



Best Practices for Verifying Traceability in the Supply Chain

December, 2017

Summary

ACAs agree that the work of organic certification has become increasingly challenging as supply chains have become more complex and organic trade has expanded on local and global levels. The ACA convened a Working Group to identify some of the biggest challenges related to verifying traceability and to offer as many solutions as possible in the form of Best Practices.

Problems and Solutions

In the beginning, the group identified what they saw as the biggest barriers to accomplishing thorough verification of organic product integrity. These challenges are described in the table below, along with suggested solutions. While the solutions proposed might not resolve all problems completely, they provide some concrete steps certifiers can take toward verifying traceability in the supply chain.

Problem	Description	Solution
Uncertified handlers	Uncertified handlers do not provide adequate documentation to link an Organic Certificate to a physical product.	The Working Group developed an Uncertified Handler document for ACAs to use as-is or model their own internal paperwork after. Uniform implementation of the form should aid in operator, inspector, and reviewer understanding of exactly what documentation is expected and required. It will also offer clarity with regard to uncertified handlers who are unwilling or unable to provide the documentation necessary for traceability. The Uncertified Handler document is labeled Appendix A.
Nonspecific nonretail labeling	Labels that do not include the elements: name and address of the manufacturer, name of the certifier, and an ingredient statement identifying the organic ingredients.	Products without these labeling elements increase the risk of potential fraud and make verification of organic product integrity difficult. Certified organic operations should be encouraged to include this information on labels to ensure traceability and products without these labeling elements should be considered higher risk and subject to additional scrutiny during inspection. More work is being done on this topic, and recommended best practices may evolve as a result.

Problem	Description	Solution
Records are not adequate	Records do not identify organic status, do not display lot numbers that match the last certified handler's lot number (on the package), or do not clearly correlate back to the last certified handler.	Certifier policies should require that organic product is listed as "organic" on all documentation once the product enters the supply chain. Transaction documents must include a lot number or production code that clearly links each document to the next and all documents to the labeled product. Records for each shipment from an uncertified supplier should include the organic certificate from the last certified handler as well as documentation from the last certified handler to prove the source. Record keeping requirements should be clearly outlined in inspection reports and the OSP in order to be understood by operators, inspectors, and certification staff.
Phytosanitary requirements	Phytosanitary paperwork is non-uniform, and many certifiers and inspectors do not know what to look for.	The Working Group determined it would not be productive to generate a standard form certifiers could use related to phytosanitary activity. Instead, it is important that the relevant personnel at each agency are adequately trained on phytosanitary protocols and paperwork as related to organic certification. (A speaker from USDA-APHIS will present at the 2018 ACA Training during the International session.)
International Trade Policies	Certifiers, inspectors, and certified entities need additional training/ understanding related to documentation required for imports arriving in the U.S. under various Equivalency Arrangements and Recognition Agreements.	Appendix B, International Trade Policies, describes verifications and documentation required for imports from Canada, the E.U., Switzerland, Korea, India, Israel, and New Zealand. This topic will also be addressed at the 2018 ACA Training. Staff and inspectors should be trained on these expectations as applicable.

Problem	Description	Solution
Differing Transaction Certificate (TC) processes	TC verification procedures vary widely from certifier to certifier, with some certifiers not even issuing them.	<p>It was initially suggested that the Working Group develop recommendations for uniform policies for issuing TCs. However, the Working Group acknowledged that, without full verification of each sale by each certifier, the TC system does not realistically verify organic integrity. It was further noted that full verification of each sale is not realistically attainable without additional allocation of resources and unless issuing TCs is mandatory for all sales.* The Working Group recommends that the industry move away from the notion that TCs verify any immediate claim other than active certification of a product at a given time. Verification of integrity, then, is more a function of the audit, and this points to the need for consistent and thorough levels of audit scrutiny, including audit cross checks.</p> <p>*Examples of mandatory TC systems include the Tracenet system in India, the Global Organic Textile Standards, and the TRACES data base for imported organic product in Europe. While these systems are mandatory in the sense that they require reporting on certain pieces of information, they do not require reporting of all sales; in that sense, they too show an incomplete picture of product on the market.</p>
Companies operating under multiple names	Related audit trail documents do not all display the expected company name.	Organic System Plan paperwork should request that all company names are listed. If inspectors find audit trail documents that point to additional company names, this should be discussed and verified with the operator, and the OSP should be updated as appropriate. It is possible to require the client to submit copies of registration records issued by the applicable governmental source for all names used by a company. Note that multiple company names could be a sign that the operation is violating NOP Instruction 2603 which requires that a certificate cover only a single operation.

Problem	Description	Solution
<p>Inconsistent audit expectations</p>	<p>Certifiers have differing expectations for what makes up an effective audit; differing expectations are communicated to inspectors.</p>	<p>Certifiers should communicate the following expectations to their handling inspectors:</p> <ul style="list-style-type: none"> ● Certified operations should keep full records for each individual shipment of organic ingredients/goods purchased. ● The inspector should audit at least one complete set of records for each uncertified handler. Compare lot numbers on invoices to on-site inventory, if available. ● Uncertified Handlers may change suppliers without informing the certified buyer. Inspectors should review shipments from a minimum of two different seasons to see if suppliers change. ● Inspectors should make copies of any inadequate record samples and submit these to the certifier as evidence. ● In case of inadequate records, the inspector should request further records from the supplier in question to see whether the situation is representative of a breakdown in the OSP. ● Certifiers should keep a master supplier list that clearly outlines which suppliers are certified organic and which ones are not and links uncertified handlers to their certified sources. This list should be verified by the inspector. If this information is not kept as an Excel spreadsheet or in some other list format, the information should be readily understandable within the file. ● If an inspector finds that a certified operation uses a supplier that was not previously disclosed, copies of the supplier information (invoices, etc.) should be submitted to the certifier. ● In situations where all suppliers are certified organic, the inspector must do at least one complete traceback from purchase to sale, and one complete in-out balance. Further audits can be conducted based on risk as determined by the certifier or inspector. ● For the trace-back, clear links must be described in the audit report. ● If any ingredients/products are not clearly labeled as organic on the invoice, copies of the deficient invoices should be supplied to the certifier. ● If any ingredients/products are not appropriately labeled according to §205.303, §205.304,

Problem	Description	Solution
		<p>§205.306, §205.307, or §205.308, copies of the deficient labels should be supplied to the certifier.</p> <ul style="list-style-type: none"> For imports to be verified at inspection, the certifier must ensure that the inspector knows what is needed: import certificates, attestations, TCs, or Organic Certificates as applicable. (See Appendix B, International Trade Policies. Inspectors and reviewers should be trained on this information as applicable to the scope of their work and should reference NOP 4013 for further guidance. <p>Certifiers should reference NOP 4013 in determining certifier responsibility with regard to organic imports and related inspector expectations.</p>
<p>Cross checks</p>	<p>Cross checks are seen as effective for the detection and deterrence of fraud, but most agencies in the U.S. do not have defined procedures for accomplishing this. In this document, cross checks are thought of as the process of verifying transaction documentation supplied by an operator by comparing it to records on hand with the operation next (or prior) in the supply chain. For example, sales documentation for a specific load sold by Handler A should align with purchase and receiving documentation at Handler B.</p>	<p>Certifiers should cooperate with cross-agency requests for information related to audit cross-checks, especially in cases of active investigations. However, certifiers may choose to prioritize cross checks that can be conducted internally (for example, the certifier handles the certification for Sample Organic Farmer who sells organic corn to Sample Organic Buyer, who is certified by the same agency). Suggested Best Practices:</p> <ul style="list-style-type: none"> ACA's should conduct cross checks based on risk. Frequency of cross checks may vary from one certifier to the next, depending on risk assessment, goals, and resources. All ACAs should plan on doing cross checks and should have systems in place to enable that. Organic System Plans and/or Inspection Reports can request a list of main buyers so that meaningful cross checking can be planned and communicated to inspectors and reviewers in advance. Or certifiers can start with known buyers and determine which suppliers to cross-check at next inspection as suppliers should already be part of OSP. ACAs should have designated staff who plan, coordinate, and monitor cross check activity. Instructions for inspectors must be clear and direct and may include directions to ascertain total sales of a given crop/product to or from a specific entity during a given period of time, or a trace-back exercise for a specific load or shipment linked to a specific entity. As an

Problem	Description	Solution
		<p>example, a supplier may be asked to confirm quantities, dates, and mode of transport for individual shipments as indicated on a specific bill of lading provided by the certified entity that received the shipment.</p> <ul style="list-style-type: none"> • The inspector should not disclose to the client the intention to conduct a cross check of the information supplied – not verbally nor in the Inspection Report. <p>Cross check exercises could be conducted as a part of an ACA’s overall surveillance or unannounced inspection plan. They also may be conducted as desk audits; inspector presence is not essential.</p>
<p>Lack of transparency in production and marketing</p>	<p>Certifiers are not required to report organic acreage to NOP, and marketplace transparency further hinders a view of the big picture.</p>	<p>Certifiers should ALL submit data on organic acreage reports to NOP for inclusion in the Organic Integrity Database. This would enable a clearer picture of whether or not the organic land base supports production claims on small and large scales and allow for calculation of a mass balance across the supply chain.</p> <p>Marketplace transparency can be increased by using Panjiva or other services that provide detailed, publicly available data on global trade. ACA members can receive a 10% discount to any annual Panjiva subscription and should contact the ACA for further details on that. Additionally, the organic industry could implement its own data driven solution, similar to the Check Organic program used in Italy.</p>
<p>Non uniform policies on information sharing</p>	<p>Some certifiers are more willing or better equipped than others to collaborate and share information as a part of an investigation or verification process.</p>	<p>Certifiers should prioritize cross-agency communication as it pertains to verification of organic supply chain integrity. In cases of active investigations, especially, certifiers should share applicable information quickly and in a way that keeps proprietary information confidential. OSPs and/or contracts between certifiers and operators should include a statement acknowledging the possibility of information sharing with other agencies. This is in keeping with NOP statements on the “cone of confidentiality” as described in the 6/1/2017 NOP webinar “Organic Supply Chain - Ensuring Organic Integrity through the Organic Control System.”</p>

Problem	Description	Solution
<p>Livestock Traceability</p>	<p>Inconsistent systems of identification and livestock documentation</p>	<p>Clients must maintain purchase documentation. Documentation may include, but is not limited to the following:</p> <ul style="list-style-type: none"> • A current organic certificate from the operation who sold the livestock, identifying which types of animals are maintained and how slaughter eligible animals are identified. • Purchase documents, such as receipts and shipping records that include the seller’s name, date of sale, and the individual animal identification for each certified organic animal purchased and, if applicable, slaughter eligibility ID. • Payment for the livestock must be made to the producer or handler identified on the valid organic certificate. • A statement from the seller identifying, by ID number, all animals treated with a synthetic parasiticide and which have not. <p>Animal IDs at sale: Individual animal identification must be fully traceable, and maintained through the supply chain. Approved animal identification methods include:</p> <ul style="list-style-type: none"> • Regulatory animal health program tags, such as Bangs tags/USDA Silver Brite tags for Brucellosis in cattle, or Scrapie program tags in sheep. • Animal identification number tags, with or without RFID technology. • Breed registry identification numbers. • Other methods reviewed and approved by the certifier.

Appendix A – Uncertified Handler Declaration

The purpose of this form is to verify eligibility for the exclusion from certification under §205.101(b)(1). This form must be completed by any uncertified operation in your supply chain that sells and/or handles agricultural products labeled as "100 percent organic," "organic," or "made with organic" (specified ingredients or food group(s)).

Name and address of handling operation (please include any alternative names your operation may do business under):		
Name and title of responsible party (must match signature below):		
Phone:	Email:	Website:

1. Do you handle any organic products that are not enclosed in a package or container when you receive them? Yes No If yes, please explain:

2. Do you open packages or containers of organic products? Yes No If yes, please explain:

3. Do you re-label any organic products including application of a label that obscures the original label or lot number/code? Yes No If yes, please explain:

4. Do you ever combine or split loads of bulk/unpackaged products? Yes No If yes, please explain:

5. Do you process any organic products including but not limited to repacking, sorting, reconditioning, culling, icing, hydrocooling, hydro vacuum, washing, high pressure processing (HPP), ethylene or controlled atmosphere treatment or any other processing?
 Yes No If yes, please explain:

6. Do all organic products remain in the same package or container for the entire time they are in your possession? Yes No If no, please explain:

7. What do you do when incoming packages or containers of organic product have been damaged?

8. Describe the measures implemented to prevent commingling of organic and nonorganic products:

9. Describe the measures you have implemented to prevent contamination of organic products from substances such as cleaners, sanitizers, and pest control products:

10. Explain how you maintain audit trail records sufficient to track organic product back to its certified organic source, including original lot number:

11. Do you import or export organic products? Yes No If no, please explain:

12. Describe how frequently you change organic suppliers and how the certified organic operation can verify the source, volume, and certification, and import compliance of each shipment. You may attach sample documents to demonstrate your system.

13. Do you agree to provide copies of audit trail records to the certifier upon request?
Yes No If no, please explain:

§ 205.100 (c) Any operation that:

(1) Knowingly sells or labels a product as organic, except in accordance with the Act, shall be subject to a civil penalty of not more than the amount specified in §3.91(b)(1) of this title per violation.

(2) Makes a false statement under the Act to the Secretary, a governing State official, or an accredited certifying agent shall be subject to the provisions of section 1001 of title 18, United States Code.

I declare under penalty of perjury (under the laws of the United States of America) that the foregoing is true and correct.

Executed on: _____ Signature: _____
(date)

Printed Name: _____

Certified organic operations must maintain records sufficient to demonstrate compliance. Certified operations may only source from uncertified handlers who provide full supplier traceability back to the last certified operation for each shipment. This means:

- *Purchase invoices, BOL, and other audit trail records must designate products as organic and include a description of the product and amount transferred.*
- *Uncertified handler audit trail records must link directly back to the last certified operation, including transport, storage, processing/handling, shipping, and/or distribution. Documents generated by the last certified operation proving purchase/delivery/transfer to the uncertified handler must be available.*
- *The last certified operation must be listed on invoices and/or lot numbers applied by the last certified operation must match lot numbers on uncertified handler audit trail records.*
- *For each delivery, uncertified handlers must provide a complete, current organic certificate for the last certified operation, as well as import documentation as relevant.*
- *All certified and uncertified suppliers must be approved by the certifier as part of the certified operation's Organic System Plan (OSP).*

Traceability will be verified as a part of the certified operation's audit and review. If organic product cannot be traced back to the last certified operation, the certified organic operation making purchases will not be allowed to source organic products from the uncertified handler.

Appendix B – International Trade Policies For Imports and Exports

Imported organic products treated with ionizing radiation or a substance prohibited by the USDA organic regulations may not be sold, labeled, or represented as organic or organically produced or handled. Resources include FAVIR Database (online) & APHIS PPQ customer support (301) 851-2046.

Trade Policy	Country or Union	IMPORT	
		Verifications	Documentation <i>(in addition to Standard US import documentation)</i>
Equivalency Arrangements	Canada	Prohibited: -Agricultural products derived from animals treated with antibiotics cannot be marketed as organic in the US.	Organic Certificate to Canadian Organic Regime (COR) Standards for Canadian Operation -Documentation accompanying shipment must include the statement "Certified in compliance with the terms of the US-Canada Organic Equivalency Arrangement."
	European Union EU Member Countries (current on 11/29/17): <i>Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, and the United Kingdom.</i> Additional information: https://europa.eu/european-union/about-eu/countries_en	Required: -Must be produced in or have final processing or packaging performed within the EU Prohibited: -Agricultural products derived from animals treated with antibiotics. -Aquatic animals (e.g. fish, shellfish).	Organic Certificate to European Commission (EC 834/2007) Standards for EU Operation NOP Import Certificate

Trade Policy	Country or Union	IMPORT	
		Verifications	Documentation <i>(in addition to Standard US import documentation)</i>
	Switzerland	<u>Required:</u> -Must be products whose final processing or packaging occurs in Switzerland -Organic wine must be produced and labeled to US regulations <u>Prohibited:</u> -Livestock products produced with the use of antibiotics (including all ingredients)	Organic Certificate to Swiss organic ordinances for Swiss Operation NOP Import Certificate
	Korea	<u>Required:</u> -Must be "processed products" as defined by the Korean Food Code -Final processing (as defined in the Korean Food Code) must occur in Korea <u>Prohibited:</u> -Products that contain livestock products produced with the use of antibiotics	Organic Certificate to Korean standards (under MAFRA) for Korean Operation NOP Import Certificate

Trade Policy	Country or Union	IMPORT	
		Verifications	Documentation <i>(in addition to Standard US import documentation)</i>
	Japan	<u>Required:</u> -Must be produced or have final processing, packaging, or labeling occur in Japan -Must be plant products or plant-based processed products	Organic Certificate to Japanese Agricultural Standards (JAS) for Japanese Operation NOP Import Certificate
Recognition Agreements	India	<u>Required:</u> -Must be produced in India and certified by an Indian government-accredited certifying agent to USDA NOP Organic Standards	Organic Certificate to USDA NOP Organic Standards for Indian Operation Transaction Certificate issued through India's TraceNet system.
	Israel	<u>Required:</u> -Must be produced in Israel and certified by an Israeli-accredited certifying agent to USDA NOP Organic Standards	Organic Certificate to USDA NOP Organic Standards for Israeli Operation
	New Zealand	<u>Required:</u> -Must be produced in New Zealand and certified by a New Zealand government-accredited certifying agent to USDA NOP Organic Standards	Organic Certificate to USDA NOP Organic Standards for New Zealand Operation

Trade Policy	Country or Union	EXPORT		
		Verifications	Documentation	Labeling Requirements
Equivalency Arrangements	Canada	<p><u>Required:</u> -Agricultural products derived from non-ruminant animals must be produced according to the stocking rates in CAN /CGSB32.310-2006 -Must be Organic or 100% Organic *See <i>Labeling Requirements Column re: Made With Organic Products</i></p> <p><u>Prohibited:</u> -Agricultural products produced with the use of sodium nitrate -Agricultural products produced by hydroponic or aeroponic production methods</p>	<p>Attestations that the restrictions are met can be made by either the operation or the certifying agent. However, OEFFA and many other ACA's require that handlers maintain documentation that has been signed by their suppliers' certifiers.</p> <p>Documentation accompanying shipments must include the statement "Certified in compliance with the terms of the US-Canada Organic Equivalency Arrangement."</p>	<p>RETAIL (* = <i>must meet additional Canadian labeling requirements</i>): -must state the name of the US certifying agent -must be in English and French* -may use the USDA Organic seal or the Canada Organic Biologique logo* -for products containing 70-95% organic ingredients, a % organic content statement may be displayed* -"100% Organic" products may only be labeled as "Organic"</p> <p>WHOLESALE (<i>all are required</i>): -name and address of certified operation -name of product and its organic status -name of certifier (or logo) -lot number</p>

Trade Policy	Country or Union	EXPORT		
		Verifications	Documentation	Labeling Requirements
	Canada (cont.)	The equivalence arrangement includes all USDA Organic products, regardless of where they are produced and handled.		
	European Union	<p><u>Required:</u> -Must be produced in or have final processing or packaging performed within the US -Must be Organic or 100% Organic *See <i>Labeling Requirements Column re: Made With Organic Products</i></p> <p><u>Prohibited:</u> -Crops produced using antibiotics (streptomycin for fire blight control in apples and pears). Antibiotics must not have been used for at least 3 years prior to harvest</p> <p><u>Requirements for organic wine and wine “made with organic grapes”:</u> -Must contain 100%</p>	EU Import Certificate ("Certificate of Inspection...")	<p>RETAIL:</p> <ul style="list-style-type: none"> -must meet EU labeling requirements -must state the name of the US certifying agent -may use the USDA Organic seal or the EU organic logo -for products containing less than 95% organic ingredients, a % organic content statement may be displayed -"100% Organic" products may only be labeled as "Organic" <p>WHOLESALE (<i>all are required</i>):</p> <ul style="list-style-type: none"> -name and address of certified operation -name of product and its organic status -name of certifier (or its EU control number) -lot number

Trade Policy	Country or Union	EXPORT		
		Verifications		
	European Union (cont.)	<p>organic grapes and organic ingredients. Non-organic substances not allowed under 7 CFR 205.605 are prohibited.</p> <p>-Must have been produced using only the winemaking practices and substances detailed in the EU organic regulations</p>		
	Switzerland	<p><u>Required:</u></p> <p>-Products must have final processing or packaging occur in the US</p> <p>-Must be Organic or 100% Organic *See <i>Labeling Requirements Column re: Made With Organic Products</i></p> <p>-Organic wine must be produced and labeled to Swiss regulations</p>	Swiss Certificate of Inspection	<p>RETAIL:</p> <p>-must meet Swiss organic labeling requirements</p> <p>-may display the USDA organic seal</p> <p>-for products containing less than 95% organic ingredients, the reference to organic may only appear in the list of ingredients and the overall percentage of organic ingredients must be stated on the ingredient panel.</p> <p>-"100% Organic" products may only be labeled as "Organic"</p>

Trade Policy	Country or Union	EXPORT		
		Verifications	Documentation	Labeling Requirements
	Switzerland (cont.)			<p>WHOLESALE (<i>all are required</i>):</p> <ul style="list-style-type: none"> -name and address of certified operation -name of product and its organic status -certifier's EU control number -lot number -meets Swiss organic labeling requirements
	Korea	<p><u>Required:</u></p> <ul style="list-style-type: none"> -Must be "processed products" as defined by the Korean Food Code -Must be products whose final processing (as defined in the Korean Food Code) occurs in the US -Must contain at least 95% organic ingredients <p><u>Prohibited:</u></p> <ul style="list-style-type: none"> -products that contain apples or pears produced with the use of antibiotics 	NAQS Import Certificate of Organic Processed Foods	<p>RETAIL:</p> <ul style="list-style-type: none"> -must meet Korean food labeling requirements -may display the Korean organic food label and/or USDA organic seal <p>WHOLESALE (<i>all are required</i>):</p> <ul style="list-style-type: none"> -name and address of certified operation -name of product and its organic status -name of certifier (or logo) and operation/certification # -lot number -meets Korean food labeling requirements

Trade Policy	Country or Union	EXPORT		
		Verifications	Documentation	Labeling Requirements
	Japan	<p><u>Required:</u> -Must be produced or have final processing, packaging, or labeling occur in the US -Must be plant products or plant-based processed products</p>	Export Certificate (TM-11)	<p>RETAIL: -must comply with the Japanese Ministry of Agriculture, Forestry and Fisheries requirements for the use of the JAS seal (including rules regarding who applies the seal)</p> <p>WHOLESALE (<i>all are required</i>): -name and address of certified operation -name of product and its organic status -name of certifier (or logo) -lot number</p>
Export Trade Relationship	Taiwan	<p><u>Required:</u> -Must be produced in the US or US territories -Processed products and crops must be produced and/or processed using zero prohibited substances -Livestock and meat products must be managed and produced without the use of systemic pain killers or analgesics,</p>	Export Certificate (TM-11) (aka Transaction Certificate)	

		including Lidocaine and Procaine		
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