

USDA

# United States Department of Agriculture

Agricultural Marketing Service

National Organic Program

***Overseas Merchandise Inspection Co., Ltd. (OMIC)***

**15-6 Nigonbashi, Kabuto-cho, Chuo-ku, Tokyo, Japan 103-0026**

meets all the requirements prescribed in the National Organic Program Regulations

**7 CFR Part 205**

(Updated March 15, 2013)

**as an Accredited Certifying Agent**

for the scope of

**Crops, Wild Crops, 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: NP3133LCA  
Effective Date: July 16, 2013  
Expiration Date: July 15, 2018

A handwritten signature in blue ink, appearing to read "Miles V. McEvoy".

Miles V. McEvoy  
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 mid-term assessment of Overseas Merchandise Inspection Co., Ltd. (OMIC). An onsite audit was conducted, and the audit report reviewed to determine OMIC's capability to continue operating as a USDA accredited certifier.

### GENERAL INFORMATION

<b>Applicant Name</b>	Overseas Merchandise Inspection Co., Ltd. (OMIC)
<b>Physical Address</b>	15-6 Nihonbashi, Kabto-cho, Chuo-ku, Tokyo, Japan
<b>Mailing Address</b>	15-6 Nihonbashi, Kabto-cho, Chuo-ku, Tokyo, Japan
<b>Contact &amp; Title</b>	Mr. Hisashi Yoshida, General Manager, Organic Certification Dept.
<b>E-mail Address</b>	<a href="mailto:ocd@omicnet.com">ocd@omicnet.com</a> ; <a href="mailto:hi.yoshida@omicnet.com">hi.yoshida@omicnet.com</a>
<b>Phone Number</b>	+8-3-3669-5184
<b>Reviewer(s) &amp; Auditor(s)</b>	Graham Davis, NOP Reviewer; Robert Yang, On-site Auditor.
<b>Program</b>	USDA National Organic Program (NOP)
<b>Review &amp; Audit Date(s)</b>	Corrective actions review: December 9, 2016 NOP assessment review: October 12, 2016 Onsite audit: July 27-29, 2016
<b>Audit Identifier</b>	NP6208RYA
<b>Action Required</b>	Yes
<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 OMIC'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>	OMIC's certification services in carrying out the audit criteria during the period: May 2013 through July 2016

### GENERAL BACKGROUND INFORMATION:

Overseas Merchandise Co., Ltd. (OMIC) is a for-profit company that has been accredited by the USDA National Organic Program (NOP) since July 16, 2008 to certify crops, wild crops, and handling operations. OMIC currently certifies 8 operations – Crops (3) and Handling (6). OMIC does not currently certify any wild crops operations or grower groups. OMIC's certified operations are located in Japan and China. All certification activities are conducted from OMIC's sole office located in Tokyo, Japan.

OMIC's organic certification staff consists of the President; Judgement Committee Chairperson, General Manager, Deputy General Manager; two staff inspectors; two administrative staff. The

General Manager and Deputy General Manager also conduct inspections, and serve as Judgement Committee members, along with the two staff inspectors. The Judgement Committee's role is to review inspection reports and make recommendations for certification, which are ultimately approved by the President.

#### SUMMARY OF WITNESS AUDIT CONDUCTED:

As part of the mid-term onsite assessment activities, an announced, annual inspection of a handling (processor) operation in Nagano City, Japan was witnessed. The operation's certified "organic" product was miso paste.

#### **NOP DETERMINATION:**

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

**NP3133LCA.NC1 – Outstanding.** 7 CFR §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."

**Comments:** *OMIC issued a Notice of Noncompliance after the acceptance of the corrective actions. A Notice of Noncompliance was issued on February 1, 2013; after the corrective action was accepted on December 11, 2012.*

**2013 Corrective Action:** OMIC modified their policies and procedures to state that the inspector shall report potential noncompliances to the General Manager of the Organic Certification Department immediately after the on-site inspection. Upon receipt of this information, the General Manager will provide the operation with a Notice of Noncompliance, including the required information from §205.662. OMIC will verify the implementation of this policy during its annual internal audit in June/July 2014.

**2016 Verification of Corrective Action:** A review of the only Notice of Noncompliance issued since the last onsite audit revealed that OMIC did not provide the notification to the operation in accordance with §205.662. After the onsite inspection, the inspector issued the operation a

Corrective Action Request notice, which required the operation to submit corrective actions for noncompliances resulting from the inspection. Upon receiving the operation's response, OMIC issued the operation a Notice of Noncompliance in order to request additional corrective actions.

**NP3133LCA.NC2 – Cleared.**

**NP3133LCA.NC3 – Cleared.**

**NP3133LCA.NC4 – Cleared.**

**NP3133LCA.NC5 – Cleared.**

**NP3133LCA.NC6 – Cleared.**

**NP3133LCA.NC7 – Cleared.**

**NP3133LCA.NC8 – Outstanding.** 7 CFR §205.501(a)(3) states, “A private or governmental entity accredited as a certifying agent under this subpart must: (3) 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....” §205.100(a), states “Except for operations exempt or excluded in § 205.101, each production or handling operation or specified portion of a production or handling operation that produces or handles crops, livestock, livestock products, or other agricultural products that are intended to be sold, labeled, or represented as “100 percent organic,” “organic,” or “made with organic (specified ingredients or food group(s))” must be certified according to the provisions of subpart E of this part and must meet all other applicable requirements of this part.”

**Comments:** *Records reviewed indicated that OMIC certifies operations which are not legal entities but are joint operations consisting of multiple farmers operating under the same certification. Farmers are allowed to sell organic products without individual certification. OMIC allows growers and businesses to be covered by other certified operations and not obtain their own certification.*

**2013 Corrective Action:** OMIC contacted the joint operation in question on August 1, 2013 to propose the individual certification of each operator member. OMIC submitted a copy of the joint operation leader's written acceptance of this proposal, and OMIC is in the process of issuing individual certificates. While joint operators may submit a single application for certification, OMIC will:

1. Verify that each individual producer or handler within the joint operation complies with the USDA organic regulations,
2. Complete an inspection report on the joint operation, with an attachment describing the activities of each individual operation,
3. Make individual certification decisions on each producer or handler, and
4. Issue individual certificates to each producer and handler reviewed under the joint operation.

OMIC sent its revised policy as evidence of these changes, modifying the definition of a joint operation and updating its certification policies. OMIC informed its employees of these changes during a meeting of its Organic Certification Department. The General Manager will verify the correct implementation of this policy each time a fee estimate is sent to operations. Because of this, OMIC will review the status of all operations' status during the annual update process to ensure compliance.

**2016 Verification of Corrective Action:** OMIC continues to allow its certified operations to contract with uncertified operations to produce or process organic products. The review of certification files revealed an instance where a certified processor contracted with three different uncertified companies to process products on its behalf. In another instance, a certified crops operation contracted with two different uncertified farm associations to produce crops on its behalf. In both cases, the entities should have been certified individually.

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

**NP6208RYA.NC1** – 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...” Additionally, 7 CFR §205.401(c) states, “A person seeking certification of a production or handling operation under this subpart must submit an application for certification to a certifying agent. The application must include the following information: ... when available, a copy of any notification of noncompliance ... issued to the applicant for certification; and a description of the actions taken by the applicant to correct the noncompliances noted in the notification of noncompliance, including evidence of such correction; ....”

**Comments:** *OMIC does not require applicants seeking certification to submit, when available, a copy of any notification of noncompliance issued to the applicant, and a description of the actions taken by the applicant to correct the noncompliances, including evidence of such correction.*

#### **2016 Corrective Action:**

**NP6208RYA.NC2** – 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 ....” Additionally, 7 C.F.R. §205.406(a)(1) – (4) states, “To continue certification, a certified operation must annually ... submit the following information, as applicable, to the certifying agent: An updated organic production or handling system plan which includes: a summary statement, supported by documentation, detailing any deviations from, changes to, modifications to, or other amendments made to the previous year's organic system plan during the previous year; and any additions or deletions to the previous year's organic system plan, intended to be undertaken in the coming year, detailed pursuant to § 205.200; any additions to or deletions from the information required pursuant to § 205.401(b); an update on the correction of minor noncompliances previously identified by the certifying agent as requiring correction for continued certification; and other information as deemed necessary.”

**Comments:** *OMIC does not require its certified operations to submit an updated organic production or handling system plan.*

#### **2016 Corrective Action:**

**NP6208RYA.NC3** – 7 C.F.R. §205.403(c)(2) states, “The on-site inspection of an operation must verify: That the information, including the organic production or handling system plan, provided in accordance with ... §§ 205.406 ... accurately reflects the practices used or to be used by the applicant for certification or by the certified operation ....”

**Comments:** *During the witness audit of a certified operation's annual inspection, it was observed that the inspector did not verify the operation's organic system plan/annual update provided by OMIC (OMIC does not require operations to submit annual updates). Instead, the inspector verified the organic system plan/information provided by the operation and on-file at the operation's facility.*

**2016 Corrective Action:**

**NP6208RYA.NC4** – 7 C.F.R. §205.403(c)(2) states, “The on-site inspection of an operation must verify: That the information, including the organic production or handling system plan, provided in accordance with ... §§ 205.406 ... accurately reflects the practices used or to be used by the applicant for certification or by the certified operation ....”

**Comments:** *During the witness audit of a certified operation's annual inspection, it was observed that the inspector did not inspect all the storage areas listed in the operation's organic system plan.*

**2016 Corrective Action:**

**NP6208RYA.NC5** – 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 2609 Instruction Unannounced Inspections requires “that certifying agents conduct unannounced inspections of 5 percent of their total certified operations per year .... certifying agents with less than 20 certified operations conduct at least one (1) unannounced inspection per year.”

**Comments:** *OMIC does not conduct unannounced inspections. OMIC does not have policies or procedures for conducting unannounced inspections.*

**2016 Corrective Action:**

**NP6208RYA.NC6** – 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 2613 Instruction Responding to Results from Pesticide Residue Testing section 5.3.1.a. includes instructions certifying agents should follow if residue is detected at or below 5 percent of the EPA tolerance.

**Comments:** *A review of pesticide residue testing results revealed an instance where pesticide residue was detected (less than 5 percent of the EPA tolerance) on samples collected from multiple fields of an operation. Although OMIC determined that the operation was in violation of § 205.202(b), OMIC requested corrective actions without issuing the operation a notice of noncompliance. OMIC does not have policies or procedures for responding to results from pesticide residue testing.*

**2016 Corrective Action:**

**NP6208RYA.NC7** – 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 2027 Instruction Personnel Performance Evaluations state, “Field Evaluation (Inspectors only)

Inspectors should be evaluated during an onsite inspection by a supervisor or peer (another inspector) at least annually.”

**Comments:** *OMIC does not conduct annual field evaluations of its inspectors. OMIC does not have policies or procedures for conducting annual field evaluations of its inspectors.*

**2016 Corrective Action:**

**NP6208RYA.NC8** – 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 includes the elements of the organic certificate. The instruction also states, “Certifying agents must identify only one “person” (typically a farm or business as defined in 7 CFR § 205.2) on the organic certificate; this “person” must be certified organic. Each certified organic operation must have its own organic certificate.”

**Comments:** *OMIC’s organic certificates do not comply in the following manner:*

1. *The certificate does not include OMIC’s website address.*
2. *The certificate does not include the statement, “Certified to the USDA organic regulations, 7 CFR Part 205.” The certificate currently states, “in accordance with the National Organic Program.”*
3. *The certificate does not state, “Effective Date.” The certificate currently states, “Date of Certification.”*
4. *The certificate does not include an Anniversary Date.*
5. *The certificate identifies more than one “person.”*

**2016 Corrective Action:**

**NP6208RYA.NC9** – 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 ....”

**Comments:** *OMIC does not have documented policies and procedures for the following:*

1. *Evaluation of materials used in organic crop and handling operations, including the approval of liquid fertilizers with a nitrogen analysis greater than 3%.*
2. *Verification of an operation’s compliance for export of products under the U.S. – Canada Equivalency Arrangement.*

**2016 Corrective Action:**

<b>Applicant Name:</b>	Overseas Merchandise Inspection Co., Ltd. (OMIC)
<b>Est. Number:</b>	N/A
<b>Physical Address:</b>	15-6 Nigonbashi, Kabuto-cho, Chuo-ku, Tokyo, Japan 103-0026
<b>Mailing Address:</b>	15-6 Nigonbashi, Kabuto-cho, Chuo-ku, Tokyo, Japan 103-0026
<b>Contact &amp; Title:</b>	Yukio Konishi, General Manager of Organic Certification Department (OCD)
<b>E-mail Address:</b>	<a href="mailto:ocd@omicnet.com">ocd@omicnet.com</a>
<b>Phone Number:</b>	81 3 3669 5184
<b>Auditor(s):</b>	Betsy Rakola
<b>Program:</b>	USDA National Organic Program (NOP)
<b>Audit Date(s):</b>	August 14 – September 17, 2013
<b>Audit Identifier:</b>	NP3133LCA
<b>Action Required:</b>	No
<b>Audit Type:</b>	Corrective Action Assessment
<b>Audit Objective:</b>	To verify review continuing compliance to the audit criteria.
<b>Audit Criteria:</b>	<i>7 CFR Part 205, National Organic Program; Final Rule</i> , dated December 21, 2000; updated January 1, 2013.
<b>Audit Scope:</b>	Corrective actions submitted by OMIC
<b>Location(s) Audited:</b>	Desk

## GENERAL INFORMATION

Overseas Merchandise Co., Ltd. (OMIC) was accredited as a USDA National Organic Program (NOP) certifying agent on July 16, 2008, for crops, wild crops and handling operations. OMIC currently certifies 14 operations to the NOP standard, of which 3 are crop operations, 2 are combined crop and handling operations and 9 are handling operations. There were no wild crop operations certified by OMIC at the time of the renewal assessment and there were no grower group certifications. All of the operations are certified in Japan.

OMIC is an independent inspection company that provides a range of different inspection and testing services. As of March 31, 2012, OMIC included 38 offices, 10 in Japan and 28 overseas, with a staff of about 750 employees of which approximately 360 are OMIC employees. The OMIC Organic Certification Department (OCD) is located in Tokyo, Japan and is independent of the other OMIC sectors. All NOP certification activities are conducted at the head office in Tokyo, Japan. The OMIC OCD is accredited and registered as a certifying agent by the Minister of Agriculture, Forestry and Fisheries of Japan (MAFF) for application of the Japanese Agriculture Standards (JAS). OMIC is also accredited to ISO/IEC Guide 65:1996, ISO 9001:2000, and all of the OMIC laboratories are accredited to ISO 17025:2005.

The NOP completed a renewal accreditation assessment of OMIC on May 27-28, 2013. Based on the findings from the assessment, the NOP issued OMIC a Notice of Noncompliance on July 2, 2013. OMIC provided corrective actions to the NOP on August 6 and September 2, 2013. On

October 29, 2013, the NOP Accreditation Committee voted to recommend renewal OMIC's accreditation to the USDA organic regulations.

## FINDINGS

Observations made, interviews conducted, and procedures and records reviewed verified that OMIC is currently operating in compliance to the audit criteria, except as identified below. The corrective actions for the three noncompliances identified during the Initial Audit were verified and found to be implemented and effective; therefore, the noncompliances were cleared. There were eight new noncompliances identified during the renewal audit.

**NP1339BBA.NC1** – Cleared

**NP1339BBA.NC2** – Cleared

**NP1339BBA.NC3** – Cleared

**NP3133LCA.NC1 – Accepted.** §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.” *OMIC issued a Notice of Noncompliance after the acceptance of the corrective actions. A Notice of Noncompliance was issued on February 1, 2013; after the corrective action was accepted on December 11, 2012. OMIC Corrective Action:* OMIC modified their policies and procedures to state that the inspector shall report potential noncompliances to the General Manager of the Organic Certification Department immediately after the on-site inspection. Upon receipt of this information, the General Manager will provide the operation with a Notice of Noncompliance, including the required information from §205.662. OMIC will verify the implementation of this policy during its annual internal audit in June/July 2014.

**NP3133LCA.NC2 – Accepted.** §205.662(b) states, “When a certified operation demonstrates that each noncompliance has been resolved, the certifying agent...shall send the certified operation a written notification of noncompliance resolution. *A Notice of Noncompliance Resolution was not issued to an operation after the corrective action report was accepted by OMIC. OMIC Corrective Action:* OMIC modified their policies and procedures to state that, if OMIC determines that the corrective actions are sufficient to resolve the noncompliances, then the General Manager of the Organic Certification Department will issue a Notice of Noncompliance Resolution. OMIC will verify the implementation of this policy during its annual internal audit in June/July 2014.

**NP3133LCA.NC3 – Accepted.** §205.504(b)(6) states, “A private...entity seeking accreditation as a certifying agent must submit the following documents and information to demonstrate...its ability to fully comply with the requirements for accreditation set forth in §205.501: (b)(6) A copy of the procedures to be used for sampling and residue testing pursuant to §205.670.” *The OMIC document OC(F) 3-07, “Procedure for Sampling and Residue Testing,” has not been updated to reflect the revision of §205.670, “Inspection and testing of agricultural product to be sold or labeled “organic.”” effective date of January 1, 2013. OMIC is required to carry out the*

*new residue sampling regulations per §205.501(a)(3).* **OMIC Corrective Action:** OMIC submitted a copy of their modified Procedure for Sampling and Residue Testing. The new policy states that OMIC will conduct sampling on 5% of operations annually, or on at least one operation if the number of certified operations is fewer than thirty. OMIC will instruct inspectors on when they take samples from these operations, and OMIC will provide the inspectors with its policy on sampling methods. OMIC will verify the implementation of this policy during its annual audit.

**NP3133LCA.NC4 – Accepted.** NOP §205.402(a)(2) states, “Upon acceptance of an application for certification the 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” *One label for a 100% organic product, shitake mushroom, used the USDA seal with a black outer circle with a white background and the term “USDA” in green overlaying a white upper semicircle and the term “organic” in white overlaying the green lower half circle. OMIC had reviewed various drafts of this label that showed the same seal but with the outer circle to be brown as compliant with §205.311(b)(1), but approved a noncompliant USDA seal.* **OMIC Corrective Action:** OMIC submitted a copy of the revised label, which had the USDA seal in the correct brown and green colors. OMIC created a checklist to assess whether a label complies with the regulatory requirements. This checklist will serve as a record of OMIC’s label decisions. OMIC conducted training on the checklist with their label review staff.

**NP3133LCA.NC5 – Accepted.** NOP§205.501(b)(2) states, “A private or governmental entity accredited as a certifying agent under this subpart may establish a seal, logo, or other identifying mark to be used by production and handling operations certified by the certifying agent to indicate affiliation with the certifying agent: Provided, That, the certifying agent: (2) Does not require compliance with any production or handling practices other than those provided for in the Act and the regulations in this part as a condition of use of its identifying mark: Provided, That, certifying agents certifying production or handling operations within a State with more restrictive requirements, approved by the Secretary, shall require compliance with such requirements as a condition of use of their identifying mark by such operations.” *During the closing meeting of the witness inspection the OMIC inspector cited a number of recommendations. The recommendations were described not as noncompliances but areas for continued improvement. The recommendations included the request for additional records for planting stock, adjoining land use, and product identification. Recommendations for continual improvement are additional requirements that are not approved by the Secretary.* **OMIC Corrective Action:** OMIC documented this finding and instructed inspectors, in writing, to restrict their comments to potential noncompliances, questions to clarify information, and issues of concern. The inspectors signed the written instruction to show that they had received the information and were aware of the policy. OMIC will continuously evaluate inspectors by reviewing the reports of exit interviews. In addition, the General Manager will periodically observe on-site inspections to evaluate inspector performance. OMIC conducts a full inspector evaluation once annually.

**NP3133LCA.NC6 – Accepted.** NOP§205.501(a)(15)(i) states, “Any notice of denial of certification, issued pursuant to 205.405, notification of noncompliance, notification of noncompliance correction, notification of proposed suspension or revocation, and notification

of suspension or revocation sent pursuant to 205.662 simultaneously with its issuance;” *A copy of the Notice of Noncompliance issued to an operation was not sent to NOP Appeals (Administrator) as required.* **OMIC Corrective Action:** OMIC modified their internal procedures to state that the General Manager of the Organic Certification Department will submit notices to the Administrator. Previously, the president was responsible for submitting the notices to the USDA. OMIC will verify the implementation of this procedure annually during the annual internal audit in June/July 2014.

**NP3133LCA.NC7 – Accepted.** NOP §205.501(a)(11)(i) states, “A private or governmental entity accredited as a certifying agent under this subpart must: (11) Prevent conflicts of interest by: (i) Not certifying a production or handling operation if the certifying agent or a responsibly connected party of such certifying agent has or has held a commercial interest in ...” *Four members of the OMIC Board of Directors (BOD) have interest in OMIC certified operations. OMIC stated that the OMIC board members are not involved in any way with OCD or certification decisions. However, BOD members are responsibly connected to the certifying agent and therefore, OMIC may not certify operations where there is a commercial interest by BOD members.* **OMIC Corrective Action:** OMIC partially rebutted this finding by clarifying that only one of the board members had an interest in an operation certified to the USDA organic standards. The other board members had interests in operations that were not certified to the USDA organic standards, and they were therefore outside the scope of the audit. The board member in question was removed on June 12, 2013. OMIC submitted a list of its current board of directors’ conflicts of interest as evidence. OMIC also modified its policy on conflicts of interest to state that it will not accept applications for certification from any responsibly connected parties. Before accepting applications for certification, OMIC will now refer to its list of board members and other entities who have conflicts of interest. OMIC submitted a copy of its policy as evidence.

**NP3133LCA.NC8 – Accepted.** NOP §205.501(a)(3) states, “A private or governmental entity accredited as a certifying agent under this subpart must: (3) 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....” §205.100(a), states “Except for operations exempt or excluded in § 205.101, each production or handling operation or specified portion of a production or handling operation that produces or handles crops, livestock, livestock products, or other agricultural products that are intended to be sold, labeled, or represented as “100 percent organic,” “organic,” or “made with organic (specified ingredients or food group(s))” must be certified according to the provisions of subpart E of this part and must meet all other applicable requirements of this part.” *Records reviewed indicated that OMIC certifies operations which are not legal entities but are joint operations consisting of multiple farmers operating under the same certification. Farmers are allowed to sell organic products without individual certification. OMIC allows growers and businesses to be covered by other certified operations and not obtain their own certification.* **OMIC Corrective Action:** OMIC contacted the joint operation in question on August 1, 2013 to propose the individual certification of each operator member. OMIC submitted a copy of the joint operation leader’s written acceptance of this proposal, and OMIC is in the process of issuing individual certificates. While joint operators may submit a single application for certification, OMIC will:

1. Verify that each individual producer or handler within the joint operation complies with the USDA organic regulations,
2. Complete an inspection report on the joint operation, with an attachment describing the activities of each individual operation,
3. Make individual certification decisions on each producer or handler, and
4. Issue individual certificates to each producer and handler reviewed under the joint operation.

OMIC sent its revised policy as evidence of these changes, modifying the definition of a joint operation and updating its certification policies. OMIC informed its employees of these changes during a meeting of its Organic Certification Department. The General Manager will verify the correct implementation of this policy each time a fee estimate is sent to operations. Because of this, OMIC will review the status of all operations' status during the annual update process to ensure compliance.

<b>Applicant Name:</b>	Overseas Merchandise Inspection Co., Ltd. (OMIC)
<b>Est. Number:</b>	N/A
<b>Physical Address:</b>	15-6 Nihonbashi Kabuto-cho, Chuo-ku, Tokyo, Japan 103-0026
<b>Mailing Address:</b>	15-6 Nihonbashi Kabuto-cho, Chuo-ku, Tokyo, Japan 103-0026
<b>Contact &amp; Title:</b>	Yukio Konishi, General Manager of Organic Certification Department (OCD)
<b>E-mail Address:</b>	<a href="mailto:ocd@omicnet.com">ocd@omicnet.com</a>
<b>Phone Number:</b>	81-3-3669-5184
<b>Auditor(s):</b>	Lars Crail, NOP AIA Accreditation Manager
<b>Program:</b>	USDA National Organic Program (NOP)
<b>Audit Date(s):</b>	March 14 - 15, 2012
<b>Audit Identifier:</b>	NP1339BBA
<b>Action Required:</b>	No
<b>Audit Type:</b>	Corrective Action Audit – Initial Assessment
<b>Audit Objective:</b>	To verify review and approve corrective actions addressing the noncompliances identified during the Initial Assessment.
<b>Audit Criteria:</b>	7 CFR Part 205 National Organic Program, Final Rule, dated December 21, 2000; as amended August 3, 2011.
<b>Audit Scope:</b>	OMIC's response materials to the noncompliances issued January 18, 2012.
<b>Location(s) Audited:</b>	Desk

## AUDIT INFORMATION

Overseas Merchandise Inspection Co., Ltd. (OMIC) is a for-profit business which was initially accredited as a USDA National Organic Program (NOP) certifying agent on July 16, 2008 for crops, wild crops, and handling operations. OMIC is currently certifying operations to the NOP in Japan and China. Previous NOP operations were also certified in Laos. The OMIC client list includes 13 NOP clients with 5 crop and 8 handling operations. No NOP clients are currently certified as wild crop operations.

NOP conducted an on-site Initial Assessment of OMIC between December 5 - 9, 2011, in Tokyo, Japan.

On January 18, 2012, OMIC was issued a Notice of Noncompliance for three noncompliances (NP1339BBA.NC1-3) identified during the on-site assessment. OMIC submitted timely corrective measures that were reviewed and accepted by the NOP. The accepted corrective measures will be verified for implementation and effectiveness during the next onsite assessment.

## FINDINGS

**NP1339BBA.NC1 – Accepted.** NOP §205.404 (b)(3) states, “The certifying agent must issue a certificate of organic operation which specifies the: Categories of organic operation,

including crops, wild crops, livestock, or processed products produced by the certified operation.” In addition, NOP 2603 provides guidance for Organic Certificates. *The organic certificates reviewed for two operations listed the client scope of certification only for crops. However, a review of the OSP’s showed one client was also packaging the product for resale and export to the U.S. market while the other crop client was cleaning grain. These two organic certificates did not include the handler certification scope even though both operations included practices that were defined as handling operations.* **Corrective Action:** OMIC has implemented a reissue of corrected certificates to all operations that conduct both production and handler activities. The new certificates will indicate that the operations are conducting handler activities in addition to crop production. To prevent this noncompliance in the future, OMIC has updated its organic certification program procedures for issuing certificates.

**NP1339BBA.NC2 – Accepted.** NOP §205.501 (a)(11)(v) states, “A private or governmental entity accredited as a certifying agent under this subpart must: (11) Prevent conflicts of interest by: (v) Requiring all persons who review applications for certification, perform on-site inspections, review certification documents, evaluate qualifications for certification, make recommendations concerning certifications, or make certification decisions and all parties responsibly connected to the certifying agent to complete an annual conflict of interest disclosure report.” *The conflict of interest disclosure reports were not completed annually for the Board of Directors since the initial NOP accreditation desk audit.* **Corrective Action:** OMIC has requested that all directors complete a “conflict of interest” disclosure report. All signed reports are to be received by OMIC on or before April 30, 2012. To prevent a reoccurrence of this noncompliance in the future, OMIC updated their certification program manual to reflect the annual requirement.

**NP1339BBA.NC3 – Accepted.** NOP §205.510 (a)(1-4), states, “An accredited certifying agent must submit annually to the Administrator, on or before the anniversary date of the issuance of the notification of accreditation, the following reports and fees: (1) A complete and accurate update of information submitted pursuant to §§ 205.503 and 205.504; (2) Information supporting any changes...; (3) A description of the measures implemented in the previous year...; (4) The results of the most recent performance evaluations and annual program review....” *The required information for the annual report was not submitted in 2010 and 2011.* **Corrective Action:** OMIC submitted their 2011 Annual Report to NOP on December 28, 2011. To prevent a reoccurrence of this noncompliance in the future, OMIC updated their certification program manual to reflect the annual requirement.