

Strengthening Organic Enforcement: Improving Traceability and Preventing Organic Fraud

One of SOE’s primary goals is to continuously improve the oversight of organic integrity within increasingly complex supply chains. Organic integrity can be lost due to both fraud and accidental mishandling. Section P—Supply Chain Traceability and Organic Fraud Prevention—makes several important changes that protect against both. It ensures organic products can be traced all the way back from retail to production. This document pairs condensed regulatory text with a plain-language description of what the change means. **Bolded text** in the table below indicates a **key concept**.

General Comments from the National Organic Program: The provisions on traceability and fraud prevention work together to protect the organic integrity of the entire supply chain. Along with the Applicability and Exceptions from Certification section, these provisions outline actions required by both certifiers and operations to enable full supply chain traceability. The rule encourages risk-based approaches to these processes to be sound and sensible, while also effectively protecting the market.

P. Supply Chain Traceability and Organic Fraud Prevention		
Section	Condensed Regulatory Text	Key Takeaways
205.2	DEFINITIONS <i>Organic fraud.</i> Deceptive representation , sale, or labeling of nonorganic agricultural products or ingredients as ... organic.	<i>Organic fraud</i> was not previously defined in regulatory text. Defining it helps the industry understand what the rule is intended to prevent.
205.103 (b)(2)	RECORDKEEPING Fully disclose all activities and transactions of the certified operation, in sufficient detail as to be readily understood and audited; records must span the time of purchase or acquisition, through production, to sale or transport and be traceable back to the last certified operation;	This section describes additional recordkeeping responsibilities of certified operations . SOE adds the bolded clause to ensure that traceability is maintained within an operation and back to the last certified operation . These key elements are required to conduct full supply chain traceability audits. When using a noncertified intermediary (e.g., an exempt wholesaler or shipping company), certified operations will need records showing both the last certified operation to possess or



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		<p>handle the product, and that organic integrity was maintained by the noncertified intermediary.</p> <p>This provision further highlights the importance of having entities certified across the supply chain.</p>
205.103 (b)(3)	<p>[Such records must] Include audit trail documentation ... and identify agricultural products on these records as “100% organic,” “organic,” or “made with organic...”</p>	<p>This specifies that certified operations must keep <i>audit trail</i> records—i.e., transactional or external records, and that these records must identify products as organic.</p> <p>This is a new paragraph. Former paragraphs (3) and (4) move down to (4) and (5), respectively.</p>
205.201 (a)(3)	<p>ORGANIC PRODUCTION AND HANDLING SYSTEM PLAN ... must include a description of the monitoring practices and procedures to verify suppliers in the supply chain and organic status of agricultural products received, and to prevent organic fraud ... as appropriate to the certified operation’s activities, scope, and complexity;</p>	<p>This requires certified operations to add a “fraud prevention plan” (FPP) to their OSP. The rule allows for flexibility with respect to how the FPP is modified for different supply chain environments in a sound and sensible way. For example, a granola producer combining many organic ingredients will need a FPP that is more complex than a vegetable farm selling to local vendors. FPPs are an industry best practice.</p>
205.501 (a)(10)	<p>REQUIREMENTS FOR ACCREDITATION [Certifying agents must] Maintain strict confidentiality with respect to its clients ... except: (ii) For enforcement purposes, certifying agents must exchange any compliance-related information that is credibly needed to certify, decertify, or investigate an operation, including for the purpose of verifying supply chain traceability and audit trail documentation; and (iii) ... all of the certifying agents that are involved in the exchange still have a duty to preserve the confidentiality of [proprietary] information.</p>	<p>SOE requires that <i>certifying agents</i> share information with each other to assist with compliance and enforcement. This is necessary to conduct supply chain traceability audits and verify integrity of products traveling across supply chains.</p> <p>If shared information is sensitive or proprietary, the certifying agent must maintain its confidentiality, even after sharing it.</p>



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205.501 (a)(13)	Accept the certification decisions made by another certifying agent... provide information to other certifying agents to ensure organic integrity or to enforce organic regulations, including to verify supply chain integrity, authenticate the organic status of certified products, and conduct investigations;	
205.501 (a)(21)	Conduct risk-based supply chain traceability audits ... and share audit findings with other certifying agents as needed to determine compliance.	SOE requires certifying agents to conduct risk-based supply chain traceability audits to trace products across multiple links in a supply chain . Traceability between operations is a key element of modern supply chain and product verification. This is a new paragraph . Former paragraph (a)(21) is now (a)(23).
205.2	<i>Supply chain traceability audit.</i> The process of identifying and tracking the movement , sale, custody, handling, and organic status of an agricultural product along a supply chain to verify the agricultural product's compliance with [the organic regulations]	SOE adds <i>supply chain traceability audit</i> to clarify the scope and objective of this certifier requirement. The requirements in 501(a)(21) give certifiers flexibility to choose how they conduct audits to verify compliance .
205.504 (b)(4)	A copy of the procedures to be used for sharing information with other certifying agents and for maintaining the confidentiality of any business-related information...	Certifying agents must have written procedures and criteria for conducting risk-based supply chain audits. This will allow NOP to audit certifiers and assess how certifiers are implementing this supply chain traceability requirements.
205.504 (b)(7)	A copy of the criteria to identify high-risk operations and agricultural products for supply chain traceability audits; and procedures to conduct risk-based supply chain traceability audits.	