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IMO
INSTITUT FÜR MARKTÖKOLOGIE

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Kedung Ombo, Java
PT Aquafarm Nusantara
Regal Springs

Public Audit Report*



CAB: Institute for Marketecology (IMO)
Author: M.Stark
Date: 6.7.12

**This report is for public release and does not contain any confidential information.*

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Glossary

ASI	Accreditation Services International
CC	Certification Committee IMO
d	day(s)
IMO	Institute for Marketecology
KIB	Kim Bedford
Lead	Lead Auditor
MIS	Michèle Stark
PTAN	PT Aquafarm Nusantara
SK	Sadasivam Karthikeyan
UOC	Unit of certification
XTS	Xuan Tran Sang

1. Executive Summary

Any version of this report in any other language than English is an unverified translation, and in case of differences the English version shall take precedence.

PT Aquafarm Nusantara is an Indonesian company dedicated to integrated tilapia aquaculture. PTAN has operations on 2 islands, Sumatra and Java. There is one processing plant on each island, processing the fish of the farms of the same island. There is one farm on Sumatra and 4 farms on Java. PTAN also operates a hatchery/nursery in Sumatra, and a hatchery in central Java. Whole tilapia fish are processed in the processing plants to become frozen products for export.

All PTAN farms were audited and this report covers the assessment of Kedung Ombo farm only.

Kedung Ombo is a single farm site growing Tilapia *Oreochromis Niloticus* in net cages in the artificial lake Kedung Ombo situated in central Java.

Kedung Ombo farm site was audited against principle one to six in two days and against principle 7 on a separate third day. The audit was carried out by three auditors in English with translation.

During the environmental assessment, two major (two closed prior to publication of this report), five minor (none closed prior to publication of this report) and one recommendation were raised. During the social assessment, one major (closed prior to publication of this report), three minor (none closed prior to publication of this report) and one recommendation was raised.

For all minor and major non-conformities raised an action plan has been received and is added to this report. All action plans have been approved by IMO with some amendments where necessary.

Non-conformities that have already been closed out or recommendations are not added to the public report but are described in detail in annex 1.

Besides the grow-out, the scope of the assessment includes the harvest, landing and subcontracted transport in sealed tanks to processing. COC certification is required from the point of unloading from the sealed tanks.

IMO determines that all the requirements of the standard are sufficiently met and has certified Kedung Ombo.

2. CAB contact information

Institute for Marketecology (IMO)
Fisheries & Aquaculture
Weststr. 51
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Email: agua@imo.ch

3. Background on the applicant farm

PT Aquafarm Nusantara is an Indonesian company dedicated to integrated tilapia aquaculture. PTAN has operations on 2 islands, Sumatra and Java. There is one processing plant on each island, processing the fish of the farms of the same island. There is one farm on Sumatra and 4 farms on Java. PTAN also operates a hatchery/nursery in Sumatra, and a hatchery in central Java. Whole tilapia fish are processed in the processing plants to become frozen products for export.

Kedung Ombo is based in the Kedung Ombo lake on Java, and produces tilapia all year round in net cages. There are other farms within the same receiving water body.

Kedung Ombo is currently under assessment for GlobalG.A.P certification. No other farm certificates are held.

4. Scope

The assessment was carried out against the ASC Tilapia Standard v1.0.

The species produced at the farm is *Oreochromis Niloticus*.

Audit scope: Kedung Ombo farm (single site), Tilapia.

Receiving water bodies delineations: the artificial lake Kedung Ombo situated in central Java. This is distinct from the receiving water body of the hatchery, therefore, the hatchery has been excluded from the scope.

5. Audit plan

action	locations	persons	dates*
Desk review: pre-audit data	IMO Head office	MIS	8.4-8.5 2012
Audit (principle 1-6)	Internet, calculations & document review in hotel in Solo; Farm site Kedung Ombo	MIS (lead) XTS	15.05.12 16.05.12
Audit (principle 7)	Kedung Ombo	SK	01.06.2012
Stakeholder & community meetings/interviews	Kedung Ombo	MIS (lead) XTS	16.05.2012
Writing of the report	IMO Head office	MIS	Completed 06.06.2012
Reviewing the report	IMO Head office	KIB	Completed 07.06.2012
Client report to client	IMO Head office	KIB	08.06.2012

Updating report	IMO Head office	KIB	25.06.2012
Draft public* report to ASC	IMO Head office	KIB	29.06.2012
Stakeholder comments			10 days
Updating report	IMO Head office	KIB	06.07.2012
Certification decision	IMO Head office	KIB CC	15.08.2012
Final public report to ASC	IMO Head office	KIB	15.08.2012

* The previous versions of the report are not public.

The audit was carried out with I Wayan Mudana (production manager Java PTAN) and Anne-Laurence Huillery (sustainability officer/production coordinator Regal Springs). Other staff/workers such as Harjono (head of HR PTAN Java) from PTAN joined parts of the audit, depending on their responsibility and the criteria being assessed.

Besides the company to be audited and IMO, Wes Toller from ASI attended the audit.

Stakeholder and community interviews were carried out with the following persons:

Name	Affiliation
Suwarno	Head of Village Ngargosari
Cip Hartono	Prominent figure of Boyolayar

6. Findings

Details of the evidence of compliance found during the audit for each individual criteria of the standard can be found in Annex 1.

Any outstanding non-conformities and their respective action plans are listed under section 10. of this report. Any recommendations or closed non-conformities are not listed here and are part of Annex 1.

Community interviews further confirmed the audit findings and interviewed persons emphasized their support for this project. However, the additional jobs available due to the presence of the farm seems to be very important for the community and in future assessments more independent community members should be interviewed if possible.

All water measurements and analysis were found to be sufficiently compliant, however, repetitive measurements using the same instrument and person in the same location indicated less precision than the maximum percent error between measurements the standard is asking for. Since the instruments used are rated more than adequate and were used in a professional manner, an average of 5 sampling sets was taken and percent error between farm and auditor measurements was interpreted as compliant if within this range of variation.

Water temperatures in the lake are relatively high and additional handling of fish to determine the 100g level is not feasible. For this reason this threshold is estimated in terms of growth days rather than measured. In addition, a modified formulae has been submitted to calculate recovery percentage.

In general, the farm under assessment was well prepared for the audit with all pre-audit data available prior to the audit. The auditors had open access to all documentation, the farm and staff/workers as required. The farm is well managed and documented and staff trained to implement the internal procedures. Efforts are made to cooperate with the local villages.

A description of the certification status can be found under section 8. of this report.

7. Evaluation results

Details of the evidence of compliance for each criteria in the standard can be found in Annex 1.

8. Decision

IMO determines that Kedung Ombo farm meets all the requirements of the standard and has issued a certificate for the scope defined under section 4. of this report. Any outstanding non-conformities and their respective action plans are listed under section 10. of this report.

9. Determination of the start of the COC

Risk assessment - COC within the farm

L – low risk: no such activities or a controlled system in place (e.g. license)

M – medium risk: such activities occur within the farm but there is a good system in place

H – high risk: such activities occur, there is a risk of mixing and the system in place is not sufficient

Ref to CR	Integrity of certified products	Associated risk	rationale
17.5.1	System in use	L	Robust internal traceability system and continuous documentation of lots, fish numbers and quantities produced.
17.5.1.2	The opportunity of substitution prior to or at harvesting	L	Little incentive (see 17.5.1.3) or opportunity (see 17.5.1.5) to substitute any live fish from the cages prior to or at harvesting.
17.5.1.3	The possibility of introducing product from outside the unit of	L	The entire farm Kedung Ombo as well as the other 3 farms in

	certification		Java belonging to PTAN are undergoing assessment to be ASC certified. Therefore, there is no incentive and little possibility to introduce product from outside of the UOC. See also 17.5.1.5
17.5.1.4	Robustness of the management system	L	Robust management system (see also Annex 1)
17.5.1.5	Any transshipment activities taking place	L	The farm is situated in a small lake close to the harvest/landing site. Transshipment could only happen from other farms, but none of the other farms produce the same quality (size) of tilapia.
17.5.1.6	The number and/or location of points of harvest	L	There is only one landing site used for all harvests, where fish are loaded into sealed tanks.
	Overall risk estimation	L	

If the CAB determines the system is sufficient, products can enter into further certified chains of custody and be eligible to carry the ASC Label.

Scope of aquaculture certificate, including the points of change of ownership after which COC certification is needed:

Besides the grow-out, the scope of the assessment includes the harvest, landing and subcontracted transport in sealed tanks to processing. COC certification is required from the point of unloading from the sealed tanks, even if no change in ownership occurs.

No retrospective approval has been applied for. Only products harvested as of the date of certification are approved to carry the ASC logo.

If the CAB determines the system is not sufficient, products may not enter into further certified chains of custody and are not eligible to carry the ASC Label.

The following products may not enter into further certified chains of custody and are not eligible to carry the ASC Label:

NA

This determination will remain in force until revised by the CAB in a subsequent audit.

10. Non-conformity report(s)*

Producer: Kedung Ombo					
N° of CC	Year	Cat.	Non-conformity (summary)	Action plan	Deadline
1.1.1	2012	min	<p><u>Water rights</u> No water using right is available (still waiting in Jakarta)</p>	<p>Letter of recommendation from Semarang authorities to Jakarta authorities have been presented during audit. PTAN will contact the authority in charge of issuing the water use license (Balai Besar Wilayan Sungai Pemali Juwana) to ask for an update. 2 weeks ago, this office mentioned they were planning to do an environmental study, and that we can continue production but without expansion. Result of the call will be communicated to IMO. IMO: submitted action plan approved</p>	End June 2012
1.1.2	2012	min	<p><u>Tax issues</u> Source water tax: The farm has submitted the application to Jakarta to ask if they have to pay for water using license and tax.</p> <p>Profit tax: From 2010 till now, this has not been paid due to the late calculation from the government. Need more evidence to explain why the company has not yet paid.</p>	<p>In Kedung Ombo we can't pay the water use tax for the moment, calculation hasn't been made by authorities. We'll ask for update about this by the same time we ask about the water use license.</p> <p>Profit tax: We couldn't settle the 2010 tax because the financial audit report wasn't finalized yet. We will get the 2010 audit report from external auditor within week 24. End of week 26 we can get the 2010 tax filing report, which will be shortly followed by payment. For year 2011 PTAN hasn't been audited yet, so tax report will be done in several months. IMO: submitted action plan approved</p>	End June 2012
2.5.1	2012	min	<p><u>Water Sampling</u> The handling of water measurements (contamination) and water sampling (inaccurate) may cause some inaccurate results.</p>	<p>SOP about water sampling will be modified to include the warning "operator's hand or any other material should not be in contact with sampled water". Refresher training will be conducted for the persons in charge of water sampling, including this extra point, and also the points such as</p>	End June 2012

Producer: Kedung Ombo					
N° of CC	Year	Cat.	Non-conformity (summary)	Action plan	Deadline
				<p>“waiting until numbers are stable to make a reading”.</p> <p>IMO: submitted action plan approved</p>	
2.6.1	2012	min	<p><u>Wetland</u> No map available within a 5-km radius of the farm or showing pre- and post-1999 wetland coverage.</p>	<p>Many organisations have been contacted in order to get the map (WWF, Wetlands International Indonesia, Baktosurturnal the Indonesian mapping agency, Pusat Penelitian Dan Pengembangan Tanah Agroklimat, Balai Penelitian Tanah), but none of them is able to provide pre and post 1999 wetlands coverage map.</p> <p>The only solution we see is to place on a map the 250 wetlands sites listed by Wetlands International Indonesia, to demonstrate none of them is overlapping with our farms. For pre 1999 coverage, the information just seems impossible to get.</p> <p>IMO: Since the farm is situated in an artificial lake created in 1987 (prior to the 1999 requested target date), no further map confirmation of the pre- and post 1999 date is necessary. However, locating the existing wetlands of Indonesia on a map is required.</p>	Next audit
5.1.2	2012	min	<p><u>Feed supplier confirmation letter</u> There is a letter from the feed supplier confirming these values/information. However, the Aquafarm template has not been updated to the most recent update of the guidance manual.</p>	<p>We will update the template for feed suppliers’ declaration to remove the “forage fisheries” wording.</p> <p>IMO: submitted action plan approved</p>	End June 2012
7.8.1 & 7.8.3	2012	min	<p><u>Corrective action plan for unintended problems</u> Although procedure for complaint handling exists, the facility did not have an internal management</p>	<p>We add in the procedure “labor-related and community-related complaints and conflicts handling procedure” the following: One management meeting is held every 6 months to review</p>	End June 2012

Producer: Kedung Ombo					
N° of CC	Year	Cat.	Non-conformity (summary)	Action plan	Deadline
			<p>system to verify follow-up on social issues and internal monitoring of labor activities through works committee, internal audits and management review meetings, to ensure efficiency of corrective actions implemented.</p> <p>No records of complaint cases, related actions and resolution maintained as well as worker evaluation of the resolution, because no complaint were raised (declaration from farm). This has to be demonstrated.</p>	<p>labor-related and community-related issues, and to verify that complaints have been fully addressed. Records of this meeting are maintained by the assistant manager.</p> <p>We add in the procedure "labor-related and community-related complaints and conflicts handling" the following: opening of the complaint mail box shall be done once a month by the HR manager, witnessed by a workers' representative. Records of the findings shall be maintained.</p> <p>IMO: submitted action plan approved</p>	
7.8.2	2012	min	<p><u>Emergency program</u> It was noted from review of records, employees interview and interaction with facility management that the facility had not prepared the emergency preparedness program for natural disasters like earthquakes, storms etc.</p>	<p>"Emergency handling procedure" will be modified to include natural disasters and to include one simulation of evacuation every 2 years. Training of the workers with the updated procedure will take place during our next health/safety/emergency annual training.</p> <p>IMO: submitted action plan approved</p>	End June 2012
7.9.1	2012	min	<p><u>Drinking water</u> It was noted from review of records that the facility had not obtained a test report for the drinking water which is supplied to their employees to confirm that the drinking water is potable.</p>	<p>Sample of the drinking water has been taken and sent to laboratory (Surakarta City Drinking Water Company). We will send sample of drinking water once per year.</p> <p>IMO: submitted action plan approved</p>	End June 2012

N° of CC

Year

Cat.

Non-conformity

Action plan

Deadline

rec

min

Maj

Number of not fulfilled compliance criteria (e.g. 1.1.1). In case of doubts indicate at least chapter of report.

First year when the non-conformity has been observed.

Sanction Category: rate using rec, min or Maj

Discrepancy to standard.

Measure to correct non-conformity stated by company and to be approved by IMO. Implementation of corrective measure to be completed by deadline.

Date when IMO will assess the implementation of the corrective measure.

Recommendation (no action plan required)

Minor non-conformity: see Annex 2

Major non-conformity: see Annex 2

11. Next scheduled audit

Next planned surveillance audit; (year, month):	2013, June
Complete re-certification every three years; at the latest (year):	2015

IMO has the right to carry out additional unannounced audits according to the IMO standard operation procedures (SOPs). Likewise, an additional audit can be carried out within the framework of a document review.

Operator's comments (optional):

none

The operator herewith agrees to implement the action plan/corrective measures. The final certification decision is made by the responsible certification officer at IMO.

Annexes

Annex 1a. Evaluation results P1-6

Please see separate document. The following information is confidential and has been removed from the public report:

- Water monitoring data and analysis

Annex 1b. Evaluation results P7

Please see separate document.

Annex 2. Classification of minor / major non-conformities

Minor non-conformities

a) For initial certification, the CAB may recommend the applicant for certification once an action plan to address non-conformity has been agreed to by both the client and the CAB.

i. The action plan shall include a brief description of:

A. The root cause(s) of the non-conformity

B. The corrective action(s) to be taken is intended to satisfactorily address the non-conformity

C. The timeframe for implementation of corrective action(s)

ii. Minor non-conformities may be extended once for a maximum period of one (1) year if full implementation of corrective action was not possible due to circumstances beyond the control of the client.

b) The CAB should raise a major non-conformity where minor non-conformities are repeatedly raised against a particular requirement.

c) The CAB shall require that minor non-conformities raised during surveillance audits are satisfactorily addressed in one (1) year.

Major non-conformities

a) The CAB shall require that major non-conformities shall be satisfactorily addressed by an applicant:

i. Prior to certification being granted.

ii. Within three months of the date of the audit or a full re-audit shall be required.

iii. That the root cause of the non-conformity is identified.

b) In the case of a major non-conformity raised during the period of validity of a certificate, the CAB shall require:

i. That the certificate holder satisfactorily addresses the non-conformity within a maximum of three (3) months

ii. Major non-conformities may be extended once for a maximum period of another three months if full implementation of corrective action was not possible due to circumstances beyond the control of the client

iii. That the root cause of the non-conformity is identified

Annex 3. Form 1– Request for Interpretation or Variance

This form is for the submission of requests by CABs to ASC to request interpretations of ASC normative requirements and/or requests for variance from specific normative requirements.

I CAB Request

1.1 NAME OF CAB	1.2 DATE OF SUBMISSION	1.3 CAB CONTACT PERSON	1.4 EMAIL ADDRESS OF CAB CONTACT PERSON
1.5 ASC DOCUMENT REFERENCE			
1.6 BACKGROUND (PROVIDE FULL EXPLANATION OF THE ISSUE)			
1.7 RECOMMENDED ACTION/DECISION			

II ASC Determination

2.1 STATUS	2.2 DATE OF ASC DETERMINATION
<input type="checkbox"/> Closed	
2.3 ASC DETERMINATION ON VARIANCE	
2.3 ASC INTERPRETATION	

Annex 4. Stakeholder submissions

including written or other documented information and CAB written responses to each submission.

Public consultation period	Stakeholder submission	IMO Response
Audit announcement (30 days prior to audit)	No submissions received	n/a
Draft public report (10 days from report publication)	No submissions received	n/a