

## Sabah TLAS Audit Report Principles 5 & 6

<b>Organisation</b>	MKK Enterprise (Sole proprietorship)	<b>Reference #</b>	GFSSBH 004-601
<b>Contact Person</b>	Mr. Mun Kuan Kee (Manager)	<b>Audit Date</b>	15/01/2024
<b>Office Address</b>	OAC Trading Sdn. Bhd.: No. 88, Jalan Kitobu Keronggu, 88450 Kota Kinabalu, Sabah, Malaysia.	<b>Date close out</b>	-
<b>Mill Address</b>	-	<b>Telephone</b>	+6019 810 7252
<b>Email</b>	mkk7252@yahoo.com DFO Kota Kinabalu: Aglsmail.AgTuah@sabah.gov.my	<b>Fax</b>	-
		<b>Approved By</b>	Dr. Kevin Grace

### Statements

<b>Audit Statement #</b>	GFS 279 WTP		
<b>Issuance Date</b>	22 January 2024	<b>Expiration Date</b>	21 January 2025

### Assessment Details

<b>Company Type</b>	Importer
<b>Scope of Assessment</b>	Sabah TLAS P5-6: FDS(KK)(I)040/2019
<b>Product Group</b>	Sawn timber
<b>Source of Material</b>	Sarawak and Peninsular Malaysia
<b>Species</b>	<i>Acacia mangium</i> (Acacia), Mixed Light Hardwood, Mixed Hardwood, Other timber (OT)
<b>Lead Assessor</b>	Brandon James
<b>Assessor(s)</b>	Aleeza Ho
<b>FDS Staff</b>	Charlene Billy (SFM-FLEGT SFD), Abu Bakar (PPD Kota Kinabalu)

### Terms of Assessment

The scope of the evaluation is to verify compliance of MKK Enterprise 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:**

MKK Enterprise is a sole proprietor; thus, it does not require registering under the Companies Commission of Malaysia (SSM). MKK Enterprise imports sawn timber mainly from Sarawak and Peninsular Malaysia and directly sells and shipped it to their buyer, OAC Trading Sdn. Bhd. MKK Enterprise does not handle material activities.

The previous assessment was conducted in February 2023 that resulted in 0 gap(s) and 0 observation(s) (Report #: GFSSBH 004-456).

**Associated Organizations & Subcontractors:**

MKK Enterprise does not engage other companies as their subcontractor to manufacture products. RM Services handles the import documents for MKK Enterprise.

**Description of the Supply Chain:**

From December 2022 to December 2023, MKK Enterprise purchased raw materials from the suppliers as below:

Supplier	License	Raw Material	Location	GFS WTP # STCC #	Overall Risk *
GRV Logistics (M) Sdn. Bhd.	Not stated	Sawn timber	Selangor	-	High
Sinbase Wood Sdn. Bhd.	Not stated	Sawn timber	Sarawak	-	High

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

**Summary Results:**

(Major gap = 0, minor gap = 2, Observation = 0)

GAPs: Year 2024				
GAP #	Type	Checklist	Status	Description
001/2024	minor	6.2.3	New	<b>January 2024:</b> SFD approved incorrect import license submitted by MKK Enterprise for the import consignments.
002/2024	minor	6.3.3	New	<b>January 2024:</b> Inconsistent volume between the removal pass and the import license approval.

\*Major = Non-Compliance

Observations: Year 2024		
Obs #	Checklist	Description
-	-	-

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

**Recommendations**

**MKK Enterprise** 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.

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 001/2024 (minor) – Checklist 6.2.3:** SFD and MKK Enterprise shall ensure the import license is valid for the imported consignment.

**Gap 001/2024 (minor) – Checklist 6.3.3:** SFD and MKK Enterprise shall ensure that the volume in imported documents is consistent with the volume recorded in the removal pass.

The next surveillance visit is scheduled for January 2025.

**End of Summary Report**