

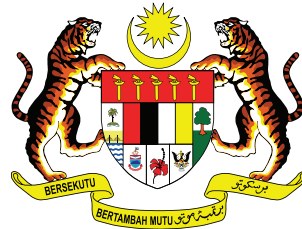


KEMENTERIAN PEMBANGUNAN USAHAWAN
MINISTRY OF ENTREPRENEUR DEVELOPMENT

SOCIAL ENTERPRISE ACCREDITATION (SE.A) GUIDELINES



The Social Enterprise Accreditation (S.E.A) Guidelines act as a guide to explain the definition, procedures, and criteria involved in the accreditation process and related matters.



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Definition of Social Enterprise (SE)

In Malaysia, SE is defined as:

Business entity that is registered under any written law in Malaysia that proactively creates positive social or environmental impact in a way that is financially sustainable.

Social Enterprise Accreditation (SE.A)

The SE.A intends to **certify the status of social enterprises** to help them access greater support and opportunities to grow.

Through the accreditation process, an organization that is recognized as an Accredited Social Enterprise will be listed on SE.A MED online platform that provides customers and public with access to information on SEs more efficiently.

Benefits derived from SE.A

Accredited SEs receive the following benefits:

Get listed on a public directory which enables potential customers to access information about Social Enterprises.

Included in the Buy-for-impact campaign to encourage public and private involvement in social procurement.

Get access to other funding and support – over time, MED and other agencies will provide a range of additional support for accredited SEs subject to prescribed conditions.

Join a network of Malaysia's leading social enterprises – with events, networking and other opportunities to collaborate and learn.

Main criteria for Social Enterprise Accreditation (SE.A)

There are three main criteria for accrediting social enterprises. To be eligible for SE.A, an SE must:



Proactively creates positive social or environmental impact:

The organisation has a clearly stated social or environmental goal.



Contributes significant resources to the social or environmental mission:

The organisation allocates a significant amount of resources towards their social or environmental goal.



Be financially sustainable:

More than half (50%) of total annual revenue is earned (e.g. by selling goods or services to customers – as opposed to contributions or grants).

For start-ups, the organisation has a credible plan to work towards this revenue model.

1. Proactively Creates Positive Social or Environmental Impact

"Social or environmental goal":

The goal must be clearly visible on the organisation's website and/or in its company constitution.



01

The social/environmental goal does not need to be the organisation's main goal or its top priority – it is acceptable for organisations to have pursuit of profit as their main aim. But the social/environmental goal does need to be clearly and publicly stated.



02

Ideally, the goal should specify a positive social or environmental impact (i.e., an actual change that the organisation aims to achieve), but it is also acceptable for the goal simply to say that the organisation aims to help a particular target beneficiary group:

Positive social/environmental impact refers to a specific change that the organisation aims to achieve.

For example, "Our target impact is to improve the well being of low income single mothers" or "Our goal is to reduce the amount of waste that goes to landfill".

03

Alternatively, the organisation may not specify an exact change, but may aim to provide support or help to a certain target beneficiary group. For example: "We provide subsidised services for low income households"; or "We act as a voice for ethnic minority groups".



04

SE accreditation is open to organisations supporting both Malaysian citizens and/or foreigners – either inside or outside of Malaysia.

05

SE accreditation is open to organisations that not only provides direct support to target beneficiary groups but instead work at system-level, e.g. by raising public awareness of an issue or providing support to improve the capacity of charities or other SEs.



2. Contributes Significant Resources to The Social or Environmental Mission

“Allocates significant resources towards the social/environmental goal”: The organisation can show that the cost of its social/environmental work is significant in relation to their annual potential profit or cost of doing business.



01

In principle, SEs are organisations that take proactive steps to create more positive social or environmental benefit than they otherwise would do if they were simply maximising profit at all times.

02

As a general rule, SEs will allocate at least 51% of their profits directly towards their social or environmental goal or by institutionalising preferential hiring policies that favour target beneficiary groups on a 51:49 ratio (although each application will be considered on a case by case basis).

03

Alternatively, SEs may show commitment to their social/environmental goal by integrating an impact contribution within their business model. In this case, an allocation of at least 35% of their cost of product/service (direct and operational), must be made towards a beneficiary group or for the attainment of the their social/environmental mission.

In summary the SEs must meet one of the following criteria :



51% of workforce is from target beneficiary groups; and/or



35% of the business cost is channeled towards providing income, training or subsidised goods or services to target beneficiary groups; and/or



35% of the production raw materials or resources is spent on achieving the environmental mission; and/or



51% of the profits is distributed towards solving the social mission.

3. Financial Sustainability

More than half (50%) of total annual revenue is earned by selling goods or services to customers - as opposed to contributions or grants; as for start-ups, the organisation has a credible plan to work towards this revenue model.

Revenue is defined according to the Malaysian Accounting Standards Board Standard 9: "Revenue". SEs will be assessed on the total revenue figure reported in their latest financial statements.



4. Stages of Social Enterprise Accreditation

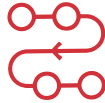
The implementation of SE.A will be broken down into 3 main stages

4.1) Stage 1 - Basic SE status

Basic SE status constitutes of SEs who self declare themselves as social enterprises on MED's social enterprise accreditation platform. The Basic SE is the first step of the social enterprise accreditation process.



SE Basic application procedure



To be considered a Basic SE status all you need to do is visit MED's SE.A platform.

Applicant should create an account and fill out the form provided. This form will be reviewed and if completed, the SE applicant will be granted the SE Basic status and will be notified through the SE.A MED platform and email.



Timeline

Approval/Rejection notice will be given within 14 working days of the submission of the online form.

Benefits



Social enterprises with a Basic SE status is deemed as a registered social enterprise in SE.A MED database platform.

For Basic SE, donors who contribute cash are not eligible for tax deduction incentives under Section 44(11C) Income Tax Act 1967.

Basic SE may apply to the next accreditation process, which is Social Enterprise Accreditation (SE.A).

4.2) Stage 2 - Social Enterprise Accreditation Status

The Social Enterprise Accreditation (SE.A) status will be granted to all social enterprises whose impacts have been audited according to eligibility criteria (Criteria 1-3) listed in the guidelines.

Social Enterprise Accreditation (SE.A) application procedure

To be considered a SE.A you will first need to be granted with the Basic SE status.



Upon receiving your Basic SE status, the SE must submit complete documentation on the platform for audit purposes. Documents must be signed and uploaded on the platform by the SE for review.

Upon the approval of the committee, you will be deemed as an accredited SE. Notification will be made via email and the accreditation certificate will be issued to the accredited SE.

Timeline



After the submission of a complete requisition list, approval/rejection notice will be issued within **30 working days** of the submission. Postponement notice will be issued in the event the timeline needs to be exceeded for various reasons.

Benefits



SE.A status grants you **eligibility to apply to be considered by Ministry of Finance (MOF) under Section 44(11C) Income Tax Act 1967 to provide tax deduction receipts to your donors.**

Approval Period

The accreditation will be valid for a period of not more than 3 years, subject to the accredited SE adhering to the reporting requirements specified below.



Submit an updated audit statements;



Submit management account statements detailing expenditure on impact areas (where applicable).

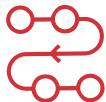


An impact report outlining the impact achieved by the social enterprise for the previous calendar year.

4.3 Stage 3 - Social Enterprise Accreditation (SE.A) Plus

SE.A Plus is the final level of accreditation and confirms the social enterprise status of the company with the recognition of the Ministry of Finance and Inland Revenue Board of Malaysia.

Social Enterprise Accreditation (SE.A) Plus



To apply for SE.A Plus you first need to acquire an SE accreditation certification from MED (physical certification generated from MED's SE.A platform upon approval of the committee).

Subsequently, an application will need to be made to the Ministry of Finance and Inland Revenue Board of Malaysia to obtain their approval under Section 44(11C) of the Income Tax Act 1967.



Benefits

Issue donation receipts to individual and corporate donors.

Flow Chart For Social Entrepreneurship Accreditation (SE.A) Application

Stage I – Basic Social Enterprise (Basic SE)

Application through
SE.A MED online
platform

*Process within 14 working days

1

2

Approval/ Rejection
Notice

Stage II - Social Enterprise Accreditation (SE.A)

Applicant submits the
necessary documents
online

*Evaluation by the SE.A
Committee within 30 working days

3

4

Approval/ Rejection
Notice

Stage III - Social Enterprise Accreditation Plus (SE.A Plus)

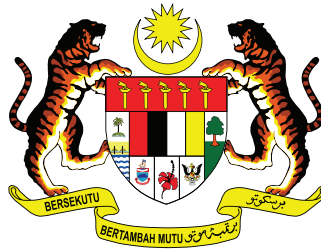
Application to the Ministry
of Finance and Inland
Revenue Board of Malaysia

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These guidelines are subject to improvement from time to time





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