



CODE OF PRACTICE (Ethics)

Cosmetic, Toiletry and Fragrance Association of
New Zealand Inc.

As ratified 2007

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1. OBJECTIVES OF THE ASSOCIATION

The Cosmetic, Toiletry and Fragrance Association of New Zealand Inc (CTFA) is dedicated to the achievement of the highest standards of excellence in the manufacture and marketing of products that enable people to enhance their appearance, mood and self esteem.

To achieve these standards the Association has established its objectives as follows:

- 1 To ensure high quality, safe and effective products are available to all New Zealand consumers, for the purpose of increased appearance or mood enhancement.
- 2 To promote, aid, foster and maintain the highest standards of integrity in the formulation, manufacture, marketing and distribution of these products to the general public.
- 3 To be concerned with and recognise all relevant legislation and to promote and implement, within the industry, voluntary codes of self - regulation.
- 4 To maintain dialogue with Government and professional bodies, with the objective of maintaining self-regulation and increasing the credibility of cosmetic, toiletry and fragrance products.
- 5 To promote communication, dialogue, co-operation and unity between members of the Association throughout New Zealand.
- 6 To represent and speak on behalf of the industry on all official and public matters involving Cosmetic Toiletry and Fragrance products.
- 7 To do all such other things as may appear necessary, or desirable, or incidental, or conducive, to the attainment of all the above objectives, or any of them.
- 8 To support the Look Good, Feel Better Trust wherever possible as this is the Associations primary charity initiative.

2. OBJECTIVES OF THE CODE

2.1 Why A Code of Practice?

It is recognised by legislators and industry alike that self-regulation by the industry is considered to be infinitely more preferable than enforced legislation. It is also recognised, however, that to be totally effective, self-regulation requires legislative reinforcement. Self-regulation has flexibility; it can be developed relatively quickly and can be readily adapted to meet changing circumstances.

The Code of Practice is the instrument that allows self-regulation to operate successfully. It portrays the wider social responsibility of the industry to its constituent customers and consumers; it establishes the standards and obligations for members of the industry; it provides a high degree of credibility for the industry to the various external stakeholders.

Above all, it demonstrates that the industry is responsible in its approach to all aspects of Cosmetic, Toiletry & Fragrance activities.

2.2 What Is The Scope Of The Code?

The Code relies upon a series of basic principles to guide the membership in the conduct of its Cosmetic Toiletry and Fragrance business. It covers compliance with the law, adherence to standards, advertising and promotion responsibilities to the consumer and other industry related activity obligations.

It requires member companies to accept the “principle” approach to self-regulation, in that each member company must assume responsibility for its actions in relation to the appropriate provisions of the Code. This Code clearly represents an act of self-discipline. In interpreting the Code, emphasis will be placed on its spirit and intention, and each of the principles involved.

It is intended that this Code will be the primary means of regulating the activities of the industry with the following existing legislation as formal reinforcement:

- Medicines Act 1981
- Commerce Act 1986
- Fair Trading Act 1986
- Consumer Guarantees Act 1993
- Privacy Act 1993
- Hazardous Substances and New Organisms Act 1996

Other legislation, including any regulations consequent to the above Acts, may be applicable from time to time.

Acceptance and observance of the provisions of this Code are conditions of membership of the CTFA.

Alleged breaches of this Code may be brought to the attention of the Association by any person, and will be administered in accordance with the complaints procedure detailed in this Code.

The CTFA Code of Practice establishes basic principles to guide the membership in business conduct, particularly in matters of advertising and promotion of Cosmetic Toiletry and Fragrance products.

2.3 The Code has two main purposes:

- 1 It is a self-regulatory Code, to guide members in the achievement of the highest standards of integrity and responsibility, and establishes criteria for professional conduct.
- 2 It will complement present and proposed legislation, but is aimed to ensure that the initiative for the highest standards of conduct within the industry emanate from the Association and its members.

Specifically, the Code obliges members to:

- Inform customers and consumers responsibly
- Ensure all claims are lawful, balanced and based on sound and reasonable scientific evidence
- Communicate information to promote responsible use of mood and appearance enhancing products

Companies outside the Association, who manufacture, market or distribute Cosmetic Toiletry and Fragrance preparations are invited to observe and accept the Code, if not join the Association.

3. PRINCIPLES OF THE CODE

3.1 PRINCIPLE ONE

Members will be responsible for compliance with all relevant legislation and provisions of this Code.

- It is a condition of membership of the CTFA that all activities comply with this Code both in the letter and in the spirit.
- Responsibility lies with member companies to ensure they are familiar with and comply with all relevant Government legislation. The primary responsibility lies with the Chief Executive responsible for the New Zealand member company operation.
- Copies of the Code must be provided to relevant company personnel, distributors, suppliers and agencies involved in the company business: it is the responsibility of member companies to ensure that the provisions of the Code are understood by these parties.
- Breaches of the Code may result in sanctions being applied and/or expulsion. The penalty imposed will depend upon the persistence or seriousness of the breach.
- The Constitution and Rules of the CTFA provide more detail in respect of the above. The Code of Practice is not intended to replace the Constitution, but add to it, providing feedback and direction for members on Association activities. The Constitution and Rules should be consulted for procedural details where necessary.

3.2 PRINCIPLE TWO

Members will adhere to high ethical standards in respect of all marketing activities.

- All communications with particular reference to advertising, promotion and packaging must be accurate and truthful, based on current knowledge and evidence.
- Any communication shall not denigrate or attack unfairly any other products, goods, services, or company.
- Any marketing activity shall not bring disrepute upon the Cosmetic, Toiletry and Fragrance industry, undermine confidence in advertising or promotion, or prejudice public confidence in Cosmetic Toiletry and Fragrance products.
- Members shall not promote, or be in any way associated with, any schemes intended to encourage the sale of a Cosmetic, Toiletry and Fragrance product if they are likely to introduce any hazard to the general public, or to lower the tone of, or bring disrepute, to the industry.

3.3 PRINCIPLE THREE

All advertising and promotional activities must be prepared and executed with a high degree of social responsibility and shall conform to acceptable standards of fair competition

A. GENERAL PROVISIONS

- Advertisements shall be generally true and shall not mislead or contain any exaggerated claim, direct or implied, by the use of superlatives, puffery or words implying magical or mystical results, or any other benefit contrary to reasonable belief.
- Advertisements shall be clearly distinguishable from editorial matter.
- Advertisements shall not contain any offer to diagnose, prescribe, or treat personally by any form of correspondence, except by a registered health professional.

B. COMPARISONS

- Comparisons of products are acceptable, subject to the provisions of this Code and the Advertising Standards Authority Code for Comparative Advertising.
- Comparative advertisements shall be unambiguous and clearly understandable.
- Claims of superior or superlative status must accurately reflect the extent and the nature of the substantiating evidence available. All comparisons shall be balanced and fair.

C. TESTIMONIALS

- Testimonials should be used with extreme care and must be valid, current, documented and be representative of the current body of evidence.

3.4 PRINCIPLE FOUR

Members accept responsibility for all other industry related activities generated by their companies.

- All company representatives must be adequately trained and be competent in the course of their marketing activities.
- Statements made by company representatives carry the same implication as if written, must be factual, and comply with the spirit of the Code.
- Any response to a technical enquiry must, if there is any doubt, be referred to an appropriate company officer for authoritative comment.

OTHER ASSOCIATION RELATIONSHIPS

- Members shall not engage in any activities that are likely to prejudice harmonious relationships between the CTFA and government, trade or professional organisations.

MEDIA STATEMENTS

- Individual members shall not make public, any statement relating to the CTFA, unless it is done with the full knowledge and endorsement of the Executive of the Association.
- Statements on behalf of the Association can only be made by a member of the Executive, when endorsed by the President.

NEWS RELEASES

- Releases to the media concerning new product introductions, marketing activities etc should on all occasions be in good taste, factual in claims and not create undue or unrealistic optimism for potential users.

4. ADMINISTRATION OF THE CODE

1 Complaints Procedure

Any person is free to make a complaint about a member company under the Code, and such complaints should be directed in writing to the Association. Where a member of the Association has made a complaint, that member should try, in the first instance, to resolve the issue by telephone, written or personal contact with the company responsible, before contacting the CTFA.

All complaints must be as specific as possible as to the nature of the complaint, and must be in writing and in the case of complaints lodged by a member company, be signed by the Chief Executive and accompanied by all previous correspondence relating to the complaint.

On receipt, the President or Executive Director will inform the Chief Executive of the company concerned that a complaint has been received, and notify details of the complaint. The President or Executive Director will conduct an initial investigation and is free to consult with other parties considered relevant.

The President or Executive Director and the CTFA Executive Committee will endeavour to resolve disputes under the Code, but if a complaint cannot be resolved by consensus, the President or Executive Director will assess the complaint and determine if independent facilitated mediation is appropriate. If so, both parties to the dispute will be brought together under a completely independent facilitator to seek resolution. The President or Executive Director will provide the Facilitator with all background information. All communications will be confirmed in writing.

2. Sanctions

Should the CTFA decide a breach of the Code has occurred; the following sanctions may be applied by the Executive:

- a) Formally request immediate steps to comply with the Code
- b) In the event of trade involvement, the publication of any corrective letter or statement
- c) Expulsion
- d) Notification to Head Office of a multi national company.

3 Non Members

If the Executive Director receives a complaint about a non member it shall be referred to the trade association representing that non member, or brought to the attention of the company.

4 Appeal Process

A written appeal against the findings of the CTFA Executive or the Independent Facilitator may be lodged with the Executive Director within ten working days of being notified of the findings, setting out grounds for the objection.

The appeal will be considered by an Independent arbiter with the appropriate legal/technical experience, who has not been involved in any aspect of the hearing. The arbiter will be appointed by the Executive but paid for by the appellant.

The arbiter has the right to determine the appeal procedure but may take longer than 20 working days to hear all submissions.

The arbiter shall then determine whether to confirm, modify or revoke any previous determination made by the CTFA. This determination is then final.