

## RECOMMENDATIONS ON BEST PRIVATE BIDDING PRACTICES

CENP - Conselho Executivo das Normas-Padrão, for the sole purpose of encouraging and promoting best practices in ethical and business self-regulation, in regard to private biddings carried out by advertising companies, to contract specialized service from advertising agencies, inspired by best practice guides of founding entities as ABA, ABAP and Fenapro thus states:

Whereas advertising agency certified by the CENP is one that, in accordance with art. 3 of the Law 4,680/65, Art. 6 of Decree 57,690/66, item 1.3 and 3.1<sup>1</sup> of the Advertising Activity Standards is liable for the creation / design of advertising material, specializing in methods, art and advertising technique, through specialized professionals at its service who studies, designs and distributes advertising to media/ disclosure by order and on account of customers-advertisers, in order to promote the sale of products, goods, services and image, spread ideas or inform the public about organizations or institutions they serve;

Whereas publicity or advertising is in accordance with art. 5 of the Law 4.680 / 65, art. 2 of Decree 57,690 / 66 and item 1.1 of the Standards, any paid form of dissemination of ideas, goods, products or services by an identified advertiser;

Whereas advertiser or customer is, in accordance with art. 8 of Decree 57,690/66 and item 1.2 of the Advertising Activity Standards, company, entity or individual using the advertisement;

<sup>1</sup> 3.1 Every agency, approved and certified in accordance with item 2.5 and sub-items of these Standards, will be able to provide to its Customers the following services, among others that constitute its natural unfolding or complementary thereto, acting by order and account of Customer-Advertiser:

3.1.1. design, idea, brand, product or service study to spread, including the identification and analysis of its absolute and relative advantages and disadvantages to target groups and, as applicable, its market and its competition;

3.1.2. Identification and analysis of target groups and / or the market where the design, idea, brand, product or service find better chance of assimilation;

3.1.3. Identification and analysis of competing ideas, brands, products or services;

3.1.4. Examination of the distribution and marketing system, including the identification and analysis of the absolute and relative advantages and disadvantages to the market and competition;

3.1.5. Preparation of advertising plan, including the design of messages and parts (Creation) and the study of means and media which, according to appropriate techniques, ensure the best coverage of target groups and / or target markets (Media planning);

3.1.6. Implementation of advertising plan, including budget and performance of advertising production (Production) and the purchase, distribution and control of advertising in Hired Media (Media performance), and the payment of invoices.

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Whereas it should alleviate /mitigate the risks of unsatisfactory contracting in the technical service;

Whereas to make the advertiser's decision always the most assertive and technical, resulting in high identity of purpose between the parties; and

Whereas transparent relationships (agencies / advertisers), guided by the best practices and perpetuating in time enable greater efficiency and effectiveness of advertising services;

It recommends that:

1) Besides the standard discount that has nature and system governed by law and by the Standards, the contracting company at the beginning of the event, will disclose the manner for compensation(s) of Agency (ies), particularly the internal costs and creation, third-party's production fees, and other services, which, in any case, should be negotiated between agencies and advertisers freely constituting compensation, admitting, always, the definition of compensation value that the parties deem to be fair and balanced thus Advertising Activity Standards are a reference document in the technical aspect as in ethical-commercial;

2) The use of monthly fee-compensation system or other that replaces it is up to the parties involved, recommending always compliance with the criteria set forth in the Advertising Activity Standards;

3) The adherent advertiser, in its relation to certified agencies should pay attention to the performance of the event in line with the best practices of this CN.

3.1) For cases in which services are requested such as planning, research, creative proposition and the like, there should be compensation, freely negotiated between the concerned parties, the invited agencies, avoiding the practice of purely speculative bids with any free consulting; except the submission of documents / credentials or materials that involve no cost to the agency;

4) In the bidding, the whole creation material, including that related to the preparation of media planning, submitted by the participant Agency belongs thereto, in fact and law, and returned thereto after the event, if it is not the winner, the use of part or whole is forbidden, including the creative idea, by the Contracting company, either directly or through the Agency winning the bidding and contracted to render the services under bidding. It is also recommended that participating agencies use storage systems available in market to ensure their copyrights;

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5) Advertiser company chooses freely and on its liability the list of agencies invited to participate in the bidding. It is suggested to use the service capacity criterion (*Long list*), requesting data on-advertiser customers that have already been served thereby, the quantity and professionals and directors profile, customer segments by investment and communication cases with desired bias by the company and other information that is of public and a factor for brand valuation, among others. It also recommends the use of best practice guide of the Founding ABA and Fenapro entities: Selection of Advertising and Communication Agencies, as well as guide of the ABAP: Guidelines for Advertising Agencies Selection;

6) The maximum number of participants agencies recommended in bidding is five (05) for biddings involving costs as described in item 3, and the advertiser customer is liable for reimbursement.

6.1) In cases where there is no cost to the agencies there is no recommendation for number of participants.

7) It is recommended that the advertising company defines in advance the questions that will be evaluated and the objective scores criteria for each item, in order to ensure equal treatment between agencies and greater transparency of the event;

8) It is legitimate, if informed in invitation to attend the bidding, consultation with customers-advertisers served by pre-selected agency, within the limits of confidentiality.

The above recommendations are suggestions, in order to provide greater transparency and efficiency in the relationship between agencies and advertisers. Not replace, of course, to free choice and individual talks of advertisers and agencies.

São Paulo, July 16, 2019.

Caio Barsotti  
President