editor and are a key consideration with all DFP's in addition to platform content requirements;

3.3.4 DFP's are not permitted in the following genre/content area:

- News

3.3.5 All proposals for DFP's must be in writing and registered with the Commissioning Office where eligibility is established via the DFP compliance checklist.

- Once registered, the Commissioning Office will route the DFP request to a cross functional team as follows: Programme Manager of the platform as identified by the Donor or as recommended by Commissioning Editor
- Commissioning Editor from the appropriate Genre within Content
- Donor Funding Executive in the Funding Unit.

## **4 APPROVAL OF FULLY FUNDED PROGRAMMES (FFP's)**

All FFP business plans shall follow the standard content acquisition business plan process, initiated by the Platform with sign off from Commercial Enterprises for AFP's or Business Development's Funding Unit for DFP's.

### **4.1 Business Plan**

4.1.1 Business plans shall be drafted and recommended by the relevant official in the platform and approved by the head of the Platform, Content and Commercial Enterprises or Business Development's Funding unit. Additional signatories will be dependent on the value of the deal, as per DAF requirements.

- 4.1.2 **Legal Agreement** - The legal agreement shall be drafted and/or vetted by the Legal department.

## **5 PRICING GUIDELINES**

### **5.1 Advertiser Funded Programmes (AFP's)**

AFP clients will be charged based upon Commercial Enterprises Sponsorship Pricing Elements and AFP pricing considerations in the DE, governed by the SABC Sales Policy.

### **5.2 Donor Funded Programmes (DFP's)**

Non profit donor funders will not be charged for DFP's as exposure is limited to screen logs/credits and a mention of the donors investment. DFP's must meet platform content mandate requirements, must not be commercially driven, and must meet the SABC's editorial agenda.

## **6 EXPOSURE RULES AND REGULATIONS FOR AFP's**

- 6.1.1 Client exposure must not affect their commitment spend.
- 6.1.2 Deals with Sponsors must involve the relevant SABC Commercial Enterprises representative.
- 6.1.3 SABC Commercial Enterprises must have full sight of all advertiser sponsorships and exposure negotiated within the programme
- 6.1.4 Monitoring of commercial exposure must be done by the relevant Commercial Enterprises representative engaged in the deal.

## **7 AFP RECONCILIATION REPORTS**

- 7.1 Financial reconciliation reports must be completed at the conclusion of an AFP deal execution by the Commercial Enterprises representative. The report will reconcile the exposure elements, value, revenue recognized and billed. These reports will be filed and maintained as required by the Public Finance Management Act (PFMA)
- 7.2 Exposure reconciliation reports must be completed at the conclusion of an AFP deal execution by the Commissioning Editor. The report will reconcile the amount of exposure the client received in the programme against contractual terms and conditions. These reports will be filed and maintained in Commercial Enterprises with the corresponding financial reconciliation report referenced in section 7.1.

## 8 POLICY REVIEW

8.1 As per the SABC Policy Management Framework, this policy will be reviewed at least every 3 (three) years, although an ad hoc review is permissible before the expiry of the three year period if such a need is identified. Should the ad-hoc review be conducted, the next three year review becomes due three years after the changed policy has come into force.

The AFP Pricing Grid is a dynamic policy element that warrants annual review taking into account the rapidly evolving advertising, marketing, and media environment in South Africa.

### REVIEW HISTORY

DATE	REVIEWED BY	CHANGE

**FULLY FUNDED PROGRAMME COMPLIANCE CHECK LIST**

**Advertiser Funded Programmes (AFP's):**

- Submission must be accompanied by a Letter of Commitment from a commercial sponsor/client
- Content must meet Platform Content Requirements
- Content must not be at odds with the SABC Editorial standards
- Client must give the SABC the 1<sup>st</sup> right of refusal to subsequent series/episodes should the SABC wish to continue to broadcast the property.
- The SABC will be allowed to transform the programme from an AFP into a commissioned piece of work/SABC production should the sponsor not continue with the series/programme after its 1<sup>st</sup> run and the SABC funds the subsequent programme/series. At which point the SABC will hold IP rights in direct relation to its equity investment.

**Donor Funded Programmes (DFP's)**

- Submission must be accompanied by a letter of commitment from a non-commercial funder/client
- Content must meet Platform mandate requirements
- Content must not be at odds with the SABC Editorial standards

## ANNEXURE B: (Television AFP Pricing Grid)

<u>AFP Pricing elements</u>	<u>Duration</u>	<u>Costing</u>	<u>Rationale</u>
Opening Billboard	10"	60% of T Rate	Beginning of programme
Sting	5"	50% of T Rate	In and out of ad breaks
Commercial	30"	T Rate	Communication message during ad breaks
Programme Insert outside the programme	180"	T Rate pro rata	Within the programme
Programme Insert packaged in the programme	Not less than 180"	T Rate pro rata	During the programme
Static Corner Logo in news weather	Plus/minus 15"	70% of T Rate	During the programme
Animated Corner Logo (not applicable in programme sponsorship)			At the bottom of the screen during a programme
Crawlers & Lower Thirds	10" and 15"	60% and 70% of T Rate	Production company decides on the duration e.g. 90"
Active Product Placement	not more than 60"	50% loading of T Rate	Production company decides on the duration e.g. 90"
Passive Product Placement/incidental branding	not more than 120"	25% loading of T Rate	
Storyline Integration	5 min	100% loading of T Rate	
Presenter Mentions: Prime or Shoulder in a programme	Not less than 30%	T Rate	End of programme
Squeeze-backs	15"	T Rate, less 40%	T Rate less 40%
Closing Billboard	10"	60% of T Rate	Standard T Rate for 10"
Exclusivity @ 25% on Gross excl promos			Exclusivity precludes client's competition during the ad breaks of that programme
Naming Rights @ 25% gross of Sponsorship Cost min 3 years			
Broadcast exposure	CPM	CPM duration of the programme	Cost per minute of the slot (as budgeted by channel) x the duration of the programme
Competition/Prizes Sub sponsors	Min 5"	50% of T Rate	Min 5" exposure for each brand, 2 to 3 during programme, the rest as part of end credits
Additional Classic @ 10% of Sponsorship Cost	30"	T Rate	Increases opportunities of securing sponsorships by selling 10% classic.
Sponsors Own Promo (30 second Classic + 10" Tag)	40"	Pro rata	Save client on production costs and increases revenue



<u>AFP Pricing elements</u>	<u>Duration</u>	<u>Costing</u>	<u>Rationale</u>
<b>Sponsor's Branded Promos</b>	50%/50% content		
<b>Channel Promos, (30 second channel promo +5" Tag)</b>		Value	Subject to channel promo plan.
<b>AFP Slot Cost</b>	Duration of the programme	25% of Sponsorship cost	Based on sponsorship fee (not CPM) as this more accurately reflects the associated T Rate [ The slot cost must be higher in a more valuable time slot]
<b>AFP Production Fee Credit</b>	Duration of the programme	75% of CPM of the time bank and the genre (i.e.: what SABC would pay for programming of this nature in this time slot & channel)	Based on savings to SABC - if this was a programme sponsorship, production costs would be for SABC. Sponsor must be compensated up to a maximum of broadcast sponsorship elements fee. [i.e.If production credit is higher than sponsorship cost, SABC is not required to pay in].

1 November 2012

**TO WHOM IT MAY CONCERN**

**EXTRACT OF THE MINUTES OF A BOARD MEETING, HELD IN THE BOARDROOM, 28<sup>TH</sup> FLOOR, RADIO PARK, HENLEY ROAD, AUCKLAND PARK, JOHANNESBURG ON 30 OCTOBER 2012**

**6.16 FULLY FUNDED PROGRAMMES POLICY**

***RESOLVED*** that

- (1) The Fully Funded Programmes Policy, be and is hereby approved for immediate implementation;
- (2) Ms L P Mokhobo, in her capacity as the Group Chief Executive Officer, or her delegated authority be and is hereby mandated to sign the Fully Funded Programmes Policy on behalf of the Board.

Certified a true extract of the Minutes



**THERESA GELDENHUYS  
GROUP COMPANY SECRETARY**