

## Sabah TLAS Audit Report Principles 5 & 6

<b>Organisation</b>	HNK Timber (Sabah) Sdn. Bhd. 198501010272 (142724-T)	<b>Reference #</b>	GFSSBH 004-884
<b>Contact Person</b>	Ms. Ong Huey Chi (Manager)	<b>Audit Date</b>	22/10/2025
<b>Office Address</b>	2A-13-19, Lot 19, 13 <sup>th</sup> Floor, Wisma Merdeka Phase II, Jalan Tun Razak, 88000 Kota Kinabalu, Sabah, Malaysia.	<b>Date close out</b>	-
<b>Mill Address</b>	-	<b>Telephone</b>	+6019 553 3728
<b>Email</b>	hnksabah@outlook.com DFO KK: ZuraidahNorfarizan.Jeragan@sabah.gov.my PPW KK: MohdNasir.AgSuman@sabah.gov.my	<b>Fax</b>	-
		<b>Approved By</b>	Dr. Kevin Grace

### Statements

<b>Statement of Compliance</b>	GFS 196 WTP		
<b>Issuance Date</b>	27 October 2025	<b>Expiration Date</b>	26 October 2026

### Assessment Details

<b>Company Type</b>	Exporter
<b>Scope of Assessment</b>	Sabah TLAS P5-6: FDS(KK)(E)022/2019
<b>Product Group</b>	Sawn timber
<b>Source of Material</b>	Sabah, Malaysia
<b>Species</b>	<i>Shorea spp.</i> (Red seraya)
<b>Lead Assessor</b>	Ennald Chin (Acting Lead Auditor)
<b>Assessor(s)</b>	Ng Cai Ling
<b>SFD Staff</b>	-

### Terms of Assessment

The scope of the evaluation is to verify compliance with HNK Timber (Sabah) 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 is 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 knowledge of GFS.

**Background Information:**

HNK Timber (Sabah) Sdn. Bhd. [HNK Timber (Sabah)] is, on and from 26/07/1985, incorporated under Companies Act 2016, and is registered in Johor, Malaysia, with registration #: 198501010272 (142724-T). HNK Timber (Sabah) purchases sawn timber and exports them to South Africa.

The previous assessment was conducted in November 2024 that resulted in 0 gap(s) and 3 observation(s) (Report #: GFSSBH 004-750).

**Associated Organizations & Subcontractors:**

HNK Timber (Sabah) does not engage subcontractor to produce, manufacture products or provide manpower. The sawn timber directly shipped from the supplier to Carl Ronnow Logistics Sdn. Bhd. for KD services and storage, which solely on a payment basis.

**Description of the Supply Chain:**

From October 2024 to September 2025, HNK Timber (Sabah) did not purchased raw materials from the suppliers as below:

Supplier	License	Raw Material	Location	GFS WTP # STCC #	Overall Risk *
-	-	-	-	-	-

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

**Summary Results:**

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

GAPs: Year 2025				
GAP #	Type	Checklist	Status	Description
-	-	-	-	-

\*Major = Non-Compliance

Observations: Year 2025		
Obs #	Checklist	Description
001-2024 Addressed	5.1.6, 6.4.2	<b>November 2024:</b> The current COC procedure does not define the retention periods for records relevant to the COC system. <b>October 2025:</b> The current COC procedure defined the retention time for records to 5 years.
002-2024 Addressed	5.2.4	<b>November 2024:</b> Removal passes were not stamped as "Used" by SFD. <b>October 2025:</b> Removal Pass from Carl Yard to Port was stamped as "Used" by the SFD.
003-2024 Addressed	5.3.1, 5.3.2	<b>November 2024:</b> No employment agreement for workers. <b>October 2025:</b> HNK Timber (Sabah) has no workers.

Highlights of Close-Out Visit (if applicable)	Date: -
Not applicable.	

Recommendations
HNK Timber (Sabah) Sdn. Bhd. has demonstrated compliance with the Sabah Standard Principles 5-6 for Chain of Custody and is recommended to receive a GFS Statement of Compliance and Sabah Timber Legality Assurance System Compliance Certificate (TLAS-CC) from SFD.  The next surveillance visit is scheduled for October 2026.

**End of Summary Report**