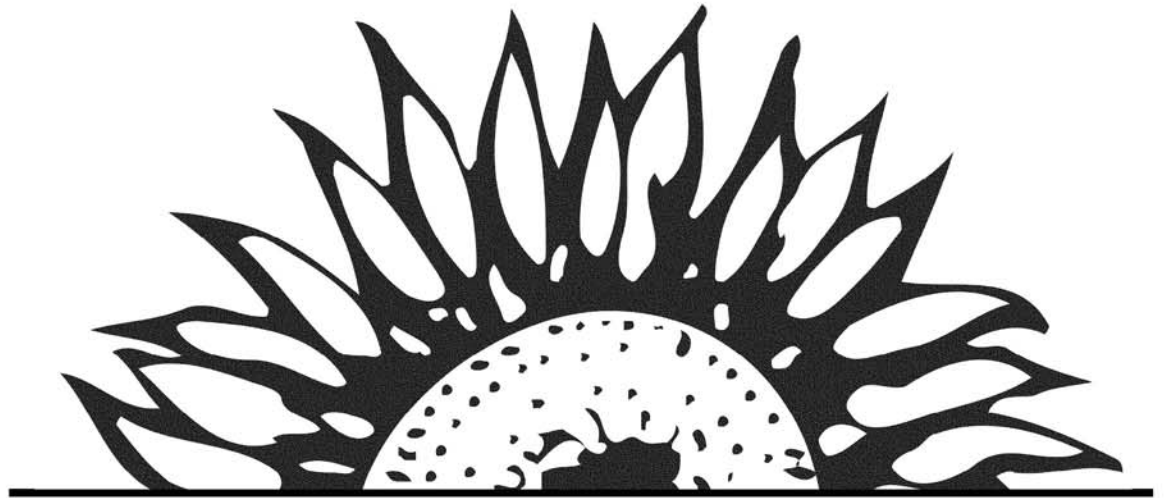




CCOF
Certification Services, LLC.

www.ccof.org



MANUAL ONE

A Guide to CCOF Certification Services

Edition: Implemented October, 2002, Version III Issued October 1, 2007, Updated August 15, 2009, January 1, 2010.

Terminology

Accreditation- A determination made by a governmental or private entity that authorizes a private, foreign or state entity to conduct certification activities as a certification agent in accordance to specified organic standards. (AMS, USDA NOP, IOAS/IFOAM, CAAQ, JAS/MAFF).

Applicant for Certification- Any person applying to CCOF CS to obtain a certificate of organic certification.

Certified Organic- A determination made by CCOF CS that an operation is in compliance with regulations/standards for organic operation, which is accompanied by a formal notice of certified organic status, and a certificate of organic certification.

Chief Certification Officer (CCO) – Formerly identified as the Chief Certification Officer, the CCO represents the central office and management of CCOF Certification Services, LLC.

Client- A crop or livestock production, wild-crop harvesting or handling operation, or portion of such operation, or portion of such operation that is certified by CCOF CS as utilizing a system of organic production or handling as described by organic regulations/standards.

CCOF- California Certified Organic Farmers, an interchangeable reference to distinct entities of CCOF Inc. the trade association, and CCOF Certification Services, LLC the certification agency.

Claims- Oral, written, implied, or symbolic representations, statements or advertising or other forms of communication presented to the public or buyers of agricultural products that relate to the organic certification process or the term, "100 percent organic," "organic," or "made with organic (specified ingredients or food group), or in the case of agricultural products containing less than 70 percent organic ingredients, the term, organic, on the ingredients panel.

Grower- A person who engages in the business of growing or producing food, fiber, feed, and other agricultural based consumer products.

Handling –To sell, process, or package agricultural products, except such term shall not include the sale, transportation, or delivery of crops or livestock by the producer thereof to a handler.

Inspection- The act of examining and evaluating the production or handling operation of an applicant for certification or a certified operation to determine compliance with regulations and/or standards.

Inspector- any person retained or used by CCOF CS to conduct on-site inspections of applicants or certified clients.

Label- A display of written, printed, or graphic material on the immediate container of an agricultural product, or any such material affixed to any agricultural product, or affixed to a bulk container containing an agricultural product, except for package liners or a display of written, printed, or graphic material which contains only information about the weight of the product.

Livestock- Any cattle, sheep, goat, swine, poultry, or equine animals used for food or in the production of food, fiber, feed or other agricultural-based consumer products; wild or domesticated game; or other non-plant life, except such term shall not include aquatic animals or bees for the production of food, fiber, or other agricultural based consumer products.

Major Noncompliance- An activity that does not comply with the applicable standards is considered major when it is considered to be a threat to the organic integrity of the final product. Major non-compliances require resolution or correction before an operation may advance in status or continue in a certified status.

Minor Noncompliance- An activity that does not comply with the applicable standards is considered minor when there is little or no threat to the organic integrity of the final product. Minor non-compliances may require review at the next inspection or submission of additional information by at a specified date.

Notice of Continuation of Certification- A determination made by CCOF CS that an operation is in compliance with regulations/standards for organic operation.

Notice of Denial of Certification- A determination made by CCOF CS that an applicant for certification is not able to comply or is not in compliance with regulations/standards. Notice of Denial of Certification may be combined with a notice of noncompliance.

Notice of Noncompliance- A determination made by CCOF CS that informs the operation of a minor or major noncompliance that needs correction by a prescribed date.

Notice of Noncompliance Correction- A determination made by CCOF CS that informs the operation that corrective actions submitted to CCOF CS have met the satisfactory review of CCOF CS, and certification is either granted or continued.

Notice of Proposed Suspension- A determination made by CCOF CS when rebuttal is unsuccessful or correction of the noncompliance is not completed within the prescribed time period to comply with organic regulations/standards.

Notice of Proposed Suspension/Revocation- A determination made by CCOF CS when rebuttal is unsuccessful or correction of the noncompliance is not completed within the prescribed time period to comply with organic regulations/standards that includes the implications of suspension/revocation.

Notice of Suspension/Proposed Revocation- A determination made by CCOF CS when rebuttal is unsuccessful or correction of the noncompliance is not completed within the prescribed time period to comply with organic regulations/standards that can only be reconsidered by requesting reinstatement from the USDA Secretary, and includes the implications of revocation.

Notice of Suspension- A determination made by CCOF CS that can only be reconsidered by requesting reinstatement from the USDA Secretary. The request must be accompanied by evidence demonstrating correction of each noncompliance and corrective actions taken to comply with and remain in compliance with the regulations/standards.

Notice of Revocation- A determination made by CCOF CS that results in ineligibility to receive certification for a period of five years following the date of such revocation. Except that, the Secretary may, when in the best interest of the certification program, reduce or eliminate the period of ineligibility.

Organic System Plan- A plan of management of an organic production or handling operation that has been agreed to by the producer or handler and CCOF CS, which includes written plans concerning all aspects of agricultural production or handling.

Private Label- An NOP excluded operation seeking to label their organic product with the CCOF CS name and seal.

Processing- Cooking, baking, curing, heating, drying, mixing, grinding, churning, separating, extracting,

slaughtering, cutting, fermenting, distilling, eviscerating, preserving, dehydrating, freezing, chilling or otherwise manufacturing, and includes the packaging, canning, jarring or otherwise enclosing food in a container.

Records- Any information in written, visual, or electronic form that documents the activities undertaken by a producer, handler, or CCOF CS to comply with organic regulations/standards.

Responsibly Connected- Any person who is a partner, officer, director, holder, manager, or owner of 10 percent or more of the voting stock of an applicant, or a recipient of certification or accreditation.

State organic program's governing

State official- The chief executive official of a State, or, in the case of a State that provides for the statewide election of an official to be responsible solely for the administration of the agricultural operations of the State, such official who administers a state organic certification program.

Regional Service Representative

(RSR) - The Regional Service Representative coordinates inspections and reviews of files for one or more chapters, on behalf of CCOF CS.

Reinstatement- A formal request made by a client whose certification has been suspended to the USDA Secretary that demonstrates correction of each noncompliance and corrective actions taken to comply with and remain in compliance with the organic regulations/standards.

Retail Food Establishment- An NOP exempt operation that handles organically produced agricultural products but does not process them; including: a restaurant, delicatessen, bakery, grocery store, or any retail outlet with an in-store, eat-in or carry out service, or processed or prepared raw and ready-to-eat-food.

Subcontracted

Growers/Handlers/Processors- A separate business entity that performs a specific function(s) for the certified client.

United States Department of Agriculture (USDA) - The USDA National Organic Program accredits organic certification agencies in accordance to the Federal Register 7 CFR Part 205.

Wild Crop Harvesters- Operations that harvest any plant or portion of a plant that is not maintained under cultivation or other agricultural management.

1.0 CCOF Background¹

California Certified Organic Farmers began as a grassroots organization in

1973, and was one of the first organic certification agencies and trade associations to operate in North America. In August of 2002, California Certified Organic Farmers restructured itself into two relational organizations, CCOF Inc. and CCOF Certification Services, LLC.

CCOF Inc. is the trade association continuing the long and proud tradition of California Certified Organic Farmers as a membership organization, including supporting members. CCOF Inc. gives each member the opportunity to participate in the agency's growth and success through promotion, education, advocacy, and political means. For more information visit the CCOF website at www.ccof.org.

CCOF Certification Services, LLC (CCOF), herein referred to CCOF CS, is a certification body that offers services adding value and facilitation of domestic and international trade of fresh and processed organic food.

1.1 CCOF CS Accreditation²

CCOF CS certification programs operate in compliance to various local, state, federal and international organic regulations and standards. These on-going recognitions allow CCOF CS to offer its clients a broad access to organic markets:

- United States Department of Agriculture (USDA) for offering organic certification services in compliance with the National Organic Program (NOP) Federal Rule;
- USDA Agricultural Marketing Services (AMS) for operating in compliance to the International Standardization of Organization (ISO) Guide 65: General Requirements for Bodies Operating Product Certification Systems;
- International Organic Agricultural Services for compliance the International Standardization of Organization (ISO) Guide 65, the European Economic Community Regulations 834/2007 (EEC) and the standards of Canadian Organic Regime (COR); and
- Other programs necessary for export arrangements with other countries. (See Section 1.3 Global Market Access for more information.)

1.2 Certification Categories³

CCOF CS offers general certification to growers, livestock operations, wild-crop harvesters, handlers, traders, private labelers, restaurants, and processors.

CCOF CS also offers certification to Non-Certified Facilities as part of a contract with the client. Non-Certified Facilities must comply with Section 1.2.1, Contracted Production with Non-Certified Facilities.

Private Labelers, Retail Establishments and specific Handlers may be considered exempt or excluded from certification but may seek voluntary certification with CCOF. For more information see Section 1.2.2 Exemptions and Exclusions from Certification.

Retail operations with locations in foreign countries or regions without clearly applicable national standards may participate in CCOF's Private Retail Organic Certification program. Please see CCOF Manual III: A Guide to Global Market Access for more information.

1.2.1 Contracted Production with Non-Certified Facilities

CCOF CS will provide a certificate to an operation that applies to CCOF CS and meets all of the requirements for certification. CCOF CS will inspect a non-certified facility as part of a client's certification, provided the client can evidence compliance and is responsible for the non-certified facilities practices as follows:

- The non-certified facility which does not take title of the product is precluded from marketing certified products. The raw materials supply and the sales must be to be under the control of the CCOF client
- The non-certified facility is responsible for following the Organic System Plan and for compliance with any conditions for certification arising from an inspection, for maintaining organic integrity, and for notifying the CCOF CS client of any changes to the OSP.
- The CCOF CS operation is responsible for notifying CCOF CS, and is responsible to CCOF CS for all compliance issues involving the non-certified facility.
- The non-client will be inspected annually either during the client's inspection or at another time when compliance to applicable regulations can be verified. The cost of this inspection is the responsibility of the CCOF CS client.
- The non-certified facility is subject to the same unannounced inspection and product sampling policies as client.
- If the non-certified facility offers services to more than one CCOF CS client, then CCOF reserves the right to request the client to become certified

² ISO Guide 65 4.1.4 & 4.8.1.a

³ISO Guide 65 4.3 & USDA NOP §205.501.a.3

¹ ISO Guide 65 4.2.d

by CCOF or another accredited certification agency.

- This does not apply to operations certified by other agencies.

Upon request CCOF provides a list of contracted production with non-certified facilities.

1.2.2 Exemptions and Exclusions from Certification

CCOF CS determines an operation exempt or excluded per NOP §205.101. To become certified by CCOF CS, exempt and excluded clients must comply with the regulations set forth in NOP §205.101.

1.2.3 CCOF Private Retail Certification Program

Retail operations with locations in foreign countries or regions without clearly applicable national standards may participate in CCOF's Private Retail Organic Certification program. Under this program CCOF CS will provide full inspection and certification to the best practices and standards of both CCOF's baseline NOP program and applicable national standards. The operations will be required to maintain appropriate and consistent labeling claims in subject departments and identify themselves as "certified organic" or "CCOF Certified Organic" or "Certified Organic by CCOF". However, under the program labeling provisions allowing the use of either the NOP or other national seals will not be applied. Certificates for this program will reference the CCOF Private Retail Certification Program and not reference or function as formal NOP certifications. All other applicable CCOF standards, policies, practices, and systems in both Manual II and III will apply.

1.3 Overview of CCOF CS Certification Manuals⁴

CCOF CS provides four manuals that describe the certification process. All manuals are provided upon application to CCOF CS, and can be downloaded from the CCOF CS website at www.CCOF.org.

- **Manual One: A Guide to CCOF CS Certification⁵** This manual is one of four manuals. Manual One defines CCOF CS policies and procedures.
- **Manual Two: USDA National Organic Program** Manual Two is the entire USDA's 7 CFR Part 205

National Organic Program (NOP) Final Rule.

Any interpretation, and/or changes to Manual Two are at the discretion of the USDA, and also available on the USDA website, and at www.ccof.org/standards.php.

- **Manual Three: CCOF CS Global Market Access**

Manual Three is the CCOF CS Global Market Access program which provides additional organic standards, developed to provide clients sufficient access to export markets not accessible with USDA NOP certification alone.

Any interpretation, and/or changes to Manual Three may be at the discretion of an appropriate accreditation agency, i.e. IOAS and/or CCOF CS.

- **Manual Four: Organic Materials Review Institute (OMRI) Directory**

Manual Four is the OMRI Guidance Materials List. This document lists generic products in alphabetical order with reference to the relevant NOP regulations.

1.4 Equality⁶

CCOF CS offers certification without discrimination. CCOF CS does not make undue financial or other conditions, nor discriminate, impede or inhibit applicants based on their size or type(s) of operation(s). CCOF CS does not certify or issue notice(s) to its clients based on the number of notice(s) already issued, or on the basis of any of the clients' membership affiliations and/or associations to food-related industries. CCOF CS services are designed not to discriminate against any person because of race, creed, religion, marital status, sex, ancestry, age, or national origin.

1.5 Confidentiality & Public Information⁷

CCOF CS safeguards the confidentiality of any business-related information concerning any client, products or suppliers obtained during the course of certification. CCOF CS does not disclose any proprietary information to third parties with the exception of the USDA Secretary, applicable State organic program's governing State official or other authorized representatives of accreditation

agencies. Any information released, other than what is deemed public information, must have written consent from the operation prior to release.

Public information is made available on the website and directories released by CCOF CS. CCOF CS routinely makes available to the public the operation name, address, phone number, effective date of certification, scope of certification, products grown or processed, total acreage farmed, organic acreage farmed, parcel and/or facility identification, and the status of certification. CCOF CS also makes public upon request all certificates, and any results of laboratory analyses for residues of pesticide and other prohibited substances conducted during the current and 3 preceding calendar years, unless the testing is part of an on-going compliance investigation.

1.6 Impartiality⁸

CCOF CS maintains impartiality by preventing conflict of interest. CCOF CS requires all persons who review applications for certification, perform on-site inspections, review certification documents, evaluate qualifications for certification, or make certification decisions, as well as all parties responsibly connected to CCOF CS, to complete an annual conflict of interest disclosure report. CCOF CS ensures that the decision to certify an operation is made by a person different from those who conducted the review of documents and on-site inspection.

CCOF CS excludes any person with conflicts of interest, including contractors, from work, discussions, and decisions in all stages of the certification process, and the monitoring of certified production or handling operations for all entities in which such person has or has held a commercial interest, including an immediate family interest or the provision of consulting services, within the 12-month period prior to the application for certification.

CCOF CS does not certify a production or handling operation if CCOF CS or a responsibly connected party of CCOF CS has or has held a conflict of interest in the production or handling operation. CCOF CS reconsiders a client's application for certification and, if necessary, performs a new on-site inspection or refers a client to a different certification agency. All costs associated with a reconsideration of application, new inspection or

⁴ ISO Guide 65 4.1.3 & 4.3

⁵ USDA NOP Subpart E §205.400-205.406 & ISO Guide 65, Section 4.8.1.a-g

⁶ISO Guide 65 4-4.1.2 & USDA NOP §205.501.d & IOAS AC 1.2.3

⁷ISO Guide 65 4.2, 4.8.1.g, 4.10-4.10.2, USDA NOP Subpart F §205.504.b.4 & 205.504.b.5.i-iv

⁸ISO Guide 65 4.2.e, 4.2.o.1-3, USDA NOP Subpart F §205.501.a.11-12ii, 205.504.c.2

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transference to a new agency shall be borne by CCOF CS.

CCOF CS does not permit any employee, inspector, contractor, or other personnel to accept payment, gifts, or favors of any kind, other than prescribed fees, from any business inspected.

CCOF CS does not engage in the marketing of certified products or promotion of individual products. Applications are not solicited nor based on the needs of individual buyers. All inquiries about trade or consumers are directed to CCOF, Inc. CCOF CS does not give advice or provide consultancy services to applicants/clients or supply or design products of the type(s) it certifies.

1.7 Standard of Behavior

CCOF CS attempts to provide professional cost effective service to its clients. Both clients and CCOF CS are expected to maintain a professional and business-appropriate standard of behavior. Threatening or abusive language and/or inappropriate advances of a sexual or other nature will not be tolerated at any stage of the certification process. As the inspection and certification environment constitute a workplace, safe workplace guidelines and statutes apply to all involved. Clients who engage in inappropriate behavior will be deemed to be refusing service, cannot be inspected, and may face non-compliance actions.

2.0 CERTIFICATION⁹

A person seeking to receive or maintain organic certification under the NOP must comply with the applicable organic production and handling regulations.

2.1 APPLICATION¹⁰

An application packet may be obtained upon request to CCOF CS or downloaded at www.ccof.org. The packet contains the CCOF CS Manuals One, Two, Three and Four, Organic Certification Affidavit, Application Form, Organic System Plan (OSP) and instructions. The applicant must return to CCOF CS the completed forms, required attachments, and necessary certification fees per Section 4.0 Fees and Continuation of Certification Information. Please note for those clients located in California, registration to the California Department of Food and Agriculture, Organic Program (CDFA) is required.

⁹USDA NOP § Subpart E -§ 205.400

¹⁰ USDA NOP § 205.201, 205.401, § 205.405(e) & ISO/IEC Guide 65 4.1.4, 4.5.3.i.1-4.5.3.i.2, 4.6.1, 4.6.2.a, 8.1.1-8.2.2.a-b, 8.1.2.a-h

2.2 APPLICATION REVIEW & COST ESTIMATE¹¹

Upon submission of an application for certification, the application will be reviewed for completeness and accuracy. CCOF CS shall determine its ability to perform services for the client with respect to the scope of certification sought. If applicable, CCOF CS may determine any special needs due to the location or language of the applicant.

CCOF CS must also review the application materials and determine whether the applicant appears to comply or may be able to comply with the applicable organic production and handling regulations; including the applicability of the application and determining whether the client may be exempt or excluded from certification, see Section 3.5.1, Exempt and Excluded. CCOF CS may request further information in attempts to clearly define, document and understand any differences from the information submitted.

CCOF CS will also verify if applicant(s) who previously applied to CCOF CS or another agency received a notice of noncompliance or denial of certification, and have submitted documentation to support the correction of any noncompliance(s) identified in the notice of noncompliance or denial of certification.

The findings of this application review will be communicated to the client per Section 2.7 Certification Sanctions, along with the cost estimate for CCOF CS. The estimate is based on the information provided by the client in the application. The actual cost of certification may vary depending on the accuracy of information compared to the actual events encountered by CCOF CS at the time of inspection and on granting certification. For more information on cost estimates, see Section 4 Fees and Continuation of Certification.

Applicants may withdraw their application at any time. The application fee is non-refundable, and an applicant who withdraws its application shall be liable for the costs of services provided up to the time of withdrawal. An applicant that voluntarily withdraws an application prior to the issuance of a notice of noncompliance will not be issued a notice of noncompliance. Similarly, an applicant that voluntarily

¹¹§ 205.402 Review of application and §205.100-205.101, 205.402.a.1-4, 205.501.a.18 & ISO/IEC Guide 65 9.0-9.3

withdraws an application prior to the issuance of a notice of certification denial will not be issued a notice of certification denial.

Once an applicant has been reviewed by CCOF CS, the applicant will be assigned a Regional Service Representative (RSR). CCOF CS generates a Certification Status Report (CSR), and sends it to the RSR along with the application or previous year's inspection report and Organic System Plan.

The RSR is then responsible for scheduling the on-site inspection and assigning an inspector. CCOF reserves the right to make all inspection assignments. CCOF clients may not influence the choice of inspector or contact inspectors directly to solicit inspection assignments. Operators do have the right to be informed about the identity of the inspector before the inspection visit, and may raise objections based on conflicts of interest or other reasons. The certification body shall rule whether the reasons are accepted.

The RSR shall within a reasonable time period, forward all relevant information to the inspector.

Generally, the inspection should be performed within 30 days following the assignment. The initial inspection may be delayed for up to 6 months to comply with the requirement that the inspection must be conducted when the land, facilities, and activities that demonstrate compliance or capacity to comply can be observed.

2.3 ON-SITE INSPECTION¹²

The on-site inspection of an operation must verify the operation's compliance or capability to comply with the NOP. The information included in the organic production or handling Organic System Plan must accurately reflect the practices used or to be planned to be used by the applicant. Also, information is verified to determine that prohibited substances have not been and are not being applied to the operation, CCOF CS reserves the right to require additional information, including the collection and testing of soil, water, waste, seeds, plant tissue, and plant, animal, and processed products samples.

The client must ensure that there is ample time for the inspection. CCOF expects clients to make substantial effort

¹² ISO/IEC Guide 65 10 & USDA NOP §205.403

to meet the inspector's schedule. CCOF schedules inspections in an effort to minimize cost and provide timely service. The duration of an inspection varies by operation and from inspection to inspection. The inspector will need to view all documents that form the operation's audit trail, have complete input, harvest and sales records available for inspection, including all receipts for inputs, contracted services, and equipment rental. Penalties may be applied where a client is non-responsive. See CCOF Certification Costs, Section 4.

All on-site inspections must be conducted when an authorized representative of the operation who is knowledgeable about the operation is present, and at a time when land, facilities, and activities that demonstrate the operation's compliance with applicable organic regulations/standards can be observed. This requirement does not apply to additional on-site inspections.

The CCOF CS inspector must conduct an exit interview with an authorized representative of the operation who is knowledgeable about the inspected operation, to confirm the accuracy and completeness of inspection observations and information gathered during the onsite inspection. The inspector must also address the need for any additional information as well as any issues of concern.

At the time of the inspection, the inspector shall provide the operations' authorized representative with a receipt for any samples taken by the inspector. There shall be no charge to the inspector for the samples taken. Following the inspection, the inspector shall provide the RSR and CCOF CS with a copy of the on-site inspection report and any test results. The client may submit supplemental information to the RSR within 5 business days of the inspection. Inspectors are required to submit reports within a timely manner, generally 15 business days from the date of the inspection. If a client is concerned about the date by which a report will be completed, they should discuss their concerns first with the inspector, and then the RSR.

2.3.1 ON-SITE INSPECTION OF APPLICANTS

On-site inspections of applicants must include inspection of each production unit, facility, and site that produces or handles organic products, and that are included in an operation for which certification is requested.

2.3.2 ANNUAL ON-SITE INSPECTION

An on-site inspection shall be conducted annually thereafter for each client that produces or handles organic products for the purpose of determining whether to approve the request for certification or whether the certification of the operation should continue. CCOF will need access to all facilities and all records.

2.3.3 ADDITIONAL ON-SITE INSPECTIONS

CCOF CS reserves the right to conduct additional on-site inspections of applicants for certification and of clients to determine compliance with the applicable organic production and handling regulations/standards. The Administrator or State organic program's governing State official may require that additional inspections be performed by CCOF CS for the purpose of determining compliance with the applicable organic production and handling regulations/standards. Additional inspections may be announced or unannounced at the discretion of the CCOF CS or as required by the USDA NOP Administrator or State organic program's governing State official.

2.4 GRANTING OF CERTIFICATION¹³

Within a reasonable time after completion of the initial on-site inspection, generally no more than 90 days, CCOF CS 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 CCOF CS determines that the Organic System Plan and all procedures and activities of the applicant's operation are in compliance with applicable organic production and handling regulations, and that the applicant is able to conduct operations in accordance with the Organic System Plan, CCOF CS shall grant certification. The certification may include requirements for the correction of minor noncompliance(s) within a specified time period as a condition of continued certification.

CCOF CS shall provide the applicant with a copy of the on-site inspection report, as approved by CCOF CS, a copy of test results for any samples taken by the inspector, and shall issue a certificate of organic operation which specifies, at minimum, the:

- 1). Name and address of the client;
- 2). Effective date of certification;

¹³ ISO/IEC Guide 65 4.2.b, 4.6, 11.b, 12-12.4 & USDA NOP §205.402.b, & 205.404

- 3). Categories of organic operation, including retail operations, and crops, wild crops, livestock, or processed products produced by the client; and
- 4). Name, address, and telephone number of CCOF CS.

Once certified, a production or handling operation's organic certification continues in effect until surrendered by the organic operation, or until suspended or revoked by CCOF CS, the State organic program's governing State official, or the Administrator.

2.5 CONTINUATION OF CERTIFICATION¹⁴

In order to maintain certification an operation must annually renew certification. Each year CCOF CS sends a Request for Continuation of Certification to each client. In order to continue certification the client must sign and return the Annual Continuation of Certification, which requires the following supplemental information:

- 1) Any update(s) on any pending correction of minor noncompliance(s) previously identified by CCOF CS as requiring correction for continued certification;
- 2) Any updates to the Organic System Plan, detailing any deviations from, changes to, modifications to, or other amendments made to the previous year's Organic System Plan, and any additions or deletions intended to be undertaken in the coming year, as applicable; and
- 3) An annual certification fee per Section 4 Fees and Continuation of Certification.

When all the required documentation is complete and verified to be compliant with standards, CCOF CS will transfer the client's file to the designated RSR to schedule the on-site inspection per Section 2.3.3 On-Site Inspection provisions.

If information is not complete or not in compliance, CCOF CS may request further information or issue a notice per Section 2.7 Certification Sanctions to any client that fails to provide the information above by the required deadlines.

Once the inspection is performed, CCOF CS shall perform a certification review. If CCOF CS has reason to believe, based on the on-site inspection and a review of the information submitted for continuation of certification, that a client

¹⁴USDA NOP 205.406-205.406.a-d & ISO Guide 65 13 Surveillance

is compliant with applicable organic production and handling standards, CCOF CS shall issue a Notice of Continuation of Certification. If not complying with applicable organic production and handling regulations, CCOF CS shall provide a notice in accordance with Section 2.7 Certification Sanctions.

In cases where the following information has changed, CCOF CS may re-issue a certificate at the time of continuation of certification:

- 1) Name and address of the client;
- 2) Effective date of certification;
- 3) Categories of organic operation, including retail operations, and crops, wild crops, livestock, or processed products produced by the client; and
- 4) Name, address, and telephone number of CCOF CS,

Certificates that are lost, mutilated, or stolen may be replaced per Section 3.1. CCOF CS also issues duplicates for the purpose of display per Section 3.1. See Section 4.9.7 for costs associated with these services.

2.6 MODIFICATION OF CERTIFICATION¹⁵

2.6.1 Organic System Plan

All CCOF CS clients are required to maintain an Organic System Plan. This plan is central to maintaining certification with CCOF CS. The client must make every attempt to ensure that the plan is current and accurately reflects the organic practices of the operation. Clients are required to update their organic system plan at continuation of certification if there are relevant changes in practices at that time. Clients may change the OSP at any time during the year. Changes to the OSP should be submitted to the CCOF home office prior to implementation. The use of a new input or ingredient should be updated in the OSP and approved prior to use. Failure to update the OSP in a timely fashion may result in a Notice of Noncompliance and loss of certification if the practice is found to compromise the integrity of the organic product. See Section 2.7.1.a regarding major and minor non-compliances.

The OSP should be reviewed and updated at the following times:

- A) Annual Continuation and payment of annual fees

- B) Prior to the inspection if new materials are considered for use or new ingredients are sourced.
- C) At inspection—but only for minor changes.

2.6.2 Extending and/or Reducing Scope of Certification

To extend or reduce acreage, parcels, products or processes into the CCOF CS certification program, clients must complete the relevant section of the Organic System Plan and submit to CCOF CS for review. The addition of a product may require a document review and fee, see Section 4 Fee and Continuation of Certification. The addition of a process or a co-processor may require an additional inspection.

Inspection of additional acreage will only be conducted after the required documentation is submitted to CCOF CS for review prior to the inspection. Add acreage applications should be submitted 30 days before the inspection. CCOF CS may advance a certified parcel from Applicant to Certified Organic or Certified Transitional after one inspection if the land meets CCOF CS land history requirements and the operation is in compliance with applicable standards. CCOF CS may require additional inspections if documentation compliance cannot be verified at the first inspection.

Adding an entirely new type of production to the CCOF CS certification program will generally require both documentation and an inspection, along with an additional fee. For example, a client engaged in crop production that wishes to add processing to his/her certification will be required to submit the newly relevant pages of the Organic System Plan to the statewide office and complete an inspection, after the application has been approved.

2.7 CERTIFICATION SANCTIONS¹⁶

It is the responsibility of the CCOF CS client to understand and comply with all of the applicable standards for certification. CCOF CS handles issues related to violations of standards with the highest priority. CCOF CS has a series of graduated steps that can be taken when an operation is determined to be out of compliance with standards or where there are special circumstances that call for close scrutiny of an operation's compliance. There is a

series of sanctions for non-compliance outlined below, although CCOF CS reserves the right to change an operation's status to any category whenever deemed appropriate.

2.7.1 Noncompliance Procedure¹⁷

When an inspection, review, or investigation of a client by CCOF CS reveals any noncompliance with applicable organic regulations/standards, a written notice of noncompliance shall be sent to the client. Such notice shall provide:

- 1) A description of each noncompliance;
- 2) The facts upon which the notice of noncompliance is based; and
- 3) The date by which the client must rebut or correct each noncompliance and submit supporting documentation of each correction when correction is possible.

2.7.1.a Noncompliance levels

CCOF CS may issue noncompliance(s) to an operation in order to identify and allow for correction of aspects of the operation that do not comply to applicable regulations/standards. A noncompliance may be considered to be Minor or Major, as defined below.

- 1) **Minor Noncompliance-** An activity that does not comply with the applicable organic regulations/standards is considered minor when there is little or no threat to the organic integrity of the final product. Minor non-compliances may require detailed review at the next inspection, or that the applicant or certified party submits additional information, update the OSP, or take other actions. Minor non-compliances may be issued upon granting or continuation of certification.
- 2) **Major Noncompliance-** An activity that does not comply with the applicable standards is considered major when there is considered to be a threat to the organic integrity of the final product. Willful violation of the standards may constitute as a major non compliance. Major non compliances require resolution or correction before an operation may be granted or continue certification.

CCOF CS submits a copy of all notices of major noncompliance and corrections to the USDA NOP Administrator.

¹⁶ ISO Guide 65 4.6.1, 4.6.2-4.6.2.c, 4.8.1.b & 12.4 & USDA/NOP § 205.405.a-g, 205.501.a.3, 205.405, 205.501.a.15, 205.503.b.2

¹⁷ USDA NOP§ 205.662
QS-01-00 V4, R3 (1/15/10), 7 OF 14

¹⁵ISO/IEC Guide 65 4.6-4.6.2.c, 13-13.3

2.7.1.b Correction of Noncompliance

Upon receipt of a notice of noncompliance, the client may choose to:

- 1) Correct noncompliance(s) and submit a description of the corrective actions taken with supporting documentation to CCOF CS;
- 2) Correct noncompliance(s) and submit a new application to CCOF CS or another certification agency, provided that the applicant include a complete application, the notice of noncompliance, and a description of the corrective actions taken with supporting documentation; or
- 3) Submit written information to CCOF CS to rebut the noncompliance described in the notice of noncompliance.

Upon receipt of corrective actions, CCOF CS must evaluate the client's information and supporting documentation or the written rebuttal, conduct an on-site inspection if necessary, and when the corrective action or rebuttal is sufficient for the client to qualify for certification, issue the client an approval of certification pursuant to Section 2.4 Granting of Certification or Section 2.5 Continuation of Certification.

If the corrective action or rebuttal is not sufficient for the client to qualify for certification, or the client fails to respond to the notice of noncompliance, CCOF CS shall issue the client a written notice, which states the reason(s) for denial and/or proposed suspension/revocation, and the applicant's right to:

- 1) Reapply for certification pursuant to Section 2.1 Application;
- 2) Request mediation pursuant to Section 2.10 Mediation or, if applicable, pursuant to a State organic program's mediation procedure(s); or
- 3) File an appeal of the denial of certification pursuant to Section 2.8 Appeal or, if applicable, pursuant to a State organic program's appeal procedure(s).

2.7.2 Denial of certification (Applicants)¹⁸

When CCOF CS has reason to believe, based on a review of the application or certification review of the initial on-site audit, that an applicant for certification is not able to comply or is not in compliance with applicable organic

regulations/standards, CCOF CS provides a written notice of noncompliance pursuant to Section 2.7.1. A notice of noncompliance and a notice of denial of certification may be combined into one notice.

The notice shall state the reason(s) for denial and/or proposed suspension/revocation, and the applicant's right to:

- 1) Reapply for certification pursuant to Section 2.1 Application;
- 2) Request mediation pursuant to Section 2.10 Mediation or, if applicable, pursuant to a State organic program's mediation procedure(s); or
- 3) File an appeal of the denial of certification pursuant to Section 2.8 Appeal or, if applicable, pursuant to a State organic program's appeal procedure(s).

CCOF CS submits a copy of all denial of certification to the USDA NOP Administrator.

2.7.3 Proposed Suspension and/or Revocation (Continuation Clients)

When rebuttal is unsuccessful or correction of the noncompliance is not completed within the prescribed time period pursuant to Section 2.7.1 Notice of Noncompliance, CCOF CS shall send the client a written notification of proposed suspension or revocation of certification of the entire operation or a portion of the operation, as applicable to the noncompliance. When correction of a noncompliance is not possible, the notification of noncompliance and the proposed suspension or revocation of certification may be combined in one notification. The notification of proposed suspension or revocation of certification shall state:

- 1) The reasons for the proposed suspension or revocation;
- 2) The proposed effective date of such suspension or revocation;
- 3) The impact of a suspension or revocation on future eligibility for certification;
- 4) The right to request mediation pursuant to Section 2.10 Mediation or, if applicable, pursuant to a State organic program's mediation procedure(s); or
- 5) The right to file an appeal of the denial of certification pursuant to Section 2.8 Appeal or, if applicable, pursuant to a State organic program's appeal procedure(s).

CCOF CS submits a copy of all proposed suspension and/or revocations to the USDA NOP Administrator.

2.7.4 Suspension or Revocation

If the client fails to correct the noncompliance, to resolve the issue through rebuttal or mediation, or to file an appeal of the proposed suspension or revocation of certification, CCOF CS shall send the client a written notification of suspension or revocation.

CCOF CS will not send a notification of suspension or revocation to a client that has requested mediation pursuant to Section 2.10 Mediation or filed an appeal pursuant to Section 2.8 Appeal, while final resolution of either is pending.

A client or a person responsibly connected with an operation whose certification has been revoked will be ineligible to receive certification for a period of 5 years following the date of such revocation, except, that, the Secretary may, when in the best interest of CCOF CS, reduce or eliminate the period of ineligibility.

CCOF CS submits a copy of all suspension or revocations to the USDA NOP Administrator.

2.7.5 Withdrawal of Certification¹⁹

At any time clients may withdraw from CCOF CS through written notification. CCOF CS may also send a client a Withdrawal Letter, which notifies the client that CCOF CS has voluntarily withdrawn the client from certification due to a failure to continue certification. A failure to respond within the designated continuation of certification timeframe will constitute withdrawal. Clients must also cease all claims of the CCOF CS logo and name, destroy or return all certificates, labeling and marketing material containing reference of CCOF CS as per the General Affidavit, and are liable for the costs of services provided up to the point of withdrawal.

2.7.5.a Events Beyond Client's Control

When CCOF learns that a catastrophic event beyond the client's control and that makes the client unable to contact CCOF has occurred, such as death, CCOF reserves the right to cease certification activities for up to six months to allow grieving and, where applicable, re-building. If contact cannot be made with an operation whose principal operator has died or the operation has been destroyed and it is

¹⁸ USDA NOP§ 205.405 Denial of certification

¹⁹ ISO/IEC Guide 65 4.6.2.a
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common knowledge that production/processing has ceased, CCOF will cease providing certification services without taking adverse action against the operation.

2.7.6 Willful Violations²⁰

If CCOF CS has reason to believe that a client has willfully violated any applicable standards, CCOF CS shall send the client a notification of proposed suspension or revocation of certification of the entire operation or a portion of the operation, as applicable to the noncompliance.

Where an operation or member is suspected of fraudulent or illegal activity, CCOF CS is obligated to notify the California Department of Food and Agriculture, Organic Program (CDFA), or applicable State organic program. The CDFA or applicable State organic programs have the ability to levy fines and prosecute cases under the California Organic Foods Act, and other state regulations. At minimum, the following national regulations apply as fines for willful violations:

2.7.6.a. False Labeling

The USDA per the NOP shall penalize any operation that knowingly sells or labels a product as organic, except in accordance with the organic regulations, a civil penalty of not more than \$11,000 per violation.

In addition to the above penalty, CCOF is entitled to attorney's fees and costs incurred in bringing any civil action, arbitration or mediation to enforce any false labeling from certified or noncertified parties incurred using the CCOF name or marks.

2.7.6.b. False Statement(s)

Any operation that makes a false statement to the Secretary or a State organic program's governing State official shall be subject to the provisions of section 1001 of title 18, United States Code.

2.7.6 REINSTATEMENT

A client whose certification has been suspended may at any time, unless otherwise stated in the notification of suspension, submit a request to the USDA Secretary for reinstatement of its certification. The request must be accompanied by evidence demonstrating correction of each noncompliance and corrective actions taken to comply with and remain in compliance with the organic regulations/standards.

Clients wishing reinstatement must complete CCOF's suspension reinstatement process and pay any applicable review and processing fees. CCOF must re-review the client's operation for compliance and inspect the operation prior to issuing a letter of support for re-instatement to the USDA.

Once the USDA provides a decision, CCOF CS will reinstate certification services and/or certified status to the client.

2.8 Appeals²¹

An applicant for certification may appeal a CCOF CS notice of denial of certification, and a client may appeal a CCOF CS notification of proposed suspension or revocation of certification to the California Department of Food and Agriculture, Organic Program (CDFA), or applicable State organic program or NOP Administrator.

If the NOP Administrator or State organic program sustains a certification applicant's or client's appeal of a CCOF CS decision, the applicant will be issued organic certification, or a client will continue its certification, as applicable to the operation. The act of sustaining the appeal shall not be an adverse action subject to appeal by the affected CCOF CS.

If the Administrator or State organic program denies an appeal, a formal administrative proceeding will be initiated to deny, suspend, or revoke the certification. Such proceeding shall be conducted pursuant to the U.S. Department of Agriculture's Uniform Rules of Practice or the State organic program's rules of procedure.

An appeal of a noncompliance decision must be filed within the time period provided in the notice or within 30 days from receipt of the notice, whichever occurs later. The appeal will be considered "filed" on the date received by the USDA NOP Administrator or by the State organic program. A decision to deny, suspend, or revoke certification will become final unless the decision is appealed in a timely manner.

Appeals to the Administrator must be filed in writing and addressed to AMS Administrator, c/o NOP Appeals Team STOP 0203, Room 1114-S, 1400 Independence Ave., SW Washington, DC 20250

Appeals to the California State organic program must be filed in writing to the CDFA State Organic Program Administrator at CDFA State Organic Program, 1220 N. Street, Sacramento, CA 95814. If located outside of California, contact the CCOF CS Statewide office for more information.

All appeals must include a copy of the adverse decision and a statement of the appellant's reasons for believing that the decision was not proper or made in accordance with applicable program regulations, policies, or procedures.

All written communications between parties involved in appeal proceedings must be sent to the recipient's place of business by a delivery service that provides dated return receipts. All appeals shall be reviewed, heard, and decided by persons not involved with the decision being appealed.

2.9 Complaints²²

CCOF CS investigates all complaints or allegation in a timely and efficient manner. CCOF CS is committed to investigating complaints that are submitted in writing and provide evidence that supports the allegations or noncompliance with the USDA NOP or other applicable standards. CCOF CS will take subsequent action, document the action(s) taken and its effectiveness, and when the complaint is resolved, a documented resolution will be made. If a certified party or applicant refuses to cooperate in an investigation, CCOF CS may deem this sufficient cause for denial or suspension and/or revocation of certification.

2.10 Mediation²³

Any dispute with respect to denial of certification or proposed suspension or revocation of certification may be mediated at the request of the applicant for certification or certified operation and with acceptance by CCOF CS.

Mediation shall be requested in writing to CCOF CS. If CCOF CS rejects the request for mediation, CCOF CS shall provide written notification to the applicant for certification or certified operation. The written notification shall advise the applicant for certification or certified operation of the right to request an appeal, pursuant to Section 2.8 Appeal, within 30 days of the date of the written notification of rejection of the request for mediation.

²²USDA NOP§ 205.661.a-b, ISO Guide 65§7-7.1, 7.2.b-c

²³USDA NOP § 205.663 Mediation QS-01-00 V4, R3 (1/15/10), 9 OF 14

²⁰USDA NOP §205.405.g

²¹Adverse Action Appeal Process § 205.680 General & § 205.681 Appeals

If mediation is accepted by CCOF CS, such mediation shall be conducted by the appropriate state organic agency. In the state of California, all mediations are handled by the CDFA State Organic Program Administrator, and in accordance to procedures established by the CDFA State Organic Program.

The parties to the mediation shall have no more than 30 days to reach an agreement following a mediation session. If mediation is unsuccessful, the applicant for certification or certified operation shall have 30 days from termination of mediation to appeal the CCOF CS decision pursuant to Section 2.8 Appeal. Any agreement reached during or as a result of the mediation process shall be in compliance with organic regulations/standards.

The USDA Secretary may review any mediated agreement for compliance to the NOP and may reject any agreement or provision not in compliance with the NOP.

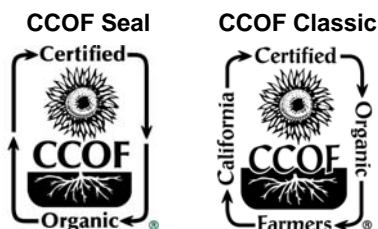
3.0 CERTIFICATION SERVICES

3.1 Changes to Certificates

All changes, corrections and/or additions must be requested in writing. Change Request forms are available from CCOF CS or clients may modify the client profile provided that it's signed and dated.

3.2 CCOF CS Labeling Provisions

On November 17, 2007 CCOF adopted a new seal and logo with broader national appeal for CCOF's nationally-based growers and processors. Both the new logo or the "CCOF Classic" seal may be utilized to indicate CCOF certification. The CCOF seal may be used in any color or combination of colors but may not be modified in other ways.



All labels used on packaging must be attached to the OSP and pre-approved by CCOF CS, preferably prior to printing. Clients certified by CCOF CS may use the USDA seal and/or the CCOF seal. Those clients wanting to use the USDA seal must do so in accordance to NOP §205.300-205.311. Clients using the

CCOF seal may use (or have access to) various graphic formats, stickers, twist ties and other products offered by CCOF CS at www.ccof.org. Clients may also inquire about the use of a Transitional Seal.

3.3 Pre-harvest and Post-harvest Testing²⁴

All organic agricultural products must be made accessible by clients for examination by CCOF CS, AMS Administrator, or the applicable State official. The AMS Administrator, applicable governing State official, or CCOF CS may require pre-harvest or post-harvest testing of any agricultural input used or organic product when there is reason to believe that the agricultural input or product has come into contact with a prohibited substance, or has been produced using excluded methods.

An inspector may test for prohibited substances that have not been and are not being applied to the operation through means, which at the discretion of CCOF CS, may include the collection and testing of soil, water, waste, seed, plant tissue, and plant, animal and processed products samples. CCOF CS shall provide the operation's authorized representative with the results and receipt for any samples taken by the inspector. All tests required by CCOF CS will be paid by CCOF CS, and not by the applicant or client.

Sample integrity is maintained throughout the chain of custody, and residue tests are performed by a third-party, accredited laboratory, EMA Laboratories. Chemical analysis is performed in accordance with the methods described in the most current edition of the Official Methods of Analysis. All test results and analysis are provided to the USDA Administrator, and are available to the public, unless the testing is part of an ongoing compliance investigation.

If test results indicate a specific agricultural product contains a pesticide residue or environmental contaminants that exceed the Food and Drug Administration's or the Environmental Production Agency's regulatory tolerances, CCOF CS must promptly report such data to the Federal health agency whose regulatory tolerance or action level has been exceeded.

3.3.1 Exclusion from Organic Sale

When residue testing detects prohibited substances at levels that are greater than 5 percent of the Environmental Protection Agency's tolerance for the specific residue detected or unavoidable residual environmental contamination, the agricultural product must not be sold, labeled, or represented as organically produced. The USDA Administrator, the State organic program if in effect, or CCOF CS may conduct an investigation of the client to determine the cause of the prohibited substance.

3.3.2 Emergency Pest or Disease Treatment

When a prohibited substance is applied by a client due to a Federal or State emergency pest or disease treatment program, and the client otherwise meets the requirements of this part, the certification status of the operation shall not be affected as a result of the application of the prohibited substance: provided, that: Any harvested crop or plant part to be harvested that has contact with a prohibited substance applied as the result of a Federal or State emergency pest or disease treatment program cannot be sold, labeled, or represented as organically produced; and any livestock that are treated with a prohibited substance applied as the result of a Federal or State emergency pest or disease treatment program, or product derived from such treated livestock, cannot be sold, labeled, or represented as organically produced: except, that: Milk or milk products may be sold, labeled, or represented as organically produced beginning 12 months following the last date that the dairy animal was treated with the prohibited substance; and the offspring of gestating mammalian breeder stock treated with a prohibited substance may be considered organic: provided, that, the breeder stock was not in the last third of gestation on the date that the breeder stock was treated with the prohibited substance.

4.0 CERTIFICATION FEES & CONTINUATION OF CERTIFICATION²⁵

All CCOF CS clients are subject to the fees described in this section.

4.1 Application Fee

Upon application to CCOF CS, all clients must pay a one-time, non-refundable \$275.00 Application Fee. CCOF CS cannot process or review an application without payment of the application fee.

²⁴USDA NOP Subpart G-Administrative §205.670-205.672.b-1-2

²⁵§ 205.642 Fees and other charges for certification

Any operation that voluntarily withdraws from certification and then re-applies within six months of withdrawal qualifies for a reduced application fee of \$100.00.

4.1.1 Expedited Services

New and existing clients may enroll in CCOF's expedited services program to reduce inspection, report and review timeframes. Additional information is available at www.ccof.org and in all application packages.

4.2 Inspection Fee

The cost for inspections is billed on a time and materials basis upon completion of the inspection. Total inspection costs vary according to the operation's size, complexity, and inspector availability. Inspections are billed at \$55 per hour. Travel time is billed at 75% of the hourly inspection rate and expenses include mileage, food, lodging, etc.

CCOF CS is committed to assigning and executing inspections in the most efficient manner possible. CCOF CS assigns inspectors to operations according to the inspector's qualifications and in order to minimize travel costs and save time. Cooperation with inspection assignments is necessary in order for inspections to be scheduled efficiently. If a client fails to comply with an inspection date set according to the inspector's schedule, additional time and travel charges may accrue.

4.2.1 Inspection Penalties

The following penalties may be levied by CCOF CS:

- A) Time and expenses incurred plus a \$50.00 penalty for cancelled inspection with less than 48 hours notice.
- B) At the second request to schedule an inspection the client has 5 working days to respond. Failure to respond may result in a \$50.00 penalty.

The Chief Certification Officer determines these penalties. Clients may appeal penalties to the Chief Certification Officer.

4.2.2 Failure to Complete an Inspection

Failure to complete an inspection is cause for Notice of Noncompliance and/or Notice of Proposed Suspension.

4.3 Annual Certification Fee

All clients, except retail stores, are billed the annual certification fee on a sliding scale based on the clients annual "Organic Production Value (OPV)". See the fee table below in Section 4.6 Annual Certification Table. Please note

that CCOF no longer offers an "Inactive" status.

4.3.1 First Year Clients Annual Fee

The first annual certification fee must be paid before CCOF CS will issue a certificate. Applicants for certification are required to provide a reasonable estimate of annual Organic Production Value on which the first annual certification fee will be based. New applicants must pay fees according to estimated value of organic and transitional production. Applicants located outside of the United States are subject to a minimum fee of \$950.00 per year.

Applicants who withdraw from certification after review are liable for 50% of their first year annual fee or \$100 minimum, whichever is greater. Applicants who withdraw after inspection but before review are only liable for inspection costs billed.

Clients certified in the 4th quarter of their renewal period will pay \$100.00 upon issuance of the certificate. The client will then be invoiced a full annual fee at the next renewal date.

4.3.2 Continuing Clients Annual Fee

Continuing clients may pay fees based on the production value of previous year. All organic production must be reported, even if not sold as organic. Some portion of production from organic production not sold as "organic" may be exempt from annual fees. Clients must submit a request in writing for such an exemption to the Chief Certification Officer, who may grant such a request for up to \$3,000 in fees. Clients whose annual certification fee is over \$300 may arrange to make quarterly payments by contacting CCOF CS accounting.

Invoices for annual certification fees are payable on January 1 of each year and will be issued in November of the previous year.

Clients who do not withdraw, in writing, within 45 days of their annual renewal date are liable for prorated fees up to the date of their withdrawal.

CCOF reserves the right to set annual renewal dates regardless of region. In these cases, client will be notified of their renewal date and all billing and renewal processes will commence accordingly.

4.3.2.a Evidence of Production Value

Evidence of Production Value, including sales records and/or production capacity, must be available for review at the annual certification inspection. CCOF CS reserves the right to adjust the annual fee based on information gathered at the inspection. All organic production and sales information is held strictly confidential.

Evidence of production value includes, but is not limited to:

- Sales records
- Income tax revenue statement from most current year (Schedule F)
- Acreage multiplied by per acre yield and crop value (may be based on county agricultural commissioner reports)
- Other third party records such as a broker, sales agent, or cooperative.

4.3.2.b Maximum and Minimum Annual Certification Fees

Total maximum certification fee for any CCOF CS certified client is \$20,500. The maximum fee does not include inspection costs. Up to \$500 will be credited to an account for use against one-time additional services, as described in Section 4.9, for all CCOF CS clients that pay the maximum certificate fee. The credit may not be taken in cash or applied to any other CCOF CS charges.

The minimum annual fee for farm operations that produce only organic product is \$170. If a farm is a mixed operation (produces both organic and non-organic product), the minimum annual fee is \$300. For processors, the minimum annual fee is \$550.

4.3.2.c Calculating the applicable certification fee for Handlers and Processors:

Handlers may deduct the cost of organic product purchased. To find the continuation of certification fee on the fee table that follows, clients must first collect the following information:

Total Value of Certified Organic Production/Sales (TVO). Certified Organic Purchased Product Price (PPP). This is product bought by client business, not produced by client operation. Service Fees Charged by CCOF CS Certified Co-processors (SFC).

Total Organic Production subject to annual certification fee = TVO - PPP - SFC

4.4 Reserved

4.5 Retailer Programs & Fees

A retailer with private labels or home brands will be considered a handler and

charged the applicable fees. A retailer that seeks certification of a private label must comply with all applicable standards. CCOF CS bills a continuation of certification fee to all retailers according to the bracketed schedule below. Maximum continuation of certification fee is \$20,000. Annual certification dates are client certification anniversary dates. The square footage may vary depending on store services and what services are being certified. The Chief Certification Officer has the

sole discretion to negotiate the applicable square footage fees.

Total Square Feet per Store = Total Annual Fee per Store 0 to 7,500 Square Feet =\$750.
7,501 to 18,000 Square Feet =\$1,500.
Over 18,000 Square Feet= \$2,500

Where retailers operate centralized chains with more than 5 stores, CCOF may provide flat rate inspection pricing

to stabilize costs and facilitate planning by both CCOF and the retailer.

Retailers enrolled in the GMA CCOF Private Retailer Certification Program will be charged an additional \$200 per each location to cover administrative and other costs.

4.6 Annual Certification Fee Table

| CCOF Certification Services Fee Schedule (all amounts in dollars) | | | |
|---|---------------|----------|---------|
| Organic Production Value | | Fee | |
| At Least | Not More Than | Producer | Handler |
| \$0 | \$10,000 * | \$170 | |
| 10,000 | \$20,000 * | 250 | |
| 20,001 | \$50,000 ** | 300 | |
| 50,001 | 100,000 *** | 475 | \$550 |
| 100,001 | 200,000 | 550 | 600 |
| 200,001 | 300,000 | 650 | 650 |
| 300,001 | 400,000 | 800 | 800 |
| 400,001 | 500,000 **** | 950 | 950 |
| 500,001 | 600,000 | 1,350 | 1,350 |
| 600,001 | 700,000 | 1,550 | 1,550 |
| 700,001 | 1,000,000 | 2,000 | 2,000 |
| 1,000,001 | 1,500,000 | 3,000 | 3,000 |
| 1,500,001 | 2,000,000 | 3,500 | 3,500 |
| 2,000,001 | 2,500,000 | 4,000 | 4,000 |
| 2,500,001 | 3,000,000 | 4,500 | 4,500 |
| 3,000,001 | 3,500,000 | 5,000 | 5,000 |
| 3,500,001 | 4,000,000 | 5,500 | 5,500 |
| 4,000,001 | 5,500,000 | 6,500 | 6,500 |
| 5,500,001 | 10,000,000 | 9,000 | 9,000 |
| 10,000,001 | 15,000,000 | 15,500 | 15,500 |
| Greater than 15,000,000 (MAX) | | 20,500 | 20,500 |

Notes: * = All organic operations only
 ** = Minimum fee for mixed organic and conventional (all types, all crops)
 *** = Minimum fee for livestock operations with greater than 10 animals.
 **** = Minimum fee for clients outside of the 50 United States.

4.6.1 Cost Estimate

Clients and applicants may contact CCOF CS to discuss the costs for individual operations. A formal cost estimate will be provided to new applicants upon acceptance of the application by CCOF CS.

To estimate the cost of first year certification, add together the application fee, annual certification fee and estimated inspection fee. Additional

annual fees, such as Global Market Access or Storage Facility fees may also apply.

To estimate the annual costs of certification, add together the annual certification fee, estimated inspection fee and any additional fees described in Section 4.9.

4.7 Payment of Fees

All fees are to be made payable to CCOF CS Certification Services, LLC. Send payment to: CCOF CS 2155 Delaware Ave, Suite 150, Santa Cruz, CA 95060.

Clients please include a memo or invoice with payment, and the operation code with any correspondence or payment.

CCOF CS charges additional fees for service in order to efficiently allocate work effort to client demand. Not all CCOF CS clients seek additional services, thus CCOF CS is able to reduce the cost of certification to those clients. See Section 4.8 for additional annual fees and Section 4.9 for one time additional fees.

4.8 OTHER ANNUAL FEES

CCOF CS charges additional annual fees for services in order to allocate costs according to demand. If clients/applicants have questions regarding these fees, please contact a CCOF CS staff person for clarification.

4.8.1 CCOF CS Global Market Access Fee

The annual fee to be enrolled in the CCOF CS Global Market Access program is \$250. Clients who choose to be certified according to CCOF CS Global Market Access must pay this fee in addition to all other fees. The CCOF CS Global Market Access Fee must be paid at the time of continuation of certification or a late fee of \$50.00 may be added for a combined total of \$200

4.8.2 Additional Production Facilities

Clients who use production facilities that are not independently certified will be billed annually \$200.00 per facility or production type. CCOF CS applies this fee to any client who seeks certification for additional co-packers, post-harvest handling facilities, or production operations. Examples include (but are not limited to) certification of:

- 1). A winery in conjunction with a vineyard;
- 2). A separate production plant beyond a processor's primary facility that performs custom processing;
- 3). A huller, packer, sorting line, or cooler in conjunction with a farm;
- 4). A slaughter house or cut and wrap operation in conjunction with a livestock operation;
- 5). Parcels or livestock in conjunction with a processing plant or handling operation.

The Chief Certification Officer may reduce the fee for additional production for operations that sell less than \$20,000 of product per year, or for operations that add a very small number of animals to an existing farm.

4.8.3 Private Label /Name & Seal Use Agreement Fee

CCOF CS applies this fee to clients who produce products labeled with a "house brand" or "private label" and owned by a

separate business not certified by CCOF. The Name and Seal Use Agreement Fee applies to clients who produce products labeled with a "house brand" or "private label", and which are owned by a separate business not certified by CCOF. The Private Label fee is \$250.00 for up to five universal price codes (UPC's). A fee of \$50.00 will be charged for each additional label beyond the first five.

A name and seal agreement must be completed by the label owner to license their use of the CCOF name and seal and ensure compliance. The CCOF CS certified party must also evidence control over use of the label, USDA Seal and CCOF CS name and/or seal. The CCO may reduce or adjust this fee where more than one UPC is submitted for approval at the same time or production runs are extremely small.

4.8.4 Storage Facilities

Clients who use non-certified storage facilities that do not open, re-label or repack crops are eligible for a Storage Facility Inspection Waiver. The annual fee for each storage facility is \$50.00.

4.9 ADDITIONAL FEES FOR SERVICES (ONE TIME FEES BILLED PER ACTIVITY)

CCOF CS charges additional fees for services in order to allocate costs according to demand. The following is a list of the most common services requested and the associated fees. Please contact the Chief Certification Officer for additional information for services not listed here.

4.9.1 Additional Acreage, Product or Service

CCOF CS charges a \$50 administrative fee for each additional parcel, product or service added to an operation already entered into the certification program. See Section 4.9.2 for procedures and policies regarding additional acreage, product or service. Additional products include new recipes.

4.9.2 Additional Process or Co-Packer

CCOF CS charges a \$200 administrative and compliance management fee for each additional handling or co-packing activity added mid-year to an operation already entered into the certification program. CCOF CS applies this fee to post-harvest handling operations for farms as well as to handlers and processors.

The Chief Certification Officer may reduce the fee for additional production for operations that sell less than \$20,000 of product per year, or for operations

that add a very small number of animals to an existing farm.

4.9.3 Change of Ownership

CCOF CS requires a new application and corresponding fee when ownership of an operation changes. The Chief Certification Officer may waive this fee if the change requires minimal administrative activity on our part.

4.9.4 Import Certificates and Export Documentation

CCOF CS charges a \$75 administration fee for each document issued to facilitate exports or imports. This includes import certificates required by foreign countries as well as export documentation that maybe required by the US.

Documentation such as letters and attestations are charged this fee. CCOF CS may charge this fee for each document (letter, attestation or certificate). CCOF CS may bundle documents (i.e. the same product to the same purchasing agent, issued by CCOF CS at one time) at a reduced rate of \$50 per document upon the approval of the Chief Certification Officer.

4.9.5 Reproduction Services and Additional Certificates

CCOF CS charges \$60 per hour, plus the cost of materials, to copy information related to CCOF CS operations to any format (this includes electronic and hard copy files). CCOF CS can provide an estimate for each job at the request of the client. CCOF CS does not charge for the routine reproduction of certificates, client profiles, or other file information intended for the sole use of CCOF CS clients.

Additional copies of certificates on official certificate paper will be billed at \$15.00 per certificate.

4.9.6 Fees for Other Services

CCOF CS may charge additional fees for other customized services, such as sampling or additional verification, on a per quote basis.

4.10 NON-PAYMENT OF FEES

Underpayment or non-payment of any fees constitutes a violation of CCOF CS policy and applicable standards and is grounds for a Notice of Noncompliance per the NOP standards. CCOF CS reserves the right to request a compliance audit by a Certified Public Accountant at the certified parties' expense. Clients must notify CCOF CS in writing if they wish to withdraw their operation from certification. Clients who no longer wish to be certified, but who

do not notify CCOF CS that they wish to withdraw, will continue to be invoiced annual fees. Clients that leave CCOF CS and do not pay outstanding invoices will have balances sent to collections.

All fees and invoices are due upon receipt. CCOF CS considers payment delinquent after 30 days from the date of the invoice. If a client has a problem making payment within 30 days, or questions the amount due, they can put the penalty and/or suspension process on hold by submitting a payment plan or complaint in writing to the Director of Accounting within 30 days of the invoice date. The Chief Certification Officer and the Accounting Department will review the request and respond to the client within 14 working days from the date received. After 30 days the Accounting Department will send a notice to all outstanding accounts and late fees will be added based on an annual rate of 18 percent per year. (minimum late fee of \$1).

After 90 days the Accounting Department will refer all operations with no written payment plan or complaint to the Chief Certification Officer for issuance of a Notice of Noncompliance. Certification services cannot be provided to operations whose fees are more than 60 days past due.

After 120 days of nonpayment the Chief Certification Officer will issue a Notice of Proposed Suspension.

After 150 days the CCO will issue a suspension notice and the account will be sent to collections.

Because processing payment non-compliances is costly to CCOF and takes away from the ability to provide service to other clients, all clients who receive notices of non-compliance and subsequent proposed suspension for non-payment will be charged an additional \$75 per occurrence to cover administrative and other costs.

4.10.1 Collection Policy

Clients are liable for all default payments and collection costs.

CCOF CS will assign the account to a collection agency after 120 days from the date of invoice.

If a client pays the outstanding balance after the account is sent to collection, CCOF CS will charge a collection penalty of 35% of the amount of the invoice. CCOF CS charges this penalty

to offset the cost of sending the account to collection.

4.11 FEE REDUCTION, WAIVERS AND DEFERRALS

The Chief Certification Officer may grant waivers and deferrals of \$500 or less for any CCOF CS invoice (except in the case of organic not sold as "organic"). Other deductions may include fee adjustments to ensure market competitiveness of the CCOF program. Examples include use of the CCOF seal and/or transfer of certification to CCOF from another USDA certification program.

The CCOF CS Management Committee must approve a waiver or reduction that exceeds \$3500. Requests for a waiver or deferral must be made in writing and submitted to the Director of Accounting, before the payment due date. A waiver of Annual Fees will only be considered in cases of catastrophe or hardship. A waiver for crop failure can only be used once in any three-year period.

4.11.1 Volunteer Contributions

Volunteers of CCOF Inc. may be compensated with up to \$150 in fee waivers. The volunteer contribution program is provided for at the discretion of the President of CCOF Inc.

4.11.2 Contract Partners Program

CCOF CS producers that contract all organic production to a single CCOF CS client are eligible for a reduction in annual fees. This is applicable to CO-OPs, large scale partnerships, and regional buyers. The primary contracting party must provide CCOF CS with streamlined collection of fees, inspection coordination or other services in order to qualify. The Chief Certification Officer may negotiate the contract partner's fee reduction.

Notes: