



AUTHENTICATE SABAH CERTIFICATION GUIDELINES

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1. Introduction

The purpose of this document is to serve as the official guide under which the designation “Sabah Made” may be used for products manufactured in the state of Sabah, Malaysia.

This guide reflects the authority of Sabah Employers Association (SEA) on drafting the regulations and ultimate ownership of the Sabah Made trademark in reference to any law, legislation or to any provisions of any law and legislation.

This guide stipulates that the assessment, issuance of Sabah Made certification and monitoring of compliance is conducted through the sole appointed agent by Sabah Employers Association (SEA), in accordance with the regulations. As regulations, legislations, administrative practice are liable to evolve and undergo changes, the content of this guide can be amended from time to time.

This guide may not deal with the rules of origin which fall within the scope of the customs legislation, and or those provisions as set out in the free trade agreements between Malaysia and other countries. It may not be applied in the external trade context for the purpose of calculating customs duties and therefore differ from the criteria relating to geographical designations.

2. Legal provisions governing "Sabah Made" Certification

The use of the "Sabah Made" trademark with certification is governed by the following ordinances:

- Companies Act 2016
- Trade Marks Act 2019 (Act 815)
- Industrial Co-ordination Act 1975 (ICA) for manufacturing license
- State statutory for factory license
- Local council statutory regulations for trading license
- Any other applicable federal and local statutory regulations and provisions

3. Provisions of the "Sabah Made" Certification

Definition of "Made in Sabah"

A product is to be regarded as "Made in Sabah" if

1. It is manufactured by legal entities considered majority owned (at least 51% ownership) by Sabahans, or in the case of a subsidiary of Peninsular Malaysia based company or foreign owners, to be majority managed (top executive team comprised of at least 60% Sabahans).
2. The origin of production corresponds to the place where at least 60% of the manufacturing costs are incurred.
3. For calculation purpose, the following shall be taken into account:
 - Local labour wages, production and assembly costs;
 - Research and development costs;
 - Costs for quality assurance and certification which are prescribed by law or standardized in an economic sectors;
 - Costs of 3rd party service & licensing costs towards the final outcome of the products;
 - Packaging costs.
4. Excluded from the calculation under paragraph 1 are:
 - Foreign labour wages
 - Transport costs;
 - The costs for distribution of the goods, as well as costs for marketing and customer service.

In addition, the indication of source must correspond to the place where the activity, which gave the product its essential characteristics, took place. In all cases, an essential manufacturing step must have been carried out at this place.

4. Calculation of 60% of the manufacturing costs

The following table gives a clear definition of the term “manufacturing costs ”:

Cost price calculation

1	Total research and development costs (R&D costs)
2	Total direct material costs
3	Total indirect material costs
2+3	Total material costs
4	Total production costs
1+2+3+4	Total manufacturing costs (including R&D costs)

Note 1

When the manufacturer works with sub-contractors, the means of verification to ascertain whether the information provided by them is truthful are inevitably limited. It is therefore advisable to request a written attestation confirming the source or the precise percentage of value relating to the components which have been ordered.

In the absence of any serious doubt as to the accuracy of the information supplied, a written attestation would therefore be sufficient to enable an assurance to be given that the figures used in calculating the percentage of the manufacturing costs are correct.

If such information later proves to be either inaccurate or wrong, the manufacturer may, on the basis of such an attestation, bring a civil lawsuit or file an action under criminal law against the sub-contractor who is at fault.

5. Calculation of the Star System of business capabilities

Parameters will be evaluated to generate a Star System utilising QSMUDM System

Quantitative Strategic Multiple Utility Decision Matrix

The strength & weakness of each company will be identified for continuous improvement purpose

