

Sabah TLAS Audit Report Principles 5 & 6

Organisation	MKK Enterprise (Sole proprietorship)	Reference #	GFSSBH 004-801
Contact Person	Mr. Mun Kuan Kee (Manager)	Audit Date	13/03/2025
Office Address	OAC Trading Sdn. Bhd.: No. 88, Jalan Kitobu Keronggu, 88450 Kota Kinabalu, Sabah, Malaysia.	Date close out	-
Mill Address	-	Telephone	+6019 810 7252
Email	mkk7252@yahoo.com DFO Kota Kinabalu: Aglsmail.AgTuah@sabah.gov.my PPW KK: MohdNasir.AgSuman@@sabah.gov.my	Fax	-
		Approved By	Dr. Kevin Grace

Statements

Statement of Compliance	GFS 279 WTP		
Issuance Date	17 March 2025	Expiration Date	16 March 2026

Assessment Details

Company Type	Importer
Scope of Assessment	Sabah TLAS P5-6: FDS(KK)(I)040/2019
Product Group	Sawn timber
Source of Material	Sarawak
Species	<i>Acacia mangium</i> (Acacia), Mixed Light Hardwood (MLH)
Lead Assessor	Glory Linggou
Assessor(s)	Merlyne Gerard, Auther Itin
SFD Staff	De-Almeida (PPD Kota Kinabalu), Abu Bakar (PPD Kota Kinabalu)

Terms of Assessment

The scope of the evaluation is to verify compliance with 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 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:

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

Associated Organizations & Subcontractors:

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

Description of the Supply Chain:

From December 2023 to February 2025, MKK Enterprise purchased raw materials from the suppliers as below:

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

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

Summary Results:

(Major gap = 0, Minor gap = 1, Observation = 1)

GAPs: Year 2025				
GAP #	Type	Checklist	Status	Description
001/2025	minor	5.3.5	New	March 2025: No SOCSO contribution for the director.
002/2025	minor	6.1.5	Closed	13 March 2025: Sales were not in accordance with the CoC procedure. 14 March 2025: Sales records were revised in accordance with the CoC procedure.

*Major = Non-Compliance

Observations: Year 2025		
Obs #	Checklist	Description
001-2025 Addressed	5.2.4	13 March 2025: One removal pass was not stamped as "Used" by the SFD. 17 March 2025: The SFD has stamped the removal pass as "Used".
002-2025	5.3.1, 5.3.2	March 2025: MKK Enterprise has not established an employment agreement for employees.

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 001/2025 (minor) – Checklist 5.3.5: MKK Enterprise shall register and contribute SOCSO as required in the Sabah Labor Ordinance.

Observation 002-2025 – Checklist 5.3.1, 5.3.2: MKK Enterprise shall establish employment agreement for workers.

The next surveillance visit is scheduled for March 2026.

End of Summary Report