



United States Department of Agriculture

Agricultural Marketing Service

National Organic Program

IBD Certifications

Rua Amando de Barros, 2275— Centro, 18602-150, Botucato, Sao Paulo, Brazil

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, Wild Crops, Livestock and Handling 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 OF ACCREDITATION



Certificate No: **NP7093MMA**

Effective Date: **July 11, 2017**

Expiration Date: **July 22, 2022**

Ruihong Guo, Ph.D.
Acting Deputy Administrator
National Organic Program

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NATIONAL ORGANIC PROGRAM: CORRECTIVE ACTION REPORT

AUDIT AND REVIEW PROCESS

The National Organic Program (NOP) conducted a renewal assessment of IBD Certification's (IBD). An onsite audit was conducted, and the audit report reviewed to determine IBD's capability to continue operating as a USDA accredited certifier.

GENERAL INFORMATION

Applicant Name	IBD Certifications, Ltd.
Physical Address	Rua Amando de Barros 2275 – Centro, Botucatu, Sao Paulo, Brazil
Mailing Address	Rua Amando de Barros 2275 – Centro, Botucatu, Sao Paulo, Brazil
Contact & Title	Gwendal Bellocq, General Manager
E-mail Address	gwendal@ibd.com.br
Phone Number	55 (14) 3811-9800
Reviewer(s) & Auditor(s)	Graham Davis, NOP Reviewer; Penny Zuck and Miguel Caeres, Onsite Auditor(s).
Program	USDA National Organic Program (NOP)
Review & Audit Date(s)	Corrective actions review: July 31, 2017 NOP assessment review: June 13, 2017 Onsite audit: April 4-12, 2017
Audit Identifier	NP7093MMA
Action Required	None
Audit & Review Type	Renewal Assessment
Audit Objective	To evaluate the conformance to the audit criteria; and to verify the implementation and effectiveness of [ACA acronym]'s certification system.
Audit & Determination Criteria	<i>7 CFR Part 205, National Organic Program as amended</i>
Audit & Review Scope	IBD's certification services in carrying out the audit criteria during the period:

NOP conducted an accreditation renewal onsite audit April 4-12, 2017.

IBD Certifications Ltd (IBD) is a limited liability company that was accredited on July 11, 2002, to the following scopes: crops, wild crops, livestock, and handling/processing. IBD certifies 243 operations: 116 crops, 17 wild crops, 22 livestock (only apiculture), and 143 handling. There are 17 grower groups. The majority of the USDA organic certified operations are located in Brazil, but there are certified operations in China. IBD certifies 21 trader/export operations.

IBD is accredited to provide certification to multiple organic certification schemes.

The IBD certification program staff includes an Executive Director, a Quality Manager, five Certification Managers, an Input Approval Program Manager, six Technical Reviewers, and two administrative staff. There are 41 subcontracted inspectors (21 in Brazil and 20 in China).

The onsite audit included one witness audit of a processor/handler located in Cordeiropolis, Sao Paulo, Brazil, and one witness audit of a grower group located in Parnaiba, Piaui, Brazil.

NOP DETERMINATION:

NOP reviewed the onsite audit results to determine whether IBD'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.

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 "**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.

NP6308RKA.NC1 – Cleared.
NP5053RKA.NC1 – Cleared.
NP5053RKA.NC2 – Cleared.
NP5053RKA.NC3 – Cleared.
NP5053RKA.NC4 – Cleared.
NP5053RKA.NC5 – Cleared.

NP5053RKA.NC6 – Accepted. 7 CFR § 205.501(a)(21) states, "Comply with, implement, and carry out any other terms and conditions determined by the Administrator to be necessary."

Comments: *IBD did not conduct field evaluations for all inspectors in 2014.*

Corrective Action: IBD's previous guidance on field evaluations was realigned to understand annual field evaluations are to be completed for all inspectors. The IBD Quality Manager, is responsible for completing annual field evaluations and scheduled the evaluations in the Quality Department annual calendar. IBD has completed 13 annual field evaluations (60%) and scheduling the remaining 9 field evaluations of remote inspectors prior to December 31, 2015. This policy is supported by IBD's current Performance Evaluation Procedure, which correctly outlines the frequency, proper evaluation documentation, responsible persons.

2017 Verification of Corrective Action: Auditor reviewed documentation of field evaluations of inspectors during 2015. A field assessment of one inspector in northern Brazil was scheduled, but did not occur and the majority of inspectors in China were not evaluated. Field evaluations were

scheduled for all inspectors in 2016; however, one inspector was not evaluated. The evaluation is scheduled for next week.

2017 Corrective Action: IBD submitted alternative procedure to conduct NOP field evaluations for each inspector. Inspector's performance is evaluated for each audit by filling in the applicable fields of the audit performance evaluation in IBD's electronic system. Inspectors of the USDA NOP certification scheme who had a general performance (audit performance evaluation) below 70% must be evaluated at least once annually. Those who had a performance between 70% and 90% must be evaluated at least once every two years. IBD will implement a routine procedure (by July 2017) to monitor the shadow audit schedule at least every two months to ensure that field evaluations are being conducted on schedule. IBD has created a calendar reminder (two months prior to the field evaluation) that will appear in the Service Manager' Outlook calendar.

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.

NP7093MMA.NC1 – Accepted. 7 CFR §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.”

Comments: *Notifications are being sent to operations via email but do not include return receipt for confirmation of delivery.*

2017 Corrective Action: IBD has implemented an email delivery receipt confirmation system. IBD has revised and submitted their Certification Procedure to require staff so use the new system and save the delivery receipt confirmation with the email. In July of 2017, IBD conducted staff training regarding the procedure update and an activity on IBD's electronic system workflow to ensure that the confirmation of delivery is saved in IBD electronic database together with the corresponding notice. IBD submitted evidence that their staff has implemented the delivery confirmation system and that delivery confirmation receipts are being saved in IBD electronic system together with the corresponding notice.

NP7093MMA.NC2 – Accepted. 7 CFR §205.403(a)(2)(ii) states, “The Administrator...may require that additional inspections be performed by the certifying agent for the purpose of determining compliance with the Act and the regulations in this part.” NOP 2609 section 4.1.9 states, “An unannounced inspection should not include prior notification of the inspector's arrival. However, there may be special cases where extenuating circumstances make it impossible to conduct an unannounced inspection of the operation without prior notification (e.g. biosecurity issues). In such cases, 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.

Comments: *IBD's unannounced inspection procedure indicates the inspector can notify the operation 48 hours in advance.*

2017 Corrective Action: IBD revised and submitted their certification procedure to clarify that unannounced inspections cannot be announced to the client in any way, specifically excluding the possibility to inform the client until 48 hours before the inspection. IBD communicated the change in their certification procedure to the inspector's team, through a circulated letter (July 2017), and by online training. IBD plans reiterate NOP requirements for unannounced inspections during their next annual training for their inspection staff (October 2017).

NP7093MMA.NC3 – Accepted. 7 CFR § 205.501(a)(21) 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; Comply with, implement, and carry out any other terms and conditions determined by the Administrator to be necessary.” The NOP website provides instructions and the terms of international trade arrangements.

US – Canada Equivalency Arrangement: Labeling requirements. For retail products, labels or stickers must state the name of the U.S. or Canadian certifying agent and may use the USDA Organic seal or the Canada Organic Biologique logo. All product labels must be in English and French. Wholesale products only require lot numbers.

Comments: *IBD is not reviewing labels for products being exported to Canada under the US-Canada Equivalency Arrangement.*

2017 Corrective Action: IBD submitted a list of clients who exports to Canada and the results of their label reviews. IBD verified that the labels of the operations listed are compliant with the requirements of US-Canada Equivalence. IBD revised and submitted their transaction certificates issuance procedure to include the verification of exported products to Canada and that the products meet the labeling requirements of the equivalence agreement. In April and July of 2017, IBD provided training to their staff involved in the review of labels and transaction certificates procedure in order to review the requirements of product labels exported to Canada under the US-Canada Equivalency Arrangement.

NP7093MMA.NC4 – Accepted. 7 C.F.R. §205. 402(a)(2) states, “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;...” §205.206(e) states that an Organic System Plan must include, “Additional information deemed necessary by the certifying agent to evaluate compliance with the regulations.”

Comments: *IBD did not assess the input material restriction (i.e. annotations) for compliance (when applicable) during a material input review of a nonagricultural (nonorganic) substance allowed as an ingredient in or on processed products labeled as “organic” or “made with organic (specified ingredients or food group(s)).”*

2017 Corrective Action: IBD obtained confirmation from the operation regarding the compliance of the material in question (citric acid). The operation confirmed that the citric acid in question is produced according to the restriction (produced by microbial fermentation of carbohydrate substances) required in NOP 205.605(a). In July of 2017, IBD provided training to their staff regarding this NOP 205.605(a). In July of 2017, IBD also provided training that included instruction regarding NOP requirements for input material restrictions. IBD circulated a letter (July 2017) to inform their staff that they need to check all restrictions applicable to inputs.

IBD plans to reinforce the NOP requirements regarding restrictions for input materials during their next annual training (October 2017) of their certification staff.

NP7093MMA.NC5 – Accepted. 7 CFR §205.402(a)(2) states, “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;...” §205.201(a)(2) states that an Organic 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.”

Comments: *The Organic System Plan for a grower group operation did not include a list of all inputs and materials allowed for use by the members. One member producer asked the IBD inspector during the inspection how to obtain an input approved. The IBD manager confirmed that IBD does not require the grower group to maintain a list of inputs.*

2017 Corrective Action: IBD revised and submitted their grower group report template to include the verification of all approved inputs and materials used by group members. In July of 2017, IBD provided training to their staff regarding this requirement of grower groups. A staff training was held on July 13, 2017 that included instructions regarding NOP grower group requirements. A letter (July 2017) was sent to all of IBD’s inspectors about update of the group inspection reports templates. IBD will provide additional training to reinforcement NOP requirements during the inspector’s annual training (October 2017).

NATIONAL ORGANIC PROGRAM: CORRECTIVE ACTION REPORT

AUDIT AND REVIEW PROCESS

The National Organic Program (NOP) conducted a mid-term assessment of IBD Certifications. An onsite audit was conducted, and the audit report reviewed determined IBD Certifications' capability to continue operating as a USDA accredited certifier.

GENERAL INFORMATION

Applicant Name	IBD Certifications (IBD)
Physical Address	Rua Amando de Barros, 2275 – Centro, Botucatu, Sao Paolo, Brazil
Mailing Address	Same
Contact & Title	Gwendal Bellocq, General Manager
E-mail Address	gwendal@ibd.com.br
Phone Number	55 (14) 3811-9800
Reviewer(s) & Auditor(s)	Jason Lopez, NOP Reviewer; Renee Gebault King and Lars Crail, Onsite Auditors.
Program	USDA National Organic Program (NOP)
Review & Audit Date(s)	NOP Corrective action review: September 4, 2015 NOP assessment review: July 17, 2015 Onsite audit: February 23-March 1, 2015
Audit Identifier	NP5053RKA
Action Required	None
Audit & Review Type	Mid-Term Accreditation Assessment
Audit Objective	To evaluate the conformance to the audit criteria; and to verify the implementation and effectiveness of IBD's certification system.
Audit & Determination Criteria	7 CFR Part 205, National Organic Program as amended
Audit & Review Scope	IBD's certification services in carrying out the audit criteria during the period: March 2012 through February 2014.

IBD Certifications Ltd (IBD) is a limited liability company that was accredited as a certifying agent on July 11, 2002, to the USDA National Organic Program (NOP) for crops, wild crops, livestock, and handling operations. The 2014 IBD client list included approximately 188 USDA organic certified clients with 108 crop, 12 wild crop, 13 livestock (apiculture only), and 117 handling operations. Some of these operations contain dual certifications; there are also 29 grower groups. The majority of the USDA organic certified clients are currently located in Brazil, but there are two certified clients in China, one in Mexico, and one in Canada. IBD also has 11 trading operations certified to purchase/sell certified organic commodities.

IBD is accredited to multiple programs, including the following: Akkreditierungs Rat (DAP) for ISO Guide 65 to apply EN 45011; CE Regulation 834/2007; Brazilian Law 10.831; and Demeter International for biodynamic products. IBD applies additional industry and agricultural

certifications and has agreements with companies to provide certification services for the Japan Agriculture Standard (JAS), BIOSUISSE, and Canada Organic Regime (COR).

NOP DETERMINATION:

NOP reviewed the onsite audit results to determine whether IBD'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.

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.

NP010200A.NC3 – Cleared. 7 CFR §205.403(c) states, "The on-site inspection of an operation must verify: (1) The operation's compliance or capability to comply with the Act and the regulations in this part; (2) That the information, including the organic production or handling system plan, provided in accordance with §§205.401, 205.406, and 205.200, accurately reflects the practices used or to be used by the applicant for certification or by the certified operation; (3) That prohibited substances have not been and are not being applied to the operation through means which, at the discretion of the certifying agent, may include the collection and testing of soil; water; waste; seeds; plant tissue; and plant, animal, and processed products samples."

Comments: *In two of the client files reviewed, the inspectors did not include enough objective evidence to enable the final reviewer to make an adequate decision on certification.*

2010 Corrective Action: Inspectors have been informed, via email and written instruction, that they need to be including more objective evidence in their reports and reviewers have been informed that if there are any doubts that arise when reviewing the reports that they are to return the report to the inspector and request sufficient information/evidence.

2012 Onsite Review of Corrective Action: The inspection reports for the files reviewed indicated that the activities either meet the requirements or not, but they still do not contain sufficient documentation to allow the person making the certification decision to make an informed decision.

2012 Corrective Action: IBD has modified their Organic System Plan (OSP) templates to require more narrative details, in addition to the standard checklist, under Section 3, Management Plan. The template requires operators to describe their plans for management practices related to specific regulatory requirements for the upcoming production year. IBD also reported on these changes to internal staff, inspectors, and reviewers, who will now be required to request more detailed information regarding operational practices prior to inspection. IBD addressed this topic at its November 2012 inspector training, submitting an agenda and a sign-in sheet as proof of completion.

2015 Verification of Corrective Action: The auditors reviewed eight OSPs of various scopes during the assessment: two review audits (sugar cane production and processing), one witness audit (coffee roasting), and additional file reviews (an açai grower group with wild crop harvesting and handling, sugar cane production and processing). The OSP templates updated by IBD were reviewed by the auditors and were determined to contain sufficient information to allow IBD reviewers to make informed decisions regarding certification of new applicants or currently certified operations.

NP2077OOA.NC1 – Cleared. 7 CFR §205.405 (a) states, “When the certifying agent has reason to believe, based on a review of the information specified in §205.402 or §205.404, that an applicant for certification is not able to comply or is not in compliance with the requirements of this part, the certifying agent must provide a written notification of noncompliance to the applicant. When correction of a noncompliance is not possible, a notification of noncompliance and a notification of denial of certification may be combined in one notification. The notification of noncompliance shall provide: ... the date by which the applicant must rebut or correct each noncompliance and submit supporting documentation of each such correction when correction is possible.”

Comments: *The review of previous inspection reports and the observations made during the witness inspection of one of the certified beekeeping operations revealed major reoccurring noncompliances in previous years, such as poor recordkeeping and noncompliant forage zones. These major noncompliances should have precluded certification for this operation until the issues had been corrected. The corrective actions submitted did not adequately address the noncompliances, and the inspection revealed that the noncompliances had not been corrected. However, IBD granted certification in spite of the major recurring noncompliances.*

2013 Corrective Action: IBD modified section 3.1.1.1 of the inspector checklist to state that recurring minor noncompliances will automatically be converted to major noncompliances. IBD also revised its policies to state all noncompliances must be resolved within 30 days of the issuance of the written notice. IBD will require all noncompliances to be resolved prior to issuing a Notice of Noncompliance Resolution, and IBD will not grant initial or continuing certification until it has received such a resolution. In its instructions regarding follow-up to noncompliances, IBD further stated that all noncompliances must be resolved in order to issue a Notice of Noncompliance Resolution. As required by the NOP’s settlement agreement, IBD submitted revised procedures as supporting evidence of these changes and conducted training in December 2012 to review the NOP’s adverse action training module, as well as IBD’s new adverse action procedures. IBD’s next internal audit will evaluate the implementation of these actions.

2015 Verification of Corrective Action: The auditors reviewed the documents associated with the clients, which included a chocolate processor, honey processor, and a crop producer. The OSP templates, inspection reports and notice of denial letters illustrate that IBD did not grant certification when noncompliances resulted from the initial or follow-up inspections. Furthermore, records reviewed in reference to the crop producer confirmed that IBD required that noncompliances be corrected before certification was granted.

NP2077OOA.NC2 – Cleared. 7 CFR §205.404(a) states, “Within a reasonable time after completion of the initial on-site inspection, a certifying agent must review the on-site inspection

report, the results of any analyses for substances conducted, and any additional information requested from or supplied by the applicant. If the certifying agent determines that the organic system plan and all procedures and activities of the applicant's operation are in compliance with the requirements of this part and that the applicant is able to conduct operations in accordance with the plan, the agent shall grant certification. The certification may include requirements for the correction of minor noncompliances within a specified time period as a condition of continued certification.”

Comments: *A review of the certification files revealed that corrective actions for all minor noncompliances were not being resolved until the next annual inspection. Some of the minor noncompliances had to do with incomplete organic system plans, buffer zones, field history for current certification season, incomplete ICS, and the use of inputs without prior approval. These minor noncompliances need to be corrected, and the certifier needs to review these corrective actions, prior to the next inspection.*

2013 Corrective Action: IBD will now use the same adverse action procedure for both major and minor noncompliances. IBD will now issue all Notices of Noncompliance in writing as a part of the certification decision. IBD will only issue a certificate after all noncompliances have been resolved and a Notice of Noncompliance has been issued.

If the final review identifies a non-correctable violation, then IBD will combine the Notice of Noncompliance and Notice of Proposed Suspension into one. If the operation's corrective actions show continued evidence of major noncompliances, or if the violations are not corrected within the specified time period, then IBD will proceed to issue a Notice of Proposed Suspension. All Notices of Proposed Suspension shall discuss the operator's rights to appeal to the NOP. IBD submitted revised procedures and a revised quality manual as supporting evidence of these changes. Per the requirements of the NOP settlement agreement, IBD also conducted trainings on the NOP Penalty Matrix, utilizing the training module the NOP presented at the ACA annual training in Orlando, FL.

As required by the NOP settlement agreement, IBD also clarified the role of inspectors regarding issues of concern in exit interviews. The inspector's observations will no longer be classified as noncompliances, and IBD revised its exit interview forms to remove the requirement that operators enter proposed corrective actions at the time of the exit interview. Instead, inspectors are instructed to justify their observations and to base them on objective evidence. IBD provided a sample of their modified exit interview form as objective evidence.

2015 Verification of Corrective Action: The auditors reviewed IBD procedures, OSP templates and inspection reports. IBD confirmed it does not cite minor issues to clients, just noncompliances and major noncompliances. Furthermore, the auditors reviewed and discussed IBD's procedures for issuing separate or combined Notices of Noncompliance/Notices of Proposed Suspension. The auditor confirmed that the Notice of Proposed Suspension (separate or combined) letter templates explain the producer's options to seek mediation or an appeal. Interviews with the quality manager confirmed that the scenarios to issue a combined Notice of Noncompliance/Notice of Proposed Suspension are understood. IBD procedures grant inspectors the responsibility for reviewing the OSP and gathering any additional information from the operation prior to conducting the inspection. During the witness audit of an organic coffee roaster, the auditors noted that the IBD inspector properly cited findings, not noncompliances, on the inspection report and during the exit interview with the client.

NP207700A.NC5 – Cleared. 7 CFR §205.501(a) states, “A private or governmental entity accredited as a certifying agent under this subpart must: (21) Comply with, implement, and carry out any other terms and conditions determined by the Administrator to be necessary.” NOP Policy Memo 11-10 states, “Accredited certifying agents should use the National Organic Standards Board (NOSB) recommendations of October 2002 and November 2008 as the current policies.” The NOSB’s November 2008 recommendation section III.A states, “The producer group operation must establish and implement an Internal Control System (ICS), with supervision and documentation of production practices and inputs used at each sub-unit, and collected at each production unit, site, or facility to insure compliance with the USDA’s National Organic Program.”

Comments: *Two witness audits and interviews with the inspector indicated that grower groups that do not have an ICS are certified by IBD, so long as IBD conducts 100% inspections of all grower members and their facilities.*

2013 Corrective Action: As required by the NOP settlement agreement, IBD modified its quality manual to state that, “if a group has no functioning [internal control system], it is not eligible for grower group certification under the NOP.” The new policy incorporated NOP Policy Memo 11-10. IBD clarified that its previous policy for sub-licensees would now apply only to grower groups certified under the European Union organic standards. The revised inspection policy requires that IBD evaluate the internal control system annually.

2015 Verification of Corrective Action: The auditors reviewed two grower group files and the OSPs contained internal control system (ICS) documents.

Noncompliances Identified during the Current Assessment

NP5053RKA.NC1 – Accepted - 7 CFR § 205.404(b) states, “The certifying agent must issue a certificate of organic operation” and NOP 2603 further describes the elements of the organic certificate such as the anniversary date.

Comments: *Certificates reviewed during the assessment currently indicate the effective date (date of initial certification) and the date of last update (date last issued from the certifier). The anniversary date (when the OSP is due) is missing from the certificates.*

Corrective Action: On March 9, 2015, IBD corrected the “NOP certificate template” to include an anniversary date. IBD identified and reissued 74 certified operations a corrected NOP Organic Certificate. IBD conducted and documented the staff training on March 11, 2015, covering the new NOP certificate template.

NP5053RKA.NC2 – 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;” Furthermore, NOP 4009 describes the types of operations that need to be certified.

Comments: *Based upon interviews with IBD staff and the review of a coffee roaster, considered by IBD to be a “service provider,” the certifier is allowing the distributor’s certification to include the organic coffee processing/packaging performed by the uncertified service provider*

or co-packer. IBD conducts a full annual inspection at the service provider's facilities but it is not independently certified.

Corrective Action: IBD has identified 22 subcontracting operations in need of individual certification. IBD is receiving and reviewing all certification documents from the subcontractors prior to inspection and NOP certification. Currently, IBD has not completed certification of all identified operations and estimates completing the remaining certifications in 60 days. IBD reviewed this noncompliance and policy corrections with staff in a training conducted and documented on March 11, 2015.

NP5053RKA.NC3 – Accepted - 7 CFR § 205.670(d) states, “A certifying agent must, on an annual basis, sample and test from a minimum of five percent of the operations it certifies, rounded to the nearest whole number. A certifying agent that certifies fewer than thirty operations on an annual basis must sample and test from at least one operation annually. Tests conducted under paragraphs (b) and (c) of this section will apply to the minimum percentage of operations.

Comments: *When samples are collected for routine analysis as part of the 5% requirement, the clients are charged for the testing of the sample. Clients are not charged for samples collected for an investigation conducted by IBD or during an unannounced inspection.*

Corrective Action: IBD amended its certification proposal template to state operations certified exclusively to the NOP standard will not be charged laboratory analysis fees. The staff training of the template changes occurred on August 26, 2015. Template changes were also distributed via email on August 26, 2015.

NP5053RKA.NC4 – 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: *Below are two examples identified during the onsite audit that demonstrates errors in the application of USDA organic regulations and policy to the requirements of Organic System Plans (OSPs):*

- *A review of the certifier's OSP template identified that the OSP does not address the self-monitoring compliance activities described in 205.201(a)(3), “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.” The current IBD OSP template does not include the requirement that the operation conducts and documents an internal review of its own organic program.*
- *A review of the certifier's grower group OSP templates (other than for beekeeping operations) identified that it does not contain the requirement to provide sufficient maps of the collective group locations. 205.201(a) states “The producer or handler of a production or handling operation... must develop an organic production or handling system plan that is agreed to by the producer or handler and an accredited certifying agent. An organic system plan must meet the requirements set forth in this section for organic production or handling.” NOSB 2002 recommendation requires that “a list of*

information that the certifying agent must provide to the inspector prior to the inspection” include a, “General map of indicating the general region of each production zone,” and, “A more detailed map indicating the location of each of the communities to be inspected.” The current IBD OSP template does not require grower groups to submit general maps that identify all grower group sub-unit locations.

Corrective Actions: IBD submitted seven amended OSP templates for review. The submitted templates ask the applicant to describe the operation’s internal audit procedures and provide a map/sketch of the operation. On August 26, 2015, IBD documented staff training on the descriptions of audit procedures and site maps included in the new versions of the OSP templates. IBD also distributed the new OSP templates to inspectors via email on August 26, 2015.

NP5053RKA.NC5 – Accepted - 7 CFR 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.”

Comments: *According to IBD Quality Manual 12.6 Certification Decision, the inspection report is to be sent to the operation once the certification staff reviews the report. The inspection report from a December 2014 sugar mill unannounced inspection was not provided to the operation.*

Corrective Action: IBD sent a copy of the missing inspection report to the operation on March 6, 2015. IBD changed the certification procedure to make the IBD staff (inspection report reviewer) responsible for providing the inspection report to the applicant after reviewing the report. IBD has included an additional page to the inspection report template where the reviewer is to record the certification decision. On August 22, 2015, IBD emailed the new certification procedure to auditors and templates to auditors. On August 26, 2015, IBD trained staff on the new certification procedures and the new templates used to capture certification decision information.

NP5053RKA.NC6 – Accepted - 7 CFR § 205.501(a)(21) states, “Comply with, implement, and carry out any other terms and conditions determined by the Administrator to be necessary.”

Comments: *IBD did not conduct field evaluations for all inspectors in 2014.*

Corrective Action: IBD’s previous guidance on field evaluations was realigned to understand annual field evaluations are to be completed for all inspectors. The IBD Quality Manager, is responsible for completing annual field evaluations and scheduled the evaluations in the Quality Department annual calendar. IBD has completed 13 annual field evaluations (60%) and scheduling the remaining 9 field evaluations of remote inspectors prior to December 31, 2015. This policy is supported by IBD’s current Performance Evaluation Procedure, which correctly outlines the frequency, proper evaluation documentation, responsible persons.

AUDIT INFORMATION

Applicant Name:	IBD Certifications, Ltd.
Est. Number:	N/A
Physical Address:	Rua Amando de Barros, 2275 - Centro, 18602-150, Botucatu, Sao Paulo, Brazil
Mailing Address:	Rua Amando de Barros, 2275 - Centro, 18602-150, Botucatu, Sao Paulo, Brazil
Contact & Title:	Paul Espanion, Program Manager
E-mail Address:	paul@ibd.com.br
Phone Number:	55 14 38119800
Auditor(s):	Betsy Rakola, Accreditation Manager
Program:	USDA National Organic Program (NOP)
Audit Date(s):	June 11, 2012 – March 27, 2013 (Corrective Action Assessment)
Audit Identifier:	NP2077OOA
Action Required:	No
Audit Type:	Corrective Action Audit (Renewal Assessment)
Audit Objective:	To verify continuing compliance to the audit criteria.
Audit Criteria:	7 CFR Part 205, National Organic Program (NOP), Final Rule, dated December 21, 2000; as amended August 3, 2011.
Audit Scope:	IBD's corrective actions.
Location(s) Audited:	Desk

GENERAL INFORMATION

IBD Certifications Ltd (IBD) is a limited liability company which was accredited as a certifying agent on July 11, 2002, to the USDA National Organic Program (NOP) for crops, wild crops, livestock, and handling operations. The IBD client list included approximately 220 NOP certified clients with 129 crop, 13 wild crop, 11 livestock (only apiculture), and 136 handling operations certified to the NOP. Some of these operations contain dual certifications and there are also 51 grower groups. The majority of the NOP certified clients are currently located in Brazil and there are two NOP certified clients in China, one in Mexico, and one in Canada. IBD also has 11 trading operations certified to purchase certified organic commodities and sell to export customers.

IBD is also accredited by the International Organic Accreditation Service (IOAS) for IFOAM and for ISO Guide 65 to apply EN 45011, CE Regulation 834/2007, Brazilian Law 10.831 and Demeter International for

biodynamic products. IBD applies additional industry and agricultural certifications and has agreements with companies to provide certification services for the Japan Agriculture Standard (JAS) and BIOSUISSE.

The NOP conducted a 5-year accreditation renewal assessment of IBD Certifications, Ltd. (IBD) from March 18-23, 2012. This assessment, NP2077OOA, resulted in six noncompliances. The NOP issued a Notice of Noncompliance to IBD on May 7, 2012. IBD responded with corrective actions on June 6, June 21, and August 10, 2012.

On September 6, 2012, the NOP Accreditation Committee found that noncompliances NP2077OOA.NC1, NP2077OOA.NC2, and NP2077OOA.NC5 were not adequately addressed and therefore recommended a proposed suspension of IBD's accreditation. The NOP issued a Notice of Proposed Suspension to IBD on September 28, 2012, and IBD subsequently filed an appeal on October 4, 2012. The NOP issued IBD a settlement agreement to resolve the appeal, in exchange for sufficient corrective actions, on November 20, 2012. IBD signed the agreement on January 23, 2013 and submitted additional corrective actions on March 4, 2013. The NOP Accreditation Committee considered this new evidence on March 27, 2013 and recommended that the NOP renew IBD's accreditation.

FINDINGS

Observations made, interviews conducted, and procedures and records reviewed verified that IBD is currently operating in compliance to the requirements of the audit criteria. The corrective actions for three of the non-compliances identified during the mid-term assessment were verified and found to be implemented and effective and the non-compliances were cleared. One noncompliance identified during the mid-term assessment remains outstanding. Five new non-compliances were identified during the assessment.

NP0102OOA.NC1 – Cleared

NP0102OOA.NC2 – Cleared

NP0102OOA.NC4 – Cleared

NP0102OOA.NC3 – Accepted. NOP §205.403(c) states, “The on-site inspection of an operation must verify: (1) The operation's compliance or capability to comply with the Act and the regulations in this part; (2) That the information, including the organic production or handling system plan, provided in accordance with §§205.401, 205.406, and 205.200, accurately reflects the practices used or to be used by the applicant for certification or by the certified operation; (3) That prohibited substances have not been and are not being applied to the operation through means which, at the discretion of the certifying agent, may include the collection and testing of soil; water; waste; seeds; plant tissue; and plant, animal, and processed products samples.” *In two of the client files reviewed, the inspectors did not include enough objective evidence to enable the final reviewer to make an adequate decision on certification.*

Corrective Action (2010): Inspectors have been informed, via email and written instruction, that they need to be including more objective evidence in their reports and reviewers have been informed that if there are any doubts that arise when reviewing the reports that they are to return the report to the inspector and request sufficient information/evidence. **Onsite review of corrective action (March 2012):** *The inspection reports for the files reviewed indicated that the activities either meet the requirements or not, but they still do not contain sufficient documentation to allow the person making the*

certification decision to make an informed decision. **Corrective Action:** IBD has modified their Organic System Plan (OSP) templates to require more narrative details, in addition to the standard checklist, under Section 3, Management Plan. The template requires operators to describe their plans for management practices related to specific regulatory requirements for the upcoming production year. IBD also reported on these changes to internal staff, inspectors, and reviewers, who will now be required to request more detailed information regarding operational practices prior to inspection. IBD addressed this topic at its November 2012 inspector training, submitting an agenda and a sign-in sheet as proof of completion.

NP2077OOA.NC1 – Accepted. NOP §205.405 (a) states, “When the certifying agent has reason to believe, based on a review of the information specified in §205.402 or §205.404, that an applicant for certification is not able to comply or is not in compliance with the requirements of this part, the certifying agent must provide a written notification of noncompliance to the applicant. When correction of a noncompliance is not possible, a notification of noncompliance and a notification of denial of certification may be combined in one notification. The notification of noncompliance shall provide: ... the date by which the applicant must rebut or correct each noncompliance and submit supporting documentation of each such correction when correction is possible.” *The review of previous inspection reports and the observations made during the witness inspection of one of the certified beekeeping operations revealed major reoccurring noncompliances in previous years, such as poor recordkeeping and noncompliant forage zones. These major noncompliances should have precluded certification for this operation until the issues had been corrected. The corrective actions submitted did not adequately address the noncompliances, and the inspection revealed that the noncompliances had not been corrected. However, IBD granted certification in spite of the major recurring noncompliances.* **Corrective Action:** IBD modified section 3.1.1.1 of the inspector checklist to state that recurring minor noncompliances will automatically be converted to major noncompliances. IBD also revised its policies to state all noncompliances must be resolved within 30 days of the issuance of the written notice. IBD will require all noncompliances to be resolved prior to issuing a Notice of Noncompliance Resolution, and IBD will not grant initial or continuing certification until it has received such a resolution. In its instructions regarding follow-up to noncompliances, IBD further stated that all noncompliances must be resolved in order to issue a Notice of Noncompliance Resolution. As required by the NOP’s settlement agreement, IBD submitted revised procedures as supporting evidence of these changes and conducted training in December 2012 to review the NOP’s adverse action training module, as well as IBD’s new adverse action procedures. IBD’s next internal audit will evaluate the implementation of these actions.

NP2077OOA.NC2 – Accepted. NOP §205.404(a) states, “Within a reasonable time after completion of the initial on-site inspection, a certifying agent must review the on-site inspection report, the results of any analyses for substances conducted, and any additional information requested from or supplied by the applicant. If the certifying agent determines that the organic system plan and all procedures and activities of the applicant's operation are in compliance with the requirements of this part and that the applicant is able to conduct operations in accordance with the plan, the agent shall grant certification. The certification may include requirements for the correction of minor noncompliances within a specified time period as a condition of continued certification.” *A review of the certification files revealed that corrective actions for all minor noncompliances were not being resolved until the next annual inspection. Some of the minor noncompliances had to do with incomplete organic system plans, buffer zones, field history for current certification season, incomplete ICS, and the use of inputs without prior approval. These minor noncompliances need to be corrected, and the certifier needs to review these corrective actions, prior to the*

next inspection. **Corrective Action:** IBD will now use the same adverse action procedure for both major and minor noncompliances. IBD will now issue all Notices of Noncompliance in writing as a part of the certification decision. IBD will only issue a certificate after all noncompliances have been resolved and a Notice of Noncompliance has been issued.

If the final review identifies a non-correctable violation, then IBD will combine the Notice of Noncompliance and Notice of Proposed Suspension into one. If the operation's corrective actions show continued evidence of major noncompliances, or if the violations are not corrected within the specified time period, then IBD will proceed to issue a Notice of Proposed Suspension. All Notices of Proposed Suspension shall discuss the operator's rights to appeal to the NOP. IBD submitted revised procedures and a revised quality manual as supporting evidence of these changes. Per the requirements of the NOP settlement agreement, IBD also conducted trainings on the NOP Penalty Matrix, utilizing the training module the NOP presented at the ACA annual training in Orlando, FL.

As required by the NOP settlement agreement, IBD also clarified the role of inspectors regarding issues of concern in exit interviews. The inspector's observations will no longer be classified as noncompliances, and IBD revised its exit interview forms to remove the requirement that operators enter proposed corrective actions at the time of the exit interview. Instead, inspectors are instructed to justify their observations and to base them on objective evidence. IBD provided a sample of their modified exit interview form as objective evidence.

NP2077OOA.NC3 – Accepted. NOP §205.406(c) states, “If the certifying agent has reason to believe, based on the on-site inspection and a review of the information specified in §205.404, that a certified operation is not complying with the requirements of the Act and the regulations in this part, the certifying agent shall provide a written notification of noncompliance to the operation in accordance with §205.662.” *A review of one certification file indicated that the scope of certification included wild crop. The organic system plan for the file stated that there was no interest for wild crop. A noncompliance was not issued to have the client update the organic system plan.* **Corrective Action:** IBD reviewed the files and determined that there was a misunderstanding about the file reviews. The certificate in question was for a grower group in China with several subunits. The file for the subunit with wild crop production (pine nuts) was not provided to the NOP auditor at the time of the audit. IBD has reviewed the files and determined that wild crop harvesting for pine nuts was listed both on the second subunit OSP for the grower group (see the Zhuluke OSP, section 8: wild harvesting), as well as the certificate.

NP2077OOA.NC4 – Accepted. NOP §205.504 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;... (b) Administrative policies and procedures. (5) A copy of the procedures to be used, including any fees to be assessed, for making the following information available to any member of the public upon request: (iii) The results of laboratory analyses for residues of pesticides and other prohibited substances conducted during the current and 3 preceding calendar years.” *Interviews with the program manager and executive director and the absence of information in the quality manual indicated that results of laboratory analysis are considered confidential and are not being made available to any member of the public upon request.* **Corrective Action:** IBD has updated section 3.5 of its quality manual to state, “IBD also provides to any interested party ... the results of analyses of residues, pesticides or any other prohibited substance related to NOP certified operators.” IBD also modified its contract with clients in section 11.2.V to note that reports of analyses may be made

available to the public when they relate to NOP clients. On June 5, 2012, IBD notified its employees of these changes via email.

NP2077OOA.NC5 – Accepted. NOP §205.501(a) states, “A private or governmental entity accredited as a certifying agent under this subpart must: (21) Comply with, implement, and carry out any other terms and conditions determined by the Administrator to be necessary.” NOP Policy Memo 11-10 states, “Accredited certifying agents should use the National Organic Standards Board (NOSB) recommendations of October 2002 and November 2008 as the current policies.” The NOSB’s November 2008 recommendation section III.A. states, “The producer group operation must establish and implement an Internal Control System (ICS), with supervision and documentation of production practices and inputs used at each sub-unit, and collected at each production unit, site, or facility to insure compliance with the USDA’s National Organic Program.” *Two witness audits and interviews with the inspector indicated that grower groups that do not have an ICS are certified by IBD, so long as IBD conducts 100% inspections of all grower members and their facilities.* **Corrective Action:** As required by the NOP settlement agreement, IBD modified its quality manual to state that, “if a group has no functioning [internal control system], it is not eligible for grower group certification under the NOP.” The new policy incorporated NOP Policy Memo 11-10. IBD clarified that its previous policy for sub-licensees would now apply only to grower groups certified under the European Union organic standards. The revised inspection policy requires that IBD evaluate the internal control system annually.



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

Applicant Name:	IBD Certifications Ltd
Est. Number:	N/A
Physical Address:	Rua Dr Costa Leite, 1351, 18602-110, Botucatu/San Paulo Brazil
Mailing Address:	Rua Dr Costa Leite, 1351, 18602-110, Botucatu/San Paulo Brazil
Contact & Title:	Paul Espanion, Program Manager
E-mail Address:	paul@ibd.com.br
Phone Number:	55-14-3882-5066
Auditor(s):	Darrell Wilson
Program:	USDA National Organic Program (NOP)
Audit Date(s):	June 25 & 28, 2010
Audit Identifier:	NP0102OOA
Action Required:	No
Audit Type:	Corrective Action Report
Audit Objective:	To verify that corrective actions adequately address the non-compliances identified during the Mid-Term Audit.
Audit Criteria:	7 CFR Part 205, National Organic Program (NOP), Final Rule, dated December 21, 2000; revised February 17, 2010.
Audit Scope:	Submitted corrective actions
Location(s) Audited:	Desk

AUDIT INFORMATION

IBD Certifications Ltd (IBD) submitted corrective actions and supporting documentation to the National Organic Program for the non-compliances identified during the mid-term audit conducted April 12-15, 2010. The corrective actions were forwarded to the auditor on June 23, 2010.

FINDINGS

The corrective actions submitted by IBD adequately addressed the non-compliances identified during the mid-term audit.

NP0102OOA.NC1 – Adequately Addressed – NOP §205.204(a)(2) states, “The producer must use organically grown seeds, annual seedlings, and planting stock: *Except*, That, Nonorganically produced seeds and planting stock that have been treated with a substance included on the National List of synthetic substances allowed for use in organic crop production may be used to produce an organic crop when an equivalent organically produced or untreated variety is not commercially available.” *One crop file reviewed indicated the use of seed stock treated with Thiram, which is not included on the National List.*



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

The treated seeds were allowed for use after they were washed to remove the Thiram. **Corrective Action:** IBD has proposed suspension of the fields where the seeds in question were applied and informed the operation that the areas affected will need to be transitioned for 36 months. IBD also informed all staff, evaluators, and inspectors that seeds that have been treated with a prohibited substance cannot be used for organic production even if the treatment has been washed off.

NP010200A.NC2 – Adequately Addressed – NOP §205.302(a) states, “The percentage of all organically produced ingredients in an agricultural product sold, labeled, or represented as “100 percent organic,” “organic,” or “made with organic (specified ingredients or foodgroup(s)),” or that include organic ingredients must be calculated by: (1) Dividing the total net weight (excluding water and salt) of combined organic ingredients at formulation by the total weight (excluding water and salt) of the finished product. (2) Dividing the fluid volume of all organic ingredients (excluding water and salt) by the fluid volume of the finished product (excluding water and salt) if the product and ingredients are liquid. If the liquid product is identified on the principal display panel or information panel as being reconstituted from concentrates, the calculation should be made on the basis of single-strength concentrations of the ingredients and finished product. (3) For products containing organically produced ingredients in both solid and liquid form, dividing the combined weight of the solid ingredients and the weight of the liquid ingredients (excluding water and salt) by the total weight (excluding water and salt) of the finished product.” *The review of processing files and interviews with the Program Manager and Quality Manager indicated that the percentages of organic multi ingredient products were being calculated by dividing the total gross weight of the combined organic ingredients by the total weight of the of the finished product instead of using the total net weight of the combined organic products.*

Corrective Action: The old method of calculating percentages of organic has been replaced with an excel version which automatically calculates the percentages. Staff, evaluators, and inspectors have been given new instructions regarding the calculation method. IBD’s technical staff has reviewed all currently certified operations with multi-ingredients to verify that percentages are correct and that there was no incorrect labeling of products.

NP010200A.NC3 – Adequately Addressed – NOP §205.403(c) states, “The on-site inspection of an operation must verify: (1) The operation's compliance or capability to comply with the Act and the regulations in this part; (2) That the information, including the organic production or handling system plan, provided in accordance with §§205.401, 205.406, and 205.200, accurately reflects the practices used or to be used by the applicant for certification or by the certified operation; (3) That prohibited substances have not been and are not being applied to the operation through means which, at the discretion of the certifying agent, may include the collection and testing of soil; water; waste; seeds; plant tissue; and plant, animal, and processed products samples.” *In two of the client files reviewed, the inspectors did not include enough objective evidence to enable the final reviewer to make an adequate decision on certification.* **Corrective Action:** Inspectors have been informed, via email and written instruction, that they need to be including more objective evidence in their reports and reviewers have been informed that if there is any doubts that arise when reviewing the reports that they are to return the report to the inspector and request sufficient information/evidence.

NP010200A.NC4 – Adequately Addressed – NOP §205.662(c) 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



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

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: (3) The impact of a suspension or revocation on future eligibility for certification.” *Notices of Proposed Suspensions do not include the impact on future eligibility for certification.* **Corrective Action:** IBD has made changes in the letters of notification to include statements notifying the operations of the impact of suspensions and revocations.