

Organic 101

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**ORGANIC
IS UNIQUE**





Organic is unique



It is the most transparent, the most consumer-driven and the most heavily regulated food system. Unlike other eco-labels, the organic label is the **ONLY** label backed by:

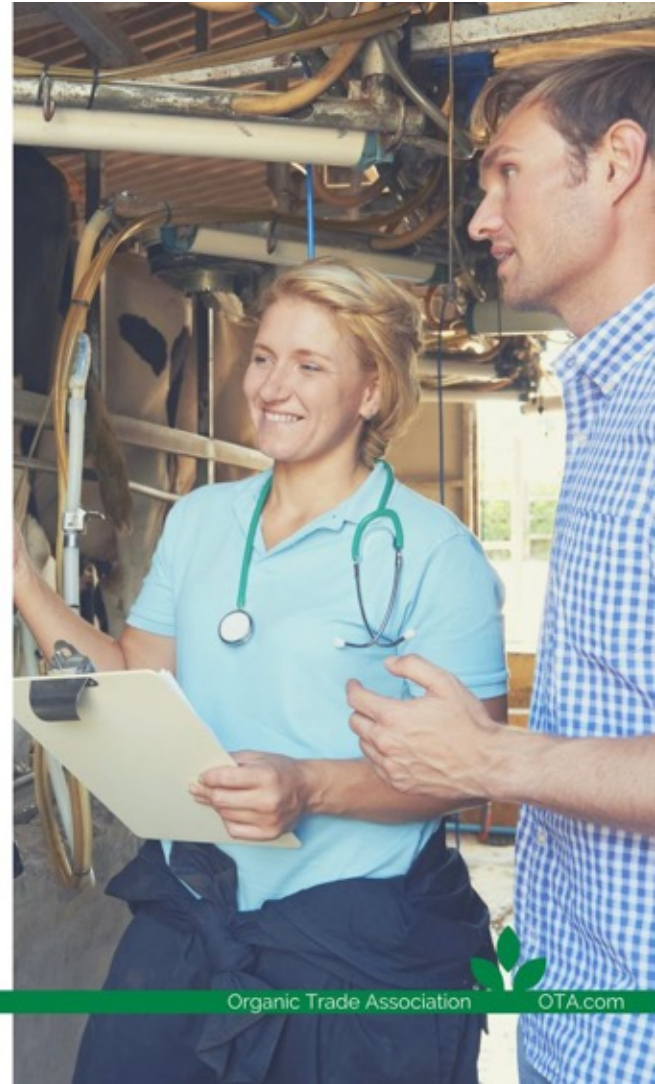
- ✓ A uniform federal standards
- ✓ 3rd party organic certification
- ✓ Annual on-site inspections
- ✓ Government oversight and enforcement



What is organic certification?

From the land on which an organic product is grown, to the producers growing the product, from the post-harvest facilities preparing the product, to the processing and handling facilities transforming the product, each step must be certified to the federal organic standards.

Once an operation is certified, they must go through annual reviews and on-site inspections as well as surprise inspections!



Organic Stakeholder Landscape

The USDA organic program is a public-private partnership.



The Organic Foods Production Act passed in 1990.

USDA's National Organic Program establishes and enforces organic standards, oversees certifiers and supports transitioning and current organic producers and handlers.





Organic production defined

A production system that is managed in accordance with the Act and regulations in this part to respond to site-specific conditions by integrating **cultural, biological, and mechanical** practices that foster cycling of resources, promote ecological balance, and conserve biodiversity.



How is organic food + fiber grown?

Organic farmers are REQUIRED to maintain or improve natural resources. They also rely on crop rotation, cover crops and natural plant and animal materials rather than toxic and persistent pesticides, herbicides, and synthetic fertilizers to enrich the soil in which they grow their crops. This increases biodiversity and decreases the farm's impact on the environment. To earn organic certification, land must be handled without prohibited materials for at least 3 years.

What about organic + GMOs?

ALL ORGANIC PRODUCTS ARE NON-GMO, AND A WHOLE LOT MORE! Genetically modified organisms are prohibited in organic products. This means an organic farmer can't plant GMO seeds, an organic cow can't eat GMO alfalfa, and an organic manufacturer can't use any GMO ingredients. Organic farmers and processors must show they aren't using GMOs, and that they are protecting their products from contact with prohibited substances from farm to table.





Only ORGANIC guarantees:

- ✓ 3rd party certification and USDA enforcement
- ✓ Three-year transition
- ✗ Restricted use of pesticides and fertilizers
- ✗ No GMO ingredients
- ✗ No antibiotics, synthetic growth hormones or slaughter by-products
- ✗ No artificial flavors, colors, or preservatives
- ✗ No irradiation or sewage sludge
- ✓ Traceability from farm to the consumer

How is organic good for the environment?

Organic agriculture is based on practices that not only protect environmental health, but also strive to improve it. By prohibiting the use of petroleum-based fertilizers and requiring practices that maintain or improve natural resources, including soil and water quality, organic agriculture helps to reduce our carbon footprint and combat climate change.





Organic businesses create jobs

Over 50% of organic businesses with more than five employees reported an increase of full-time employment during 2017, and continue to forecast full-time employment growth.

More than 65% of organic farms sell in wholesale markets, creating a distinct value chain in the greater food economy. From processors to packers, distributors to marketing cooperatives, the organic industry employs Americans across the entire supply chain

Organic hotspots



Organic is Scale Neutral



Hydroponics + Container Production

Consumers associate greenhouse and hydroponically grown fruits and vegetables with local, organic, and sustainable attributes.

Consumers reasons for purchasing are very similar:

- Support healthy lifestyle
- Supports local farmers
- Product transparency
- Taste and perception
- Availability



Historic Investment in Organic Research

2018 Farm Bill provides \$395 million in mandatory funding for the **Organic Agriculture Research and Extension Initiative (OREI)** over the next 10 years.

- FY19: \$20 million
- FY20: \$20 million
- FY21: \$25 million
- FY22: \$30 million
- FY23 and beyond: \$50 million per year
→ Achieves permanent baseline funding for OREI in the Farm Bill, providing long-term stability for the program



MARKETPLACE INSIGHTS





Organic is the most heavily regulated + closely monitored food production system in the United States.

The organic industry is a **BRIGHT SPOT** in the U.S. farm economy.

The introduction of the USDA Organic seal into the marketplace has catapulted growth for organic farmers, businesses, and consumer sales.



Organic options are now offered in 75% of all categories on supermarket shelves



Household purchasing



Over **82%** of
U.S. households
buy organic

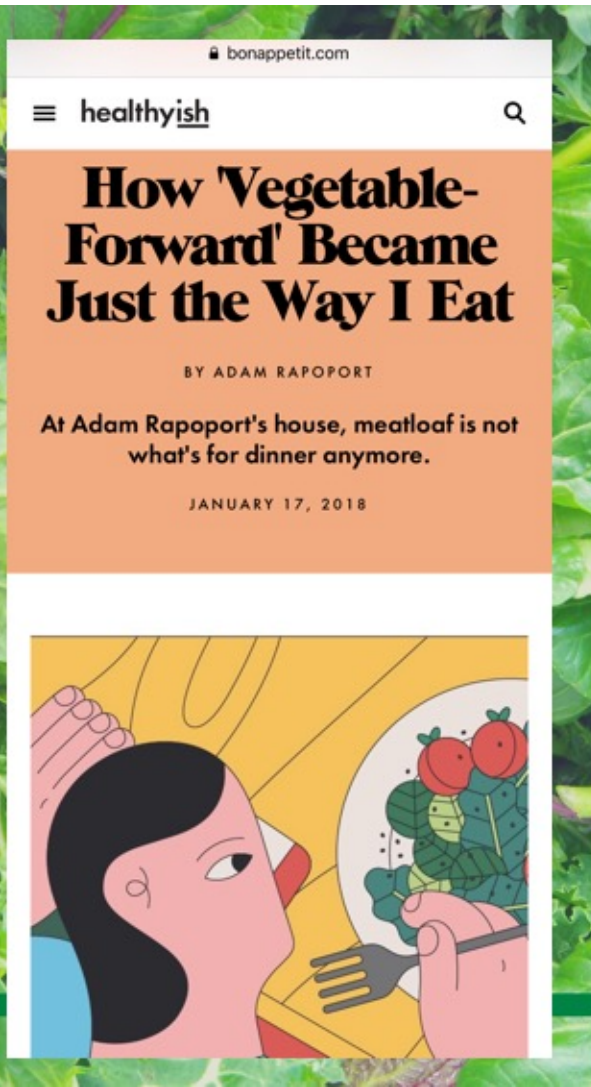




New wave of organic shoppers

Currently, 25% of Millennials have children. Within the next 10-15 years, 80% are expected to become parents, equating to about 60 million potential organic shoppers.

The parenting kids receive also shapes their buying habits as adults. Heavy buyers of organic – whether Millennials with or without children – are much more likely to have been raised eating organic foods and being taught to make organic choices.



Produce

the original plant-based

≡ EcoWatch

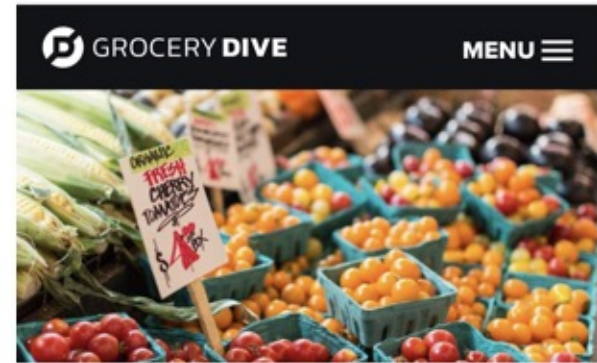


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VEGETARIAN

Veggie-Centric Cuisine on the Rise

AlterNet | Jan. 08, 2018 12:51PM EST



BRIEF

Millennials actually are eating their vegetables



Organic produce

10%
of overall
fruit sales
are **organic**



16%
of overall
vegetable sales
are **organic**



Organic produce is growing at

5-7 times

the rate of conventional produce.



Organic accounts for **13.9%** of total produce sales.

Data provided by Nielsen

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Global organic supply chain requires new tools to mitigate fraud


Fraud cannot be tolerated in organic, inside or outside of the United States. Anytime there is fraud anywhere in the organic system, it takes value out of the organic chain.

- * **Farm Bill: Enforcement & Oversight Provisions**
- * **Private Sector Solutions**



Certifications



 Organic is the baseline

Good Organic Retailer Practices



What and Who Needs to be Certified?

Any operation that produces or handles agricultural products that are sold, labeled, or represented as ORGANIC must be certified.

Certain types of operations are **EXEMPT** or **EXCLUDED** from certification:

- Operations with **<\$5,000** annual organic sales
- **Retail food establishments that do not process** organic products
- Handling operations that only handle products containing **<70% organic** ingredients
- Handling operations that only handle products that identify organic ingredients on the **information panel** (not the PDP)
- Handling operations that only sell organic products that are **packaged or enclosed in a container** prior to being received or acquired by the operation, and remain in the same package or container and are not otherwise processed while in control of the operation
- **Retail food establishments that process on its premises**, raw and ready to eat food from certified organic products



Regulatory Requirements

Not so fast! Exempt/Excluded operations still must follow certain regulatory requirements:

- Prevention of commingling and contamination (205.272)
- Labeling requirements (205.310)
- Recordkeeping requirements (105.101c)

Exempt/Excluded status of retailers depends on a few key definitions:

- **Retail food establishment:** “A restaurant; delicatessen; bakery; grocery store; or any retail outlet with an in-store restaurant, delicatessen, bakery, salad bar, or other eat-in or carry-out service of processed or prepared raw and ready-to-eat-food.”
- **Handling operation:** “Any operation or portion of an operation (except final retailers of agricultural products that do not process agricultural products) that receives or otherwise acquires agricultural products and processes, packages, or stores such products.”
- **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.”



The Organic Trade Association's Guidelines for Retailing Organic Products:

- I. Recordkeeping
- II. Handling and Storage
- III. Sanitation and Pest Control
- IV. Labeling and Consumer Information
- V. Personnel and Staff Training



I. Recordkeeping

- A complete set of auditable records that demonstrate products identified as organic were organically produced and handled, including date of purchase, source, quantities, certifying agent certification status.
- Organic certificates for suppliers of products that aren't received in sealed, final retail containers that state "certified by [accredited certifying agency]".
- Documentation of methods used for prevention of contamination and commingling of organic products, including pest control methods and storage and cleaning procedures.
- Records should be maintained for at least 3 years (or 5 if the retailer is certified)
- Records should be readily auditable



II. Handling and Storage

- Retailer must implement measures to prevent the commingling of organic and nonorganic products, and protect organic products from contact with prohibited substances.
- Separation and identification of stored items (although not necessarily separate storage areas) is the key.
- Proper receiving and storage practices must be followed.
- It is the retailer's responsibility to set up appropriate store-wide and department-specific procedures to protect organic integrity.



II. Handling and Storage

FRESH PRODUCE

- Do a visual/scent inspection for trucks delivering organic product to ensure that no commingling or contamination occurred in transit.
- Physically separate conventional and organic produce
- If organic labeling is not readily apparent on organic back stock, that stock should be clearly marked as “organic” on the packages.
- Wet conventional produce must never be stacked on top of organic product.
- Self-serve bins containing organic products should be placed above bins containing non-organic products, in order to prevent non-organic product from spilling into bins containing organic product.
- Garnish items such as decorative parsley or kale must be organic if placed under or touching organic products.



Good Organic Storage



III. Sanitation and Pest Control

- Retailer must protect organic products from contact with prohibited substances (cleaners, fumigants, etc.)
- Equipment and food contact surfaces may be cleaned with cleansers and sanitizers as long as they are thoroughly rinsed and no residue remains that could contaminate organic product.
- If an organic product is to be placed in a bin that has had non-organic product in it, the bin must be thoroughly washed and dried.
- In the event of a fumigation, all organic produce, bulk or any other semi-permeable products shall be removed from the area for a time period of not less than 24 hours, or three (3) times the labeled dispersal requirement of the material used.



IV. Labeling and Consumer Information

- All organic products must be clearly labeled / displayed as “organic” so customers can easily identify organic versus conventional products.
- Labeling must be identical to package label statements
- Transitional product that is certified by an accredited certifier may be labeled as certified transitional, but cannot be labeled as organic.
- Articulation of grower practices, farm location, or farmer-retailer relationships is welcome as long as the word “organic” is not used in the description of a non-certified product.
- Retailers shall use only the “organic” label in the sale of organic product (not referring to certification of the establishment unless certified).



Good Organic Labeling



Good Organic Labeling



V. Personnel and Staff Training

- Retailers should provide organic compliance training to all employees to ensure they understand the responsibilities in maintaining the integrity of organic product.
- Training specific to the department in which they work (produce, bulk foods, etc.)
- To help your employees with organic compliance, you may choose to post a checklist of task or behavioral practices as a reference guide for all handlers.



Good Organic Training

CAUTION

NON-ORGANIC WET PRODUCE

- Don't stock on top of or over organic produce
- Display isolated from organic produce
- Prep separately
- Keep labeled at all times
- Clean all surfaces between prep sessions



Retailer Checklist for Success

- ✓ Suppliers are verified and monitored for compliance
- ✓ Receiving, prep & storage areas are clean, organized and clearly marked with appropriate signs
- ✓ Commingling and contamination prevention measures are written and incorporated into employee trainings
- ✓ Store signs and product placement is monitored daily
- ✓ Organic claims are compliant with applicable labeling requirements
- ✓ Pest management program is monitored and effective
- ✓ Records supporting compliance are on-site and maintained for not less than 5 years; 3 years if exempt or excluded



Organic Certification for Retailers

Some activities at retailers must be certified

- Off-Site Processing/Sales
- Split/Repacking/Relabeling

Exempt/Excluded Retailers may voluntarily seek certification

Benefits of Retail Certification

- Organic Integrity
- Consumer Confidence
- Messaging



Organic Certification for Retailers

Steps to obtain organic certification:

1. Apply for certification with an accredited certifying agency which will include a written **organic system plan** for each covering the management practices employed to protect the integrity of organic food products at the operation.
 - Commingling/Contamination Prevention
 - Pest Management
 - Records to Demonstrate Compliance
2. Initial on-site inspection by a certifier, certification review, and certificate issuance.
3. Ongoing annual renewal and inspection cycle.





**THANK
YOU**

