

## **Malaysia Co-investment Fund (MyCIF)**

*Environmental and Social Impact Scheme | MyCIF Impact Investment Framework (Impact Framework)*

### **Frequently Asked Questions (FAQ)**

#### **➤ FAQ on MyCIF Impact Framework in general**

#### **Question 1: Why is the MyCIF Impact Investment Framework (Impact Framework) being introduced?**

As part of Budget 2024, the government has allocated RM100 million to Malaysia Co-Investment Fund (MyCIF) for a period of 3 years for impact investing in focus areas namely food security, environment, community, education and healthcare, including funding development projects on waqf assets. This strategic allocation forms part of a new MyCIF scheme, called the Environmental & Social Impact (ESI) scheme.

The MyCIF Impact Investment Framework (Impact Framework) is introduced to facilitate MyCIF investments into ECF and P2P businesses that qualify under this ESI scheme.

The Impact Framework sets out MyCIF's impact investing parameters and criteria, designed to support ECF and P2P businesses that can generate positive environmental and societal impact in MyCIF investment focus areas. It also enables MyCIF to quantify, track and monitor the impact contribution of its investee companies under the ESI scheme.

#### **Question 2: What are MyCIF's investment focus areas for impact?**

To qualify for MyCIF investments under the ESI scheme, the issuer must be able to demonstrate they can offer solutions which can foster accessibility and inclusivity, promote economic empowerment, and/or advance environmental sustainability in the following focus areas:

- Community;
- Education;
- Environment;
- Healthcare; and
- Food Security.

#### **Question 3: What are the key components of the Impact Framework?**

The Impact Framework consists of 2 main components namely:

- a. Guiding principles to help MSMEs to scope their solutions in alignment with MyCIF impact investment focus areas.

- b. Impact Investment Worksheet (Impact Worksheet) to be populated by the issuer to define and determine its impact contribution:
- i. Alignment with sustainability & national development agenda  
*(How does the solution support the sustainability agenda and national priority areas?)*
  - ii. Impact Solution  
*(How can the solution or business model lead to positive or impactful outcomes?)*
  - iii. Success metrics  
*(How does the issuer measure and monitor impact of its solution within specified timelines?)*

**Question 4: How does the Impact Framework differ from the other available guidelines and frameworks on sustainability?**

The Impact Framework sets out MyCIF's impact investing parameters, designed to support ECF and P2P businesses that generate impact within MyCIF focus areas and enable them to quantify, track and monitor their impact.

This framework is structured to be broad enough to complement other sustainability guidelines and frameworks available out there, encouraging MSMEs to embark on their sustainability journey, by requiring them to define problems statements they intend to solve and quantify their impact.

Where relevant, ECF and P2P operators and their issuers are encouraged to refer to any available guides including SC's *Sustainable and Responsible Investment Guide for Private Markets* and *Simplified ESG Disclosure Guide* in identifying the relevant indicators to measure, track and report the progress of their impact targets.

➤ **FAQ for Issuer**

**Question 5: How can an ECF or P2P issuer utilize the Impact Framework to apply for the ESI scheme?**

Please refer to the MyCIF Impact Investment Toolkit to better understand the criteria and parameters for the ESI Scheme.

By referring to the guiding principles and populating the Impact Worksheet, the issuer can determine its eligibility for the ESI scheme and whether its solution is in line with MyCIF's focus investment areas.

Among others, the issuer will have to:

- i. Define how its solutions can cater to the problem statement in MyCIF focus areas

- ii. Identifying impact indicators to measure impact, including setting base line and impact targets
- iii. Have mechanisms in place to monitor impact for reporting purposes to MyCIF

### **Question 6: How can the issuer identify the impact indicators?**

Impact indicators are specific, measurable markers used to assess the impact or results brought about by the solution or project of the issuer. They are crucial in evaluating the effectiveness, efficiency, and overall success of the issuer’s solution.

Impact indicators need to be **specific, measurable, relevant to objectives** of the project and defined within a specific timeframe. MyCIF has identified examples of impact indicators for each of the guiding principles.

<b>Foster Accessibility and Inclusivity</b>	<b>Promote, Economic Empowerment</b>	<b>Environmental Sustainability</b>
<ul style="list-style-type: none"> <li>• Increase in number of beneficiaries served</li> <li>• Reduction in cost of services delivered to drive affordability</li> <li>• Increase in school enrollment and retention rates.</li> </ul>	<ul style="list-style-type: none"> <li>• Increase in number of industry-ready talent</li> <li>• Number of jobs created</li> <li>• Increase in income levels of household incomes</li> </ul>	<ul style="list-style-type: none"> <li>• Reduction of total amount of waste landfilled</li> <li>• Reduction in carbon dioxide emission (tonnes)</li> <li>• Increase in reforested areas</li> </ul>

Issuers are encouraged to use the above given indicators but may also provide other indicators subject to the relevant solution proposed.

### **Question 7: How much will MyCIF co-invest in eligible issuers under the ESI Scheme?**

MyCIF will apply a 1:2 ratio co-investment ratio basis for eligible issuers, where MyCIF will invest RM1 for every RM2 successfully raised from private investors (“Private Investment”) on the ECF and P2P platforms.

### **Question 8: Can the issuer apply for the ESI scheme directly to MyCIF?**

No, the ECF or P2P operator hosting the issuer’s campaign is required to apply on behalf of the issuer. The issuer is required to work with its respective ECF or P2P operator to populate the Impact Worksheet.

On behalf of its issuer, the ECF or P2P operator must submit the duly completed Impact Worksheet and other relevant application documents to MyCIF. The submission of the

Impact Worksheet enables MyCIF to measure and assess the impact of the proposed solution prior to granting its approval.

➤ **FAQ for ECF and P2P Operators**

**Question 9: How does the Impact Framework help the ECF or P2P operator?**

By referring to the Impact Framework, the ECF or P2P operator can assess whether its issuer's campaign is aligned with MyCIF's impact Investment requirement. It also helps them identify potential issuers that can benefit from the ESI scheme while offering investors access to impact-related investment opportunities.

**Question 10: Are there any additional requirements for the ECF and P2P operators to comply with in respect of the application process under the ESI Scheme?**

The MyCIF application process remains similar, but an additional Impact Worksheet must be submitted under the ESI scheme. The impact reporting requirement below must also be complied with.

**Question 11: What is the impact reporting requirement for ECF and P2P operators and their issuers?**

Post-MyCIF investments, successful issuers must submit a periodic impact report to the respective ECF or P2P operator, as part of ongoing obligations to track and monitor progress of its impact contribution. The report should state its progress in achieving the committed impact targets as stipulated in the Impact Worksheet.

As of end December each year, the ECF or P2P operator must submit the consolidated impact reports to MyCIF as part of its reporting obligation for the ESI scheme.