

Sabah TLAS Audit Report Principles 5 & 6

Organisation	Kang Ming Trading Sdn. Bhd. (76847-A)	Reference #	GFSSBH 004-547a
Contact Person	Kang Phui Ting (Manager)	Audit Date	07/09/2023
Office Address	Kang Ming Trading Sdn. Bhd., Ground Floor, Lot 9 & 10, Block E, Bandar Ramai-Ramai, P.O. Box No. 1166, 90713 Sandakan, Sabah, Malaysia.	Date close out	10/11/2023
Mill Address	Warehouse: Kang Ming Trading Sdn. Bhd., No. 164, SEDCO Light Industrial Estate, Jalan Bomba, Off Mile 3, Labuk Road, Sandakan, Malaysia.	Telephone	+6089 215 478
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		Approved By	Dr. Kevin Grace

Statements

Audit Statement #	NC: Non-Compliance – Criteria 5.2 & 5.3 (Outstanding)		
Issuance Date	Not applicable	Expiration Date	Not applicable

Assessment Details

Company Type	Importer
Scope of Assessment	Sabah TLAS P5-6: FDS(SS)(I)003/2021
Product Group	Plywood
Source of Material	Sabah, Malaysia & Vietnam
Species	Sabah: OT (Other timber) Vietnam: Mixed Hardwood
Lead Assessor	Sandra George
Assessor(s)	Tommy Olui
FDS Staff	Ruslan Hj. Ismail (PPD Sandakan), Ramlan Atak (PPD Sandakan)

Terms of Assessment

The scope of the evaluation is to verify compliance of Kang Ming Trading Sdn. Bhd. to the criteria within the Sabah Timber Legality Assurance System (TLAS) Principle 5 - Mill Operations and Principle 6 - Trade and Customs standards. Compliance is defined when the organization demonstrates that there is no non-compliance to any applicable criteria. Non-compliance to the Sabah Legality Standard occurs when the organization does not comply with 1 or more criteria. Non-compliance must be formally addressed prior to certification or within 2 months following a surveillance assessment.

Limitations of Assessment

The information presented in this report is based on documentation and other information presented by the client and observations made during the field verification under the assessment. Auditor's reporting of information presented by the client are taken as accurate, unless evaluated differently through the observations made during the assessment. All information presented in the report is accurate and complete to the best of knowledge of GFS.

Background Information:

Kang Ming Trading Sdn. Bhd. (Kang Ming Trading) is registered in Kuala Lumpur, Malaysia, with registration # 76847-A. Kang Ming Trading is a hardware store importing plywood from Vietnam and Ivory Bay in Sabah and has a warehouse.

The previous assessment was conducted in November 2022 that resulted in 4 gap(s) and 1 observation(s) (Report #: GFSSBH 004-405a).

Associated Organizations & Subcontractors:

Kang Ming Trading does not engage other companies as their subcontractors to provide or manufacture products.

Description of the Supply Chain:

From September 2022 to August 2023, Kang Ming Trading purchased raw materials from the suppliers as below:

Supplier	License	Raw Material	Location	GFS WTP # STCC #	Overall Risk*
Kego Company Limited	Not available	Plywood	Vietnam	-	High
Ivory Bay Sdn. Bhd.	FDS(SS)(E)004/2019	Plywood	Sandakan	GFS 250 WTP (06/08/2024)	Low

Note: *GFS risk evaluation is based on the risk matrix for Sabah TLAS (VL) materials & products.

Summary Results:

(Major gap = 3, Minor gap = 2, Observation = 0)

November 2023 (Major gap = 2, Minor gap = 2, Observation = 0)

GAPs: Year 2023					
GAP #	Type	Checklist	Status	Description	
001/2021	Major	5.2.4	Outstanding	<p>September 2022: The Chain of Custody manual does not adequately define purchasing of Verified Legal (Low Risk) or Sabah TLAS products, identification of products received in the warehouse or traceability from purchasing through sales.</p> <p>November 2022: No evidence of revision of the COC procedure as required.</p> <p>September 2023: There is no evidence of the CoC procedure revision.</p> <p>November 2023: There is no evidence of the CoC procedure revision.</p>	
002/2021	Raised to Major	5.3.2 5.3.7 5.3.8	Outstanding	<p>September 2021: No evidence of training on safety and fire by the company.</p> <p>September 2022: The company has yet to conduct safety and fire training.</p> <p>September 2023: There is no evidence that Kang Ming Trading conducted safety and fire training for workers in the warehouse.</p> <p>November 2023: There is no evidence that Kang Ming Trading</p>	

				conducted safety and fire training for workers in the warehouse.
003/2021	minor	6.2.4	Outstanding	<p>September 2021: No evidence that a Risk Assessment was conducted for imported material.</p> <p>September 2022: The risk assessment is inadequate to define material risk as high or low.</p> <p>September 2023: Kang Ming Trading inadequately conducted the risk assessment for imported plywood.</p>
001/2022	Major	5.2.1 5.2.2	Closed	<p>September 2022: No evidence that a valid removal pass accompanied the materials received from several suppliers.</p> <p>November 2022: Plywood received from Ivory Bay Sdn. Bhd. in November 2022 was not accompanied by a removal pass (Delivery note #: 161183 and 161179).</p> <p>September 2023: There is no evidence that the purchased plywood from Ivory Bay was accompanied by valid Removal Passes.</p> <p>November 2023: Kang Ming Trading has provided valid Transit Passes for purchased plywood from Kego Company Limited.</p>
001/2023	minor	5.3.5	New	<p>September 2023: Inconsistent records of SOCSO contributions for workers as required.</p>

*Major = Non-Compliance

Observations: Year 2023		
Obs #	Checklist	Description
-	-	-

Highlights of Close-Out Visit (if applicable)	Date: 10 November 2023
<p>Major Gaps 001/2021, 002/2021 & 001/2022 shall be addressed within 2 months by November 2023. Only Major Gap 001/2022 is closed since Kang Ming Trading provided a transit pass for plywood from Kego Company Limited. However, the company did not take action to revise the CoC procedure and does not provide evidence that safety and fire training was conducted for workers. Thus, major gaps 001/2021 and 002/2021 are remained outstanding.</p>	

Recommendations

Kang Ming Trading Sdn. Bhd. has not demonstrated compliance with the Sabah Principles 5-6 for Chain of Custody as non-compliance was identified under Criteria 5.2 & 5.3 and is NOT recommended to receive a GFS Statement of Compliance or Sabah Timber Legality Assurance System Compliance Certificate (TLAS-CC) from SFD.

The Major Gap shall be addressed within two months by **November 2023**.

Gap 001/2021 (Major) Outstanding – Checklist 5.2.4: Kang Ming shall revise the Chain of Custody manual to adequately define purchasing of Verified Legal (Low Risk) or Sabah TLAS products, identification of products received in the warehouse and traceability through sales.

Gap 002/2021 (Major) Outstanding – Checklist 5.3.2, 5.3.7, 5.3.8: Kang Ming Trading shall conduct and document the training records on safety and fire.

Gap(s)/Observation(s) identified in this assessment should be addressed before the next surveillance visit. Action required to close the gap(s)/observation(s) include:

Gap 003/2021 (minor) Outstanding – Checklist 6.2.4: Kang Ming Trading shall conduct a Risk Assessment for imported products.

Gap 001/2023 (minor) – Checklist 5.3.5: Kang Ming Trading shall contribute workers under SOCSO and maintain the record, as required.

The next surveillance visit is scheduled for September 2024.

End of Summary Report