



SOUTH AFRICAN ASSOCIATION OF THE FLAVOUR & FRAGRANCE INDUSTRY

THE SAAFFI CODE OF PRACTICE v.2.0

As approved and incorporating the minor changes requested by the AGM on
19th January 2005
(Minor grammatical corrections made in May 2007
Revised and updated v.2.0 – September 2020)

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This Code of Practice contains information describing best practices regarding the safety, composition, manufacture, description and labelling of flavourings and fragrance compounds. It also includes advice on the protection of intellectual property and ethics.

All Members of SAAFFI confirm annually, in writing, that they will abide by this Code. Those who are not directly involved in the Flavour & Fragrance Industry are asked to abide by those parts of this Code that apply to them and to operate in the spirit of this Code where other areas of their business are concerned.

Being of a dynamic nature, this Code is open to revision or adaptation at any time. Although Members of SAAFFI agree annually to abide by this Code of Practice, it does not reduce their obligation to comply with any other local or international regulations that relate to their business operations.

1. LIMITATION OF RESPONSIBILITY

SAAFFI established this Code of Practice in good faith using the most accurate information available. While every care has been taken to ensure that the information provided is useful and accurate, neither SAAFFI Office Bearers nor any of its employees accept any legal liability or responsibility for the information provided or the accuracy of the information so provided, or for any loss or damage caused arising directly or indirectly in connection with reliance on the use of such information. Any errors or omissions brought to the attention of SAAFFI will be taken into account for future versions.

2. SAAFFI's PURPOSE

SAAFFI unites the Flavour and Fragrance Industry, and other closely aligned industries, in South Africa across common, non-competitive industry issues, freeing up individual organisations to grow their business.

3. APPLICATION OF THE CODE OF PRACTICE

The Code of Practice consists of information describing best practices regarding the safety, composition, manufacture, description and labelling of flavourings and fragrance compounds. It also includes advice on the protection of intellectual property and ethics.

The application of this Code of Practice does not relieve individual manufacturers or users of flavourings or fragrance compounds from the obligation to comply with all local, national, or international regulations that pertain to their operations.

Those regulations take precedence over this Code.

This Code of Practice is published and provided to SAAFFI Members in order to support fair and robust competition in their market places. SAAFFI is a trade association and its Members work together to accomplish common goals that are appropriate under antitrust laws. It is contrary to antitrust laws for SAAFFI Members to use the association to achieve objectives that would benefit single Members or select groups of Members by diminishing competition or stifling innovation in contravention of antitrust laws.

4. DEFINITIONS COMMON TO BOTH FLAVOURS & FRAGRANCES

4.1 Manufacturing

All operations involved in the production of flavourings and fragrance compounds, as well as other products, and their ingredients including processing, compounding, packaging and labelling.

4.2 Batch

A specific quantity of material of homogeneous composition that can be unambiguously identified, manufactured in a single operation or a series of operations according to a well-defined process and/or formula.

4.3 Batch number

A unique combination of numerals and/or letters used to unambiguously identify a batch, which permits traceability and review of the batch's production history, as well as that of its individual ingredients. This is printed, stamped or written on the product's labels.

4.4 Environment

Water, air and soil and their inter-relationship as well as the relationship between them and living organisms.

4.5 Quality

Conformity of a fragrance material or a flavouring substance with its olfactory, physical and chemical specifications and conformity of its production and control with the basic standards of good manufacturing practice.

4.6 Shelf Life

The shelf life of flavourings and fragrance compounds is defined as the period from the date of production during which the flavouring or fragrance compound remains suitable for further use.

4.7 Waste

Any unavoidable material, resulting from an industrial process, which must be disposed of.

5. FLAVOUR DEFINITIONS

The Flavouring Standard for the South African Flavour Industry is annexed to, and is an integral part of, this Code of Practice. All necessary definitions are to be found in the Flavouring Standard.

6. FRAGRANCE DEFINITIONS

6.1 Fragrance compound

A mixture of fragrance ingredients and functional components formulated to impart an odour, or for its malodour coverage making.

6.2 Fragrance ingredient/material

Any basic substance used as a fragrance material for its odour properties or malodour coverage.

6.3 Fragrance functional component

Any basic substance necessary for the functionality and/or stability of a fragrance ingredient or compound (e.g. antioxidant, preservative, diluent, solvent etc.).

6.4 Fragrance manufacturer

A company engaged in the production of a fragrance including processing, compounding, Packaging and labelling.

6.5 Fragrance material manufacturer

A company engaged in the production of any basic substance used as a fragrance material for its odour properties of malodour coverage.

6.6 Standard

(In this meaning the word starts with a capital "S")

Mandatory restriction to the usage of a fragrance ingredient following a safety assessment by the REXPAN.

6.7 Toy

Toys under the scope of IFRA Standards follow the definition as contained in the EU Toy directive (2009/48/EC) and the American National Standard ASTM F963, in its latest version.

7. USE OF FLAVOURING SUBSTANCES AND FRAGRANCE MATERIALS

Through SAAFFI being a Member of the International Organization of the Flavour Industry (IOFI) and of the International Fragrance Association (IFRA), its Members agree to abide by the rules and requirements established by those two international bodies.

In the case of fragrance materials, Members are obliged to comply with the IFRA Code of Practice and the IFRA standards and obligations. Non-compliance could lead to expulsion of a non-compliant Member.

8. BASIC STANDARDS OF GOOD MANUFACTURING PRACTICE

8.1 Basic approach

The following sections formulate basic recommendations for good operating practice by the fragrance and flavour industry.

The application of these recommendations does not relieve individual manufacturers from the obligation to comply with all national or international regulations that pertain to their operations.

8.2 Employers

Employers are to comply with all applicable workplace safety regulations and are encouraged to explore and address aspects of flavour and fragrance manufacturing that may not be covered by workplace safety regulations, but which may further foster a safe workplace for employees.

8.3 Personnel

8.3.1 Personnel employed in the manufacture of flavourings and/or flavouring substances shall be made fully aware that such items are for use in food and must be handled as such.

8.3.2 Personnel employed in the manufacturing environments of both flavouring and fragrance materials must have adequate levels of technical and practical training to perform the duties required of them and shall be made aware of this code. They are to have the authority and responsibility to ensure and maintain the identity, purity and quality of the products manufactured.

- 8.3.2 In order to avoid any contamination of fragrance or flavour materials or their packaging, all personnel involved in their manufacture and packaging must practice good personal hygiene and be free from communicable diseases, skin disorders and infections.

8.4 Premises and sanitation

- 8.4.1 All manufacturing areas shall be clean, well ventilated and orderly. Written procedures are to be in place defining the areas to be cleaned, cleaning frequency, appropriate cleaning equipment and materials, and the personnel responsible and accountable for the cleaning operations. Cleaning records are to be kept.
- 8.4.2 Eating, smoking and any unhygienic practices shall not be permitted in manufacturing areas.
- 8.4.3 Sufficient clean and well ventilated toilet facilities, including facilities for hand washing and changing of clothes shall be available in the proximity of the working areas for the manufacturing personnel.
- 8.4.4 Instructions on access to and behavior in manufacturing areas shall be visually mounted at entrance areas.
- 8.4.5 Access to all manufacturing areas shall be clearly marked as being out of bounds for all unauthorized personnel.

8.5 Ingredients, quality control and storage

- 8.5.1 Ingredients and raw materials used in manufacture should comply with appropriate national laws and regulations.
- 8.5.2 All ingredients and raw materials used in manufacture are to be correctly and clearly labelled.
- 8.5.3 All Ingredients used, whether for resale, or in or for the manufacture of flavourings and fragrance compounds, shall be sampled and tested for their compliance and released according to laid down procedures.
- 8.5.4 Quality control records for each batch produced, duly signed by those responsible for ensuring the maintenance of quality, are to be kept along with any other relevant documents for the batch, such as Certificates of Analysis.
- 8.5.5 Records of all examinations are to be kept.
- 8.5.6 The examinations of materials as to their fitness for intended use are to be under the control of qualified personnel, directed by a qualified person reporting direct to management and independent of other departments. This person, or others authorized by him/her, is to have the responsibility and authority to approve or reject the evaluated materials.
- 8.5.7 The laboratory facilities at the disposal of the quality control department are to be staffed and equipped in a way that matches the requirements of effective quality control.
- 8.5.8 The quality control department shall be enabled to take samples in sufficient quantities according to established sampling procedures. These samples are to be properly labelled. A part of each is to be stored under suitable conditions for future reference.
- 8.5.9 The organizational structure should enable management to check regularly whether all instructions and procedures involved in any stage of manufacture and quality control are being strictly obeyed.
- 8.5.10 Each ingredient shall be stored under the conditions recommended by its supplier or else conditions compatible with its physical and chemical properties which will maintain its fitness for use.
- 8.5.11 Ingredients and finished products that have been rejected for whatever reason shall be labelled accordingly, and stored in a clearly marked separate area.
- 8.5.12 Ingredients and raw materials which are found to have a reasonable probability to cause serious adverse health consequences (i.e. pathogen contamination, presence of toxic contaminants) should be

handled in accordance with local laws and regulations regarding either their regulatory reporting, recall and/or disposal.

8.6 Manufacturing operations

- 8.6.1 All manufacturing operations shall be supervised by qualified personnel.
- 8.6.2 Appropriate cleaning instructions shall be issued for all equipment and utensils. Qualified personnel responsible for the proper execution of these instructions are to be designated.
- 8.6.3 All manufacturing equipment shall be designated and maintained to ensure its suitability for its intended use.
- 8.6.4 All manufacturing equipment is to be installed within designated production areas in positions so as to facilitate cleaning and maintenance and minimize contamination during its use.
- 8.6.5 Weighing and measuring equipment used in production and quality control shall be calibrated and checked for accuracy at suitable intervals by appropriate methods.
- 8.6.6 All vessels and containers holding raw materials, intermediates or finished products shall bear suitable means of identifying their contents, including the name and/or identification code and the necessary batch identification data. The record should also identify the person responsible and/or the equipment used.
- 8.6.7 In the case of continuous production, batch records per se may not be possible. Instead, a continuously updated file or automated data collection can be used as a review of the production history of the contents of any particular container.
- 8.6.8 Records are to be kept of each batch of material manufactured. These shall reflect the complete history of the product and its ingredients and enable full traceability.
- 8.6.9 All manufacturing records should be kept for at least one year in such a way that proper tracking and tracing systems are in place.

8.7 Labelling and packaging

- 8.7.1 In selecting, handling and control of all packaging materials, proper attention is to be given to their condition, cleanliness and suitability for the product they are to contain.
- 8.7.2 All packages and containers of finished products are to be identified by labels that indicate the name, code and batch number of the product, its weight or volume, and any special storage and handling instructions, as well as any directions for use, warnings and precautions which may be required, including allergens.
- 8.7.3 All packaging material should comply with appropriate national regulations.
- 8.7.4 Records shall be kept of the delivery of batches of any finished product.

9. LABELLING AND CLAIMS/ADVERTISING

9.1 Labelling

- 9.1.1 Labelling under this heading refers to B2B (Business to Business).
- 9.1.2 The labelling of flavourings and fragrance compounds will comply with national legislation and also conform to the following requirements.
- 9.1.3 The term "label" shall include the transmission of information on the relevant trade documents, such as Certificates of Analysis (CoA), Technical Data Sheets (TDS), Safety Data Sheet (SDS), and even shipping documents.
- 9.1.4 Flavourings and fragrance compounds shall be so labelled as to permit the purchasing manufacturer to observe the legal requirements for his products. In those cases where flavourings or fragrance compounds have been mixed with other ingredients

(Compound Ingredient), the labelling thereof must enable the purchaser to observe the legal requirements for his products.

9.1.5 The name and address of the flavouring or fragrance compound manufacturer or the distributor, as well as the name and/or the product code and the quantity shall be shown on the label.

9.1.6 Additional guidance on labelling can be found in the SAAFFI Guidance to B2B labelling.

9.2 Claims/Advertising

9.2.1 Flavour and fragrance manufacturers shall not make false or misleading statements when promoting or labelling their products.

9.2.2 Manufacturers of flavourings or fragrance compounds shall abstain from making any claim by way of statement or representation which implies or suggests that it possesses particular characteristics relating to its nature, properties, composition, quality, durability, origin or provenance, method of manufacture or production which is untrue or misleading. This also applies to a claim relating to a measurable or objective characteristic which cannot be substantiated.

9.2.3 Our industry has successfully worked through associations to fund a strong scientific programme to support the safety of our industry's products. Any claims that attempt to malign competitive products or differentiate products based on safety should be discouraged as this practice would suggest that our products are not, in fact, safe.

10. INTELLECTUAL KNOWLEDGE AND PROPERTY

10.1 Introduction

10.1.1 Background.

Flavourings and fragrance compounds are complex mixtures of natural and synthetic raw materials. Their creation requires the commitment of significant financial and human resources to identify and synthesize the most appropriate ingredients and to combine them in a way that produces the intended effects. This process is very time-consuming and requires great expertise and creativity. Each formula is unique; it is both an invention and a work of art and deserves intellectual property protection.

10.1.2 Unavailability of patent or copyright protection.

Under the laws of virtually all countries, flavour and fragrance formulae are eligible for patent protection if they include one or more "new substances" within applicable legal standards or if they describe a "new use", a "new application" or a "new process". Since these conditions are rarely met in the case of flavourings and fragrance compounds, most of them cannot enjoy patent protection. In addition, formulae cannot generally be copyrighted, since copyright protection has historically been extended only to works perceived by sight or hearing, and not to those perceived by taste and smell.

10.1.3 Trade secret protection.

Trade secret laws in virtually all countries protect any formula, pattern, device, or compilation of information that provides a business advantage to the owner. A trade secret, also known as confidential business information, is an item of confidential information concerning the commercial practices or proprietary knowledge of a business, which requires the maintenance of strict confidentiality towards third parties and even within the creating company itself, where only a limited number of employees have access to the complete formula. As a result of the unavailability of patent or copyright protection, the flavour and fragrance industry has elected to maintain the confidentiality of its formulae. This confidentiality is justified by the high creation costs and protects the formula from unfair copying by others.

Confidentiality of a formula thus preserves the uniqueness of the flavouring or fragrance compound – often the principal distinguishing feature of the product in which it is used – for the customer for which it was created and/or to which it is supplied. For that reason, customers of the flavour and fragrance industry expect and support the non-disclosure of flavour and fragrance formulae.

- 10.1.4 Illegal appropriation of trade secret formulae unfairly gains highly valuable knowledge without bearing the original creative effort and development cost. Unless duplication of third-party formulae is necessary (e.g. inability of the original supplier to supply) and permitted, Members shall refrain from illegal duplication of third party creations. Members are committed to take all actions necessary to promote and encourage the protection, respect and defence of formulae intellectual property against third party infringement and misappropriation.

10.2 Disclosure

- 10.2.1 Customer requests for composition data
Notwithstanding their general support for the maintenance of the confidentiality of their formulae by the suppliers of flavourings and fragrance compounds, customers may, from time to time and for various reasons, request information about the composition of one or more formulae.
The flavour and fragrance industry has always responded and will continue to respond to customer requests for information about their formulations, in a way that balances fairly the customer's information needs and the industry's legitimate need to maintain the intellectual property rights of their formulae. The information disclosed in any specific case will generally be agreed to in direct discussions between the manufacturer of the flavouring or fragrance compound and the user, and there are numerous possible approaches to the scope of the disclosure. Some will not require the execution of a confidentiality agreement. Others will encompass such information and will result in the execution by the user of the flavouring or fragrance compound of such an agreement.
Generally, disclosures involving information required by the user under applicable legislation (such as Safety Declarations or Data Sheets) or simply an acknowledgement of the presence of specific ingredients (for example, in the case of fragrance compounds, the standard tray of ingredients used for diagnostic patch testing by dermatologists, substances with musk odour or ingredients of animal origin and, in the case of flavourings, the declaration of non-flavouring ingredients such as additives in compliance with applicable legislation, the provision of nutritional information and indicating the presence or absence of components belonging to the major causes of hypersensitivity (e.g. peanut derived materials) in conjunction with Codex Alimentarius or other applicable legal requirements) can generally be provided by the manufacturer without asking the user to execute a confidentiality agreement.
- 10.2.2 Disclosures to government.
Governmental bodies may seek information about flavourings (for example in the case of new drug approval). The flavour manufacturer will make such disclosures of information as are required under applicable legislation and regulation.
When providing the information, the flavour manufacturer will clearly indicate to the recipient the information
- which he considers commercially sensitive or proprietary and disclosure of which might harm him industrially or commercially, and which

- he therefore wishes to be kept secret from all persons other than the competent regulatory authorities which have lawfully requested the information.

The flavour manufacturer will seek a commitment by the recipient of the information to keep it confidential for an appropriate period of time.

Governmental bodies and medical professionals seeking information about fragrance compounds generally focus on their presence and/or levels in consumer products. As a result:

- the fragrance manufacturer, in cooperation with the fragrance compound user, will make such disclosures of information as are required under applicable legislation and regulation, or as are appropriate under the circumstances to satisfy government bodies the fragrance ingredients in finished products are safe for the consumer and the environment.
- the fragrance manufacturer, in cooperation with the fragrance compound user, will respond promptly to requests for information from physicians treating patients who they suspect may have suffered adverse reactions to finished products containing fragrance compounds.

Disclosures which require more detailed information about the composition of the formula will generally be provided by the manufacturer under a confidentiality agreement.

10.2.3 IOFI's Code of Practice (Section 6.2) covers this subject in greater detail.

10.3 Staff

10.3.1 With the South African flavour and fragrance industry being relatively small and with only a limited pool of qualified people available to staff the industry, it is to be expected that staff changes within the industry will take place. Members of SAAFFI are encouraged to:

- establish internal systems and firewalls that protect their intellectual property, especially in cases where staff changes are likely to take place;
- employ from outside the industry if at all possible, rather than taking from other companies within the industry;
- respect the confidentiality of competitors' information by ensuring that staff taken from other companies within the industry are encouraged not to break confidentiality of the previous employer;
- hire staff with high ethical standards and have them sign a confidentiality agreement;
- Include a clause in letters of appointment stating that the employee is being employed on ethical grounds and that the employee is encouraged to handle previous employers' intellectual knowledge with a high standard of ethics.

10.3.2 Any case of formulae being offered in return for money, employment or other favours shall be brought to the notice of the company whose formulae are being offered or to one of SAAFFI's Office Bearers.

10.3.3 Members are reminded of the old adage "What goes round comes round". Employees willing to share confidential information from previous employers are very likely to do the same again.

10.4 Products

Breaches of confidentiality generally involve smaller companies where it is more difficult to separate out functions and establish workable firewalls. Often these companies buy "hearts", "keys" and/or concentrates from the multinationals and larger companies.

The suppliers of such "hearts", "keys" and/or concentrates are encouraged to allocate unique reference numbers to products sold to competitors and

to monitor any requests for samples and/or prices emanating from companies or people to whom the products are not sold. Such requests would normally indicate a breach of confidentiality. This should be brought to the attention of the company to whom that product is sold.

10.5 General

Members of SAAFFI agree that they are not in business to steal formulae from others and support the concept that each flavouring and fragrance compound supplier has a role to play.

11. ETHICS

11.1 Applications

- 11.1.1 Members of SAAFFI will comply with local and international regulations that relate to their business operations.
- 11.1.2 SAAFFI Members shall not offer flavourings and/or fragrance compounds for sale for use in applications where it is against the law and/or regulations to use flavourings and/or fragrance compounds.
- 11.1.3 In cases where there are legal limits to the use of flavourings and/or fragrance compounds or ingredients contained therein, SAAFFI Members will make such limitations clearly known in their offer so that the user understands that any contravention is totally their responsibility.

11.2 Ingredients

As previously mentioned under section 7 (Use of flavouring substances and fragrance materials), through SAAFFI being a Member of the International Organization of the Flavour Industry (IOFI) and of the International Fragrance Association (IFRA), its Members agree to abide by the rules and requirements established by these two international bodies as far as what substances and materials may be used and at what concentrations.

11.3 Commercial

- 11.3.1 SAAFFI Members support the overall concept of a free market. They therefore agree that the market should dictate the ultimate outcome within a level playing field scenario.
- 11.3.2 SAAFFI Members agree that there is to be no anticompetitive collusion between suppliers of flavourings and fragrance compounds. Contacts between suppliers can however take place, when in full compliance with competition law and where it is to the overall benefit of the industry and its customers (such as working together to reduce import tariffs, encouraging the local production of raw materials etc.)
- 11.3.3 SAAFFI Members agree that there shall be no price fixing.
- 11.3.4 In line with best practice levels around the world, SAAFFI Members shall refrain from bribery and corruption in their business dealings.
- 11.3.5 SAAFFI Members will ensure that all their employees are made aware of this Code of Practice and that they abide by it.

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