

ASSOCIATION OF ACCREDITED ADVERTISING AGENCIES-PHILIPPINES

CODE OF ETHICS
As Approved by the General Membership
October 11, 2000

AIMS

The 4A's-P recognizes that, as in any professional undertaking, certain standards of behavior are necessary in the practice of advertising if its practitioners are to fulfill their business and social roles properly and effectively.

The members of the 4A's-P, therefore voluntarily adopt this Code of Ethics and commit themselves to abide by it without reservation, with following specific aims in mind:

1. To upgrade the practice of the advertising.
2. To promote the welfare of the association as a whole and of its member-agencies.
3. To enhance and make more effective the working relationships between advertising agencies and the other sectors of the advertising industry.
4. To foster social responsibility among advertising practitioners and help protect the welfare of the general public.

ARTICLE I
GENERAL PRINCIPLES

The 4A's-P holds the following general guiding principles:

1. Advertising is a *productive activity* which importantly benefits society as a tool of business and as a persuasive form of communication.
2. Advertising has a *social responsibility* to be truthful and relevant, to foster sound values, and promote the welfare of the public.
3. Advertising thrives best in a climate of *fair competition* under a system of *free enterprise*.
4. Advertising agencies have certain *moral responsibilities to their clients* which arise out of the nature of their relationship.
5. Advertising agencies have certain *moral responsibilities to media, suppliers and other entities* with whom they deal in the course of doing business.
6. Advertising agencies have certain *moral responsibilities to one another and to the advertising industry as a whole*.
7. The practice of advertising should foster *love of country and things Filipino*, and should be constant with the *aspirations of the people* and observant of the *laws of the land*.

**ARTICLE II
RESPONSIBILITIES TO THE PUBLIC**

Guiding Principles: The social responsibilities of advertising agencies are primarily exercised through the advertisements produced for public consumption, and the guiding principles will be those of the truthfulness and honesty, decency, legality, and fair competition as generally accepted in business. Above all these, the fostering of sound personal and social values shall be overriding consideration in the creation of advertisements.

1. *Truthful Presentation*

Advertisements should not contain any statement or visual presentation which, directly or by implication, omission or ambiguity, can likely mislead the consumer.

No exaggerated claims purporting to be statements of facts should be made if they are likely to mislead.

A misleading advertisement should not be exonerated on the grounds that the advertiser or someone acting on his behalf has subsequently provided the consumer with accurate information.

2. *Honesty*

Advertisements should be so framed as not to abuse the confidence of the consumer or exploit his lack of experience or knowledge. Advertisements should not, without justifiable reason, play on fear.

3. *Decency*

Advertisements should not contain statements or visual presentations offensive to public decency.

4. *Testimonials and References to Third Parties*

Testimonials should be genuine and not contain any statement or visual presentation likely to mislead nor should they be used in a manner having that effect. Testimonials which are obsolete or otherwise no longer applicable should not be used.

Advertisements should not contain any references to any person, firm or institution without due permission, nor should a picture of any identifiable person be used in advertising without due permission.

5. *Defamatory References*

Advertisements should not contain any references to another firm or product which is likely to bring that firm or product into contempt or ridicule.

6. *Exploitation of Trade Names and Symbols*

Advertisements should not take unfair advantage of the goodwill attached to the trade names and symbols of another firm or product, or of the goodwill acquired by an advertising campaign.

7. *Imitation of Advertising*

Any obvious and patent imitation of advertising illustration, layout, copy, slogans, or packaging and labeling of products of an advertiser in any one country and likely either to create confusion in the market or to stop the anticipated use in that country or elsewhere of his advertising publicity should be avoided.

8. *Identification of Advertisement*

Advertisements should be clearly distinguishable as such, whatever the medium used; when published in a medium also containing news and editorial opinion, an advertisement should be so presented that the consumer can readily distinguish it from the editorial matter.

9. *Safety Precautions*

Advertisements should not contain any visual presentation of a situation where normal safety precautions are disregarded and which thus might encourage negligence.

Special care is called for in the case of advertisements depicting children.

10. *Children and Invalids*

Advertisements addressed to children or young people should not contain any statement or visual presentation which might result in harm to them physically, mentally or morally. Such advertisements should not take advantage of the natural credulity of children or the lack of experience of young people and should not strain their sense of loyalty.

Advertisements should not take advantage of the hopes of persons suffering from illness or of an impaired ability on the part of such persons to judge critically advertisements holding out the promise of a cure or a recovery from illness.

11. *Upgrading of Personal and Social Values*

Advertising agencies, in creating advertising to promote products and services, should always be aware of the potentially strong influence and persuasive power of this form of communication on the public, and should therefore exercise utmost care to foster edifying and wholesome personal and social values, consistent with the standards and aspirations of the particular society.

**ARTICLE III
RESPONSIBILITIES TO ADVERTISERS**

Guiding Principles: In their relationship with their clients and with advertisers in general, member-agencies will be guided by the principles of service based on best-effort, trustworthiness, and protection of clients' interest.

1. *Service Based on Best-Effort*

Agencies shall exert their best effort in all aspects of rendering professional service to their clients, specifically:

- a) Agencies shall make it their duty to secure and learn fully all pertinent information regarding the accounts assigned to them and to help promote these in the marketplace to the best of their ability and within bounds of generally accepted business practice.

- b) Agencies shall exercise utmost objectivity and astuteness in the choice of, and in securing services from, media and suppliers, with the best interest of their clients as the primary and overriding consideration.
- c) Agencies shall endeavor to secure the best items, rates and concessions for their clients when transacting on their behalf with their third parties.

2. *Trustworthiness*

- a) Agencies shall exercise utmost honesty, propriety and prudence in handling their clients' funds and other property entrusted to them.

Most importantly, they shall observe strictly their contractual obligations with all parties concerned regarding the handling and remittance of funds entrusted to them by their clients for payment to third parties.

- b) All confidential information regarding their clients and their clients' businesses, which agencies gain during the course of servicing their accounts, shall be kept confidential at all times, even when they no longer handle the accounts of said clients.

Newly-hired account executives should not be assigned accounts directly competitive with the accounts they handled in their previous agencies for at least six (6) months from the time they resigned from said previous agencies.

3. *Protection of Clients' Interest*

In the course of producing and placing advertising for, and helping promote the products and services of their clients, agencies shall take all necessary steps and exercise utmost care in

- a) ensuring their clients' observance of pertinent laws;
- b) maintaining their clients' good reputation with the public;
- c) assuring the observance by third parties of their contractual obligations with their (the agencies) clients; and
- d) safeguarding their clients' welfare against the actions of their (agencies) competitors.

**ARTICLE IV
RESPONSIBILITIES TO OTHER ADVERTISING AGENCIES**

Guiding Principles: The relationship among member-agencies in the conduct of their business will be guided by the principles of fair competition, promotion of common interests, and a spirit of mutual respect and unity.

1. *Fair Competition*

In the course of soliciting business and in servicing their respective accounts, member-agencies shall observe all legal requirements and other generally accepted rules of fair competition, specifically:

- a) they shall, at all times, give honest and accurate information regarding their respective credentials, resources and the services they offer;

- b) they shall not disparage other agencies in any way to advance their own interest at the expense of their competitors;
- c) *they shall protect the agency's interest and rights to commission (a minimum agency service fee of 15% on gross or 17.65% on net of transactions). However, the advertisers and advertising agency may agree in writing on other forms of compensation.*

2. *Promotion of Common Interest*

Member-agencies shall undertake to promote their common interest by adhering to and supporting all pertinent agreements and decisions reached in the 4A's-P which benefit the advertising agency sector of the industry. Whenever called for, they shall take a common stand on issues which involve the group's interest and distinct from the interests of other sectors of the industry, specifically:

- a) Member-agencies shall not make any public statement of any kind which shall undermine the interest of the association, the agency sector, or the advertising industry as a whole.
- b) Member-agencies shall not make any public disclosure of certain types of information which have been unauthorized by the association in the pursuit of the general interest of its members.
- c) No member-agency shall undertake to purchase airtime, space or other outside services for a new client until the accounts of the said client with its former agency are fully settled.

3. *Mutual Respect and Unity*

Member-agencies shall treat one another with mutual respect, recognizing their respective duties, rights and privileges, both within and outside the association. They shall endeavor to preserve and promote unity and harmony in the association and avoid all actions which are divisive, and which tend to undermine the association in any way.

Specifically, all problems which may arise between individual members shall first be tackled within the association and all efforts shall be exerted to solve them internally before they are elevated to outside entities.

**ARTICLE V
RESPONSIBILITIES TO THE ADVERTISING INDUSTRY**

Guiding Principles: Member-agencies of the 4A's-P recognize their moral duty towards the advertising industry to which they belong, the various sectors that compose it and the people who work in it. In relation to the industry, therefore, their actions will be guided by the principles of uplift and development.

1. *Uplift of the Industry*

Member-agencies have the duty, in their day-to-day- activities, directly or indirectly, to have advertising universally accepted and recognized as a productive activity which is valuable to society, and its practice as meaningful and respectable.

The efforts to uplift advertising must extend to all the various sectors and special interest groups of society, including, and especially the government.

These efforts must be reflected not only in direct statements, PR and publicity campaigns, but also in the day-to-day actions of advertising agencies and practitioners, their observance of ethical business practice, their ability to self-regulate effectively, and their social contributions as concerned members of the community.

2. *Development of the Industry*

Member-agencies have the duty to help the advertising industry which means contributing to the improvement of various functional sectors that compose it, and the development of the people who work in these various sectors of the industry. This specifically calls for the active recruitment and development of new personnel resources for the advertising agency sector, as well as looking after the welfare and development of the people already working in the advertising agencies.

This also calls for helping to stimulate the improvement of technical resources and expertise of media, production, research, and other entities involved in advertising.

**ARTICLE VI
ADHERENCE TO INDUSTRY STANDARDS**

Guiding Principles: Member-agencies of the 4A's-P subscribe to the principle of self-regulation in the practice of advertising. Thus, they fully support the advertising industry's efforts to regulate itself effectively.

1. *Support the Adboard*

The Advertising Board of the Philippines is an organization composed of various sectoral associations of the advertising industry, whose purpose is to promote and self-regulate the practice of advertising in the Philippines. As a member-association, the 4A's-P gives full support and adheres to the policies, rules and procedures adopted by the Adboard, and agreements reached within the Adboard by the member-association on various aspects of the practice of advertising.

2. *Industry Standards*

Specifically, the 4A's-P subscribes to and holds itself bound by industry standards-setting documents to which it is a signatory, such as the Adboard Code of Ethics, Rules and Regulations for Advertising and Promotions and other guidelines, rules and regulations governing the conduct and practices of specific sectors of the advertising industry.

**ARTICLE VII
RESOLVING ISSUES**

Guiding Principles: The guiding principles in resolving issues raised regarding any provisions of this Code of Ethics are as follows:

- 1) Since the Code cannot and is not intended to cover all possible specific issues or circumstances, the prevailing spirit of the Code and its major guiding principles, which are comprehensive in scope, will be applied to specific cases.
- 2) Exhaustive efforts must be taken to resolve issues at the lowest possible level before being elevated to the next level within the association.

1. Agencies Involved

In case of issues between individual member-agencies, the parties involved, through their duly-designated representatives, will first exert efforts to resolve the issue between themselves.

2. *Committee Head of Committee on Professional Practice and Ethics/Inter-Agency Relations as Mediator*

If so desired by both parties, the Committee Head for Professional Practice & Ethics or his representatives may be asked to mediate as an impartial third party to facilitate dialogue and regulate discussion.

3. *Committee on Professional Practice & Ethics/Inter-Agency Relations as Hearing Body*

In case of failure to resolve issues at the agency-to-agency level, said issue may be formally elevated to the above committee for hearing and resolution. The Committee shall be composed of a voting chairman and two members appointed by the Board of Directors. Complaints will be submitted in writing to the Committee, and the respondent will have seven days within which to submit his written answer to the Committee.

A hearing or series of hearings will be held thereafter as soon as possible, but not later than seven days after the deadline set for receipt of the written answer of the respondent. The Committee shall render a decision within seven days after it has secured all the pertinent information necessary.

4. Reconsiderations by Board of Directors

Either party may ask considerations by the Board of Directors of the decision of the *Committee on Professional Practice & Ethics/Inter-Agency Relations*.

The request for reconsideration must be submitted to the Chairman of the Board within seven (7) days after the *Committee on Professional Practice & Ethics/Inter-Agency Relations* has rendered a decision. As it deems necessary, the Board will call for a hearing at the earliest possible time.

The decision of the Board on the issue will be final.

5. Technical Consideration

The foregoing procedures in this Article are intended primarily as guides and not as absolute rules. It is the spirit and intention that the *Committee on Professional Practice & Ethics/Inter-Agency Relations* and the Board of Directors will use all reasonable means to ascertain the facts speedily and objectively and arrive at decisions as fairly as possible, and technical considerations should not impede the handling of issues.