



Managing Uncertified Entities in Your Supply Chain

Not every business that touches your organic ingredients or finished product needs to be certified. The USDA organic regulations recognize a narrow set of situations where an entity that handles, stores, or moves organic products can do so without its own certification. Being exempt from certification is not the same as being exempt from the organic rules, though. When an uncertified entity is part of your supply chain, you are the certified operation that keeps the records tying it back to the rest of the chain. This article walks through which entities are exempt and under what conditions, what the exemption does and does not cover, the documentation you gather to keep your traceability intact, and how to manage the added responsibility that comes with it.



What You'll Learn

- Which entities are exempt from organic certification
- Conditions placed on using certain exempt entities in your supply chain
- What documentation you're responsible for collecting when an uncertified entity is in your supply chain
- How to handle uncertified transporters, and what changes when product is bulk versus sealed and packaged

Working with certified suppliers is almost always simpler, and for much of the supply chain certification is required. It is important to emphasize that certification is the norm. With the exception of a specific set of exemptions, every operation that produces or handles products sold or labeled as organic must be certified.¹ The USDA organic regulations set aside a few activities that an entity can perform without being certified, though, like storing sealed product or moving it from one location to another. When a supplier or intermediary qualifies for one of those exemptions, you can work with them. What changes is that you become responsible for the recordkeeping and verifying organic compliance.

The exemptions are deliberately narrow. They cover activities that pose little risk to organic integrity, and they are not a way around certification for anyone who would rather avoid it. An exempt operation can also choose to become certified, and some do so at a buyer's request. Because the full list of exemptions is detailed, this article stays practical and focuses on the entities you are most likely to meet as a handler. For the complete list, see [Who Is Required to Be Certified as an Organic Handler](#).

"Just know, if you have uncertified exempt operations in your supply chain, you are responsible for those records."

Johanna Phillips

Director of Business Development and Regulatory Affairs
Strengthening Organic Systems

Who Is Exempt and Under What Conditions

The exemptions below are the ones handlers meet most often. Two of them pivot on a single question: whether the organic product stays in sealed, tamper-evident packaging the whole time the entity controls it. The type of packaging matters, and that is the detail handlers may miss.

Storage and Warehousing

An operation that only receives, stores, and prepares organic products for shipment, without otherwise handling them, is exempt as long as the products are in sealed, tamper-evident packaging at receiving and they stay that way.² For storage, the packaging can be either wholesale or retail. The moment the operation opens, repackages, or relabels the product, the exemption no longer applies and certification is required.

Buying, Selling, and Brokering

An operation that buys, sells, receives, stores, or ships organic products, again without otherwise handling them, is exempt only when the products are already labeled for retail sale and stay in their sealed, tamper-evident retail packaging.³ That retail-packaging condition is what sets this apart from storage. Once an entity is buying and selling, the product has to be in its final retail packaging to remain eligible for the exemption. Wholesale or nonretail packaging does not qualify, and an entity handling product in that form would need to be certified. This exemption commonly covers distributors, brand owners, and brokers.

! WATCH OUT

There are no exemptions for imports. A business that exports organic product to the United States and the importer of record must both be certified, no matter how the product is packaged.^{1,4} The sealed-package exemptions above do not apply at the border.

Transporters and Logistics

Pure transportation, moving organic products between locations without otherwise handling them, is not “handling” under the regulations and does not require certification,⁴ though it comes with conditions covered later in this article and in Protecting Organic Products During Transport, Receiving, and Shipping. Operations that only arrange shipping or transport without taking ownership or possession, such as logistics brokers and freight forwarders, are also exempt,⁵ as are customs brokers doing only customs business.⁶

Small Farms and Handlers Under \$5,000

An operation with \$5,000 or less in annual gross organic sales is exempt from certification.⁷ There is a caveat here that trips up handlers building local or direct-farm supply chains, and it is important. Products from an uncertified operation in this exemption category cannot be used as organic ingredients by another operation.⁸ A small uncertified farm may sell its produce directly to consumers as organic, but if you, a certified handler, buy from that farm and put the product into a certified organic product, you cannot claim that ingredient as organic. Buying from a small uncertified farm, even one that genuinely farms organically, does not give you a certifiable organic ingredient.



Entity	Condition	Actions by the Certified Handler
Storage or warehouse (receives, stores, ships)	Product stays in sealed, tamper-evident packaging of any kind, held without opening or altering ²	Refuse any repacked or opened products at receiving
Distributor, brand owner, or broker (buys, sells)	Product already labeled for retail sale, in sealed, tamper-evident retail packaging, held without alteration ³	Accept only retail-labeled product; Reject all wholesale or nonretail packaged product
Transporter (physical movement only)	Pure movement; for bulk or unpackaged goods, both the load and unload points must be certified ^{1,2,3,4}	Verify commingling and contamination prevention protocols; ⁹ Collect clean-truck documentation, based on the type of vessel
Logistics broker or freight forwarder	Arranges transport without taking ownership or possession ⁵	Collect paperwork on organic status from the last certified operation; Paperwork may pass through the logistics provider
Customs broker	Only conducts customs business ⁶	Only work with uncertified customs brokers who do not physically handle the product
Importer or exporter (for product entering the US)	There are no import exemptions ^{1,4}	Only work with certified importers and exporters

When in doubt, treat an entity as needing certification until your certifier confirms otherwise.

RECORDKEEPING WHEN AN ENTITY IS NOT CERTIFIED

The rule here is clear. When an entity in the supply chain is uncertified, records verifying the audit trail must be collected and maintained by the certified parties in the chain, and you as the certified operation are responsible for the organic integrity of the product. Your records must span the time of purchase through production to sale or transport, and trace back to the last certified operation in your chain.¹⁰ If an uncertified entity sits between you and the last certified operation, your records have to bridge that gap. Rather than stopping at the uncertified entity and resuming on the other side, your audit trail needs to run all the way through it. Details about recordkeeping requirements when working with uncertified operations are covered in depth in the article [Recordkeeping Requirements for Organic Handlers](#).



HANDLER TIP

If you have an uncertified, exempt handler in your supply chain, ask your certifier for the information that they will require you to collect. Many certifiers have a form called an Uncertified Handler Declaration or Affidavit for the exempt handler to complete. This document attests to their exempt status, confirms they do not open packages or combine loads, and commits them to providing traceability records back to the last certified operation. The affidavit is a good tool, but it does not replace the actual audit trail records, which still have to be kept and available for review at your inspection.

WORKING WITH UNCERTIFIED TRANSPORTERS

Most handlers rely on third-party logistics (3PL) for transportation, and most logistics companies are not certified organic. That is usually allowed, but it creates documentation duties for you, depending entirely on how the product is packaged.

- **Packaged product:** If your organic ingredients arrive in sealed, tamper-evident packaging and the transporter does not open, repackage, or combine loads, the transporter does not need to be certified.^{2,4,5}
- **Unpackaged or bulk product:** If the product moves in bulk (such as grain in a hopper truck, oil in a tanker, or loose produce), then both the loading and the unloading locations must be certified.^{1,2,3,4} A grain hauler that takes organic grain from certified farms and ships it to your certified mill in a bulk hopper is an uncertified intermediary, and the organic status is maintained only if the truck's load and unload points are certified.

The documents you gather from a transporter depend on if products are packaged or bulk. For sealed trucks, verify the seal number against the shipping documents before you break the seal, and document the inspection. For bulk and unpackaged loads, add a clean-truck affidavit or cleanout record showing the previous load and how the truck was cleaned, and a bill of lading that names the product as organic and links to lot numbers. More details can be found in the article [Protecting Organic Products During Transport, Receiving, and Shipping](#).

“For transportation providers, if they aren’t certified, we require that they have a letter of guarantee about the education of their drivers and also about preventing things like commingling or contamination of the load.”

Amanda James-Martin
Food Safety Specialist
Organically Grown Company

A transporter who is not an organic professional will not know what you need unless you tell them, so build your documentation requirements into your purchase agreements, carrier instructions, and receiving procedures. Many handlers stick with the same carrier to build that understanding over time. Get your certifier's approval on your process before you move product through an uncertified transporter.

EXEMPT ENTITIES STILL HAVE OBLIGATIONS

Exempt does not mean free of organic requirements. Exempt operations must still follow the applicable production and handling rules.¹¹ This means exempt operations must prevent commingling and contamination, and keep certain records. Exempt operations have to keep records, for at least three years, showing that products identified as organic were organically produced and handled and verifying the quantities received and shipped or sold.¹² Note the difference in these retention windows. Three years for an exempt operation is shorter than the five years you must keep your own copies as a certified operation,¹³ so do not rely on the exempt entity's retention window for your own records.

Because exempt entities are not inspected by a certifying agent, no one runs an annual third-party check on their compliance, which puts more due-diligence weight on you. A certified operation must develop a plan for how they verify ingredients including the source and certification status,¹⁴ and that includes when you receive from an uncertified handler. Treat an uncertified exempt entity with the same diligence as any new supplier. Document its exempt status, collect the uncertified handler declaration, require the same shipment-level documentation you would from any supplier, and set up a way to confirm it stays within the bounds of its exemption. The supplier-vetting workflow in [Building and Maintaining a Supplier Approval Program](#) applies here too.

PUT IT IN YOUR ORGANIC SYSTEM PLAN

Your OSP has to say how you handle uncertified entities.¹⁴ The Common OSP Handling form asks directly whether you purchase organic ingredients from uncertified handlers.¹⁵ If you do, you have to show how the uncertified operation meets the narrow criteria for an exemption and describe how your records trace through it back to the last certified operation. For transporters, the form asks what you do to prevent contamination during transport and how you make sure uncertified transporters do not perform activities that would require certification.

Your described practices and your actual records have to match.¹⁶ If your OSP says you collect a clean-truck affidavit for all bulk transport, your receiving records need to show you actually did. Describing a process you do not actually follow creates two problems, a missing document and an inaccurate OSP.

CONCLUSION

An uncertified exempt entity in your supply chain is not a dead end. It is a shift in responsibility toward you. Know which exemptions apply and how narrow they are, keep the records that trace back to the last certified operation, hold uncertified suppliers to the same diligence you would give any other, and describe all of it accurately in your OSP. Do that, and your audit trail runs cleanly through the gap rather than breaking at the uncertified entity.



ACTION ITEMS

- Map your supply chain and flag every uncertified entity in it.
- Confirm each one truly fits an exemption, and check the type of packaging.
- Collect the records that trace back to the last certified operation.
- Request an uncertified handler declaration.
- Describe your uncertified-entity practices in your OSP, and keep records that match.

SOURCES CITED

1. USDA National Organic Program, 7 CFR §205.100.
2. USDA National Organic Program, 7 CFR §205.101(e).
3. USDA National Organic Program, 7 CFR §205.101(f).
4. USDA National Organic Program, 7 CFR §205.2 (Handle).
5. USDA National Organic Program, 7 CFR §205.101(h).
6. USDA National Organic Program, 7 CFR §205.101(g).
7. USDA National Organic Program, 7 CFR §205.101(a).
8. USDA National Organic Program, 7 CFR §205.310.
9. USDA National Organic Program, 7 CFR §205.272.
10. USDA National Organic Program, 7 CFR §205.103(b)(2).
11. USDA National Organic Program, 7 CFR §205.101.
12. USDA National Organic Program, 7 CFR §205.101(i).
13. USDA National Organic Program, 7 CFR §205.103(b)(4).
14. USDA National Organic Program, 7 CFR §205.201(a).
15. U.S. Department of Agriculture, Agricultural Marketing Service. *Organic System Plan Template, Common OSP Handling form*. Retrieved from <https://www.ams.usda.gov/reports/organic-system-plan-template>
16. USDA National Organic Program, 7 CFR §205.403(d)(2).



United States Department of Agriculture
Agricultural Marketing Service
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