

Code of Conduct Regulation 2063

and

Code of Conduct

for Orthodox Tea Production, Processing & Market
Promotion

Himalayan Orthodox Tea Producers Association (HOTPA)
Kathmandu, Nepal
Code of Conduct Committee

2063

Code of Conduct for Hilly Tea Production & Processing

Background

It has become necessary to implement the standards acceptable at the international level to make the tea produced in the hilly regions of Nepal more quality oriented and to make its' easy access to the world market & to make our production highly competitive. It is not easy to achieve such standards in the context of our available resources and technical knowledge, skills in the farmers and physical infrastructure available in the processing location. However, it is necessary to initiate preparations for achieving such standards. Considering this subject matter and including social responsibility in the production and processing process, this Code of Conduct is being developed.

Main objective of the Code of Conduct:

The main objective of the Code of Conduct is to make the quality of the Nepalese orthodox tea up to par with the international standards and the behavioral approach that producer, processor and all other parties affiliated in this profession will have to take to bring about necessary quality change.

Today's necessity is that Nepalese orthodox tea be produced and processed as per the technical and social standards prevalent in the international level and to have its place in the developed country market. This Code of Conduct is not a compulsory rule or law but is a self generated directive through mutual understanding among orthodox tea producers and processors. However, it will be considered one compulsory condition for the use of quality logo.

There was an agreement that Code of Conduct be implemented in orthodox tea production and processing among most tea processors nearly two years ago. This supportive book is developed based on that agreement.

As it is a preliminary phase, the standards outlined for producer, processor, exporter, etc in this book are of minimum requirement level only. In the days ahead, these standards will be reviewed and adjusted as per the needs of the market.

There are main four subjects in this Code of Conduct. These four subjects are also main guiding principles of this Code of Conduct.

a. Respect towards Nature

- Conservation of Bio Diversity
- Conservation & Management of Soil Fertility
- Environment friendly Agriculture System
- Implementation of National & International Environmental Policy

b. Human Respect

- End of Child Labor System

- End of Caste, Gender and Social discrimination
- Salary and wage prescribed by Labor Law and Rules
- Women Empowerment, Child Education & Human Development.
- Clean & secured work place
- Trader's social responsibility
- Cultural and Social Development

c. Respect towards Production System

- Implementation of National & International standard recognized production and processing process
- Transparency in production, processing process.
- Identifying the natural form of the products to the extent possible and maintaining integrity
- Record of each stages
- Monitoring
- Internal Inspection Process
- Provision of Product Recall System

d. Commitment to maintain High Standards

- Policy to maintain reliable and specific quality
- Clean & pure commercial practice
- Respect to the agreement with the Buyers
- Commitment to other related subject

It is necessary to have specific standards for this Code of Conduct trying to incorporate these four subject matters in production, processing, transportation and trade level and to monitor whether they are completely implemented or not. Technology development, status of the implementing individual and the level demanded by the buyers keep changing from time to time. Thus, it is necessary to review the standards in this guideline. It is necessary to change and update this Code of Conduct as required.

All members should implement the following points as directive principle for the implementation of the Code of Conduct.

There are two types of standards set under this Code of Conduct.

A. Standards for Production

In subject matters such as geographical area, soil recommended for the orthodox tea production, the producer should implement recommendation provided by the concerned government and non government agencies.

1. Seed Production:

While producing seeds, efforts should be made to ensure that chemical pesticides are not used. In each stage organic fertilizers should be used than the chemical fertilizers.

2. Farm Management

All technical aspects necessary in the farm management should be based in Good Agricultural Practices (GAP). The detail information regarding this will be included in the Farmers' Manual to be published by HOTPA.

3. Other means of sustainable soil fertility management

- 3.1 Besides the compost or cow dung, other materials available from organic sources can also be used after careful composting.
- 3.2 If fertilizer brought from outside is suspected to have Genetically Modified Organism (GMO), then the use of such fertilizer should be decreased.
- 3.3 Plants that can provide shade and increase the bio organism content as fertilizer should be increased.
- 3.4 Besides cow urine, soluble fertilizer and earthworms can also be used.
- 3.5 Effective Micro organism (EM) can also be used for making fertilizer or as recommended.
- 3.6 If it is necessary to use the urban and industrial waste products to enhance the fertility of the soil, then it should be used according to the recommendation of the concerned technician.

4. Management of Natural Resources

- 4.1 The trees and plants around the Farm area should be conserved.
- 4.2 If the number of matured trees is less than 30 per hectare then the number of such trees should be increased. Local nature trees/plants should be given priority for such plantation. The processors should assist at the farm level for such tasks.
- 4.3 One should be cautious if there is the possibility that one's farm water flows and gets mixed with the natural water and pollute it.
- 4.4 While developing and expanding new garden, it should not be done so by destroying the natural forest.
- 4.5 In the case of large tea gardens, natural resource management plan should be developed for the surrounding areas.

5. Insect and Withering Management

- 5.1 For controlling insects, there should be integrated use of natural products and bio methods as far as possible.
- 5.2 Whatever materials have been used, all materials record should be kept by small farmers and big estates.

5.3 These efforts should not negatively impact the social cultural traditions existing in the local level. Small Farmers, Estate owner should be careful if there is God, Goddess, temple, worshipping forest, water source, etc near the estate.

6. Management of live fence and Border Areas

6.1 As per the standard of the Code of Conduct, Farmers & tea estates producing the tea leaf should have information regarding the type of agricultural or any other practices in their bordering areas.

6.2 If there is possibility of pollution from such bordering areas then the provision of buffer zone should be made.

6.3 The farmers and estate management should be careful in subject matters such as live fence and plantation in such border areas.

7. Picking up of tea leaf and transportation to the processing centre

7.1 The tea leaf should be reached to the processing centre as soon as it is picked or within a maximum period of three hours of picking it.

7.2 Necessary standards should be considered while picking up the tea leaf, collecting it, transporting it and while storing it in the storage centre. The details regarding this are provided in the Farmers Manual.

8. Internal Control Mechanism for production of quality orthodox tea

It should be ensured from the concerned farmers group whether given standards are implemented at the production level as the tea leaf is produced by smaller farmers and supplied to the processing centre. The monitoring, evaluation, inspection of the implementation of such program should be carried out both internally and externally. For the initiation of the Internal Control Mechanism, following subject matter should be included.

- Information of geographical area
- Social and Cultural Information
- Procedure regarding group formation and group operation
- Stating of Internal Control Mechanism in group operation procedure and objective
- Commitment of orthodox tea producing farmers affiliated in a group to abide the standards set by Code of Conduct.
- Commitment of the group also in the implementation of the standards of the Code of Conduct and its stage wise monitoring.
- Provision of necessary technical services for the operation of Internal Control Mechanism.

Besides the above stated subject matter, tasks that would be carried out within the group are the main subjects of the Internal Control Mechanism.

8.1 The produced tea leaf supply and purchase agreement, as per this standard, between the tea producing farmer, group chair person and processing centre officer in the presence of appropriate persons.

8.2 Information to concerned members of the group regarding the tea leaf purchase and sales related agreement and price related subject between the processing centre and group.

8.3 Every tea producer group members should have Code of Conduct complete standards.

8.4 To execute Internal Control Mechanism, there should be tripartite agreement between group, supporting organization and processing centre.

8.5 Besides the summarized information made available as stated above, other various subject proposal and implementation modality should be developed in the Internal Control Mechanism.

8.6 Structure of Internal Control Mechanism

- Group formation procedure
- Conditions and facilities for the members
- Agreement/Contract with each members on program basis (eg. Tea production, saving and loan program, etc)
- Permanent Identity Number to each tea producing farmer
- Regular training and information disseminating provision
- Internal inspection provision
- Record and Meeting minute book
- Personal details of member farmers
- The land details such as land's geographical set up, soil type, surrounding bio diversity, nearby natural resources details, tea production period, list & record of materials used in production, etc for the production of tea as per Code of Conduct standards.
- Size of group
- Check list for internal control
- Provision for Dispatch Note Issue from farmers affiliated with internal control mechanism while delivering tea leaf to processing centre.
- In the Internal Control Mechanism, viewing production as Lot, prior work proposal for delivery mechanism
- Code of Conduct for internal inspection (No kinship, No commercial interest, Confidentiality of Information, etc)

9. Social Responsibility or Standard

9.1 If the green leaf from large estate, then the employees and laborers' facilities should be as provisioned in labor law of the Nepal Government.

9.2 For issues such as recruitment, facilities of such employees and laborers, the estate should develop employees and laborers policy and regulation.

9.3 The estate management should maintain cordial relation with local communities for necessary support from the estate surrounding and in an effort to conserve the environment of the estate.

9.4 The Estate management should support efforts like community and environment development/conservation at the local community.

9.5 If the green leaf is produced by small farmers, then the leaf production process should support the practice, culture and tradition prevalent in the community.

9.6 Child labor should be stopped at both large estate and small farm.

B. Processing Standard

The processing management should update the necessary record like quality, quantity and date/time of arrival inside the processing venue of the green leaf arriving from the own estate or affiliated farm. Before taking the green leaf for processing, the factory manager or person assigned by him should monitor and estimate the following points and should only allow the leaf to be taken to the processing centre.

1. Condition of the Vehicle or Material (Sack, Packet) transporting the green leaf

1.1 The transporting goods, laborers, transporting vehicles all should be clean at the time of transporting the green leaf.

1.2 All works related to the processing of the green leaf would be as specified in the farmers' manual.

2. Grading

2.1 Grading to be carried out as specified in the standard.

2.2 The tea to be stirred as specified at the time of grading, and to be careful that the quality is not hampered by excessive stirring.

2.3 Weighing and placing it at the container as per the standard set. Bin

2.4 The concerned officer should maintain necessary record regarding the timely cleanliness and the condition of the production at the time of grading.

3. Packaging, Sampling and Logo Printing Work

3.1 The cleanliness of the venue to carry out large packaging and whether teas have been placed in their respective location as per their grades should be checked.

3.2 The weight of the weighing machine and the prescribed quantity.

3.3 The bag and packet approved for packaging should only be used.

3.4 Only placing tea as per its capacity in the container and the chest.

3.5 Before placing the stamp and logo in the packaged tea, it should be inspected by the inspecting officer and sanctioned.

3.6 The quality testing officer while carrying out sampling should use the Random Sampling Approach and recommending for packaging as per the test result.

3.7 To follow the instruction for placing logo and stencil and stenciling to be carried out in a manner that letters are clearly visible.

3.8 After stenciling has been carried out in the tea bag, it should be stored in the prescribed place and the recommendation for placing the bag should be strictly implemented.

3.9 As the tea bags are normally of paper, care should be exercised that it is not damaged while transporting it. If it is damaged then the bag should be immediately exchanged.

3.10 The information on the bag should be clearly written down in the ledger as well.

4. Social Standards and Responsibility:

4.1 The processing centre should determine the service facility of its employees and laborers not less than that prescribed by the labor law and regulation of the Nepal government.

4.2 The labor law that will be amended from time to time will be implemented by the processor.

4.3 There should be agreement from the both sides as regards to the buying of leaf from the farmer and making payment.

4.4 Logical distribution principle will be applied for the outcome obtained from the tea industry between the farmers affiliated under code of conduct and processors.

5. Marketing Standards

5.1 Any trader involved in the marketing of the orthodox tea should follow the outline of this Code of Conduct.

5.2 The traders registered in the Secretariat for implementing the Code of Conduct should maintain a record of the policy, Rules and Format issued by the Secretariat in a manner maintained by the processor.

5.3 In the storage for the production/material, any other material polluting the goods produced and processed as per the Code of Conduct should not be kept.

5.4 The material should also be saved from possible pollution and adulteration while transporting such materials.

5.5 The large scale traders should inform the retail traders regarding the transportation and marketing of goods without deteriorating the quality.

5.6 While transporting goods up to the wholesale and retail sellers, quality of the goods should not deteriorate.

5.7 Necessary agreement and contract should be carried out to maintain the high quality of goods from the processor to the retail level sellers.

5.8 While selling goods both at the wholesale and retail level, necessary information should be clearly stated in the packaging.

5.9 Like processor and producer, the marketing agent should also follow all standards and condition outlined in the Code of Conduct.

5.10 As per the provision outlined in this Code of Conduct, the marketing agent should also carry out inspection of their business annually and receive certificate and logo of the Code of Conduct.

5.11 Other subject matters outlined in this Code of Conduct will also become valid in the case of marketing agent.

Check List (Production)

- Information on Producer, Processor and Transporter
- Information on Production and Processing area
- Land utilization related details on Production Area
- Sources of Plant & Seeds
- Quality of the Soil Fertility
- Management of food element in the soil
- Crop Conservation
- Irrigation Management
- Equipments and Machineries
- Grass Management
- Leaf Picking
- Information on Green leaf collection centre
- Transportation up to green leaf processing area
- Duration of storage in the centre prior to the leaf transportation
- Resources (laborers, vehicle, horse or other) used for leaf transportation
- Total duration taken while transporting leaf

Check List (Processing)

- If the Processor carries out leaf transportation , then its details (resources, duration and other)
- Inspection and quality test prior the green leaf enters the processing centre
- Procedure to weigh the leaf in the Processing Centre
- Processing process (Withering, Rolling, Fermentation, Drying, Sorting)
- Grading after Processing
- Method to record Grading
- Tea Packaging and Market
- Management of residual from Processing
- Fuel used during Processing
- Environmental Conservation Plan around processing area
- The source of water used in the processing area
- Recruitment provision of Employees and workers.
- Salary and other facilities provided to the employees and workers
- Direction & Recommendation related to health and security of employees and workers
- Partnership works with local communities
- Relations and meeting with the local communities
- Internal Inspection and Audit

Annex 1

Application Form for Processor and Trader

a. Summarized Information

- Company & Factory Name:
- Address:
- Enterprise Name if different:
- Company structure:
- Main Office: Branch Office Number:
- Phone No: Fax:
- Email: Web Site:
- Contact Person: Position:
- Type of Enterprise (Processing, Market, Transport)
- Stating if the main office is different than the Processing Centre or Enterprise Branch:
- If processed, then main brand tea and its name:
- Internal Inspection type:

b. Green Leaf

Source of Green Leaf

State in point format the efforts to maintain the quality of the leaf before reaching the processing centre

c. Processing

Information if process to maintain quality as directed by SOP, HHCVCP or ISO is implemented

If it is not implemented, what is the future plan?

Quality assessing Officer / Employees Number

Technical Employees to update Record

d. Energy for Processing

- Wood
- Coal
- Diesel
- Other
- Purchase Record & Use

e. Employee & Labor

Regulation & other provision

f. Quality Maintenance - Health - Sanitation

Provide information on the process to maintain quality stated in part c.

g. Insect Management

Ways to control insects in the processing centre

If chemical products are used then its detail, quantity per year/Is log maintained or not for controlling insects?

h. Packaging Materials & its Details

i. Record & Processing

Source of the raw material (green leaf) is garden or group

Processing process

Provision of Batch or Log

Invoice Number and other documents used during sales

Internal Audit details

Market

Whether to carry out direct marketing or not of products arriving from processor

If not, to what stages it would be reprocessed

Materials used during reprocessing

How many organizations/companies are involved in marketing?

Relation of Processor with wholesaler, retailer and broker

j. Other information

External inspection carried out up to date

Company's environmental policy

If processor, whether EIA has been carried or not?

Chief Executing Officer

Company Name

Date: