



CERTIFICATE OF ACCREDITATION



# United States Department of Agriculture

Agricultural Marketing Service

National Organic Program

## ***CERES CERTIFICATION OF ENVIRONMENTAL STANDARDS***

**Nürnberg Straße 11, Hersbruck, D-91217, GERMANY**

meets all the requirements prescribed in the USDA National Organic Program Regulations

**7 CFR Part 205**

**as an Accredited Certifying Agent**

for the scope of

**Crops, Handling, Livestock, Wild Crops Operations**

This certificate is receivable by all officers of all courts of the United States as prima facie evidence of the truth of the statements therein contained. This certificate does not excuse failure to comply with any of the regulatory laws enforced by the U.S. Department of Agriculture .

Status of this accreditation may be verified at <http://www.ams.usda.gov>

Certificate No: **USDA-38-24**

Effective Date: **05/23/2020**

Expiration Date: **05/22/2025**

Issue Date: **12/10/2024**

**Jennifer Tucker, Ph.D.**

**Deputy Administrator**

**National Organic Program**

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## **NATIONAL ORGANIC PROGRAM: ASSESSMENT REPORT**

### **GENERAL INFORMATION**

- **Certifier Name** Ceres CERTification of Environmental Standards, (CERES)
- **Physical Address** Vorderhaslach Nr. 1, Happburg, Bayern D-91230, GERMANY
- **Audit Type** Certification Office Audit
- **Auditor(s) & Audit Dates** Lars Crail, Daniel Oliver, 07/22/2024 to 08/09/2024
- **Audit Identifier** NOP-45-24

### **CERTIFIER OVERVIEW**

The National Organic Program (NOP) conducted an onsite certification office audit Ceres CERTification of Environmental Standards' (CERES) Ecuador office certification activities covering the period July 22, 2024 to August 9, 2024. The purpose of the audit was to verify CERES' compliance with the USDA organic regulations. Audit activities included a review of certification activities, interviews with CERES personnel, a records audit, and four witness audits. Witness audits consisted of the annual, additional, and unannounced inspections of three crop/handling operations in El Oro and one processor/handling operation in Ecuador.

CERES' Ecuador certification office is in Guayaquil, Ecuador and conducts inspection activities in Ecuador. CERES' Ecuador certification office manages certification activities of 90 operations, covering the handling and crops scopes, including producer groups. Certification activities are performed by four inspectors.

### **NOP DETERMINATION:**

The NOP reviewed the findings identified during the audit to determine whether noncompliances should be issued to CERES.

## **Noncompliances from Prior Assessments**

**AIA-1464-20 - Cleared.** (NP5292LCA.NC3) 7 CFR § 205.642 states, “The certifying agent shall charge applicants for certification and certified production and handling operations only those fees and charges that it has filed with the Administrator.”

**Comments:** *CERES’ process for charging fees to applicants and certified operations does not comply with USDA organic regulations as follows:*

- *New applicants and renewing operations in Germany are charged certification fees by QCI, CERES’ partner certification body. The fees charged by QCI are separate from those charged by CERES and QCI’s fees have not been filed with the Administrator.*
- *CERES’ fee schedule filed with the Administrator only includes amounts in Euro. However, CERES charges operations in China fees in U.S. dollar. Depending on the U.S. dollar to euro exchange rate at the time the fee is paid by the operation, CERES may not be charging the operation the amount stated on CERES’ fee schedule filed with the Administrator.*

**Corrective Action:** CERES submitted documentation that the contract with their inspection partner has been cancelled. CERES contacted their clients located in Germany to inform them they can either be certified directly via CERES (also inspected by CERES), or they can look for another certifier. CERES submitted a revised fee schedule which includes amounts in U.S. dollars for the countries that CERES charges U.S. dollars.

**Verification of Corrective Action:** The auditors reviewed certification files and verified that the fees charged by CERES for NOP certification match the fees on file with the Administrator.

**AIA-5218-23 - Cleared.** 7 C.F.R. §205.501(a)(3) states, “A private or governmental entity accredited as a certifying agent under this subpart must: Carry out the provisions of the Act and the regulations in this part, including the provisions of §§205.402 through 205.406 and §205.670;”

**Comments:** *CERES does not fully carry out the provisions of §205.403(b)(1) and requirements of handbook document NOP 2609 Unannounced Inspections, section 4.1.9. The Auditor’s review of CERES unannounced inspection reports identified that inspectors are contacting operations more than four hours in advance of an unannounced inspections.*

**Corrective Action:** CERES sent an email reminder to staff on October 10, 2023 stating that they are to follow CERES’ work instruction WI 4-2-4 Unannounced Inspections, which states that no more than 4 hours’ notice is provided in advance of an unannounced inspection, and asked staff to put special attention on ensuring the work instruction is being followed. CERES’ inspection report template prompts the inspector to record when notice was given to the operation receiving the unannounced inspections. CERES provided evidence that when more than 4 hours’ notice was required for an unannounced inspection due to safety reasons, CERES did not count that inspection as ‘unannounced.’

**Verification of Corrective Action:** The auditors verified through interviewing inspectors and witnessing an unannounced inspection that no notice is provided to operations when unannounced inspections are conducted. For safety reasons, advance notice may be given up to four (4) hours. Inspection report templates used by inspectors require them to record when advance notice is provided to the operations.

**AIA-5219-23 - Cleared.** 7 C.F.R. §205.501(a)(3) states, “A private or governmental entity accredited as a certifying agent under this subpart must: Carry out the provisions of the Act and the regulations in this part, including the provisions of §§205.402 through 205.406 and §205.670;”

**Comments:** *CERES does not consistently carry out the provisions of the Act and regulations. The auditors review of certification files and observations during a review audit of a crops and handling operation identified that CERES’ certification process does not always include verification of material inputs to ensure compliance with the National List annotations. The auditors identified the operation was using zinc and boron micronutrients and CERES did not verify a documented deficiency as required by 7 CFR 205.601(j)(7).*

**Corrective Action:** The operation identified in the noncompliance provided CERES with evidence of a documented deficiency and therefore determined the zinc and boron micronutrients were used in compliance with the regulations. CERES sent an email reminder to staff on October 10, 2023 stating that proof of deficiency must be requested when operations are using micronutrient fertilizers. CERES updated its OMP/OSP crop to include a question (15.3) about whether a documented deficiency exists. CERES’ 3-2-1\_EN Inf Brief Introduction to Requirements for Organic Crops already informs prospective clients of the need for a documented deficiency in order to use micronutrient fertilizers.

**Verification of Corrective Action:** The auditors reviewed records and conducted witness audits and verified that inspectors are conducting sufficient verification of material inputs, including identification of restrictions when applicable.

**Noncompliances Identified during the Current Assessment**

**None**

## **NATIONAL ORGANIC PROGRAM: AUDIT & CORRECTIVE ACTION REPORT**

### **GENERAL INFORMATION**

- **Certifier Name** Certification of Environmental Standards Colombia, (CERES Colombia)
- **Physical Address** Cra 26 No. 2A-45 – B/ San Fernando, Santiago de Cali, Valle del Cauca 760033, COLOMBIA
- **Audit Type** Satellite Office Audit
- **Auditor(s) & Audit Dates** Jessica Walden, Bridget McElroy, 07/24/2023 to 07/28/2023
- **Audit Identifier** NOP-200-23

### **CERTIFIER OVERVIEW**

The National Organic Program (NOP) conducted an onsite satellite office audit of Certification of Environmental Standards' (CERES) Colombian office certification activities covering the period January 1, 2022 – July 5, 2023. The purpose of the audit was to verify CERES Colombia's conformance to the USDA organic regulations. Audit activities included a review of certification activities, interviews with CERES and CERES Colombia personnel, a records audit, and two witness audits. Witness audits consisted of the annual inspections of two crop operations in Colombia.

CERES Colombia satellite office has a cooperative agreement with CERES head office in Germany. The Colombian office is accredited as an organic certifier under Colombia's national standard and conducts all certification activities under that standard. For NOP, the Colombian office carries out local inspections for CERES under a service contract. CERES Colombia is located in Cali, Colombia, and is responsible for scheduling and conducting inspections. CERES Colombia manages certification activities of 30 operations, covering the handling, crops, and livestock, including grower groups. Certification activities are performed by five inspectors.

## **NOP DETERMINATION:**

NOP reviewed the audit results to determine whether CERES' corrective actions adequately addressed previous noncompliances. NOP also reviewed any corrective actions submitted as a result of noncompliances issued from findings identified during the audit.

Any noncompliance labeled as "**Cleared**," indicates that the corrective actions for the noncompliance were determined to be implemented and working effectively. Any noncompliance labeled as "**Accepted**" indicates acceptance of the corrective actions and verification of corrective action implementation will be conducted during the next audit.

### **Noncompliances from Prior Assessments**

None

### **Noncompliances Identified during the Current Assessment**

**AIA-5899-23 - Accepted.** 7 C.F.R. §205.501(a)(2) states, "A private or governmental entity accredited as a certifying agent under this subpart must: Demonstrate the ability to fully comply with the requirements for accreditation set forth in this subpart."

**Comments:** *CERES does not consistently demonstrate the ability to fully comply with the requirements for accreditation. The auditors reviewed certification files and found the following issues:*

- 1. CERES' organic certificates do not correctly display the statement, "Once certified, a production or handling operation's organic certification continues in effect until surrendered, suspended or revoked" as specified in **NOP 2603 Instruction: Organic Certificates**.*
- 2. CERES' organic certificates and product addendums incorrectly state "COR" compliance to identify products that meet the terms of the U.S.-Canada Organic Equivalency Arrangement (USCOEA).*

**Corrective Action:** CERES implemented the following corrective actions:

1. CERES updated its organic certificate template to include the statement "Once certified, a production or handling operation's organic certification continues in effect until surrendered, suspended or revoked." CERES issued corrected certificates from its INTACT database.
2. CERES updated its organic certificate and product addendum templates to state "Products marked in the product list with USCOEA compliant are certified in accordance with the terms of the US-Canada Organic Equivalency Arrangement." CERES will issue the certificates from its INTACT database.

**AIA-5900-23 - Accepted.** 7 C.F.R. § 205.501(a)(2) states, "A private or governmental entity accredited as a certifying agent under this subpart must: Demonstrate the ability to fully comply with the requirements for accreditation set forth in this subpart."

**Comments:** *CERES does not demonstrate the ability to fully comply with the requirements for accreditation. CERES' livestock organic system plan (OSP) and inspection report (IR) templates do not require enough information to determine an operation's compliance with the USDA organic regulations. The auditors reviewed a ruminant livestock certification file and identified*

that CERES' OSP and IR templates do not require information regarding or verification of the following:

1. A defined grazing season, dry matter demand (DMD) values, and dry matter intake (DMI) consumed from pasture for each class of animal per § 205.237 and § 205.240.
2. Reasons or timeframes for temporary confinement from the outdoors and from pasture per § 205.239.

**Corrective Action:** CERES will begin requiring NOP-certified operations with organic ruminants to complete its table *Dry Matter Intake Calculation Worksheet for Organic Ruminant Livestock*. The table requires operations to describe the grazing season and describe the DMD and DMI for each class of animal. CERES updated its livestock OSP to require operations to describe reasons and timeframes for temporary confinement. CERES currently only certifies one ruminant livestock operation (located in Colombia) and will require the operation to use the newest version of the OSP going forward. CERES held training for inspectors on the revised policies and related documents on August 3, 2023.

**AIA-5901-23 - Accepted.** 7 C.F.R. § 205.501(a)(2) states, "A private or governmental entity accredited as a certifying agent under this subpart must: Demonstrate the ability to fully comply with the requirements for accreditation set forth in this subpart."

**Comments:** CERES does not fully implement the National Organic Program's (NOP) international organic trade arrangement policies and procedures, which are outlined in the NOP's International Trade Policies resources. The auditors reviewed certification files for operations eligible to export to Canada and identified that the organic system plan (OSP) and inspection report templates inaccurately ask for evidence that the operation and/or the operation's suppliers are compliant with the Canada Organic Regime (COR) as opposed to the U.S.-Canada Organic Equivalency Arrangement (USCOEA).

**Corrective Action:** CERES updated its OSP and inspection report templates to reference compliance with the USCOEA instead of COR. CERES will implement the new templates going forward and CERES' certification officers will keep track of the implementation of the new templates. CERES presented the template changes at the evaluation officer staff meeting on August 1, 2023.

**AIA-5902-23 - Accepted.** 7 C.F.R. § 205.501(a)(3) states, "A private or governmental entity accredited as a certifying agent under this subpart must: Carry out the provisions of the Act and the regulations in this part, including the provisions of §§205.402 through 205.406 and §205.670;"

**Comments:** CERES Colombia does not always carry out the provisions of §205.403(c)(1) and does not verify operation's compliance with § 205.103. The auditors reviewed certification files and identified that CERES Colombia inspectors do not conduct adequate mass balance and traceability exercises. The inspector did not conduct a mass balance exercise for an operation because the operation claimed no organic sales.

**Corrective Action:** CERES notified the inspector who did not conduct the mass balance exercise that they should follow CERES' work instruction, which states that in all cases a mass balance exercise must be done. CERES updated its work instruction *WI General instructions for inspectors* to state that inspectors must provide a summary of the calculations performed to verify the mass balance in the inspection report or submit document 4-3-6-4-2 *Mass Balance Calculation Worksheet*, which is a new worksheet created by CERES for documenting mass balance exercises. CERES' reviewers and certification officers will check during report evaluation that this requirement is being met. CERES sent an email reminder to its country offices on stating that inspectors must conduct a mass balance exercises and CERES required all inspectors to complete the "Conducting a Mass Balance" microlearning by November 10, 2023. CERES logged completed

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in the *Organic Inspectors Mass Balance NOP* record and showed that all active inspectors completed the training by January 2024.





## NATIONAL ORGANIC PROGRAM: AUDIT & CORRECTIVE ACTION REPORT

### GENERAL INFORMATION

- **Certifier Name** Certification of Environmental Standards, (CERES)
- **Physical Address** Gerónimo de Alderete 283, Oficina N° 22 Casilla Correos 373, Pucón, IX Región, 4920000, CHILE
- **Audit Type** Satellite Office Audit
- **Auditor(s) & Audit Dates** Joshua Lindau, Steven Cabral, 03/20/2023 to 03/24/2023
- **Audit Identifier** NOP-201-23

### CERTIFIER OVERVIEW

The National Organic Program (NOP) conducted an onsite satellite office audit of Certification of Environmental Standard's (CERES) Chile office certification activities covering the period January 01, 2021 to March 24, 2023. The purpose of the audit was to verify CERES' conformance to the USDA organic regulations. Audit activities included a review of certification activities, interviews with CERES personnel, a records audit, and two witness audits. The records audit was conducted on a crop and handling operation. Witness audits consisted of the additional inspections of two handling operations in Chile.

CERES' Chile satellite office is the privately owned business, NATURA-CERT Ltda, a partner company of CERES. CERES' Chile office is located in Pucón, Chile and conducts inspection and marketing activities in Chile. CERES' Chile satellite office conducts inspections of 169 operations covering the handling, crops, livestock, and wild crops scopes. Certification activities are performed by four employees and seven contractor inspectors.

## **NOP DETERMINATION:**

NOP reviewed the audit results to determine whether CERES' corrective actions adequately addressed previous noncompliances. NOP also reviewed any corrective actions submitted as a result of noncompliances issued from findings identified during the audit.

Any noncompliance labeled as "**Cleared**," indicates that the corrective actions for the noncompliance are determined to be implemented and working effectively. Any noncompliance labeled as "**Accepted**" indicates acceptance of the corrective actions and verification of corrective action implementation will be conducted during the next audit.

### **Noncompliances from Prior Assessments**

**AIA-1472-20 - Cleared.**

**AIA-1480-20 - Cleared.**

**AIA-1482-20 - Cleared.**

**AIA-1483-20 - Cleared.**

### **Noncompliances Identified during the Current Assessment and Corrective Actions**

**AIA-5218-23 - Accepted.** 7 C.F.R. §205.501(a)(3) states, "A private or governmental entity accredited as a certifying agent under this subpart must: Carry out the provisions of the Act and the regulations in this part, including the provisions of §§205.402 through 205.406 and §205.670;"

**Comments:** *CERES does not fully carry out the provisions of §205.403(b)(1) and requirements of NOP 2609 Unannounced Inspections, section 4.1.9. The auditor's review of CERES' unannounced inspection reports identified that inspectors are contacting operations more than four hours in advance of an unannounced inspection.*

**Corrective Action:** CERES sent an email reminder to staff on October 10, 2023 stating that they are to follow CERES' work instruction WI 4-2-4 Unannounced Inspections, which states that no more than 4 hours' notice is provided in advance of an unannounced inspection, and asked staff to put special attention on ensuring the work instruction is being followed. CERES' inspection report template prompts the inspector to record when notice was given to the operation receiving the unannounced inspections. CERES provided evidence that when more than 4 hours' notice was required for an unannounced inspection due to safety reasons, CERES did not count that inspection as 'unannounced.'

**AIA-5219-23 - Accepted.** 7 C.F.R. §205.501(a)(3) states, "A private or governmental entity accredited as a certifying agent under this subpart must: Carry out the provisions of the Act and the regulations in this part, including the provisions of §§205.402 through 205.406 and §205.670;"

**Comments:** *CERES does not consistently carry out the provisions of the Act and regulations. The auditors review of certification files and observations during a review audit of a crops and handling operation identified that CERES' certification process does not always include verification of material inputs to ensure compliance with the National List annotations. The*

*auditors identified the operation was using zinc and boron micronutrients and CERES did not verify a documented deficiency as required by §205.601(j)(7).*

**Corrective Action:** The operation identified in the noncompliance provided CERES with evidence of a documented deficiency and therefore determined the zinc and boron micronutrients were used in compliance with the regulations. CERES sent an email reminder to staff on October 10, 2023 stating that proof of deficiency must be requested when operations are using micronutrient fertilizers. CERES updated its *OMP/OSP crop* to include a question (15.3) about whether a documented deficiency exists. CERES' *3-2-1\_EN Inf Brief Introduction to Requirements for Organic Crops* already informs prospective clients of the need for a documented deficiency in order to use micronutrient fertilizers.

## NATIONAL ORGANIC PROGRAM: AUDIT & CORRECTIVE ACTION REPORT

### GENERAL INFORMATION

- **Certifier Name** Certification of Environmental Standards, (CERES)
- **Physical Address** Vorderhaslach Nr. 1, Happburg, Bayern D-91230, GERMANY
- **Audit Type** Mid-term Assessment
- **Auditor(s) & Audit Dates** Sherry Aultman, Bridget McElroy, Samuel Schaefer-Joel,  
08/02/2022 to 08/12/2022
- **Audit Identifier** NOP-8-22

### CERTIFIER OVERVIEW

The National Organic Program (NOP) assessed Certification of Environmental Standards (CERES) conformance to the USDA NOP organic regulations, during the period May 26, 2020, to August 12, 2022, by conducting a Midterm audit on August 2 - 12, 2022. The NOP conducted a witness audit of an annual inspection of a wholesale herbs and spices handling operation on August 10, 2022.

CERES is a for profit organization headquartered in Happurg, Germany and was initially accredited on May 23, 2005. CERES is accredited to the following NOP scopes: crops, wild crops, livestock, and handling/processing.

CERES has 29 global offices, and they certify 1476 operations in 42 countries. CERES' total certified operations consist of 894 crops, 55 wild crops, 4 livestock, and 981 handling. They also certify 195 grower groups in 28 countries.

CERES GmbH was purchased on November 25, 2019, by the holding group EASY CERT services GmbH. CERES has 2 managers, 39 certification reviewers, 115 CERES inspectors, 74 partner inspectors, 19 administrative staff, and 9 technical specialists.

## **NOP DETERMINATION:**

NOP reviewed the audit results to determine whether CERES' corrective actions adequately addressed previous noncompliances. NOP also reviewed any corrective actions submitted as a result of noncompliances issued from findings identified during the audit.

Any noncompliance labeled as “**Cleared**,” indicates that the corrective actions for the noncompliance are determined to be implemented and working effectively. Any noncompliance labeled as “**Accepted**” indicates acceptance of the corrective actions and verification of corrective action implementation will be conducted during the next audit.

### **Noncompliances from Prior Assessments**

**AIA-1472-20 - Cleared.**

**AIA-1480-20 - Cleared.**

**AIA-1482-20 - Cleared.**

**AIA-1483-20 - Cleared.**

### **Noncompliances Identified during the Current Assessment and Corrective Actions**

**AIA-1664-22 - Accepted.** 7 C.F.R. §205.662(a)(3) states, “When an inspection, review, or investigation of a certified operation by a certifying agent or a State organic program's governing State official reveals any noncompliance with the Act or regulations in this part, a written notification of noncompliance shall be sent to the certified operation. Such notification shall provide: the date by which the certified operation must rebut or correct each noncompliance and submit supporting documentation of each such correction when correction is possible.”

**Comments:** *The auditors' review of CERES' notifications of noncompliance found that the notifications do not consistently comply with the USDA organic regulations. CERES' notifications of noncompliance do not consistently inform the operation of their right to rebut the noncompliance.*

**Corrective Action:** CERES conducted training for all Evaluation Officers on June 6, 2023 that discussed the need to follow CERES' WI 4-9-1 and sent a reminder to staff on August 1, 2023 to follow WI 4-9-1-3 and to not alter any of the certification templates. CERES updated its work instruction *WI 4-9-1 Handling Non-compliances* to include the steps of the noncompliance and adverse action process and added *WI 4-9-1-3 EN\_Noncompliance and Adverse Action Flowchart USDA\_WI* to its quality manual. CERES required all its Evaluation Officers to complete the NOP-040 Compliance and Enforcement: Adverse Actions, Appeals and Reinstatements course in the Organic Integrity Learning Center by June 2023. CERES held a meeting with all Evaluation Officers on June 6, 2023 to discuss the noncompliances for CERES' 2022 Midterm Audit and the corrective actions that were implemented in response.

**AIA-1666-22 - Accepted.** 7 C.F.R. §205.501(a)(3) states, “A private or governmental entity accredited as a certifying agent under this subpart must: Carry out the provisions of the Act and the regulations in this part, including the provisions of §§205.402 through 205.406 and §205.670;”

**Comments:** *The auditors’ review of labels found that CERES is not consistently carrying out the requirements of §205.311(b)(1). Two of the reviewed labels had noncompliant green and white USDA seals.*

**Corrective Action:** One of the operations referenced in the noncompliance is no longer certified by CERES. CERES notified the other operation of the noncompliant USDA seals. An updated label was received and approved. CERES updated its label approval templates 4-6-10-2\_EN\_Label-Approval-NOP to include verification of compliance with the requirements of § 205.311. CERES held a meeting with all Evaluation Officers on June 6, 2023, to discuss the noncompliances for CERES’ 2022 Midterm Audit and the corrective actions that were implemented in response. CERES sent an email to its Evaluation Officers on August 1, 2023 notifying them of the label approval template updated template.

**AIA-1789-22 – Accepted.** 7 C.F.R. §205.662(c)(1) – (4) states, "When rebuttal is unsuccessful or correction of the noncompliance is not completed within the prescribed time period, the certifying agent or State organic program's governing State official shall send the certified operation a written notification of proposed suspension or revocation of certification of the entire operation or a portion of the operation, as applicable to the noncompliance. When correction of a noncompliance is not possible, the notification of noncompliance and the proposed suspension or revocation of certification may be combined in one notification. The notification of proposed suspension or revocation of certification shall state: the reasons for the proposed suspension or revocation; the proposed effective date of such suspension or revocation; The impact of a suspension or revocation on future eligibility for certification; and the right to request mediation pursuant to §205.663 or to file an appeal pursuant to §205.681"

**Comments:** *The auditors’ review of CERES’ notifications of proposed suspension, notifications of denial, and notifications of proposed revocation found that CERES’ notifications do not consistently provide a date by which the certified operation or applicant must request mediation or file an appeal.*

**Corrective Action:** CERES updated its work instruction WI 4-9-1 Handling Non-compliances to include the operation’s right to request mediation or file an appeal and added WI 4-9-1-3 EN\_Noncompliance and Adverse Action Flowchart USDA\_WI to its quality manual. CERES required all its Evaluation Officers to complete the NOP-040 Compliance and Enforcement: Adverse Actions, Appeals and Reinstatements course in the Organic Integrity Learning Center by June 2023. CERES sent an email to its Evaluation Officers on August 1, 2023 reminding staff not to alter any certification templates and held a meeting with all Evaluation Officers on June 6, 2023 to discuss the noncompliances for CERES’ 2022 Midterm Audit and the corrective actions that were implemented in response. CERES’ Evaluation Officers will verify the use of correct templates by answering a checklist question that asks whether the latest version of templates was used.

**AIA-1790-22 - Accepted.** 7 C.F.R. §205.662(e) states, “If the certified operation fails to correct the noncompliance, to resolve the issue through rebuttal or mediation, or to file an appeal of the proposed suspension or revocation of certification, the certifying agent or State organic program's governing State official shall send the certified operation a written notification of suspension or revocation.

**Comments:** *The auditors’ review of a certification file found that CERES did not issue the operation a written notification of revocation after the operation failed to resolve the issue through mediation or file an appeal. The operation requested mediation but rejected the CERES proposed settlement agreement and CERES did not send the certified operation a written notification of revocation.*

**Corrective Action:** CERES conducted training for all Evaluation Officers on June 6, 2023, that discussed the need to follow CERES’ WI 4-9-1 and sent a reminder to staff on August 1, 2023, to follow WI 4-9-1-3 and to not alter any of the certification templates. CERES updated its work instruction *WI 4-9-1 Handling Non-compliances* to include the steps of the noncompliance and adverse action process and added *WI 4-9-1-3 EN\_Noncompliance and Adverse Action Flowchart USDA\_WI* to its quality manual. CERES required all its Evaluation Officers to complete the NOP-040 Compliance and Enforcement: Adverse Actions, Appeals and Reinstatements course in the Organic Integrity Learning Center by June 2023. CERES hired an additional staff member in December 2022 who was responsible for following up on orders that were not finished accurately. CERES held a meeting with all Evaluation Officers on June 6, 2023, to discuss the noncompliances for CERES’ 2022 Midterm Audit and the corrective actions that were implemented in response.

**AIA-1791-22 - Accepted.** 7 C.F.R. §205.501(a)(3) states, “A private or governmental entity accredited as a certifying agent under this subpart must: Carry out the provisions of the Act and the regulations in this part, including the provisions of §§205.402 through 205.406 and §205.670;”

**Comments:** *CERES does not fully carry out the provisions of the Act and the regulations. Specifically, CERES does not fully implement the criteria for grower group certification, as required by **NOP Policy Memo 11-10 Grower Group Certification**. The auditors’ review of grower group certification files and review of CERES grower group policies found that CERES does not require grower groups to have an Internal Control System (ICS).*

**Corrective Action:** CERES updated its quality manual to remove documents that allowed grower groups to be certified without an ICS. All grower groups are now certified under an ICS or individually certified. CERES notified all Evaluation Officers and Country Coordinators of this change via email on December 29, 2022. Additionally, CERES’ system for creating inspection orders no longer allows inspection order to be generated under the “Group without ICS” type.

**AIA-1792-22 - Accepted.** 7 C.F.R. §205.501(a)(3) states, “A private or governmental entity accredited as a certifying agent under this subpart must: Carry out the provisions of the Act and the regulations in this part, including the provisions of §§205.402 through 205.406 and §205.670;”



**Comments:** CERES does not fully carry out the provisions of the Act and regulations. The auditor's review of certification files found that CERES did not perform a sufficient review of input materials to verify compliance with §205.105, §205.201(2), and **NOP 5012 Approval of Liquid Fertilizers for Use in Organic Production**. The following are examples of the issues identified by the auditor:

1. CERES' review of the formulation of a pesticide product failed to detect that the manufacturer provided a CAS number and chemical identity for an inert ingredient that was inconsistent with the source of the inert ingredient.
2. CERES incorrectly approved a fertilizer product containing tobacco powder which is listed as a prohibited natural material at §205.602(j). Additionally, CERES approved the fertilizer without documenting the nonsynthetic status of several complex ingredients within the product.
3. CERES approved homeopathic livestock medical treatments without verifying their composition or compliance with USDA organic regulations. CERES staff stated that they assume these products are made from botanical or mineral substances and diluted such that there would be no compliance concerns. However, CERES does not have a written policy regarding the review of homeopathic substances for compliance.
4. CERES approved a livestock teat dip product without verifying the full composition or compliance of the excipient ingredients.
5. CERES approved a livestock feed supplement without verifying the full composition of the product.
6. CERES approved pesticides produced on farm without requiring the operation to document the full composition of the pesticide preparations.
7. CERES approved a liquid fertilizer containing over 3% nitrogen without an unannounced inspection. This fertilizer product was not reviewed as required by **NOP 5012 Approval of Liquid Fertilizers for Use in Organic Production**.

**Corrective Action:** CERES reviewed all affected products in 2023-2024 to verify compliance. CERES scheduled an unannounced inspection for the manufacture of the liquid fertilizer containing over 3% nitrogen. CERES updated its work instruction WI 4-2-1 *Approval of organic Inputs Annex 11* to include more specificity around CERES' input approval procedure and inputs used in livestock management, including the requirement to approve homeopathic treatments. CERES informed its Evaluation Officers of the updated procedure during a meeting on August 1, 2023. CERES required all Evaluation Officers to complete the NOP-120 Input Material Review course in the Organic Integrity Learning Center by August 31, 2023.

**AIA-1793-22 - Accepted.** 7 C.F.R. §205.501(a)(3) states, "A private or governmental entity accredited as a certifying agent under this subpart must: Carry out the provisions of the Act and the regulations in this part, including the provisions of §§205.402 through 205.406 and §205.670;"

**Comments:** CERES does not consistently carry out the provisions of §205.201(a)(2). The auditors' review of certification files found that CERES' OMPs (Organic System Plans) do not always contain a list of each substance to be used as an input or include the source and composition of the substance. The auditors found several circumstances where CERES approved

*organic system plans that did not identify the specific product name or manufacturer of each input used.*

**Corrective Action:** CERES created a new template *T\_EN\_4-7-10 List of Inputs approved by CERES* to be completed by the Inspector and verified by Evaluation Officers to initiate a recheck of previously approved inputs for all operations inspected in 2023-2024. CERES required all Evaluation Officers to complete the NOP-120 Input Material Review course in the Organic Integrity Learning Center by August 31, 2023. CERES held a meeting with all Evaluation Officers on August 1, 2023 to discuss the noncompliances for CERES' 2022 Midterm Audit and the corrective actions that were implemented in response.

**AIA-1794-22 - Accepted.** 7 C.F.R. §205.501(a)(2) states, "A private or governmental entity accredited as a certifying agent under this subpart must: Demonstrate the ability to fully comply with the requirements for accreditation set forth in this subpart."

**Comments:** *CERES' material review policy and procedures do not demonstrate the ability to fully comply with the requirements of NOP 3012 Interim Instruction Material Review as follows:*

- 1. CERES does not have a written policy regarding the frequency of material reviews. CERES staff stated that materials listed on client OMPs (Organic System Plans) should be re-reviewed on a two-year cycle; however, no written documentation supports this expectation.*
- 2. CERES' material approval work instructions do not provide clear direction for the evaluation of manufacturing methodologies at all stages associated with the production of the formulated product. CERES staff stated that Evaluation Officers would contact the Input Specialist for support with complex reviews, but CERES' work instructions do not provide clarification of which materials or ingredients are complex and require additional documentation such as manufacturing process descriptions to verify compliance.*

**Corrective Action:** CERES updated its work instruction *WI 4-2-1 Approval of Organic Inputs Annex 11, #2.2* to state that inputs will be re-reviewed every second year and to describe which approvals can be done by the Evaluation Officers/Certification Officer and which approvals must be forwarded to the input specialist. CERES conducted training on August 1, 2023, for Evaluation Officers on the topic of the revised work instruction.

## NATIONAL ORGANIC PROGRAM: CORRECTIVE ACTION REPORT

### AUDIT AND REVIEW PROCESS

The National Organic Program (NOP) conducted an audit as part of NOP's assessment of the certifier's organic program. This report provides the results of NOP's review of the certifier's corrective actions and assessment of the certifier's capability to operate as a USDA accredited certifier.

### GENERAL INFORMATION

<b>Applicant Name</b>	Certification of Environmental Standards CERES
<b>Physical Address</b>	Vorderhaslach 1, Happurg, Bayern 91230, GERMANY
<b>Mailing Address</b>	Vorderhaslach 1, Happurg, Bayern 91230, GERMANY
<b>Contact &amp; Title</b>	Ms. Claudia van Bentum, Evaluation officer
<b>E-mail Address</b>	vanbentum@ceres-cert.de
<b>Phone Number</b>	+49 (0) 9151 - 966 92 49
<b>Reviewers &amp; Auditor</b>	Graham Davis, Sherry Aultman, and Karin French, NOP Reviewers. Lars Crail, Auditor.
<b>Program</b>	USDA National Organic Program (NOP)
<b>Review &amp; Audit Dates</b>	Corrective Action Review: July 23, 2020 NOP Assessment Review: August 17, 2020 Desk Audit: May 19, 2020 to May 26, 2020
<b>Audit Identifier</b>	NOP-16-20
<b>Action Required</b>	None
<b>Audit &amp; Review Type</b>	Renewal Assessment
<b>Audit Objective</b>	To evaluate the conformance to the audit criteria; and to verify the implementation and effectiveness of CERES's certification system.
<b>Audit &amp; Determination Criteria</b>	<i>7 CFR Part 205, National Organic Program as amended</i>
<b>Audit &amp; Review Scope</b>	CERES' demonstrated conformance and program implementation during the period: September 21, 2018 through May 26, 2020.

The National Organic Program (NOP) conducted a desk audit of Certification of Environmental Standards GmbH (CERES) on May 19 - 26, 2020 as part of its renewal accreditation assessment. CERES is a for profit organization with an effective accreditation date of May 23, 2015. CERES is accredited to the following USDA National Organic Program (NOP) scopes: crops, wild crops, livestock, and handling/processing.

CERES certifies 1,923 operations to the following certification scopes: 896 Crops (128 Grower

Groups), 65 Wild Crops, 4 Livestock (4 Grower Groups), and 958 Handling/Processing. CERES offers certification services in 45 countries.

CERES GmbH was purchased on November 25, 2019 and is now owned by the holding group EASY CERT services GmbH. Previous managing partners are now employees of EASY CERT services GmbH. CERES has 145 staff members (some hold multiple positions): 3 Managers, 32 Certification Reviewer/Officer, 124 Inspectors, 8 Residue Specialists and IT Specialists, and 15 Administrative Specialists.

CERES' main office is in Happurg, Germany. CERES operates regional offices in the following countries: Bolivia, Bulgaria, Chile, Colombia, Ecuador, Egypt, Ethiopia, Guatemala, Iran, Mexico, Moldova, Nepal, Peru, Romania, South Africa, Thailand, Turkey, and Uganda. CERES provides USDA organic certification services (including single inspection services) through its partners in Brazil, China, Dominican Republic, Macedonia, Paraguay, Philippines, and Serbia.

### **NOP DETERMINATION:**

NOP reviewed the onsite audit results to determine whether CERES' corrective actions adequately addressed previous noncompliances. NOP also reviewed any corrective actions submitted as a result of noncompliances issued from Findings identified during the onsite audit.

### **Noncompliances from Prior Assessments**

Any noncompliance labeled as “**Cleared**,” indicates that the corrective actions for the noncompliance are determined to be implemented and working effectively. Any noncompliance labeled as “**Outstanding**” indicates that either the auditor could not verify implementation of the corrective actions or that records reviewed and audit observations did not demonstrate compliance. Any noncompliance labeled as “**Accepted**” indicates acceptance of the corrective actions and verification of corrective action implementation will be conducted during the next onsite audit.

**AIA-1466-20 (NP6277LCA.NC1) – Cleared**  
**AIA-1464-20 (NP5292LCA.NC3) – Cleared**  
**AIA-1465-20 (NP5292LCA.NC12) – Cleared**  
**AIA-1467-20 (NOP-46-18.NC1) – Cleared**  
**AIA-1468-20 (NOP-46-18.NC2) – Cleared**  
**AIA-1469-20 (NOP-46-18.NC3) – Cleared**  
**AIA-1470-20 (NOP-46-18.NC4) – Cleared**  
**AIA-1471-20 (NOP-46-18.NC5) – Cleared**  
**AIA-1473-20 (NOP-46-18.NC7) – Cleared**

**AIA-1472-20 (NOP-46-18.NC6) – Accepted.** 7 C.F.R. §205.501(a)(21) states, “A private or governmental entity accredited as a certifying agent under this subpart must... Comply with, implement, and carry out any other terms or conditions determined by the Administrator to be necessary.” NOP 2613, Responding to Residue Results, Section 5.1.a, states that a certifier must

“Notify the certified operation of the test results and indicate that the product may be sold as organic.”

**Comments:** *CERES is not indicating to operations that their certified products may be sold as organic when issuing the sampling results to certified operators.*

**2019 Corrective Actions:** CERES submitted a letter template to send with sampling results when the product may be sold as organic.

**Verification of Corrective Action:** CERES personnel indicated that the corrected template is not currently used.

**2020 Corrective Actions:** CERES designated a staff member to be responsible for recording all lab results into the database and to send residue analysis results to clients. CERES provided recent examples of a letter and an email using template language to communicate pesticide residue results to operations; each example stated that the product may be sold as organic.

### **Non-compliances Identified during the Current Assessment and Corrective Actions**

Any noncompliance labeled as “**Accepted**,” indicates that the corrective actions for the noncompliance are accepted by the NOP and will be verified for implementation and effectiveness during the next onsite audit.

**AIA-1480-20 – Accepted.** 7 C.F.R. §205.501(a)(3) states, “A private or governmental entity accredited as a certifying agent under this subpart must: Carry out the provisions of the Act and the regulations in this part, including the provisions of §§205.402 through 205.406 and §205.670;”

**Comments:** *CERES’ procedure for providing the inspection report to the operation does not provide clear instructions stating that the certifier must send the inspection report to the operation (§205.403(e)(2)). The current work instructions indicate that either the inspector or the evaluation officer may send the inspection report to the inspected operation.*

**Corrective Action:** CERES updated and submitted 4.0.1 "Inspection and Certification Overview Work Instruction," requiring the evaluation officer to send a copy of the inspection report to the client with the certification decision. CERES provided training to staff in June 2020 and sent a reminder to all certification staff in October 2020.

**AIA-1482-20 – Accepted.** 7 C.F.R. §205.501(a)(7) states, “A private or governmental entity accredited as a certifying agent under this subpart must: have an annual program review of its certification activities conducted by the certifying agent's staff, an outside auditor, or a consultant who has expertise to conduct such reviews and implement measures to correct any noncompliances with the Act and the regulations in this part that are identified in the evaluation.”

**Comments:** *The annual program review procedures do not instruct the review team to verify effective implementation of correction actions accepted by the NOP. The auditor identified a certified 100% Organic labeled product that had been produced with a non-organic processing aid. This same issue was identified during a previous audit and corrective actions had been accepted. CERES should implement a process to ensure that accepted corrective actions are fully and adequately implemented.*

**Corrective Action:** CERES updated and submitted 2.2.2.3en T "Annual Internal NOP Audit" to include a question in the internal review checklist verifying the implementation and status of previous corrective actions.

**AIA-1483-20 – Accepted.** 7 C.F.R. §205.662(a)(1) states, “When an inspection, review, or investigation of a certified operation by a certifying agent or a State organic program's governing State official reveals any noncompliance with the Act or regulations in this part, a written notification of noncompliance shall be sent to the certified operation. Such notification shall provide: A description of each noncompliance;”

**Comments:** *The auditors identified two issues regarding the issuance of noncompliances:*

- 1. CERES does not cite the applicable regulation for noncompliances identified in its notices of noncompliance. The auditors’ review of notices of noncompliance found that noncompliances issued for corrective actions not implemented for prior issued noncompliances do not reference the USDA organic regulations or NOP policies.*
- 2. CERES is not issuing noncompliances regarding an operation’s inadequate monitoring system when reoccurring noncompliances are identified. The auditors’ review of issued noncompliances and inspection reports identified several cases where operations failed to implement CERES’ accepted corrective actions and a noncompliance was not issued for inadequate monitoring.*

**Corrective Action:** CERES updated and submitted 4.9.3.1\_en\_Details\_T "Details of Notice of NC" spreadsheet to include a column which automatically selects the appropriate NOP citation. CERES also added a column to identify if an operation has had the same noncompliance repeated in multiple years. CERES submitted an example of a client's spreadsheet to demonstrate implementation of the updated form; the spreadsheet included the applicable NOP citations and indicated that CERES issued a notification of noncompliance for insufficient monitoring for a recurring noncompliance.

## NATIONAL ORGANIC PROGRAM: CORRECTIVE ACTION REPORT

### AUDIT AND REVIEW PROCESS

An onsite Mid-Term assessment of the Certification of Environmental Standards – GmbH (CERES) organic program was conducted on September 17 - 20, 2018. The National Organic Program (NOP) reviewed the auditor's report to assess CERES' compliance to the USDA organic regulations. This report provides the results of NOP's assessment.

### GENERAL INFORMATION

<b>Applicant Name</b>	Certification of Environmental Standards – GmbH (CERES)
<b>Physical Address</b>	Vorderhaslach Nr. 1, Happurg, D-91230 Germany
<b>Mailing Address</b>	Vorderhaslach Nr. 1, Happurg, D-91230 Germany
<b>Contact &amp; Title</b>	Albrecht Benzing, Director, Quality Manager
<b>E-mail Address</b>	<a href="mailto:benzing@ceres-cert.com">benzing@ceres-cert.com</a>
<b>Phone Number</b>	49 7403 92 99 73
<b>Reviewer(s) &amp; Auditor(s)</b>	Graham Davis, NOP Reviewer Lars Crail, On-site Auditor
<b>Program</b>	USDA National Organic Program (NOP)
<b>Review &amp; Audit Date(s)</b>	NOP Corrective Action review: March 2, 2020 NOP assessment review: November 13, 2018 Onsite audit: September 17 - 20, 2018
<b>Audit Identifier</b>	NOP-46-18
<b>Action Required</b>	None
<b>Audit &amp; Review Type</b>	Mid-Term Assessment
<b>Audit Objective</b>	To evaluate the conformance to the audit criteria; and to verify the implementation and effectiveness of CERES' certification system.
<b>Audit &amp; Determination Criteria</b>	7 CFR Part 205, National Organic Program as amended
<b>Audit &amp; Review Scope</b>	CERES' certification services in carrying out the audit criteria during the period: October 2015 through September 2018

Certification of Environmental Standards – GmbH (CERES) is a for profit organization with an effective accreditation date of May 23, 2015. CERES is accredited to the following USDA National Organic Program (NOP) scopes: crops, wild crops, livestock, and handling/processing. The previous on-site office audit of CERES occurred October 26-29, 2015 and was part of a renewal accreditation assessment.

CERES certifies 1378 operations to the following scopes: 807 Crops (141 grower groups), 81 Wild Crops, 3 Livestock, and 948 Handling/Processing.

CERES main office is in Hersbruck and the postal address is in Happurg, Germany. CERES operates regional offices in the following countries: China, Colombia, Dominican Republic, Ecuador, Egypt, Ethiopia, Guatemala, Macedonia, Mexico, Nepal, Pakistan, Paraguay, Peru, Philippines, Romania, Serbia, Slovenia, South Africa, Spain, Switzerland, Thailand, Tunisia, Turkey, Uganda, and Vietnam. Certified operations are located around the world including the United States. CERES has five partners (three managing partners), a quality manager, 11 certification officers, 15 evaluation officers, 66 staff and 48 contracted inspectors; and, eight administrative staff.

As part of the mid-term assessment and office audit, witness audits were conducted in Ukraine (Handling (Processing) and Wild Crops – October 2016); Bolivia (Office Audit, Handling (Processing) and Crops (Grower Group) – January 2018); and, Dominican Republic (Handling (Processing) and Crops (Grower Group) – February 2018).

### **NOP DETERMINATION:**

NOP reviewed the onsite audit results to determine whether CERES' corrective actions adequately addressed previous noncompliances. NOP also reviewed any corrective actions submitted as a result of noncompliances issued from Findings identified during the onsite audit.

### **Non-compliances from Prior Assessments**

Any noncompliance labeled as “**Cleared**,” indicates that the corrective actions for the noncompliance are determined to be implemented and working effectively. Any noncompliance labeled as “**Accepted**” indicates acceptance of the corrective actions and verification of corrective action implementation will be conducted during the next onsite audit.

**NP5292LCA.NC1 – Cleared.**  
**NP5292LCA.NC2 – Cleared.**  
**NP5292LCA.NC5 – Cleared.**  
**NP5292LCA.NC6 – Cleared.**  
**NP5292LCA.NC7 – Cleared.**  
**NP5292LCA.NC8 – Cleared.**  
**NP5292LCA.NC9 – Cleared.**  
**NP5292LCA.NC10 – Cleared.**  
**NP5292LCA.NC11 – Cleared.**  
**NP5292LCA.NC13 – Cleared.**  
**NP5292LCA.NC14 – Cleared.**  
**NP5292LCA.NC15 – Cleared.**  
**NP5292LCA.NC17 – Cleared.**  
**NP5292LCA.NC18 – Cleared.**  
**NP5292LCA.NC19 – Cleared.**  
**NP5292LCA.NC20 – Cleared.**  
**NOP-71-17.NC1 – Cleared.**  
**NOP-71-17.NC2 – Cleared.**  
**NOP-71-17.NC3 – Cleared.**



**NP5292LCA.NC3 – Accepted.** 7 CFR § 205.642 states, “The certifying agent shall charge applicants for certification and certified production and handling operations only those fees and charges that it has filed with the Administrator.”

**Comments:** *CERES’ process for charging fees to applicants and certified operations does not comply with USDA organic regulations as follows:*

- *New applicants and renewing operations in Germany are charged certification fees by QCI, CERES’ partner certification body. The fees charged by QCI are separate from those charged by CERES and QCI’s fees have not been filed with the Administrator.*
- *CERES’ fee schedule filed with the Administrator only includes amounts in Euro. However, CERES charges operations in China fees in U.S. dollar. Depending on the U.S. dollar to euro exchange rate at the time the fee is paid by the operation, CERES may not be charging the operation the amount stated on CERES’ fee schedule filed with the Administrator.*

**Corrective Actions:** CERES informed all partner certification bodies that they must use the CERES fee schedule when charging applicants for NOP certification activities. The invoicing procedure was updated and now specifies the billing currency (dollars or euros) for various countries.

**Verification of Corrective Action:** CERES has not implemented the corrective action. QCI continues to charge operations a certification fee not stated on CERES fee schedule. CERES current fee schedule has not been provided to the NOP. CERES has an updated fee schedule that indicates the currency used in each country.

**2019 Corrective Actions:** CERES submitted documentation indicating the contract with their inspection partner in Germany (QCI) has been cancelled. CERES contacted their clients located in Germany to inform them they can either be certified directly via CERES (also inspected by CERES), or they can look for another certifier. CERES submitted a revised fee schedule which includes amounts in U.S. dollars for the countries that CERES conducts organic certification.

**NP5292LCA.NC12 – Accepted.** 7 CFR § 205.662(a) states, “When an inspection, review, or investigation of a certified operation by a certifying agent or a State organic program's governing State official reveals any noncompliance with the Act or regulations in this part, a written notification of noncompliance shall be sent to the certified operation. Such notification shall provide: A description of each noncompliance; and the date by which the certified operation must rebut or correct each noncompliance and submit supporting documentation of each such correction when correction is possible.”

**Comment:** *Of 10 files reviewed where notices of noncompliance were issued, one notice included an incorrect reference to the USDA organic regulations, and six of the notices did not specify the deadline by which the certified operation must rebut or correct each noncompliance. The CERES template does not allow the evaluator to specify a response due date; instead, the template is limited to the following deadlines: within one week, within two weeks, or before issuance of certificate.*

**Corrective Actions:** CERES’ updated noncompliance template (4.9.3.1) now includes a field where the evaluator specifies the due date for the operator to respond. CERES’ updated work instruction for issuing noncompliances (4.9.1) requires evaluators to confirm that USDA

regulatory citations are correct based on the details of the inspection findings. CERES provided documentation and training logs confirming that staff had been informed via e-mail and webinar of the updated template and instruction for evaluation of noncompliance citations.

**Verification of Corrective Action:** CERES has not implemented the corrective action. The following three issues were identified by the auditor:

- (1) During a review of issued noncompliances, two noncompliance citations were identified as being used incorrectly: (1) 205.104 is not applicable to any compliance issue; (2) The use of 205.671, was used in two cases of residue contamination; however, the contamination was not determined to be over the 5% of the EPA tolerance.
- (2) The Notice of Noncompliance template does not indicate that operations have the option to “rebut.”

**2019 Corrective Actions:** CERES submitted a revised notice of noncompliance template that includes the right to rebut noncompliances. All citations in the "Details of NC" file have been reviewed and corrections have been made so that the appropriate citation is listed with each noncompliance.

**NP6277LCA.NC1 – Accepted.** 7 C.F.R. §205.501(a)(8) states, “A private or governmental entity accredited as a certifying agent under this subpart must:... Provide sufficient information to persons seeking certification to enable them to comply with the applicable requirements of the Act and the regulations in this part;...” 7 C.F.R. §205.201(a)(2) states, “.... An organic production or handling system plan must include:... A list of each substance to be used as a production or handling input, indicating its composition, source, location(s) where it will be used, and documentation of commercial availability, as applicable.”

**Comments:** *CERES’s organic system plan (OSP) template does not include sufficient information to allow operators to comply. Several cleaning and sanitizing materials along with pest control materials were identified during the inspection; however, these materials were not clearly noted in the OSP.*

**2016 Corrective Action:** CERES updated their Processing OSP to include information on cleaners, sanitizer and pest control supplies. The procedures for inspectors and reviewers were also updated to include the document review and onsite inspection of cleaners and pest control substances. The updated documents were sent to all staff as a notification of the changes on January 2, 2017. The updates will also be reviewed during the online training in January or February. Updated documents were submitted to the NOP.

**Verification of Corrective Action:** CERES has not implemented the corrective action. The auditor reviewed several Handler (Processor) Organic System Plans (OSP) including the OSP of the operation associated with the noncompliance. OSPs do not consistently list the cleaning, sanitizing, and pest control materials used by the operations. When materials are listed, the information is incomplete and does not specify requirements of §205.201(a)(2).

**2019 Corrective Actions:** CERES submitted a revised report review template that includes a checkbox for cleaning materials to prevent it from being forgotten during the report review process. CERES sent an email to all organic inspectors and reviewers. The emailed stated that OSPs must include material used for cleaning, sanitizing, and pest control and OSPs should be rejected, and inspections should be postponed, if this kind of information is not complete. The

email included CERES' revised report review attached to it and stated that the revised template should be used.

### **Non-compliances Identified during the Current Assessment and Corrective Actions**

Any noncompliance labeled as “**Accepted**,” indicates that the corrective actions for the noncompliance are accepted by the NOP and will be verified for implementation and effectiveness during the next onsite audit.

**NOP-46-18.NC1 – Accepted.** 7 C.F.R. §205.501(a)(3) states, “A private or governmental entity accredited as a certifying agent under this subpart must:... Carry out the provisions of the Act and the regulations in this part, including the provisions of §§205.402 through 205.406 and §205.670.” §205.403(a)(1) states, “A certifying agent must conduct an initial on-site inspection of *each production unit, facility, and site* that produces or handles organic products and that is included in an operation for which certification is requested. *An on-site inspection shall be conducted annually thereafter* for each certified operation that produces or handles organic products for the purpose of determining whether to approve the request for certification nor whether the certification of the operation should continue.” NOP5022, Wild Crop Harvesting, section 5.5.1 states, “*An inspection of the wild crop harvest area*, prior to harvest, to ensure that all practices and conditions are well-described, and protective of the natural resources of the area.”

**Comments:** *During the review of a certified wild crop inspection report, the inspector recorded that site visits of each distinct wild crop area in which gathering occurs (or is identified as certified area where wild crops can be collected) did not occur. CERES did not schedule and conduct an additional inspection during the same year to adequately verify all separate certified sites/locations. CERES has a policy for inspectors to verify all site locations, but in the case of this inspection, the inspector did not conduct a full inspection.*

**Corrective Actions:** The work instruction has been made more specific in this regard (Section 2.4(c)). A reminder has been sent to all inspectors and reviewers. CERES did have an inspector visit the 3<sup>rd</sup> area in 2017 and provided photographic documentation. CERES revised their wild collection policy and wild collection inspection policy to include the requirement of an internal control system to verify compliance of wild collection operations.

**NOP-46-18.NC2 – Accepted.** 7 CFR § 205.501(a)(2) states, “A private or governmental entity accredited as a certifying agent under this subpart must....Demonstrate the ability to fully comply with the requirements for accreditation set forth in this subpart:” § 205.504(b)(1) states, “A copy of the procedures to be used to evaluate certification applicants, make certify decisions, and issue certification certificates.”

**Comments:** *The auditor identified the following issues as evidence that CERES is not maintaining a current list of operations and their status (i.e. applicant, certified, suspended, revoked, surrendered). Their current system is not adequately maintained to provide accurate and reliable information.*

1. *In one case, the auditor reviewed the records of a crops operation in Chile. A certification surrender acknowledgement letter issued in 2018 was reviewed; however,*

*the last issued certificate was dated 2014. CERES staff indicated that the operation was never removed as a certified operation from their records in 2014 and the Organic Integrity Database continued to identify it as a certified operation from 2015-2018. CERES staff acknowledged to the auditor that this was not an isolated case.*

- 2. In many cases, there were issues with uploading the list of CERES operations into the Organic Integrity Database and multiple entries for a single certified operation exist. The result of a multiple entries for a single certified operation does not provided for an accurate listing of CERES certified, suspended, denied, revoked, and surrendered operations.*

**Corrective Actions:** CERES has updated their entries in the OID. CERES submitted a work instruction called "finalizing client relations" that provides instructions for its staff when an operation surrenders their certification or CERES suspends or revokes their certification. CERES submitted a revised report review template that includes a checkbox to prevent subcontracted operations, for whom separate certificates had been issued, from being forgotten, when they give up certification. CERES sent an email to all organic inspectors and reviewers on May 20, 2019. The emailed stated that CERES staff should use the finalizing client relations form when closing out an operation. CERES believes that the multiple entries were related to a technical problem in the OID will work with their Accreditation Manger to resolve their issue of multiple listings for the same operation.

**NOP-46-18.NC3 – Accepted.** 7 C.F.R. §205.501(a)(21) states, "A private or governmental entity accredited as a certifying agent under this subpart must:... Comply with, implement, and carry out any other terms and conditions determined by the Administrator to be necessary." NOP 2603 Organic Certificates, Section 3.1, Elements of the Organic Certificate, provide the necessary layout and terminology used on organic certificates.

**Comments:** *The auditors' review of issued organic certificates found the following organic certificate inconsistencies:*

- 1. Several issued certificates state the operation is certified to the scope of "Crop Production." Certificates should state "Crops."*
- 2. One reviewed certificate indicated the product labeling category of 100% for dried apricot product that had been treated with CO2 gas for pest control.*

**Corrective Actions:** CERES submitted a revised certificate template that is compliant with the regulations. CERES sent an email to all organic inspectors and reviewers on May 20, 2019. The emailed stated that CERES staff should always use the most recent version of the certificate template because overwriting old certificates will lead to mistakes. The email reminded its staff if materials listed in §205.605 or §205.606 are added to an organic product, or if an organic product is treated with such substances, the organic product automatically loses its 100% organic status.

**NOP-46-18.NC4 – Accepted.** 7 C.F.R. § 205.501(a)(4) states, "A certifying agent under this subpart must: Use ... adequately trained personnel, including inspectors ... to comply with and implement the organic certification program established under the Act and the regulations in subpart E of this part."

**Comments:** CERES personnel did not consistently demonstrate during the audit an adequate understanding of the USDA regulations and NOP policies (i.e. NOP Handbook). The following are some examples:

1. *Organic System Plans are missing and inspectors are not verifying compliance to §205.201(a)(3), An Organic System Plan must include a description of the monitoring practices and procedures to be performed and maintained, including the frequency with which they will be performed, to verify that the plan is effectively implemented.*
2. *A review of a crops operation inspection report revealed that the inspector and operator did not appear to understand NOP composting requirements and is required to compost despite that all applications are applied outside of the 120 or 90-day pre-harvest period.*
3. *In a review of one crops operation's records, the operation was EU certified and requested NOP certification. The operation was granted NOP certification, but there was no record that the operation was informed (i.e. as a condition of certification) that product harvested prior to the effective date of certification could not be sold as USDA organic. The interviewed certification staff was not aware that harvested product prior to certification effective date could not be claimed or sold as organic.*
4. *In a review of a grower group inspection report, the inspector indicated that external inspections of 8 members in different villages occurred in one day. Additionally, the inspection of this group consisting of a processing plant, 6 certified products, and 19 members (all externally inspected) located in multiple villages was conducted in three days. This time frame appears insufficient to demonstrate that a full and adequate inspection of this group operation occurred.*

**Corrective Actions:** CERES provided multiple trainings to their certification staff in May of 2019. CERES provided a list of participants and the agendas for each training event. During this training, CERES systematically went through the USDA organic regulations and discussed the issues identified in the noncompliances.

**NOP-46-18.NC5 – Accepted.** 7 C.F.R. §205.501(a)(21) states, “A private or governmental entity accredited as a certifying agent under this subpart must:… Comply with, implement, and carry out any other terms and conditions determined by the Administrator to be necessary.” NOP Policy Memo (PM) 11-10 “Grower Group Certification” states that “...certifying agents should use the National Organic Standards Board (NOSB) recommendations of October 2002 and November 2008 as the current policies. NOSB 2002 Recommendation, Criteria for the Certification of Grower Groups, states, “Grower groups must establish and implement an internal control system (quality system), with supervision and documentation of production practices and inputs used at each producer's operation to ensure compliance with the USDA's National Organic Standard.” NOSB 2008 Recommendation, Section III, defines an Internal Control System: “A written quality assurance system included in a master organic system plan that sets forth the practice standards, recordkeeping and audit trail requirements applicable at each production unit, facility or site and that identifies the internal verification methods used.”

**Comments:** CERES allows grower group certification without requiring a documented and functional internal control system (ICS) for group operations. CERES certification staff explained that since 100% of the group members are annually inspected, an internal control system is not necessary.

**Corrective Actions:** CERES revised their policy on grower group certification. It states that when there is no ICS, it cannot be considered a grower group under USDA organic regulations. CERES must issue separate certificates for each member farmer, issue separate inspection reports, and require a separate OSP for each farmer. CERES sent an email to all satellite offices and reviewers that outlines the requirements for grower group certification.

**NOP-46-18.NC6 – Accepted.** 7 C.F.R. §205.501(a)(21) states, “A private or governmental entity accredited as a certifying agent under this subpart must... Comply with, implement, and carry out any other terms or conditions determined by the Administrator to be necessary.” NOP 2613, Responding to Residue Results, Section 5.1.a, states that a certifier must “Notify the certified operation of the test results and indicate that the product may be sold as organic.”

**Comments:** *CERES is not indicating to operations that their certified products may be sold as organic when issuing the sampling results to certified operators.*

**Corrective Actions:** CERES submitted a revised letter template to send with sampling results when the product may be sold as organic.

**NOP-46-18.NC7 – Accepted.** 7 C.F.R. §205.504(b)(1) states, “A private or governmental entity seeking accreditation as a certifying agent must submit the following documents and information to demonstrate its expertise in organic production or handling techniques; its ability to fully comply with and implement the organic certification program established in §§205.100 and 205.101, §§205.201 through 205.203, §§205.300 through 205.303, §§205.400 through 205.406, and §§205.661 and 205.662; and its ability to comply with the requirements for accreditation set forth in §205.501: ...A copy of the procedures to be used to evaluate certification applicants, make certification decisions, and issue certification certificates.”

**Comments:** *CERES Inspection report templates do not include a section (or refer to a worksheet) for inspectors to record trace-ability testing during inspections.*

**Corrective Actions:** CERES submitted a new template for inspectors to use when conducting traceability exercises during inspections. CERES sent an email to all organic inspectors and reviewers on May 20, 2019. The emailed stated that CERES inspectors should be using their template to record traceability of products during inspections.

## NATIONAL ORGANIC PROGRAM: CORRECTIVE ACTION REPORT

### AUDIT AND REVIEW PROCESS

An onsite Satellite Office Assessment - Bolivia of the Ceres Bolivia (CERES) organic program was conducted on January 15-20, 2018. The National Organic Program (NOP) reviewed the auditor's report to assess CERES' compliance to the USDA organic regulations. This report provides the results of NOP's assessment.

### GENERAL INFORMATION

<b>Applicant Name</b>	Ceres Bolivia (CERES)
<b>Physical Address</b>	Av. Julio C. Patino Nro. 665, Edif: Mafer II of. 1. Calacoto La Paz, Bolivia
<b>Mailing Address</b>	Av. Julio C. Patino Nro. 665, Edif: Mafer II of. 1. Calacoto La Paz, Bolivia
<b>Contact &amp; Title</b>	Matilde Luna, Chief Executive Officer
<b>E-mail Address</b>	<a href="mailto:ceresbolivia@gmail.com">ceresbolivia@gmail.com</a>
<b>Phone Number</b>	+591 (2) 792274
<b>Reviewer(s) &amp; Auditor(s)</b>	Graham Davis, NOP Reviewer Lars Crail, On-site Auditor
<b>Program</b>	USDA National Organic Program (NOP)
<b>Review &amp; Audit Date(s)</b>	Corrective actions review: May 25 – August 9, 2018 NOP assessment review: February 16, 2018 Onsite audit: January 15-20, 2018
<b>Audit Identifier</b>	NOP-71-17
<b>Action Required</b>	None
<b>Audit &amp; Review Type</b>	Satellite Office Assessment
<b>Audit Objective</b>	To evaluate the conformance to the audit criteria; and to verify the implementation and effectiveness of [ACA acronym]'s certification system.
<b>Audit &amp; Determination Criteria</b>	<i>7 CFR Part 205, National Organic Program as amended</i>
<b>Audit &amp; Review Scope</b>	CERES' certification services in carrying out the audit criteria.

The National Organic Program (NOP) conducted a satellite office audit of Certification of Environmental Standards Bolivia SRL (CERES - Bol), a daughter Company of CERES GmbH located in Germany. CERES GmbH considers CERES-Bol a support office that conducts key certification activities under the accreditation umbrella of CERES GmbH. CERES GmbH is a private corporation and was initially accredited by the USDA NOP on May 23, 2005, to the

scopes of crops, wild crops, livestock, and processing/handling. CERES-Bol was created as a CERES GmbH support office in 2009.

CERES-Bol is responsible for the inspections of 155 certified operations to the following scopes: 115 crops, 9 wild crops, 0 livestock, and 31 handling. CERES-Bol is responsible for the inspections of 20 grower groups. CERES - Bol conducts certification in Bolivia only. The office conducts inspection activities for five accreditation schemes: NOP, Regulation (EC) 834/2007 (CERES Equivalent standard), JAS Organic, Ley 3526/06 on organic farming (Bolivia), and Naturland.

CERES-Bol office is in La Paz, Bolivia and consists of nine staff personnel consisting of inspectors and administrative individuals.

As part of the on-site office audit, one witness audit was conducted of an unannounced inspection of a grower group.

Audit closing meetings were held with the CERES-Bol staff on January 20 and is proposed with CERES GmbH.

## **NOP DETERMINATION:**

NOP reviewed the onsite audit results to determine whether CERES' corrective actions adequately addressed previous noncompliances. NOP also reviewed any corrective actions submitted as a result of noncompliances issued from Findings identified during the onsite audit.

### **Non-compliances from Prior Assessments**

Any noncompliance labeled as “**Cleared**,” indicates that the corrective actions for the noncompliance are determined to be implemented and working effectively. Any noncompliance labeled as “**Accepted**” indicates acceptance of the corrective actions and verification of corrective action implementation will be conducted during the next onsite audit.

#### **NP5292LCA.NC4 – Cleared**

**NP5292LCA.NC14 – Accepted.** 7 CFR §205.501(a)(21) states “A private or governmental entity accredited as a certifying agent under this subpart must: Comply with, implement, and carry out any other terms and conditions determined by the Administrator to be necessary.” NOP 2027 *Personnel Performance Evaluations* section 3.2(b) states, “Inspectors should be evaluated during an onsite inspection by a supervisor or peer (another inspector) at least annually.”

**Comments:** *CERES' current policy for conducting field evaluations of inspectors is based on a two-year cycle. There are provisions for conducting evaluations more frequently if it is deemed necessary. A review of records confirmed that field evaluations are not being conducted annually.*



**2016 Corrective Actions:** CERES' updated their staff evaluation procedure to require all inspectors who conduct USDA NOP inspections to receive an annual field evaluation. CERES provided documentation to verify that all inspectors received field evaluations in 2016.

**2017 Verification of Corrective Actions:** The auditor's review of the evaluation history of two inspectors, revealed that neither received field evaluations in 2017.

**2018 Corrective Actions:** CERES submitted their standard operating procedure for field evaluation of their inspectors. The frequency of field evaluations for their inspectors is between yearly and every three years, depending on a risk based assessment of each inspector. Inspector training and field evaluations are based on the results of the annual performance evaluation for each inspector. CERES submit the spreadsheet they use to track trainings attended by each inspector, results of performance evaluations, the dates of previous field evaluations, and the results of previous field evaluations. This information is used to determine inspector field evaluations.

### **Non-compliances Identified during the Current Assessment and Corrective Actions**

Any noncompliance labeled as "**Accepted**," indicates that the corrective actions for the noncompliance are accepted by the NOP and will be verified for implementation and effectiveness during the next onsite audit.

**NOP-71-17.NC1 – Accepted.** 7 C.F.R. §205.501(a)(21) states, "A private or governmental entity accredited as a certifying agent under this subpart must:... Comply with, implement, and carry out any other terms and conditions determined by the Administrator to be necessary." NOP 2603 *Organic Certificates*, Section 3.1, Elements of the Organic Certificate, states that certificates are to display an anniversary date.

**Comments:** *The auditor's review of issued organic certificates identified that anniversary dates are missing the day of the month.*

**Corrective Actions:** CERES submitted their revised NOP certificate template that contains an anniversary date with the day, month, and year. CERES revised a work instruction to state that NOP certificates must include an anniversary date with the day, month and year. CERES notified their staff via email that the anniversary date on NOP certificates must include the day, month, and year.

**NOP-71-17.NC2 – Accepted.** 7 C.F.R. §205.501(a)(21) states, "A private or governmental entity accredited as a certifying agent under this subpart must:... Comply with, implement, and carry out any other terms and conditions determined by the Administrator to be necessary." NOP Instruction 2601 *The Organic Certification Process* section 3.4, states that "During the exit interview, the inspector communicates any potential noncompliances observed, and.... Once the inspector finishes the inspection report, he or she sends the report to the certifier for review. The certifier will evaluate the inspector's findings when making a final certification decision."

**Comments:** *The inspection findings document provided to the operation at the inspection closing meeting and which is included as an annex to the inspection report does not clearly reference the USDA organic regulations and/or the NOP policy (NOP Handbook) for each*

*finding or issued or concern recorded by the inspector. Without citations to the USDA organic regulations and/or NOP policy, findings or issues of concern are incompletely recorded.*

**Corrective Actions:** CERES revised their template (spreadsheet) for recording inspector findings. When the inspector selects a finding in the template, the respective USDA organic regulation will be displayed automatically. CERES submitted a revised work instruction which explains the requirement to cite the proper USDA organic regulation for each finding and the availability their new template. CERES contacted their staff via email to discuss the noncompliance, explain the new template, and attached a copy of the template to the email.

**NOP-71-17.NC3** – 7 C.F.R. §205.510(b)(2) states, “Certifying agents must maintain records according to the following schedule: Records created by the certifying agent regarding applicants for certification and certified operations must be maintained for not less than 10 years beyond their creation.”

**Comments:** *Procedures for calculating external inspections are aligned with the 2008 NOSB Recommendation, Certifying Operations with Multiple Production Units, Sites, and Facilities under the National Organic Program, Section D; however, no record is maintained that demonstrates whether the procedures are complied with. For example, CERES procedures indicate that 25% of the external inspection sample is randomly selected. For the sample operations chosen, there is no identification as to whether they were chosen randomly, due to risk, or other criteria. In review of the operations that compose the external inspection sample, the auditor cannot determine whether criteria for sampling is achieved.*

**Corrective Actions:** CERES revised their spreadsheet template for sample selection of grower groups. For the 75% that are selected based on risk, the table now includes a list of different types of risks. Inspectors are required to list each sample selected in the appropriate column of listed risks. CERES created a video that explains how to use their new table. CERES revised their work instruction regarding grower group selection process. CERES contacted their inspectors via email and provided them a copy of the updated work instruction and new spreadsheet template.

## NATIONAL ORGANIC PROGRAM: CORRECTIVE ACTION REPORT

### AUDIT AND REVIEW PROCESS

The National Organic Program (NOP) conducted a witness audit of a CERTification of Environmental Standards – GmbH (CERES) certified operation. The NOP conducted an onsite witness audit, and reviewed the audit report to determine CERES’s capability to continue operating as a USDA accredited certifier.

### GENERAL INFORMATION

<b>Applicant Name</b>	CERTification of Environmental Standards – GmbH (CERES)
<b>Physical Address</b>	Vorderhaslach Nr. 1, Happurg, D-91230 Germany
<b>Mailing Address</b>	Vorderhaslach Nr. 1, Happurg, D-91230 Germany
<b>Contact &amp; Title</b>	Albrecht Benzing
<b>E-mail Address</b>	<a href="mailto:benzing@ceres-cert.com">benzing@ceres-cert.com</a>
<b>Phone Number</b>	49 7403 92 99 73
<b>Reviewer &amp; Auditor</b>	Rebecca Claypool, NOP Reviewer; Lars Crail, On-site Auditor.
<b>Program</b>	USDA National Organic Program (NOP)
<b>Review &amp; Audit Dates</b>	Corrective action review: January 11, 2017 NOP assessment review: November 2, 2016 Onsite audit: October 3 – 5, 2016
<b>Audit Identifier</b>	NP6277LCA
<b>Action Required</b>	None
<b>Audit &amp; Review Type</b>	Witness Audit
<b>Audit Objective</b>	To evaluate the conformance to the audit criteria; and to verify the implementation and effectiveness of CERES’s certification
<b>Audit &amp; Determination Criteria</b>	7 CFR Part 205, National Organic Program as amended
<b>Audit &amp; Review Scope</b>	CERES’s certification services in carrying out the audit criteria.

Certification of Environmental Standards GmbH (CERES) is a USDA accredited certifier with the scopes of crops, livestock, wild crops, and handling. Its main office is located in Happurg, Germany. The list of certified operations indicates six operations certified by CERES in Ukraine; however, the list appears to name only two entities holding certificates for individual certification scopes (e.g. Wild Crops, Handling).

### NOP DETERMINATION:

NOP reviewed the onsite audit results to determine whether CERES's corrective actions adequately addressed previous noncompliances. NOP also reviewed any corrective actions submitted as a result of noncompliances issued from Findings identified during the onsite audit.

### **Non-compliances Identified during the Current Assessment**

Any noncompliance labeled as “**Accepted**,” indicates that the corrective actions for the noncompliance are accepted by the NOP and will be verified for implementation and effectiveness during the next onsite audit.

**NP6277LCA.NC1 – Accepted.** 7 C.F.R. §205.501(a)(8) states, “A private or governmental entity accredited as a certifying agent under this subpart must:... Provide sufficient information to persons seeking certification to enable them to comply with the applicable requirements of the Act and the regulations in this part;...” 7 C.F.R. §205.201(a)(2) states, “.... An organic production or handling system plan must include:.. A list of each substance to be used as a production or handling input, indicating its composition, source, location(s) where it will be used, and documentation of commercial availability, as applicable.”

**Comments:** *CERES's organic system plan (OSP) template does not include sufficient information to allow operators to comply. Several cleaning and sanitizing materials along with pest control materials were identified during the inspection; however, these materials were not clearly noted in the OSP.*

**2016 Corrective Action:** CERES updated their Processing OSP to include information on cleaners, sanitizer and pest control supplies. The procedures for inspectors and reviewers were also updated to include the document review and onsite inspection of cleaners and pest control substances. The updated documents were sent to all staff as a notification of the changes on January 2, 2017. The updates will also be reviewed during the online training in January or February. Updated documents were submitted to the NOP.

## NATIONAL ORGANIC PROGRAM: CORRECTIVE ACTION REPORT

### AUDIT AND REVIEW PROCESS

The National Organic Program (NOP) received Certification of Environmental Standards GmbH's accreditation renewal application to become a U.S. Department of Agriculture (USDA) accredited certifier on November 21, 2014. The NOP has reviewed Certification of Environmental Standards GmbH's application, conducted an onsite audit, and reviewed the audit report to determine Certification of Environmental Standards GmbH's capability to operate as a USDA accredited certifier.

### GENERAL INFORMATION

<b>Applicant Name</b>	Certification of Environmental Standards GmbH (CERES)
<b>Physical Address</b>	Nürnberger Str. 9 , 91217 Hersbruck, Germany (main office)
<b>Mailing Address</b>	Vorderhaslach 1, 91230 Happurg, Germany (business office)
<b>Contact &amp; Title</b>	Albrecht Benzing, Director
<b>E-mail Address</b>	<a href="mailto:benzing@ceres-cert.com">benzing@ceres-cert.com</a>
<b>Phone Number</b>	49-7403-929973 (business office); 49-9151-8390100 (main office)
<b>Reviewer(s) &amp; Auditor(s)</b>	Renée Gebault King, NOP Reviewer; Darrell Wilson and Robert Yang, On-site Auditors.
<b>Program</b>	USDA National Organic Program (NOP)
<b>Review &amp; Audit Date(s)</b>	Corrective action review: September 13, 2016 NOP assessment review: May 23, 2016 Onsite audit: October 26-29, 2015
<b>Audit Identifier</b>	NP5292LCA
<b>Action Required</b>	Yes
<b>Audit &amp; Review Type</b>	Renewal Assessment
<b>Audit Objective</b>	To evaluate conformance to the audit criteria; and to verify the implementation and effectiveness of CERES' certification program.
<b>Audit &amp; Determination Criteria</b>	7 CFR Part 205, National Organic Program as amended
<b>Audit &amp; Review Scope</b>	CERES' certification services in carrying out the audit criteria during the period: October 1, 2012 through October 29, 2015.

Certification of Environmental Standards GmbH (CERES) is a for-profit organization that is currently accredited as a certifying agent to the USDA National Organic Program (NOP) for the scopes of crops, livestock, wild crops, and handling. CERES is also accredited by the German Institute for Standardization (DIN EN) to ISO/IEC 17065:2012 for certification under the European organic standards (EC No. 834/2007 and No. 889/2008), Global GAP, and other national standards. As of January 2, 2015, CERES had 1,304 clients certified to the USDA organic regulations, consisting of 571 crop, 90 wild crop, 5 livestock operations, and 806 handlers. CERES also has 121 grower groups listed on the certified operations list.

CERES certifies clients to the USDA organic regulations in Albania, Azerbaijan, Belgium, Bolivia, Brazil, Bulgaria, Chile, Columbia, Dominican Republic, Ecuador, Egypt, Ethiopia, Germany, Ghana, Grenada, Iceland, Indonesia, Jamaica, Kenya, Macedonia, Malaysia, Mexico, Moldova, Morocco, Papua New Guinea, Paraguay, Peru, Philippines, Poland, Romania, Russia, Rwanda, Saudi Arabia, Serbia, South Africa, Spain, Taiwan, Tanzania, Thailand, Turkey, Uganda, Ukraine, United Arab Emirates, U.S.A, Uzbekistan, and Venezuela. The CERES business office is located in Happurg, Germany; the main office where certification activities occur is located in Hersbruck, Germany. A branch office is maintained in Zimmern, Germany. CERES maintains foreign local offices in Bolivia, Bulgaria, Chile, China, Colombia, Dominican Republic, Ecuador, Egypt, Ethiopia, Macedonia, Mexico, Paraguay, Peru, Romania, South Africa, Spain, and Turkey.

## **NOP DETERMINATION**

NOP reviewed the onsite audit results to determine whether CERES' corrective actions adequately addressed previous noncompliances. NOP also reviewed any corrective actions submitted as a result of noncompliances issued from Findings identified during the onsite audit.

### **Noncompliances from Prior Assessments**

Any noncompliance labeled as “**Cleared**,” indicates that the corrective actions for the noncompliance are determined to be implemented and working effectively. Any noncompliance labeled as “**Outstanding**” indicates that either the auditor could not verify implementation of the corrective actions or that records reviewed and audit observations did not demonstrate compliance. Any noncompliance labeled as “**Accepted**” indicates acceptance of the corrective actions and verification of corrective action implementation will be conducted during the next onsite audit.

**NP2149EEA.NC1 – Cleared**  
**NP2149EEA.NC2– Cleared**  
**NP2149EEA.NC3 – Cleared**

### **Noncompliances Identified during the Current Assessment**

Any noncompliance labeled as “**Accepted**,” indicates that the corrective actions for the noncompliance are accepted by the NOP and will be verified for implementation and effectiveness during the next onsite audit.

**NP5292LCA.NC1 –Accepted**—7 CFR § 205.671 states, “When residue testing detects prohibited substances at levels that are greater than 5 percent of the EPAs tolerance for the specific residue detected ... the agricultural product must not be sold, labeled, or represented as organically produced.” Additionally, NOP 2613 *Responding to Results from Pesticide Residue Testing*, section 5.3.3.a states that if there is no EPA or FDA tolerance level, and testing detects a residue of prohibited pesticides above 0.01 parts per million (ppm), the certifying agent should

“immediately notify the certified operation of the test results and indicate that the product may not be sold as organic.”

**Comments:** *The review of four positive pesticide residue analysis cases revealed that an EPA or FDA detection level did not exist for the prohibited substances detected, and the detection levels exceeded 0.01 ppm. CERES did not inform the operations that the product may not be sold, labeled, or represented as organic.*

**Corrective Actions:** CERES’ updated investigation letter template now includes a notification to operations that when product with residues exceed the NOP limits, the products may not be sold, labeled or represented as organic. CERES provided verification that staff were informed via online training of the updated procedures and template.

**NP5292LCA.NC2 –Accepted—**7 CFR § 205.642 states, “The certifying agent shall provide each applicant with an estimate of the total cost of certification and an estimate of the annual cost of updating the certification.”

**Comments:** *The review of CERES’ process for providing cost estimates and related documents revealed that CERES does not provide applicants and certified operations with an estimate of the total cost of certification and annual cost of continuing certification. CERES only provides an estimate of the cost of inspection and report review/certification. CERES’ Offer for Inspection and Certification cost estimate template states, “This offer does not include: Travel expenses, food, and hotel for our inspector.” CERES’ Short Introduction: Steps to Organic Certification document states, “Only costs for traveling and accommodation are usually not included in the offer.”*

**Corrective Actions:** CERES’ updated instructions for certification, invoicing procedure and offer calculation template now require that certification estimates be included in offers issued to operations that request NOP certification. CERES provided verification that staff, including those in branch offices, were informed via e-mail of the updated procedures and template.

**NP5292LCA.NC3 –Accepted—**7 CFR § 205.642 states, “The certifying agent shall charge applicants for certification and certified production and handling operations only those fees and charges that it has filed with the Administrator.”

**Comments:** *CERES’ process for charging fees to applicants and certified operations does not comply with USDA organic regulations as follows:*

- *New applicants and renewing operations in Germany are charged certification fees by QCI, CERES’ partner certification body. The fees charged by QCI are separate from those charged by CERES and QCI’s fees have not been filed with the Administrator.*
- *CERES’ fee schedule filed with the Administrator only includes amounts in Euro. However, CERES charges operations in China fees in U.S. dollar. Depending on the U.S. dollar to euro exchange rate at the time the fee is paid by the operation, CERES may not be charging the operation the amount stated on CERES’ fee schedule filed with the Administrator.*

**Corrective Actions:** CERES informed all partner certification bodies that they must use the CERES fee schedule when charging applicants for NOP certification activities. The invoicing

procedure was updated and now specifies the billing currency (dollars or euros) for various countries.

**NP5292LCA.NC4 – Accepted**—7 CFR § 205.501(a)(21) states, “A private or governmental entity accredited as a certifying agent under this subpart must: Comply with, implement, and carry out any other terms and conditions determined by the Administrator to be necessary.” NOP 2601 *Organic Certificates* states, “Organic certificates should ... include the following ...: Effective date ... Anniversary date (when the certified operation must submit its annual update); Categories of organic certification (crops, wild crops, livestock, and handling/processing); ... Labeling categories: 100% Organic, Organic, Made with Organic (specified ingredients or food groups), and Livestock Feed (Organic or 100% Organic); ... The statement, “Once certified, a production or handling operation’s organic certification continues in effect until surrendered, suspended or revoked.”

**Comments:** *The review of organic certificates revealed that CERES’ certificates do not comply as follows:*

- *In lieu of “effective date,” the certificate states “Date of first NOP certification;”*
- *The certificate does not include an anniversary date;*
- *The scopes (i.e. categories of operation) on the certificate template include options for “Wild Collection” and “Trade,” which are not categories specified by the USDA organic regulations and NOP 2601.*
- *Certificates issued to processing operations include “Made with org.” and “Less than 70%” categories. The correct labeling category is “Made with Organic (specified ingredients or food groups), and there is no “Less than 70%” category for products certified under the USDA organic regulations.*
- *The certificate template incorrectly states, “Operator’s certification is valid until being surrendered, suspended, revoked, or replaced by an updated version.” Once certified, a production or handling operation’s organic certification continues in effect until surrendered, suspended or revoked; not until it is replaced by an updated version.*

**Corrective Actions:** CERES updated the USDA organic certificate to include the effective, date, anniversary dates, and scopes that comply with the USDA organic regulations. CERES procedures were updated and now specify that only one legal entity is allowed on each USDA organic certificate, and that “less than 70% organic” products shall not be included. The organic certificate template was updated to reflect that certification is valid until surrendered, suspended, or revoked. CERES provided documentation showing that staff had been informed by e-mail and through a webinar training of the updated organic certificate requirements.

**NP5292LCA.NC5 – Accepted**—7 CFR § 205.501(a)(3) states, “A private or governmental entity accredited as a certifying agent under this subpart must: Carry out the provisions of the Act and the regulations in this part, including the provisions of §§ 205.402 through 205.406 and § 205.670.”

**Comments:** *CERES’ process and documents for reviewing and approving an operation’s labels do not comply in the following manner:*

- *An operation submitted a draft, nonretail labeling that stated “USDA logo” instead of showing the actual use of the USDA seal. CERES did not require the operation to provide*



*information regarding the form and design of the USDA seal to determine whether the use would be compliant with the requirements of § 205.311(b).*

- *An operation's organic system plan noted the use of nonretail labels, but CERES did not require the operation to submit the nonretail label for review. Interviews with certification staff indicated that CERES does not always review an operation's labels for compliance with the requirements of § 205.307.*

**Corrective Actions:** CERES' label review procedures now require that use of the actual USDA seal be verified for compliance. The procedure also specifies that retail and non-retail labels must be reviewed as part of organic system plan verification. CERES provided documentation showing that staff had been informed by e-mail and through a webinar training of the updated label review requirements.

**NP5292LCA.NC6 – Accepted**—7 CFR § 205.501(a)(4) states, “A private or governmental entity accredited as a certifying agent under this subpart must: Use ... adequately trained personnel, including inspectors and certification review personnel, to comply with and implement the organic certification program established under the Act and the regulations in subpart E of this part.”

**Comments:** *A review of product labels approved by CERES revealed the following:*

- *The review of one “Made with Organic (specified ingredients or food group(s))” label on a product exported to Canada under the US-Canada Equivalency Arrangement revealed that the “made with organic” statement did not appear in its entirety in the same type size and style, and that the percentage statement exceeded one-half the size of the largest type size on the panel. This does not comply with the requirements of § 205.304. Interviews with certification staff indicated that they were not aware of the “Made with organic (specified ingredients or food groups(s))” labeling requirements per § 205.304*
- *“Packaged products labeled with “Made with Organic (specified ingredients or food group(s))” or that certifying agents must review labels of products shipped to Canada for compliance with Canadian labeling requirements.*
- *The review of one “Organic” product label containing a color version of the USDA organic seal revealed that the seal did not include the word “organic” in the lower half of the seal, which does not comply with §205.311 (b).*
- *The review of one “organic” product label revealed that it did not identify the organic ingredients in the ingredient label, which does not comply with § 205.303(b)(1).*

**Corrective Actions:** CERES' updated procedure for “made with organic” product labels requires reviewers to verify that the USDA seal is not used. The CERES label worksheet (4.6.10.5 NOP Made-With) prohibits use of the USDA seal for this product category. CERES' updated procedure (3.2.10\_en) describes labeling requirements, including identification of each organic ingredient in the ingredient statement. It also describes compliant use of the USDA seal for “organic” products. CERES provided documentation showing that staff had been informed by e-mail and through a webinar training of the updated label review procedure.

**NP5292LCA.NC7 – Accepted**—7 CFR § 205.501(a)(5) states, “A private or governmental entity accredited as a certifying agent under this subpart must: ensure that its ... employees ... have sufficient expertise ... to successfully perform the duties assigned.”

**Comments:** *A review of CERES' Input List revealed that material review staff incorrectly determined that a copper sulfate product approved for use in plant disease control could be used without restriction, which does not comply with 205.601(i)(3) "Synthetic substances allowed for use in organic crop production." Copper sulfate is allowed for plant disease control, but it must be used in a manner that minimizes accumulation of copper in the soil.*

**Corrective Actions:** CERES updated the material review work instruction. CERES provided documentation showing that staff responsible for material reviews received additional training, and that support staff received training via webinar.

**NP5292LCA.NC8 – Accepted**—7 CFR § 205.403(d) states, "The inspector must conduct an exit interview ... to confirm the accuracy and completeness of inspection observations and information gathered during the on-site inspection. The inspector must also address the need for any additional information as well as any issues of concern." Furthermore, NOP 2601 *The Organic Certification Process* states, "At the end of the inspection, the inspector conducts an exit interview with an authorized representative of the operation. During the exit interview, the inspector communicates any potential noncompliances observed, and requests any additional information that may be missing from the OSP."

**Comments:** *During the witness audit of a wild crops/handling operation, it was observed that the inspector presented the inspection findings as noncompliances. The inspector also discussed with the representative of the operation proposed corrective actions, and stated that a recommendation to issue the certificate upon correction of the noncompliances would be made to the certifier. A review of CERES' "General Instruction for Inspectors" and "Handling Noncompliance" procedures indicated that inspectors are instructed to present the operation with its noncompliances, discuss how the operation will correct its noncompliance(s), and assess whether the operation's proposed corrective actions are adequate.*

**Corrective Actions:** CERES' updated instructions about handling noncompliances and the exit interview form clarifies that inspectors shall review findings from the inspection with the operator, but not gather or evaluate proposed corrective actions from the operator. Furthermore, the instruction clarifies that the evaluators will assess inspection findings to determine which warrant a noncompliance, and whether proposed corrective actions are sufficient. CERES provided documentation and training logs confirming that staff had been informed of the updated procedures via e-mail and webinars.

**NP5292LCA.NC9 – Accepted**—7 CFR § 205.501(a)(11)(iv) states, "A private or governmental entity accredited as a certifying agent under this subpart must prevent conflicts of interest by: Not giving advice or providing consultancy services, to certification applicants or certified operations, for overcoming identified barriers to certification." Furthermore, NOP 2601 *The Organic Certification Process* states, "Inspections are not consulting visits. Inspectors may ask questions, collect and provide information, and explain the regulations or the certifier's requirements. Inspectors are prohibited, however, from advising the operator on how to overcome barriers to certification."

**Comments:** *During the witness audit of a wild crops/handling operation, the auditor observed the inspector providing the operation with advice for overcoming an identified barrier to certification. During the exit interview, the inspector informed the operator of issues with litter*

*in the wild collection area that the inspector found during the inspection. The inspector suggested that the operator take pictures of the wild collection area after collections as proof that the collectors are not littering.*

**Corrective Actions:** CERES' updated inspection procedures include a reminder that discussing options to overcome issues identified during inspections is prohibited. CERES provided training on this topic to their inspectors in May/June 2016 and also provided documentation verifying inspectors were reminded of this procedural update in August 2016.

**NP5292LCA.NC10 – Accepted**—7 CFR § 205.501(a)(2) states, “A private or governmental entity accredited as a certifying agent under this subpart must: Demonstrate the ability to fully comply with the requirements for accreditation set forth in this subpart;

**Comments:** *The following procedures and documents CERES submitted as demonstration of its ability to fully comply do not comply in the following manner:*

- *CERES' Brief Introduction to Requirements for Organic Crop Production document, which is provided to new applicants as information to enable them to comply with the USDA organic regulations, incorrectly states that only composted manure may be used. The document also states that the operation must undergo a conversion period, which begins “when the farmer decides to start producing organic.” These instructions do not comply with § 205.501(a)(8).*
- *CERES' Unannounced Inspections work instruction states, “Definition: Only in very exceptional cases, where a high risk of not meeting the operator is combined with high travel expenses, the operator can be informed maximum 48 hours in advance.” This instruction does not meet the requirements of section 4.1.9 of NOP 2609 Instruction Unannounced Inspections, which states, “the certifying agent may notify the operation up to four (4) hours prior to the inspector arriving on-site to ensure that appropriate representatives are present.”*
- *CERES' NOP and JAS Certificate Surrender work instruction incorrectly states, “Interpretation: NOP recently allows to include an expiration date for the document, and CERES is implementing this, but even if the paper expires, the operator's certification as such does not.” This statement does not comply with section 3.1 of NOP 2603 Instruction Organic Certificates, which clarifies, “Organic certificates cannot include expiration dates.”*
- *CERES' NOP and JAS Certificate Surrender work instruction states, “1 week before inspection: In the case of NOP, the headquarter sends a Proposed suspension letter to the client, informing that the certification will have to be suspended, if neither the OMP update nor the surrender declaration are submitted before the inspection... 20 days after inspection: The CERES headquarter sends a suspension letter to the operator, with copy to the USDA.” This instruction not comply with § 205.662 Noncompliance Procedures for Certified Operations, which requires that the certifying agent first send the certified operation a notification of noncompliance.*
- *CERES' Sampling work instruction states, “5.4 Records: The sampling record (4.10.3) must always be completed and signed while on site. If possible, leave a signed copy with the client. If not, send a scanned copy to the client once you arrive back home.” This instruction does not comply with § 205.403(e)(1), which states, “At the time of the*

*inspection, the inspector shall provide the operation's authorized representative with a receipt for any samples taken."*

- *CERES' Certification Decision template (4.6.9.2 Certification Decision T 12-03-20), which certification staff use to issue adverse action notices, does not comply with § 205.662. The notice of noncompliance and proposed revocation incorrectly states that a revoked operation must request reinstatement. Only suspended operations are required to request reinstatement. Also, the notices of proposed suspension and proposed revocation state, "Unless the indicated noncompliances are corrected in the meanwhile, the revocation will become effective from the date indicated below." The notices incorrectly provide the operation with an opportunity to correct the noncompliance.*
- *CERES' Brief Information NOP document incorrectly states,*
  - *"Made with Organic - The same ingredient must not be contained organic and nonorganic." NOP 5032 Guidance Products in the "Made with Organic \*\*\*" Labeling Category states that if a product contains both organic and nonorganic forms of the same ingredient, the ingredients must be identified separately in the ingredient statement;*
  - *"Transaction certificates (TCs) need to be issued for products under the equivalence agreement. So e.g. for a shipment from Spain to the US, CERES has to issue a TC confirming that the products complies with the equivalence agreement. Vice versa, for a product shipped from the US to the EU, the US certifier has to issue a TC." The form certifying agents are required to issue for products traded under an equivalency arrangement is not a transaction certificate, but an NOP Import Certificate.*
  - *"For the time being, CERES stick to the following policy: If there is evidence that the entire supply chain, starting from the farm, is based inside the EU, then it is sufficient for suppliers to be certified to EU Regulation (EC) 834/07. If part of the supply chain is outside the EU, or there is not sufficient proof of the origin of the raw material, then suppliers must hold a valid NOP certificate." This policy does not comply with § 205.102, which requires all products sold, labeled, or represented as NOP-certified to be produced with NOP-certified ingredients. An interview with certification staff revealed that CERES' certified operations in Bulgaria currently use EU-certified ingredients to produce products that are sold, labeled, and represented as NOP-certified.*

**Corrective Actions:** CERES updated the following documents to comply with the USDA organic regulations, and staff training sessions are scheduled for September 2016:

- Brief Introduction Crops 3.2.1 allows manure use, with restrictions, per 205.203 and a conversion period per 205.501(a)(8);
- Unannounced Inspections 4.2.4 states that no more than 4 hours' notice is allowed for unannounced inspections for USDA NOP;
- Certificate Surrender NOP 4.2.15 specifies that NOP certificates do not have expiration dates per 205.404, and that a notice of noncompliance shall first be issued to operations that fail to renew per 205.662 (instead of immediately issuing a proposed suspension);
- Sampling Work Instruction 4.10.1 requires that a signed copy of the sampling record be issued to the client per 205.403(3)(1);

- The option to correct the noncompliance has been removed from the suspension/revocation templates; the option to request reinstatement has been removed from the revocation template;
- Brief Information NOP 3.2.10 explains the labeling requirements for products in the “made with organic” category and requires that organic ingredients be identified in the ingredient statement. The updated document also explains the requirements for certified organic products eligible under the terms of the U.S.-EU equivalency.

**NP5292LCA.NC11 – Accepted**—7 CFR § 205.501(a)(9) states, “A private or governmental entity accredited as a certifying agent under this subpart must: Maintain all records pursuant to § 205.510(b) and make all such records available for inspection.”

**Comments:** *All records of cost estimates issued, including amounts charged, by CERES’ satellite offices in South America, Turkey, Spain, and Egypt were not available for inspection at the time of the office audit due to the fact that the records are maintained at the satellite offices.*

**Corrective Actions:** CERES developed a new procedure for records handling that was shared with branch/satellite offices. This procedure describes various tasks (and associated records) involved in certification and specifies the party (branch office or headquarters office) responsible for ensuring task completion and records maintenance. CERES provided documentation confirming that staff at branch offices had been informed of the updated procedure.

**NP5292LCA.NC12 –Accepted**—7 CFR § 205.662(a) states, “When an inspection, review, or investigation of a certified operation by a certifying agent or a State organic program's governing State official reveals any noncompliance with the Act or regulations in this part, a written notification of noncompliance shall be sent to the certified operation. Such notification shall provide: A description of each noncompliance; and the date by which the certified operation must rebut or correct each noncompliance and submit supporting documentation of each such correction when correction is possible.”

**Comment:** *Of 10 files reviewed where notices of noncompliance were issued, one notice included an incorrect reference to the USDA organic regulations, and six of the notices did not specify the deadline by which the certified operation must rebut or correct each noncompliance. The CERES template does not allow the evaluator to specify a response due date; instead, the template is limited to the following deadlines: within one week, within two weeks, or before issuance of certificate.*

**Corrective Actions:** CERES’ updated noncompliance template (4.9.3.1) now includes a field where the evaluator specifies the due date for the operator to respond. CERES’ updated work instruction for issuing noncompliances (4.9.1) requires evaluators to confirm that USDA regulatory citations are correct based on the details of the inspection findings. CERES provided documentation and training logs confirming that staff had been informed via e-mail and webinar of the updated template and instruction for evaluation of noncompliance citations.

**NP5292LCA.NC13 –Accepted**—7 CFR § 205.662(c)(4) states, “When rebuttal is unsuccessful or correction of the noncompliance is not completed within the prescribed time period, the certifying agent ... shall send the certified operation a written notification of proposed suspension or revocation of certification of the entire operation or a portion of the operation, as

applicable to the noncompliance. ... The notification of proposed suspension or revocation of certification shall state: ... the right to request mediation pursuant to § 205.663 or to file an appeal pursuant to §205.681.”

**Comment:** *One certified operation that received a notification of proposed suspension provided corrective actions, which CERES accepted to resolve the proposed suspension. CERES’ procedures allow operations to submit corrective actions upon receiving a proposed suspension notification, which is not compliant with § 205.662(c).*

**Corrective Actions:** CERES’ updated the noncompliance procedure and proposed suspension template to clarify that operations have the option to request mediation or file an appeal, but not submit corrective actions. CERES provided documentation confirming that staff reviewers had been informed of the updated procedure via e-mail. Staff training on this issue is also planned for mid-September 2016.

**NP5292LCA.NC14 – Accepted**—7 CFR §205.501(a)(21) states “A private or governmental entity accredited as a certifying agent under this subpart must: Comply with, implement, and carry out any other terms and conditions determined by the Administrator to be necessary.” NOP 2027 *Personnel Performance Evaluations* section 3.2(b) states, “Inspectors should be evaluated during an onsite inspection by a supervisor or peer (another inspector) at least annually.”

**Comments:** *CERES’ current policy for conducting field evaluations of inspectors is based on a two-year cycle. There are provisions for conducting evaluations more frequently if it is deemed necessary. A review of records confirmed that field evaluations are not being conducted annually.*

**Corrective Actions:** CERES’ updated their staff evaluation procedure to require all inspectors who conduct USDA NOP inspections to receive an annual field evaluation. CERES provided documentation to verify that all inspectors received field evaluations in 2016.

**NP5292LCA.NC15 – Accepted**—7 CFR §205.501(a)(21) states “A private or governmental entity accredited as a certifying agent under this subpart must: Comply with, implement, and carry out any other terms and conditions determined by the Administrator to be necessary.” NOP 4009 *Who Needs to be Certified* states, “Certified operations commonly contract with other businesses for goods and services. Such contracts may be permissible, as long as they do not involve the production or handling of organic agricultural products not explicitly subject to inspection by a certifying agent or the NOP. (See 7 CFR 205.400, 205.403 and 205.660.) In other words, an uncertified operation may not produce or process, on its own land or premises, agricultural products to be sold, labeled, or represented as organic on behalf of a certified operation.”

**Comments:** *A review of two grower group files and one handler file revealed that CERES allowed the certified operations to contract with uncertified producers to produce, on their own land, organic products on behalf of the certified operations.*

**Corrective Actions:** CERES’ updated procedures for certification to specify that subcontracting with uncertified operations to provide certified product is prohibited; each operation shall be individually certified and issued its own certificate. CERES conducted training and provided documentation confirming that staff had been informed of the updated procedure.

## **NP5292LCA.NC16 – Rebutted and accepted**

**NP5292LCA.NC17 – Accepted**—7 CFR § 205.402 (a)(2) states “Upon acceptance of an application for certification, a certifying agent must: Determine by a review of the application materials whether the applicant appears to comply or may be able to comply with the applicable requirements of subpart C of this part.”

**Comment:** *A review of certification files revealed the following:*

- *In two files reviewed, the operations’ organic system plans indicated that sanitizers or pest control chemicals were being used. Although the names of the materials were not listed in the OSP, CERES did not require the operations provide such information.*
- *One livestock file reviewed did not include information on shade or water sources in the pastures per § 205.240. CERES’ livestock Organic Management Plan template does not ask for information on shade or water sources in pasture areas.*

**Corrective Actions:** CERES’ revised livestock organic system plan requires operators to provide information on shade and water sources in pasture areas. CERES also updated the instruction for material review, which requires operations to report any sanitizers and pest control products on the organic system plan. The revised procedure requires reviewers to verify compliance of materials, including sanitizers and pest control products. CERES provided documentation confirming that staff reviewers had been informed of the updated documents via e-mail.

**NP5292LCA.NC18 – Accepted**—7 CFR §205.405 (f) states “A certifying agent who receives a new application for certification, which includes a notification of noncompliance or a notice of denial of certification, must treat the application as a new application and begin a new application process pursuant to §205.402.”

**Comment:** *In one of the two denial cases reviewed, CERES did not require an operation to re-apply as a new applicant for certification after issuing the operation a denial of certification. Instead, CERES performed an additional inspection and based on the result of the inspection, CERES issued the operation a second denial of certification.*

**Corrective Actions:** CERES’ revised procedures and notice of denial template now specify that applicants denied certification may re-apply for certification in the future. CERES provided documentation confirming that staff had been informed of the updated documents via e-mail. Staff training on this issue is also planned for mid-September 2016.

**NP5292LCA.NC19 – Accepted**—7 CFR §205.501(a)(11)(v) states, “A private or governmental entity accredited as a certifying agent under this subpart must: Prevent conflicts of interest by: Requiring ... all parties responsibly connected to the certifying agent to complete an annual conflict of interest disclosure report.”

**Comment:** *AbCert became a shareholder of CERES in 2015, which makes AbCert a responsibly connected party. However, CERES did not require AbCert to complete conflict of interest report.*

**Corrective Actions:** CERES provided documents, an analysis of related bodies and a conflict of interest disclosure letter, demonstrating that AbCert does not pose a conflict of interest risk.

**NP5292LCA.NC20 – Accepted**—7 CFR § 205.501(a)(2) states, “A private or governmental entity accredited as a certifying agent under this subpart must: Demonstrate the ability to fully comply with the requirements for accreditation set forth in this subpart.”

**Comment:** *A review of a file where the operation appealed CERES’ proposed revocation indicated that USDA AMS required CERES to issue a rescission letter to the operation. A review of the letter revealed that CERES did not issue a rescission, but instead issued a notification of “Resolution of Proposed Revocation of your Organic Certification,” which incorrectly stated that the noncompliance was “resolved.”*

**Corrective Actions:** CERES’ developed a rescission letter template to use should they need to rescind an adverse action notice, which states that the operator’s appeal has been accepted.



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<b>Auditor(s):</b>	Julie Hartley, Accreditation Manager
<b>Program:</b>	USDA National Organic Program (NOP)
<b>Audit Date(s):</b>	April 17, 2013
<b>Audit Identifier:</b>	NP2149EEA
<b>Action Required:</b>	No
<b>Audit Type:</b>	Corrective Action audit
<b>Audit Objective:</b>	To verify review and approve corrective actions addressing the noncompliances identified during the Mid-Term Assessment.
<b>Audit Criteria:</b>	7 CFR Part 205, <i>National Organic Program; Final Rule</i> , dated December 21, 2000; updated March 15, 2012.
<b>Audit Scope:</b>	CERES' April 10 and April 25, 2013, response letters to the Mid-Term Assessment noncompliance report
<b>Location(s) Audited:</b>	Desk

## GENERAL INFORMATION

Certification of Environmental Standards, GmbH (CERES) is currently approved as a certifying agent to the USDA National Organic Program (NOP) for the scopes of crops, livestock, wild crop, and handling. As of January 2, 2012, CERES had 555 clients certified to the NOP, which consisted of 312 crop (10 of which are greenhouse operations), 37 wild crop, 5 livestock operations, and 243 handlers (including 5 distributors and 238 traders). CERES also has 47 grower groups listed on the certified operations list. CERES certifies clients to the NOP in Albania, Bhutan, Bolivia, Bulgaria, Chile, China, Columbia, Dominican Republic, Ecuador, Egypt, Ethiopia, Germany, Grenada, Jamaica, Macedonia, Mexico, Morocco, Nepal, Papa New Guinea, Paraguay, Peru, Philippines, Poland, Romania, Russia, Saudi Arabia, Serbia, Singapore, Spain, Taiwan, Tanzania, Thailand, Turkey, Uganda, Ukraine, and Vietnam.

## AUDIT INFORMATION

During the Mid-Term Assessment, the corrective actions for the four noncompliances (NC) identified during the 2010 Surveillance-Accreditation Renewal assessment were found to be implemented and effective. Those noncompliances were cleared. There were three noncompliances identified during this audit. The NOP notified CERES of these findings in writing on March 11, 2013. CERES submitted a response to the NOP on April 10, and then subsequent documentation requested by the NOP on April 25, 2013.



## FINDINGS

**NP2149EEA.NC1 – Accepted** – NOP § 205.662 Noncompliance procedure for certified operations.

- (a)(1-3) states, “*Notification*. When an inspection, review, or investigation of a certified operation by a certifying agent or a State organic program's governing State official reveals any noncompliance with the Act or regulations in this part, a written notification of noncompliance shall be sent to the certified operation. Such notification shall provide: (1) A description of each noncompliance; (2) The facts upon which the notification of noncompliance is based; and (3) The date by which the certified operation must rebut or correct each noncompliance and submit supporting documentation of each such correction when correction is possible.” *Records indicate that the noncompliance notification to banana growers in South America is different than those described in procedures in the QMS of CERES. The noncompliance letter is accompanied by an Annex of Non-compliances that are listed per farm. The Annex of Non-compliances does not refer to the Standard to which the noncompliance is issued against and ultimately to no specific “clause” of the Standard as required by NOP §205.662. Corrective Action:* CERES developed a new spreadsheet template, Annex 4.9.3.1 Details—Notice of Noncompliance, to be sent in conjunction with the issuance of a Notice of Noncompliance, template 4.9.3, to certified operations, including the banana growers in South America. The spreadsheet consists of drop-down menus that allow the CERES user to select the scope and type of noncompliance applicable; the NOP regulation is automatically assigned in a separate column. An area is available for the CERES user to enter a specific description of the noncompliance; the date that the operation must submit corrective actions by is explained in the notice and entered by CERES in Annex 4.9.3.1.
- (b) states, “*Resolution*. When a certified operation demonstrates that each noncompliance has been resolved, the certifying agent or the State organic program's governing State official, as applicable, shall send the certified operation a written notification of noncompliance resolution.” *In each instance where CERES has issued an Official Notice of Noncompliance or a combined notice, there is no record to show that written notification of resolution is being provided to the certified operations where verification of corrective actions takes place during the following year's inspection. There is no post-inspection letter of resolution. Corrective Action:* CERES revised its work instruction for Handling Noncompliances, Annex 4.9.1, Section 5.10, to state that a resolution letter shall be issued once sufficient proof of noncompliance correction has been obtained including the instances when a corrective action is verified during an on-site inspection. CERES submitted the template, 4.9.3.2, Resolution Letter T, and the Annex 4.9.3.1 Details—Notice of Noncompliance which is issued with the resolution. The date when the noncompliance resolution is issued is documented on Annex 4.9.3.1 and CERES evaluation officers were instructed to include references to resolved noncompliances in the new spreadsheet, Annex 4.9.3.1. CERES has implemented the use of these documents.



- (c) states, “*Proposed suspension or revocation.* When rebuttal is unsuccessful or correction of the noncompliance is not completed within the prescribed time period, the certifying agent or State organic program's governing State official shall send the certified operation a written notification of proposed suspension or revocation of certification of the entire operation or a portion of the operation, as applicable to the noncompliance. When correction of a noncompliance is not possible, the notification of noncompliance and the proposed suspension or revocation of certification may be combined in one notification. The notification of proposed suspension or revocation of certification shall state: (1) The reasons for the proposed suspension or revocation; (2) The proposed effective date of such suspension or revocation; (3) The impact of a suspension or revocation on future eligibility for certification; and (4) The right to request mediation pursuant to §205.663 or to file an appeal pursuant to §205.681.” *In two of twelve files reviewed, it was observed that in cases where a certified operation failed to submit an updated OSP and/or associated fees, a combined Notice of Noncompliance and Proposed Suspension was issued. The formal notification provided all information prescribed regarding suspension and reinstatement and the appropriate clauses of the Rule; however, the actual clause of the Rule for failure to update is not cited and a failure to update is not a noncompliance that would be covered according to §205.662(c) that allows combined notification if the identified noncompliance is not correctable. In this case the submission of the updated OSP and/or payment of fees would be an acceptable corrective action.* **Corrective Action:** CERES developed and implemented a new template, Annex 4.9.3.3, Notice of Noncompliance, to be issued to any operation that has not submitted an annual organic system plan and has not surrendered its organic certificate. The notice template captures the NOP regulation for failure to update an organic system plan.

**NP2149EEA.NC2– Accepted** – NOP § 205.660(d) states, “Each notification of noncompliance, rejection of mediation, noncompliance resolution, proposed suspension or revocation, and suspension or revocation issued pursuant to §205.662, §205.663, and §205.665 and each response to such notification must be sent to the recipient's place of business via a delivery service which provides dated return receipts.” *The procedures at CERES are to supply all notices of Noncompliance or adverse actions electronically; there is no provision to manage Noncompliance and Adverse Action notices by delivery service that would provide dated return receipts.* **Corrective Action:** CERES has implemented the use of the registered e-mail service RPost to submit any notification of noncompliance, rejection of mediation, noncompliance resolution, proposed suspension or revocation, and suspension or revocation.

**NP2149EEA.NC3 – Accepted** – NOP § 205.501(a)(6) states, “A private or governmental entity accredited as a certifying agent under this subpart must conduct an annual performance evaluation of all persons who review applications for certification, perform on-site inspections, review certification documents, evaluate qualifications for certification, make recommendations concerning certification, or make certification decisions and implement measures to correct any deficiencies in certification services.” *Personnel file reviews show that CERES full time staff received annual performance evaluations in 2012. However, contract inspectors hired by*

*CERES did not receive annual performance evaluations in 2012. Some contract inspectors have not been evaluated for more than two years.* **Corrective Action:** CERES completed 2012 performance evaluations for all inspectors and submitted examples of contracted inspector evaluations. CERES also developed and has implemented a template for its annual audit and training program that includes a section to document annual performance evaluations for all inspectors and indicates the person responsible. This is to be completed as a routine activity during the first three months of each year.



**Livestock and Seed Program  
Audit, Review, and Compliance Branch  
Quality System Audit Report**

**AUDIT INFORMATION**

<b>Applicant Name:</b>	Certification of Environmental Standards, GmbH (CERES)
<b>Est. Number:</b>	N/A
<b>Physical Address:</b>	Vorderhaslach Nr. 1, D-91230 Happurg, Germany
<b>Mailing Address:</b>	Same as above
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<b>Auditor(s):</b>	Corey D. Gilbert
<b>Program:</b>	USDA National Organic Program (NOP)
<b>Audit Date(s):</b>	July 21, August 9-16, October 26-27, and November 15, 2010
<b>Audit Identifier:</b>	NP0060ZZA
<b>Action Required:</b>	No
<b>Audit Type:</b>	Corrective Action Audit
<b>Audit Objective:</b>	To verify that corrective actions adequately address the non-compliances identified during the on-site Surveillance-Accreditation Renewal Audit.
<b>Audit Criteria:</b>	7 CFR Part 205, National Organic Program; Final Rule, dated December 21, 2000; updated August 24, 2010.
<b>Audit Scope:</b>	Submitted corrective actions
<b>Location(s) Audited:</b>	Desk

CERES submitted corrective actions to the NOP on July 21, 2010, and they were forwarded to the auditor on the same date. CERES submitted additional corrective actions on October 27, 2010.

**FINDINGS**

The corrective actions submitted by CERES adequately addressed the non-compliances identified during the on-site Surveillance-Accreditation Renewal Audit.

**NP0060ZZA.NC1 – Adequately Addressed** – NOP §205.403(e)(2) states, “A copy of the on-site inspection report and any test results will be sent to the inspected operation by the certifying agent.” NOP §205.662(a) states, “When an inspection, review, or investigation of a certified operation by a certifying agent...reveals any noncompliance with the Act or regulations in this part, a written notification of noncompliance shall be sent to the certified operation. NOP §205.662(e)(1) states, “If the certified operation fails to correct the noncompliance, to resolve the issue through rebuttal or mediation, or to file an appeal of the proposed suspension or revocation of certification, the certifying agent...shall send the certified operation a written notification of suspension or revocation.” *A file review of a certified*



## Livestock and Seed Program Audit, Review, and Compliance Branch Quality System Audit Report

operation in Tanzania (group certification for cotton production and processing) indicated that CERES did not follow the NOP requirements for providing an inspection report, notification of non-compliance, and notification of suspension to a certified operation. An annual inspection for the certified operation was conducted on September 22-30, 2009, and based on the large number of major non-compliances identified by the inspector it was determined the inspection would not be completed until the certified operation had addressed them. The subcontracted inspection body in Tanzania sent the certified operation a letter on October 5, 2009, informing the inspection would not be finished until the company addressed the major non-compliances identified during the inspection. The letter identified fourteen non-compliances including issues with the ICS, lack of documentation of organic status of purchased product, and no separation of organic and non-organic product; however, it did not reference the NOP Rule or provide a deadline for submitting corrective actions. The client never responded to this letter, an additional inspection was never conducted, and a report was never sent to CERES by the subcontracted inspector. CERES never issued a report or formal Notification of Non-compliance to the client; however, when the client did not respond to the letter from the subcontracted inspection body, CERES issued a Notice of Proposed Suspension to the certified operation on March 18, 2010, with a deadline of submitting corrective actions and effective date of proposed suspension of March 31, 2010. The Notice of Proposed Suspension referenced non-compliances identified in the September 2009 inspection regarding the ICS and purchasing system and addressed the ramifications of suspension and their right to request mediation or file an appeal. The certified operation did not submit corrective actions in response to the Notice of Proposed Suspension and immediately informed CERES they were applying to another accredited certifying agent (ACA). CERES sent an e-mail on March 19, 2010, to the other ACA, the certified operation, and the NOP stating that the certified operation had multiple major non-compliances that had not been addressed, that the other ACA should handle it accordingly, and that the CERES was not interested in working with this client any longer. After the time period for appeal passed and the client did not submit any corrective actions, CERES did not send the certified operation a Notification of Suspension. **Corrective Action:** CERES revised the Inspection and Certification Work Instruction (QM 4.01) to ensure the inspection report is sent to the client and revised the Work Instruction Handling Non-compliances (QM 4.9.1) to ensure Notification of Non-compliance are sent to clients with the report. CERES created a new software based decision tool (QM 4.6.9.2) to assist staff in taking the proper actions in correct sequence when issuing notices of non-compliance and adverse action. CERES submitted a training record documenting that all responsible staff had been appropriately trained on the updated procedures for notices of non-compliances and proposed adverse actions.

**NP0060ZZA.NC2 – Adequately Addressed** – NOP §205.504 states, “A private or governmental entity seeking accreditation as a certifying agent must submit...: (b)(1) A copy of the procedures to be used to evaluate certification applicants, make certification decisions, and issue certification certificates.” CERES does not have procedures in place to address the label review and approval process. Label records created do not sufficiently document the status of submitted labels (approval status, date of approval, etc.). Labels reviewed during the witness audits and on-site office audit verified that bulk and retail labels approved by CERES comply with the NOP label requirements. **Corrective Action:** CERES created a new document (QM 3.2.24 Brief Introduction to Organic Labelling) to describe the basic requirements. CERES revised the Report Review Work Instruction (QM 4.2.8) to include a section on label approval. CERES created templates for label approval (QM 4.6.10.2 and 4.6.10.3) which document the approval status and date of approval. CERES submitted a training record documenting that all



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responsible staff had been appropriately trained on the new label approval procedures.

**NP0060ZZA.NC3 – Adequately Addressed** – NOP §205.404(c) states, “Once certified, a production or handling operation’s organic certification continues in effect until surrendered by the organic operation or suspended or revoked by the certifying agent... or the Administrator. *The NOP organic certificates issued by CERES contain a document expiration date which changes annually.* **Corrective Action:** CERES revised their template certificate (QM 4.8.2 to identify the first date of NOP certification (remains unchanged) and the next inspection due date. CERES submitted a complying NOP certificate which was issued using the new format.

**NP0060ZZA.NC4 – Adequately Addressed** – NOP §205.642 states, “The certifying agent shall provide each applicant with an estimate of the total cost of certification and an estimate of the annual cost of updating the certification. The fee schedule must explain what fee amounts are nonrefundable and at what stage during the certification process fees become nonrefundable.” *CERES provides applicants an offer for inspection which includes the cost of certification; however, it does not give the client an estimate of the annual cost of updating the certification. The fee schedule also does not explain at what stage in the process what fees or portion thereof become nonrefundable.* **Corrective Action:** CERES revised their cost estimate (QM 3.3.1.1 Offer) to specify the annual cost of certification is the same as the initial certification cost. CERES revised their fee schedule (QM 3.1.4 Invoicing Rules) to state the 50% prepayment is nonrefundable after the onsite inspection has been completed.