

TITLE:	Policy for Marketing Trade Exchanges (TV, Radio and Digital)
CUSTODIAN AREA:	Business Development – Trade Exchange Office
PREPARED BY:	Trade Exchange Office
DATE APPROVED:	30 April 2014
EFFECTIVE DATE:	1 April 2014
APPROVED BY:	SABC Board

1. MARKETING TRADE EXCHANGE (TE) POLICY

1.1 POLICY OBJECTIVE

The objective of this policy is to govern the parameters and processes around Marketing related Trade Exchanges on and/or for all SABC platforms, inclusive of News and Sports initiatives, between the SABC and clients (not 3rd parties) for the provisioning or supplying of Marketing related goods and/or services in exchange for SABC airtime.

1.2 POLICY STATEMENT

Trade Exchanges will be executed in accordance with the relevant section of the SABC's Delegation of Authority Framework (DAF) and must not contravene other SABC policies in the execution thereof.

1.3 POLICY OUTLINE

This policy governs marketing Trade Exchanges between the SABC and external clients (not 3rd parties) for the supply of marketing related goods and/or services in exchange for SABC airtime. These negotiations are conducted with SABC Marketing units at Corporate and brand level, in support of Marketing initiatives and strategic partnerships which contribute towards increased audience share, brand visibility and loyalty.'

Marketing Trade Exchanges cover the following areas:

- i. Media Trade Exchanges (for ad space and editorial synergies)
- ii. Content Marketing (pre-promo campaigns, launch of content, DJ line up)
- iii. Brand Equity Builders (activations, experiential, trade)
- iv. Publicity/ PR (tactical)
- v. Events (SABC owned or partnerships with stakeholders) In this regard all events with Trade Exchange elements must comply with the relevant section of DAF (See ***Miscellaneous Delegations: Functions and Events***)
- vi. Transversals (special projects, strategic alliances, cross platform collaborations)
- vii. Competitions

Where SABC acquires goods or services from suppliers and SABC pays for such by exchanging airtime; the airtime that is supplied is a cash consideration for which the SABC is required, for VAT purposes, to claim any allowable input tax deductions in respect thereof. For

this purpose all Trade Exchange transactions require the negotiation and signing of a binding contractual agreement as per the rules outlined in this document.

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 Trade Exchanges for marketing purposes included but not limited to:

- a) **Marketing Managers & Programming Managers:** Develop Trade Exchange needs and brief Trade Exchange Office
- b) **Platform Management:** Approval of Trade Exchange campaign Business Plans (BP) in line with brand objectives (approval levels as per DAF)
- c) **Commercial Enterprises:** Ensures that the Trade Exchange brief aligns to channel sales/revenue objectives (e.g. Cash Investments)
- d) **Trade Exchange Office:** Negotiates terms and conditions on behalf of SABC in partnership with (a) & (c). Upon request, the Trade Exchange Office will identify suitable partners/ clients.
- e) **Finance:** Trade Exchange request and contract documents signature for Trade Exchange budget approval.
- f) **Trade Exchange Finance:** Monitors usage and budget reconciliation through raising journals to account for the cost and revenue,
- g) **SABC Legal:** Ensures that contracts that contain multiple elements are created in line with proper SABC corporate governance after Trade Exchange office has evaluated the exposure guidelines.

This policy excludes deals with respect to Advertiser Funded Programmes, Programme Sponsorship and Licensing/Merchandising which are governed by separate policies.

Programming Trade Exchanges are governed by the Programming Trade Exchange Policy.

1.3.1 DEFINITIONS

- a. **“Cash Investment”** means additional revenue the SABC receives from an Event through **(i)** sponsorship from clients for an SABC Owned Event and /or **(ii)** additional advertising space purchased by the promoter or promoter's sponsors and / or **(iii)** royalties through a Trademark Licensing Agreement.
- b. **“DAF”** means the SABC's Delegation of Authority Framework
- c. **“Marketing Trade Exchange Agreement”** means an agreement negotiated in partnership with SABC Marketing units at SABC Corporate and brand level in support of strategic marketing objectives to enhance the entrenchment of SABC brand positioning. This is done in support of specific Marketing initiatives and strategic partnerships with external stakeholders to contribute towards increased audience share, brand visibility and loyalty and to build CUME (cumulative listenership over a 7 day period) in the case of radio.
- d. **“SABC Platform”** means SABC television channels, radio stations, websites and mobi-sites;
- e. **“SABC Owned Event”** means an Event, fully owned by the SABC and branded under an SABC owned Trademark
- f. **Trademark Licensing Agreements”** means formal, written and legally binding agreements, approved and generated by the SABC Legal Department, in terms of which a third party is licensed the use of an SABC trademark, brand name or logo on, or in association with its product, event or service for a defined period of time.
- g. **“Trade Exchange Agreement”** means an agreement between the SABC and clients for the provisioning or supplying of products or services in exchange for audio visual exposure in the form of logo exposure calculated based on the current rate card for that specific broadcast slot.

There are two broad types of trade exchange agreements which can be negotiated, namely: Marketing Trade Exchange Agreement and Programme Trade Exchange Agreement. For details, please refer to the PROGRAMME TRADE EXCHANGE POLICY

- h. "Trade Exchange Office" means the unit that is mandated to manage the process and oversee the processing of all Trade Exchanges for the SABC.

1.4 PRINCIPLES/PROCEDURES

1.4.1 Negotiating guidelines

- a) No Trade Exchange agreement will be entered into unless it has been budgeted for.
- b) If no budget exists or it has been exhausted, a formal request for a TE budget must be submitted to the Office of the CFO. A Business Plan signed by the relevant GM and approved by the relevant GE must accompany the request.
- c) The normal exposure factor is 1:1 calculated based on SABC sales rate cards unless ratio variance is approved by the relevant authority level, within the parameters of the DAF.
- d) Marketing agreements which contain multiple elements must be negotiated by the relevant Trade Exchange Executive, in partnership with the platform's Marketing representative, and an SABC legal representative, when applicable. A formal written proposal outlining the potential partner's offer should be sent for evaluation to the Trade Exchange office prior to Business Plan approval in order to provide the exposure value for signoff.
- e) The Trade Exchange contract to be entered into must specify which of the parties assumes the role of "promoter" as defined in the Consumer Protection Act, and thus accepts responsibility for compliance. This will assist in clarifying roles and enforcing primary accountability.
- f) The value of marketing Trade Exchange agreements should not be less than R5 000 per agreement
- g) No on-air exposure will be given to sponsors unless all relevant parties have signed the contract **prior** to the broadcast of relevant campaigns.
- h) Exposure in exchange for this will be in the form of commercial visual, verbal and/or logo format.
- i) The client is not entitled to cede or assign its rights and obligations arising from any agreement to any 3rd party.
- j) Post campaign evaluation and compliance reports should be completed post the broadcast/partnership.(See Annexure for **Post Campaign Close Out Report**)

Trade Exchange Marketing partnerships may be renegotiated on an annual basis and automatic renewal is not guaranteed. A renewal will be based on post campaign evaluation and mutual agreement.

- k) The utilisation of goods and services acquired through Trade Exchange must be linked to marketing objectives and an SABC cash saving & leveraging opportunity for audience benefit and stakeholder management purposes.

1.4.2 Exposure guidelines/ Media calculator

In order to arrive at a fair value with external clients, the SABC must take the value of its brand equity into consideration, over and above the tangible goods and services that will be exchanged for airtime. In Marketing Trade Exchanges, a standard Media Calculator forms the guideline against which all marketing partnerships are evaluated (see Annexure)

1.4.3 Travel costs

Travel costs are permitted to form part of a Marketing Trade Exchange agreement where travel is an integral part of the partnership. These costs must be provided by the sponsor for contestants, event talent, Marketing staff, Trade Exchange Executives and production crew linked to the specific project or programme. Approval and sign off for these elements must be included in the project Business Plan which must be signed off by the relevant signatories (as per DAF guidelines) prior to the events execution.

All costs associated with the project, including transportation/air travel, accommodation and car hire etc., should be offset against the value derived from the partnership and may not be used for 3rd parties or non-official purposes that do not relate to SABC's business objectives. Any other purpose not outlined in this policy, is subject to the Delegation of Authority document and any other SABC approved policy. Travel arrangements must be aligned with SABC Travel Policies and proof of travel costs must be made available to be used in reconciliation of actual exposure and value received.

1.4.4 On-air competition guidelines

- a. No competitions will be run or exposure given to clients unless all relevant parties have signed the contract prior to the running of the promotional competition.
- b. All on-air competitions have to be compliant to the Consumer Protection Act(CPA) and SABC legal department guidelines on the execution rules.
- c. Trade Exchange agreements with competition elements may not be back dated post the running of on-air competitions prior to contract approval.
- d. An auditable paper trail should be kept as part of the administration of prizes and should be provided in each case as part of the guidelines for on-air giveaways compliance reporting.
- e. Where applicable, prizes will be delivered to winners by the sponsors after receiving the names and details from relevant SABC marketing teams.
- f. For SABC competition rules see SABC Standard Terms and Conditions on Promotional Competitions made available on SABC platform websites.
- g. It is the responsibility of all SABC clients to ensure National Consumer Protection Act legislation and guidelines have been complied with in all pre-packaged promotional competitions.(See Annexure for ***Guidelines for Promotional Competitions***).

1.5 RISK IMPLICATIONS AND CONSEQUENCES

Improper utilization and execution of Trade Exchanges can result in loss of revenue through over exposure and missed opportunity cash savings when delays occur.

Non-compliance with the policy will be treated as a transgression of the rules and regulations of the SABC and the individual/s will be charged in accordance with the disciplinary code of the SABC. Line managers will be made aware of policy violators by way of the TE office.

2. Approval matrix:

- a. The request to source Trade Exchange elements, process Trade Exchange contracts and the approval of final Trade Exchange contract is subject to the approval matrix in the DAF (currently Section C-4) , as follows:

Scale Code 120	Up to R5 million
Scale Code 115 and above	Up to R10m
Operations Committee	Up to R20,0m
EXCO	Up to R30,0m
Board	Above R30,0m

- b. The standard ratio should be 1:1 between exposure value and value of goods services / prizes etc. Deviation requires sign off in the form of a Business Plan by the relevant authority level.

3. ANNEXURES:

- a. Trade Exchange compliance check-list
- b. Post campaign close-out report
- c. Competition rules - SABC Standard Terms and Conditions
- d. Media Calculator

REVIEW HISTORY

DATE	REVIEWED BY	CHANGE

SABC TRADE EXCHANGE OPERATIONAL PROCEDURES

1 Request Forms and Generation of Trade Exchange Agreements

All Trade Exchange requests must first be submitted to the Trade Exchange Office (requests for negotiations, for sponsors, for processing, etc).

Once Trade Exchange sponsors have been sourced and an agreement reached on the terms and conditions, the following procedures will be followed:

- a. **Television and Radio** - The standard **Trade Exchange Request form**, used by the SABC should be completed, **in full**, by the relevant Marketing/Brand Manager. This must be accompanied by the **approved** campaign Business Plan in line with the current DAF (Authority levels governing **Trade Exchanges** and DAF's **Functions and Events** delegation framework)
- b. (i) **Television Marketing Campaigns**-The completed Trade Exchange Request form, approved Business Plan and the sponsor's confirmation letter must be submitted to the Trade Exchange Finance Office for registration. Once registered, the Trade Exchange Office evaluates and determines the exposure package as per the SABC's Commercial Enterprises rate card. Completed documents must be submitted three weeks prior to broadcast of any campaigns to avoid delays.

(ii) **RADIO Marketing Campaigns**—The approved Trade Exchange Request form, approved Business Plan and the sponsor's confirmation letter must be submitted to the relevant Trade Exchange Executive ten days prior to broadcast of any campaigns for cost evaluation and generation of contract.
- c. A credit check will be performed on all new partners/sponsors/suppliers by the Finance Department.
- d. A standard **Trade Exchange Agreement/Contract** will be circulated for approval by the Trade Exchange Office. The first signatory should be the client/ sponsor and all internal approvals should be in line with the relevant sections of the SABC's Delegation of Authority Framework.

2. Administration processes

- a. Unique reference numbers will be allocated to each agreement by the Trade Exchange Office.
- b. All original agreements will be kept for safe keeping by the Trade Exchange Office and the SABC Trade Exchange Finance Department.
- c. Monthly activity reports will be distributed to the relevant stakeholders.

3. Financial processes

- a. Agreements will be recorded in the General Ledger, as revenue received, and expenditure incurred upon receipt of a fully signed agreement.
- b. Invoices raised shall comply with the regulations of the VAT Act.