[Extracted Copy of ZENITH Procedure Manual]

ZENITH Non-Compliance Sanction Matrix

The criteria to determine the category of non-compliance will be the following:

A. Whether the non-compliance is intentional
B. The efficiency of the operators' self-control system, where it is required and, or is in place
C. Whether the integrity of organic or in-conversion product/process is affected or not;
D. Whether the traceability information is available.
E. Persistence of infringement
F. Fraudulent activity

Classification of Non-Compliance

I. Non-compliance Minor (NC – MINOR)
II. Non-compliance Major (NC - MAJOR)
III. Non-compliance Critical (NC - CRITICAL)

ZENITH oversight production and handling operations includes review of organic plans, on-site inspections, residue and tissue testing, authority to conduct investigations and initiate suspension or revocation actions, and responsibility to report violations.

Each notification of noncompliance, rejection of mediation, noncompliance resolution, proposed suspension or revocation, and suspension or revocation issued under these regulations must be sent to the recipient's place of business via a delivery service which provides return receipts. Certified operations must respond to all compliance notifications via a delivery service which provides return receipts.

ZENITH will review catalogue of measures to be taken in case of established non-compliance annually and update as an ongoing basis of new areas of issues identified. Concerned staff will be informed through circulation and trained on updates.

Non-Compliance Indicators

a. Minor non-compliance is to be defined when:
1. The non-compliance is not intentional and,
2. The operators' self-control system, where it is required and, or is in place, address the risks relevant of being compliant and,
3. The non-compliance does not affect the integrity of the organic or in- conversion product/process initially but if not settled in due time it may lead to an impact on the integrity of organic product/process and,
4. The traceability information is available;
➢ Minor inconsistencies or omissions in records that: Indicate no systemic failure in OSP design or implementation and; • Can be easily corrected without the need for a corrective action plan. ➢ Noncompliant practices that: • Indicate no systemic failure in OSP design or implementation and; • Can be

easily corrected without the need for a corrective action plan

b. Major non-compliance is to be defined when:
1. The non-compliance is not intentional and,
2. The operators' self-control system, where it is required and, or is in place, does not address the risks relevant of being compliant and,
3. The traceability system can locate the affected product(s) in the supply chain and prohibition of placing products on the market with reference to organic production is possible and;
4. The non-compliance affects the integrity of the organic or in-conversion product/process or,
5. The operator did not correct in a timely manner a minor non-compliance or,
The accidental application of prohibited substances to land also is considered an uncorrectable noncompliance and should result in a denial of certification or a combined Notice of Noncompliance and Proposed Suspension. Portions of land must be suspended as warranted. **For example,** the accidental application of a prohibited substance to only part of an operation's land could result only in the suspension of the affected land, if it can be shown that the application was not willful. Land to which prohibited substances have been applied must be suspended from organic operation for three years, pursuant to § 205.202 of the regulations.

c. Critical non-compliance can be defined when:
1. The non-compliance is intentional or
2. Fraudulent behavior, or
3. There is no information from the traceability system to locate the affected product(s) in the supply chain and prohibition of placing products on the market with reference to organic production is not possible or
4. The operator fails to correct previous major non-compliances or repeatedly fails to correct other categories of non-compliance (recidivism) and,
5. The operators' self-control system, where it is required and, or is in place, does not address the risks relevant of being compliant and
6. The non-compliance affects the integrity of the organic or in-conversion product/process.
Examples: ➢ Falsification or concealment of records from the certifier or its inspectors ➢ The deliberate application of prohibited substances to land or product, as well as the deliberate use of practices prohibited by the regulations ➢ Refusal by an operation to provide access to facilities for inspection or access to records. Section 205.400 of the regulations mandates access to facilities for onsite inspection and access to records for review. Refusal of such access constitutes a willful violation. ➢ Continuing violation of the regulations following a suspension of certification. These violations often will be selling, labeling or representing agricultural products after certification is suspended. Since the operation was previously certified, such violations are considered knowing and willful. ➢ willful violation (or knowingly) involves the deliberate sale, labeling or representation of agricultural products as organic in violation of the regulations. The products in question could be conventional

products misrepresented as organically produced, or products produced by a certified operation knowingly in violation of the USDA organic regulations

Classification of Non compliance and Disciplinary Measures:

Shall be as per ZENITH procedure outlined in Instruction Document subject-"Disciplinary Measures"

Measure & Timeline – Infringement Table

Type of Non-Compliance	Measure and Timeline
Minor Issue	Establish appropriate procedure and Correct the minor issue and prevent further occurrences of such deficiency to escalate as non- compliances. Timeline: Next Inspection/Renewal
Minor Non-Compliance	➢ Correct the non-compliance and prevent further occurrences of such non- compliances (WN) ➢ Prohibition of placing product on the market which refer to organic production for a given period (PP) ➢ Timeline: 90 Days initial notice.
Major Non-Compliance	➢ Decertification of products from in-conversion and organic status to conventional (DG) ➢ Prohibition of placing product on the market which refer to organic production for a given period (PP) ➢ Reconversion (CONV) ➢ Request to re-collect affected product from the market (PR) ➢ Timeline: 30 Days notice or as included in notification.
Critical Non-Compliance	➢ Decertification of products from in-conversion and organic status to conventional (DG) ➢ Prohibition of placing product on the market which refer to organic production (PP) ➢ Reconversion (CONV) ➢ Recall affected product from the market (PR) ➢ Reduction of the scope of the certificate (RSC) ➢ Withdrawal of the certificate (WDR) ➢ Timeline: 10 Days initial notice or as included in notification.

Abbreviations use: WN: Warning, PP: Prohibition of placing product, DG: Downgrade, PR: Product Recall, CONV: Conversion, , RSC: Reduction of scope certificate, WDR: Withdrawal

Group Sanctions

In cases where it is found that the internal control system lacks reliability and effectiveness, ZENITH shall apply sanctions to the group as a whole, including, in case of serious deficiencies, the withdrawal of the certification of the group. See *Sanction Matrix*

NC Catalogue of measures (EU Programme):

PART A:

- **Non-Compliance Classification as minor, major or critical, on the basis of the classification criteria when one or more of the following situations apply:**

[Extracted Copy of ZENITH Procedure Manual]

the case of non-compliance is MINOR when:	the case of non-compliance is MAJOR when:	the case of non-compliance is CRITICAL when:
a) the precautionary measures put in place by the operator are proportionate and appropriate, and the controls that the operator has put in place are efficient according to the assessment by the control authority or control body; b) the non-compliance does not affect the integrity of the organic or in-conversion product; c) the traceability system can locate the affected product(s) in the supply chain and the product can be prevented from being imported from a third country for the purpose of placing that product on the market within the Union with reference to organic production;	a) the precautionary measures are not proportionate and appropriate and the controls that the operator has put in place are inefficient according to the assessment by the control authority or control body; b) the non-compliance affects the integrity of the organic or in-conversion product; c) the operator did not correct in a timely manner a minor non-compliance; d) the traceability can locate the affected product(s) in the supply chain and the product can be prevented from being imported from a third country for the purpose of placing that product on the market within the Union with reference to organic production;	a) the precautionary measures are not proportionate and appropriate and the controls that the operator has put in place are inefficient according to the assessment by the control authority or control body; b) the non-compliance affects the integrity of the organic or in-conversion product; c) the operator fails to correct previous major non-compliances or repeatedly fails to correct other categories of non-compliances; and d) there is no information from the traceability system to locate the affected product(s) in the supply and the products cannot be prevented from being imported from a third country for the purpose of placing that product on the market within the Union with reference to organic production.

- Measures

ZENITH may apply one or more of the following measures in a proportionate manner to the listed categories of cases of non-compliance:

Category of Non-Compliance	Measure
Minor	• Submission by the operator of an action plan within a time limit setting on the correction of the non-compliance(s)

Major	• No reference to organic production in the labelling and advertising of the entire lot or production run concerned (crop(s) or animal(s) affected) according to Article 42(1) of Regulation (EU) 2018/848 • Prohibition of import from a third country for the purpose of placing that product on the market within the Union as organic production for a given period according to Article 42(2) of Regulation (EU) 2018/848 • New conversion period required • Limitation of the certificate's scope • Improvement of the implementation of the precautionary measures and the controls that the operator has put in place to ensure compliance
Critical	• No reference to organic production in the labelling and advertising of the entire lot or production concerned (crop (s) or animal(s) affected) according to Article 42(1) of Regulation (EU) 2018/848 • Prohibition of import from a third country for the purpose of placing that product on the market within the Union as organic production for a given period according to Article 42(2) of Regulation (EU) 2018/848 • New conversion period required • Limitation of the certificate's scope • Suspension of the certificate • Withdrawal of the certificate

PART B: List of cases of non-compliance and the corresponding classification included in the catalogue of measures (Mandatory under Regulation)

Non-compliance	Category
Significant deviation between input and output calculation (mass balance)	Major
Absence of records and financial records showing the compliance with Regulation (EU) 2018/848	Critical
Intentional omission of information leading to incomplete records	Critical
Falsification of documents connected with the certification of organic products	Critical
Intentional re-labelling of downgraded products as organic	Critical
Intentional mixing organic with in-conversion or non-organic products	Critical
Intentional use of non-authorised substances or products within the scope of the Regulation (EU) 2018/848	Critical
Intentional use of GMOs	Critical
The operator refuses the control authority or the control body access to premises subject to controls, or to its book keepings, including financial records, or refuses to allow the control authority or control body to take samples	Critical
ZENITH Additional Major, Minor non compliance Matrix	
• **Repetition of Major NC MORE than 3 times , will be escalated to Critical NC**	Critical

• **Deliberate use of Non complaint label** • Failure to correct Major non compliance • Organic Procurement and Sale from Sanctioned members (GG) • Failure to notify subcontracted activity and claimed/sold product as organic from sub-contracted activity • Failure to Notify legal entity or ownership changes • In complaint cases, immediate steps not followed as required by regulation and certification requirement (like not notifying CB, No immediate corrective actions for substantiated issues, Untimely investigation, immediate identification/ segregation/CA/PA. • COI not applied Before export (or leaving origin) (EU applicability) • Not declaring suspension/Non-compliance/Adverse action history for initial applicant • Not allowing access to all areas of premises for inspection • In Middle of the year, exceeding Annual turnover that in not in line with EU requirement (GG requirement) • Multiple production site/plot of farmer not identified or reported or documented	
• Repeated minor non compliance • Unapproved input use or evident in premise • Non organic seed prior to sowing, /ingredient/sub ingredient approval not taken prior to usage • inconsistent seed inventory record for own in conversion seed use • Unable to produce organic seed search record in the event of use of non-organic seed • Unapproved label – label change (label use Without approval) • Fail to certification fee in prescribed time • Failure to correct Minor non-compliance • Fail to notify sanctioned group members by ICS • Fail to notify change in OSP (design and or practice) • Fail to notify new supplier addition, subcontracted activity • Fail to notify change in own farm input preparation • Unable to produce recommendation letter and evidences of input requirement for external nutrient/pest-disease control input • Isolated case of deviations or inconsistency pertaining to: ➢ processing steps with approved product flow chart, product formulation, ➢ identification of critical control points or risk in production and handling activity and or no defined mitigating measures in place ➢ updation of internal procedures with new regulatory updates ➢ relevant staff/ member/farmer not trained on core responsibilities or new requirement ➢ unavailability of training, evaluation, monitoring records or unable to demonstrate competency, knowledge during witness or interview ➢ Non compliance/sanction /complaint records of past 5 years ➢ Inconsistent implementation of corrective and preventive actions of Minor non compliance ➢ New member registration or approval without prior internal inspection (GG)	Major

➢ Failed to report (un-willful) previous suspension, denial, revocation information in application, or insufficiently address non compliance or repeated issues pertaining to this subject ➢ Isolated case of inconsistent / inappropriate implementation of settlement Terms (NOP Mediation case) ➢ failure by an operation to successfully rebut or correct violation(s) identified in a NONC within a prescribed time period ➢ Failed to ensure knowledge of key personnel or person engaged in activity on checking of tamper evident packing material from uncertified operation ➢ Unable to produce record$_{(s)}$ of required 5 years period ➢ Procedural lapses: No or inconsistent conduct for extent of analysis for identified non compliance (Internal /External) ➢ Fails to take adequate corrective measures in response to the non-compliances and infringements observed within a deadline ➢ Doesn't notify change of certifier (Dual certification), moved to other certifier without notification ➢ **GG additional:** Deficiency/ inconsistency in following areas: internal witness assessment , competency (Knowledge, inspection and verification skills) for internal inspectors (especially-internal traceability of EACH group member, each parcel production and input information, Livestock Manure use & its limitation assessment, reveals advocacy instead raising issues, unreported issues group member production practice and forbidden input use , major deviation or inconsistency with internal and external inspection including witness observation, Group composition (area/turnover)as per EU requirement, unidentified high risk member, Deficiency in internal sanction measure implementation (timely execution, follow up measures),others major issues as identified during external inspection and further evaluation by ZENITH ➢ Adding member in GG , without following prior inspection criteria ➢ Internal standards not available in Local language ➢ Operator doesn't have supplier scope certification and simply relying on verbal communication • Unable to identify extent of analysis • Failure to take follow measures on Non compliances and CAPA(Depending on severity can be upgraded) • Unavailability of MSDS /label for used unauthorized or prohibited substance on organic or non org. facility. • Repeated major non compliance leads to escalation of non compliance to Critical NC	
• Isolated case of inconsistency in documentation of monitoring / evaluation practices (Frequency, method), deficiency in multiple field documented information, • Isolated case of additional control visit by ICS (GG case) • Minor Inconsistency in OSP section (Example: Monitoring period/time/protocol not available) • Unable to demonstrate measures or record or identify yield estimation, pest disease infestation based on country or regional specific	Minor

• Isolated case of ICS inspector training, evaluation inconsistency and or its further effectiveness control • Isolated case of ICS: Implementation of penalty matrix • Input use recommendation letter not evidenced • Isolated case of Unsigned internal inspection/approvals of group members, • Knowledge and skills of internal inspector (GG) to minor level • GG Case additional: isolated case of inconsistent records pertaining to internal risk assessment, internal controls, approvals, member registration, preventive -precautionary measure, follow-up/additional measures, ICS document updation and its circulation , manpower-induction, others as deem fit as per operation management assessment • Unavailability of food grade certificate of primary packing material , Water Testing report • Storage bins/sacks/container/facility in not properly identified & labelled as Organic (Depending on severity , can be upgraded on severe NC as well) • Cleaning / Sanitation/Pest Management of facility not found adequate.	

Note: (For COR Programme) Similar non compliance pattern will be followed violation to COR standards.

Sanction Policy for Grower Group

When ZENITH has the reason to believe that the Grower group and ICS is not adhering to the NOP/ EU/COR grower Group Requirements and certification requirements, then ZENITH may enforce sanctions on the Grower Group.

During Re-Inspection, if any major non conformity observed with any of the member of the group (like use of forbidden input or apply forbidden practice) ZENITH will upgrade the risk status of the group to high risk and increase the number of re-inspection i.e. 2% of sampled farmers identified for re-inspection (not less than 2-5 members). Additional members will be re-inspected. Product/Soil/associated sample may be drawn for analysis of residue and other identified issue.

ZENITH may take following decisions after Re-inspection of Grower Group:

• **No Major issue / NONC identified:** If no non-compliance identified during farmers re-inspection, no adverse action will be taken.
• **Major NC during Re-inspection + repeated issue (same or other major issue) with increased re-Inspection:** If there is an event of major non-compliance (Affecting organic integrity) with original sampled farmers and repeated non conformity observed in additional sampled farmers (2% additional Sampled farmers for re-inspection)- shall be subjected to downgrading to full conversion period or Combined notice of non-compliance and suspension or revocation of entire Grower group. Here ZENITH concludes this Group as system failure of ICS.

[Extracted Copy of ZENITH Procedure Manual]

• **Major NC during Re-inspection + non repeated (same or other major issue) issue with increased re-Inspection:** If there is an event of major non-compliance (Affecting organic integrity) with original sampled farmers and no further non conformity observed with additional sampled farmers (2% additional Sampled farmers for re-inspection)- shall be subjected to NONC, Show cause notice, proposed notice of suspension. ZENITH evaluate the cause identified with corrective and preventive action submitted by operator and grant certification if found satisfactory for resolution. Sanction decision will be imposed for the identified defaulted farmers only.
The Certification decision will impose Condition for next surveillance (Un-announced/Additional/ Renewal audit verification). If ZENITH determined repeated non conformity in subsequent surveillance, then the GG shall be subjected to downgrading to full conversion period, suspension or Revocation of certification.
• **Major NC identified by ICS during internal inspection and internal Approval: ZENITH** will review and inspect the adequacy of its possible cause, ICS action taken, preventive action taken. If any further non-conformity observed during ZENITH Re-inspection, it shall be subjected to NONC, Show cause Notice, NOPS, NOPR.
• **Identify Minor Non-Compliance:** The minor Non-Compliance (where organic integrity is not affected, issue of concern may be corrected) cases shall be subjected to NONC. Repeated minor non-conformity within three years will further lead to Major NONC with subsequent NOPS/ NOPR.
• In cases ZENITH finds the internal control system to lack reliability and effectiveness, the ZENITH shall apply sanctions to the group as a whole, including, in case of serious deficiencies, the withdrawal of the certification of the group