

# Sustainability Report

## SECTION 1

### CORPORATE SUSTAINABILITY REPORTING

This Sustainability Report marks Cagamas Holdings Berhad and its subsidiaries (“the Group”) fourth Sustainability Report. This report highlights the Group’s continuous efforts in driving forward our sustainability agenda and our collective efforts in responding to the COVID-19 pandemic in support of its stakeholders.

The report covers the financial period from 1 January 2021 to 31 December 2021.

### Sustainability Governance

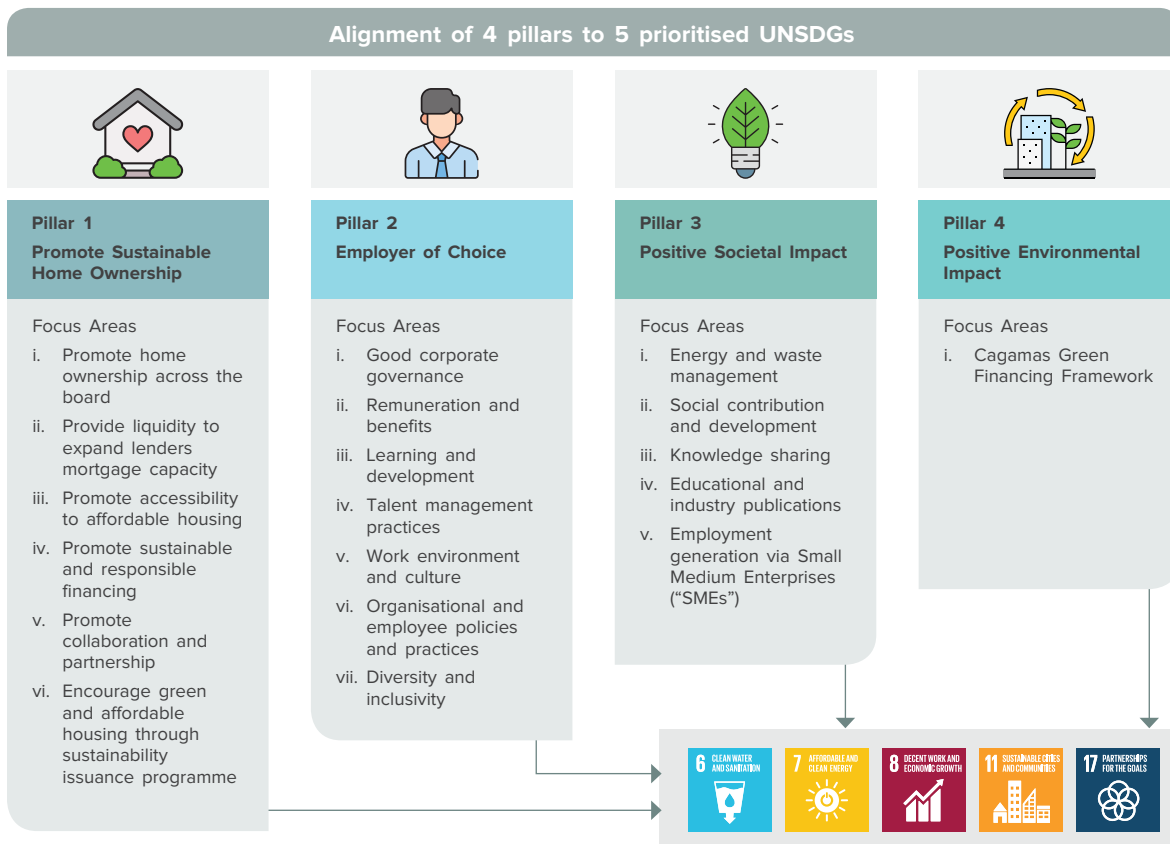
Sustainability is firmly established at the board level as part of the Group’s corporate strategy. The Board of Directors of Cagamas Berhad and Cagamas Holdings Berhad (“the Board”) oversees the progress of the Group’s sustainability journey and execution, develop and instill practical sustainability governance practices whilst meeting its corporate objective.

#### SUSTAINABILITY GOVERNANCE ECOSYSTEM

Cagamas committed to the highest standards of sustainability governance and regularly review its sustainability governance practices and disclosures

### Sustainability Pillars and Focus Areas

The Group contributes to sustainable development through impactful actions centred around 4 thematic pillars. Each pillar and its respective focus areas positively contributes to the 5 sustainability development goals under United Nation Sustainable Development Goals (UNSDGs).



## PILLAR 1: PROMOTE SUSTAINABLE HOME OWNERSHIP



The Group promotes sustainable home ownership to all Malaysian by supporting the national objective of achieving widespread home ownership among Malaysians.

### HOW CAGAMAS CREATES VALUE

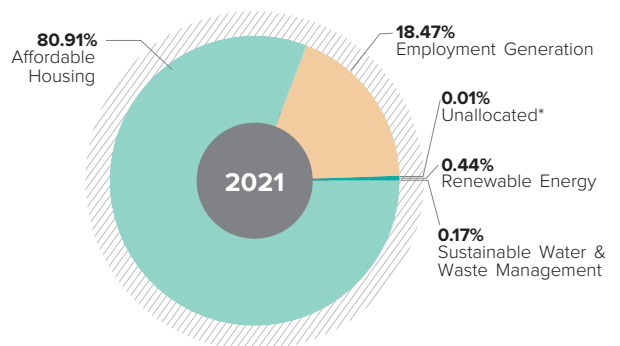
Cagamas Berhad (“Cagamas”) supports financial institution’s liquidity requirements through competitive funding to grow their housing loans portfolio. Cagamas is also committed to contribute and create positive impact through identified opportunities and strategies in sustainable home development. Promoting green and affordable housing activities is an important part of this aspiration.

### 2021 HIGHLIGHTS

1. Purchased home financing in the secondary market totalling RM12.0 billion equivalent to a total of 40,000 homes
2. Issued RM19.2 billion of corporate bonds and sukuk including RM700 million sustainability bonds and sukuk
3. Provided guarantees through My First Home Scheme (Skim Rumah Pertamaku) and Youth Housing Scheme (Skim Perumahan Belia) for housing loans and financing totalling RM16.0 billion enabling 72,475 individuals/ households to own their first house since the scheme’s inception, of which 89% are from the B40 segment
4. Built a continuous collaboration with the Government in supporting Government’s intention to increase home ownership, especially among the youths in Malaysia

### Cagamas’ Sustainability Bond and Sukuk

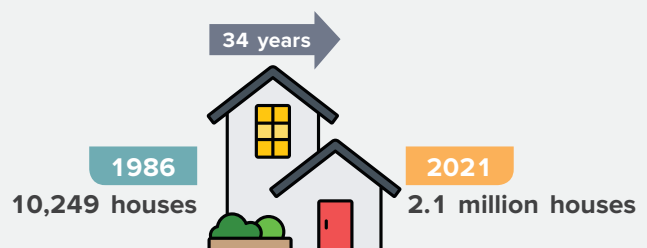
To-date, Cagamas has cumulatively issued a total of RM900 million of sustainability bonds and sukuk with RM865 million remained outstanding as of 31 December 2021. The proceeds from the issuances have been fully allocated to eligible assets in line with the Cagamas’ Sustainability Bond and Sukuk Framework, as illustrated in the diagrams below:



\* Unallocated funds amounting to 0.01% from the total issuance proceeds are placed in money market instruments.

**Cagamas aspires to help Malaysians to realise their dream of owning a home and attain successful home ownership.**

Since its inception in 1986, Cagamas has purchased home financing in the secondary market totalling RM176.4 billion equivalent to a total of 2.1 million houses



## PILLAR 2: EMPLOYER OF CHOICE



Employees are Cagamas’ greatest asset and most important stakeholder group. Cagamas is committed in creating and maintaining a conducive work environment and culture, meaningful and challenging work, career advancement and personal development opportunities. By doing so, Cagamas aims to achieve greater commitment to the business and ensure all employees have the ability to perform productively and efficiently.

### HOW CAGAMAS CREATES VALUE

New Core Values, known as C.A.R.E. (“Collaboration, Accountability, Resilience and Excellence”) introduced in early 2022, will guide all employees in becoming the foundation to support Cagamas’ vision and mission as well as preparing Cagamas to transform and meet any challenges.

### 2021 HIGHLIGHTS

1. 31% of the total workforce are qualified professionals certified to operate in the field of financial and capital markets
2. Strong governance and compliance culture to promote trust, integrity and acceptable working culture
3. A comprehensive succession plan and talent pipeline to ensure continuity in key positions and encourage individual career development and advancement
4. Establishment of People and Organisation Senior Management Committee and Talent Council



### HOW CAGAMAS STAY AGILE DURING THE PANDEMIC



Due to the COVID-19 pandemic, the need for greater engagement has never been higher as Cagamas stepped up efforts to ensure that all employees feel supported during these challenging times. Over the year, Cagamas invested in several initiatives including building resilience through robust business continuity and crisis planning, flexible working hours, split team rotations, working under remote setting while maintaining high engagement levels through live video conferencing sessions and ongoing communications via emails and social media platforms.



**50%**  
of our employees work from home during the Movement Control Order (“MCO”) and Post MCO period



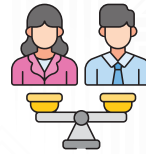
**RM32,263**  
spent on protective equipment and test kit for employees



**RM18,654**  
spent on COVID-19 test (“Rapid Test Kits; RTK” and “Polymerase Chain Reaction; PCR”) for employees

**1 Gender and Age Diversity**

As at 31 December 2021, the organisation has a total of 104 staff with a good mix of gender and age



**104 staff**

**2 Employee Learning and Development**

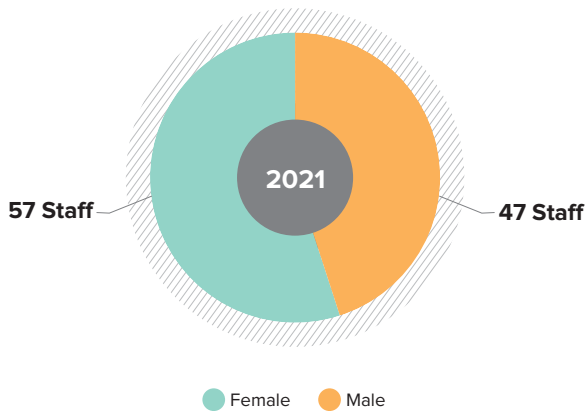
Training Record for Financial Year 2021

Total Staff Attended Training	Total Training Hours	Average Training Hours/ Staff	Average Training Days/ Staff
100	3,015.00	30.15 hours	3.8 days

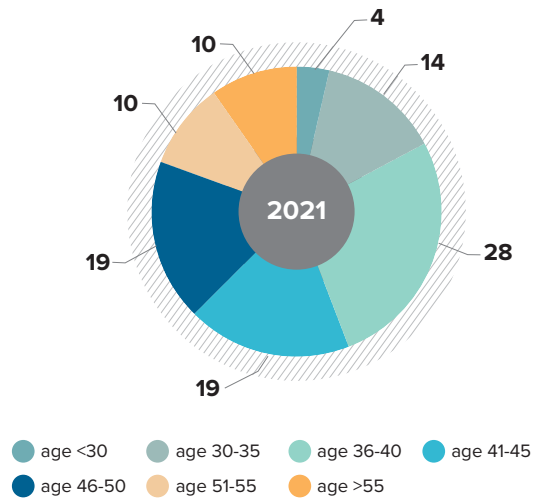


The mandatory corporate learning target practised by Cagamas is 16 hours per employee (equivalent to two full days of training)

**3 Gender Diversity**



**4 Age Diversity**



## PILLAR 3: POSITIVE SOCIETAL IMPACT



The Group is committed to create long-term positive societal impact through community engagement initiatives. These initiatives reflect the Group’s commitment in giving back to society while ensuring sustainable business growth.

### HOW CAGAMAS CREATES VALUE

Through various initiatives under our Social Contribution and Development, Cagamas advocates a positive societal impact on local communities resulting in a more inclusive and caring society

#### 2021 HIGHLIGHTS

1. Contributed RM784,250 on scholarships for 31 scholars to study various disciplines since 2016
2. Impacted the lives of more than 715 recipients with a total allocation of approximately RM209,000 in 2021 under Corporate Social Responsibility (“CSR”) project
3. Allocated zakat funds through Zakat Wakalah Programme (“ZWP”) amounting RM315,176 to eligible recipients in 2021, impacting 36 individuals and 19 corporations
4. Assisted the elderlies or retirees to use the equity value of their home to fund their retirement through Cagamas’ Skim Saraan Bercagar or Reverse Mortgage Programme, launched in December 2021

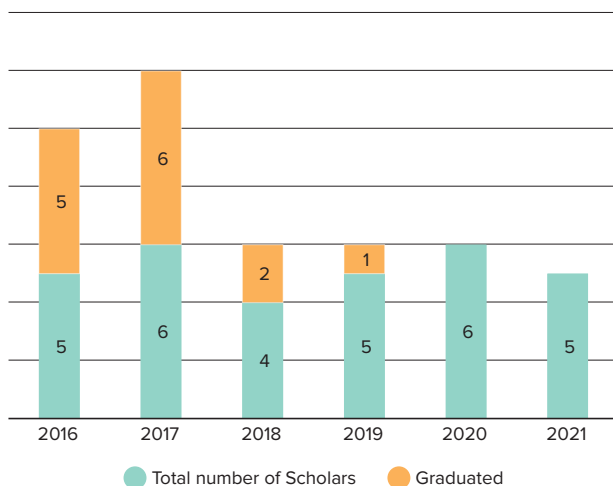
#### CAGAMAS SCHOLARSHIP PROGRAMME



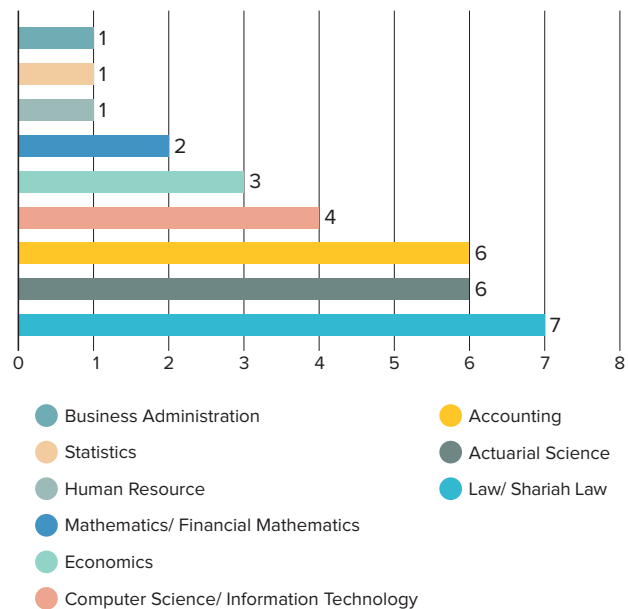
In developing the future workforce for the nation, specifically in the financial services industry, Cagamas has established a scholarship programme since 2016 to help students from low-income households in their pursuit of higher learning education to ultimately alleviate the livelihood of themselves and their families



Total Numbers of Scholars vs Graduated Scholars



Scholars by Field of Studies



CAGAMAS' CONTRIBUTION TO THE COMMUNITY IN 2021 THROUGH SOCIAL INVESTMENT

Cagamas CSR approach leveraged on grant giving, educational programmes and employee volunteerism. For 2021, most initiatives focused on safeguarding lives and livelihoods through various charitable and non-governmental welfare organisations.

1 Contribution towards COVID-19 Relief Funds

In 2021, the Group contributed RM140,000 to mitigate the effects of COVID-19 which positively impacted frontliners and the communities in need.



RM49,980



#CovidHomeCare Programme by Malaysian Red Crescent Society for the purchase of equipment for volunteers' call centre and oximeters for COVID-19 patients



RM50,000

Malaysian Medical Relief Society ("MERCY") Malaysia's COVID-19 Strategic Preparedness and Response Plan for the purchase of medical supplies, medical equipment and essentials needed by COVID-19 facilities

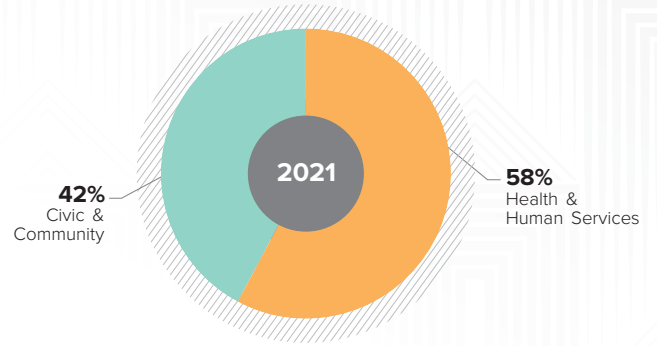


RM40,000



#TeamNAFAS by Kembara Kitchen for the provision of emergency transport services to COVID-19 positive individuals who require urgent medical attention

Social Investment Total Contribution 2021: RM208,980



2 Contribution to B40 communities through Volunteer Programme



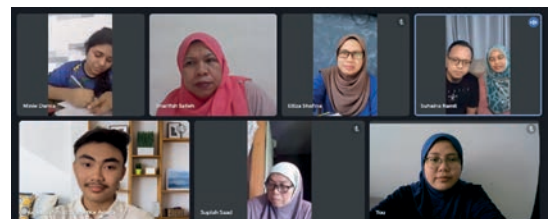
RM50,000

Under the Incitement Food Security Programme impacting over 3,000 individuals



RM19,000

B40 Autistic Children from IDEAS Autism Centre for their Mental Health Intervention Programme for 39 autistic children and their parents



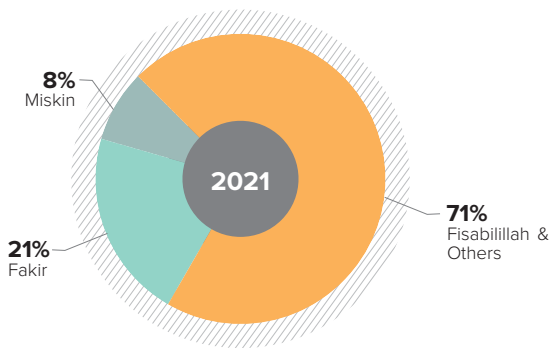


Sustainability Report (Continued)

**CAGAMAS' CONTRIBUTION TO THE COMMUNITY IN 2021 THROUGH ZAKAT**

Uplift social finance through application of zakat to support eligible zakat recipients including associations and charity homes according to the Asnaf (beneficiaries) categories approved by Cagamas' Zakat Committee.

**Zakat Total Contribution 2021: RM315,176**



**Cagamas' Zakat Wakalah Programme Major Contributions in 2021**



**RM81,926**

Food supply contribution for 658 Asnaf from Melaka, Negeri Sembilan, Terengganu and Kelantan



**RM19,494**

Purchase of business equipments for 8 Asnaf from Kuala Lumpur, Negeri Sembilan, Terengganu and Kedah



**Donated 10 copies of Al-Quran Braille**

In conjunction of Wakaf Al-Quran Braille Tafsir Pimpinan Arrahman Programme organised by Persatuan Huffaz Malaysia



**Donated 26 Computer Tablets**

For children from Pertubuhan Kebajikan Asnaf Al-Barakh

## PILLAR 4: POSITIVE ENVIRONMENTAL IMPACT

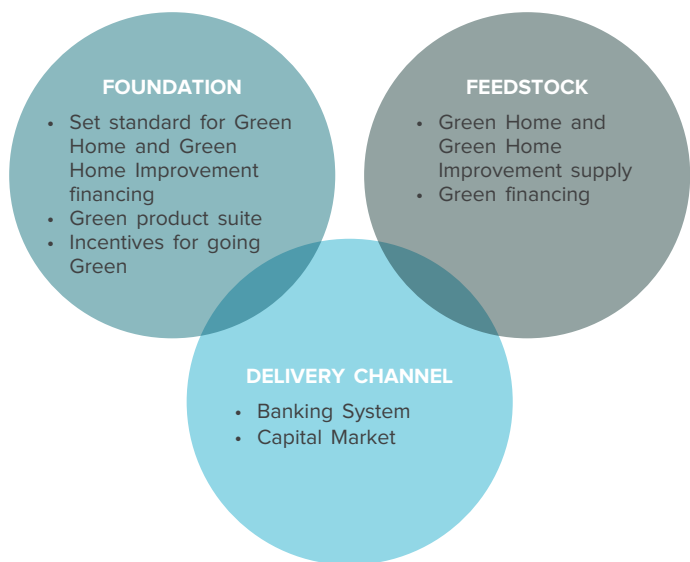


The Group promotes positive environmental impact resulting from the financing avenues approved by the Board from time to time

### HOW CAGAMAS CREATES VALUE

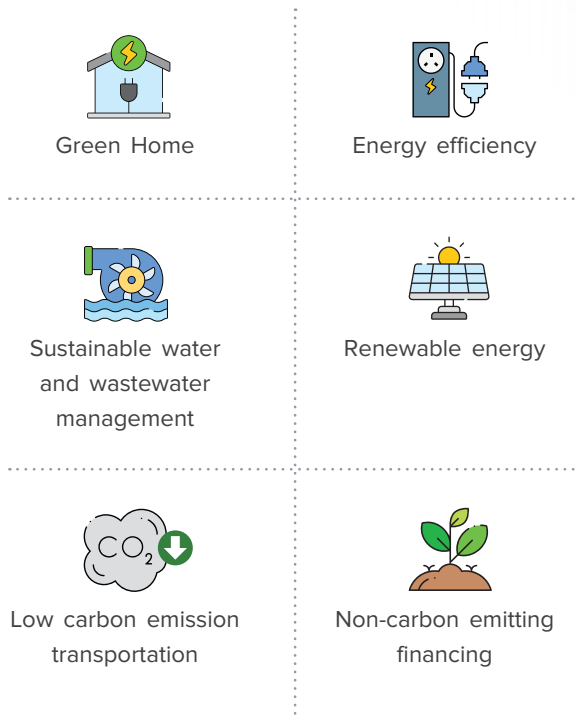
Develop Cagamas' Green Financing Framework that is aimed to integrate green financing as part of the Group's core business and operations. It is also to drive the Group's sustainability agenda in relation to promoting home ownership

#### BUILDING BLOCKS OF CAGAMAS' GREEN FINANCING FRAMEWORK



### Cagamas is committed to support the green agenda as part of the Group's core business activities

The definition of eligible green projects or activities consist of any one of the following categories:





## Sustainability Report *(Continued)*

### SECTION 2

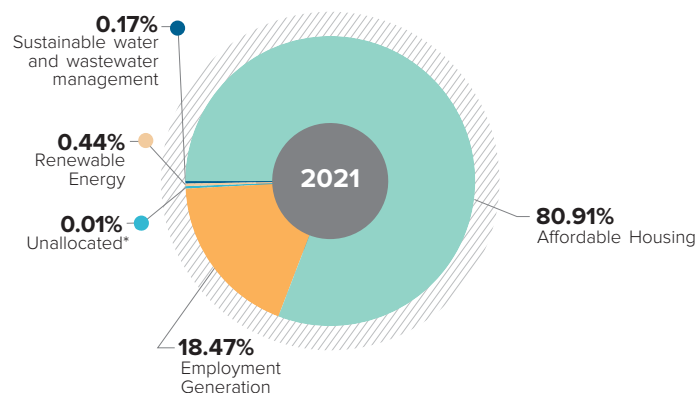
#### SUSTAINABILITY BONDS/ SUKUK PROGRESS REPORT

Cagamas' long-term commitment to sustainable finance has continued into 2021, through our financing for sustainable projects. This report covers Cagamas' outstanding Sustainability Bonds/ Sukuk issuances, detailing the framework, evaluation and selection procedure, reporting criteria and the use of proceeds of issuances.

Information on the outstanding Cagamas Sustainability Bonds/ Sukuk issuances as at 31 December 2021 are set out as below:

Cagamas Sustainability Bonds/ Sukuk Issuances Outstanding					
Facility Description	Stock Code	Issue date	Maturity date	Original Tenure	Issue Size (RM mil)
Sustainability Cagamas MTN	UF200254	27/10/2020	27/10/2022	2.0	20
Sustainability Cagamas MTN	UG200253	27/10/2020	27/04/2023	2.5	45
Sustainability Cagamas MTN	UG210266	05/08/2021	05/08/2024	3.0	200
Sustainability Cagamas MTN	UF210380	29/10/2021	30/10/2023	2.0	300
Sustainability Cagamas MTN	UE210398	24/11/2021	25/11/2022	1.0	30
Sustainability Cagamas MTN	UF210397	24/11/2021	24/11/2023	2.0	20
Sustainability Cagamas MTN	UG210396	24/11/2021	24/05/2024	2.5	50
Sustainability Sukuk Cagamas	VG200270	26/10/2020	26/10/2023	3.0	100
Sustainability Sukuk Cagamas	VG210294	05/08/2021	05/08/2024	3.0	100
				<b>TOTAL</b>	<b>865</b>




Breakdown of the use of proceeds are illustrated in the following tables:





\* Unallocated funds amounting to 0.01% from the total issuance proceeds are placed in money market instruments.

Details of Sustainability Loans/Financing					
No.	Use of Proceeds	Size (RM mil)	Descriptions	Impact	Impact Indicators
1	Renewable Energy	3.77	Solar PV system for rooftop installation	1,444	Total installed capacity (kwh)
2	Sustainable Water and Wastewater Management	1.47	Effluent water treatment	67.9	Amount of waste water treated (m <sup>3</sup> /hour)
3	Affordable Housing	699.95	Affordable Housing	7,572	Total affordable homes
4	Employment Generation	159.76	Non-carbon emitting industrial hire purchase receivables for SMEs	882	Number of SMEs
<b>TOTAL</b>		<b>864.95</b>			

#### SUMMARY OF CAGAMAS SUSTAINABILITY BONDS/SUKUK FRAMEWORK ('The Framework')


Pillar		
	Use of Proceeds	<ul style="list-style-type: none"> <li>Renewable Energy</li> <li>Energy Efficiency</li> <li>Green Buildings</li> <li>Low Carbon and Low Emission Transportation</li> <li>Sustainable Water and Wastewater Management</li> <li>Affordable Housing</li> <li>Employment Generation</li> </ul>
	Evaluation and Selection	<ul style="list-style-type: none"> <li>A set of Eligible Criteria ("EC") will be given to Financial Institutions/ Non-Financial Institutions which are designated as 'The Approved Seller'</li> <li>The Approved Seller will evaluate and provide the listing of Eligible Loans/ Financing/ Assets that complies with the EC. The Approved Seller is obliged to ensure that the loans/ financing/ assets sold meet Cagamas' EC at all times</li> <li>Recommendation will be made for approval of the Asset and Liability Committee to issue sustainability bonds/ sukuk to purchase the identified Eligible Loans/ Financing/ Assets</li> </ul>
	Management of Proceeds	<ul style="list-style-type: none"> <li>Proceeds of the Sustainability Bonds/ Sukuk will be fully utilised to purchase similar amount of Eligible Loans/ Financing/ Assets immediately at the point of issuance</li> <li>The portfolio of Eligible Loans/ Financing/ Assets purchased at inception will be maintained and monitored via the Company's internal loan administration system</li> </ul>

**Sustainability Report** (Continued)

	<p>Reporting</p>	<ul style="list-style-type: none"> <li>• Publication of Annual Sustainability Progress Report as part of Cagamas Holdings Berhad’s Annual Report</li> <li>• Allocation Reporting:             <ul style="list-style-type: none"> <li>• Information will be provided on the amount that is equal to the net proceeds of the Sustainability Bonds/ Sukuk</li> </ul> </li> <li>• Impact Reporting:             <ul style="list-style-type: none"> <li>• Where possible, Cagamas will report on the environmental and social (where relevant) impacts resulting from the Eligible Loans/ Financing/ Assets. Cagamas may select alternative quantitative or qualitative indicators which are relevant to the selected Eligible Loans/ Financing/ Assets</li> </ul> </li> </ul>
	<p>External Review</p>	<ul style="list-style-type: none"> <li>• Obtained a second party opinion from RAM Sustainability Sdn Bhd (“RAM Sustainability”) to confirm the validity of Cagamas Sustainability Bonds/ Sukuk Framework</li> <li>• Engage an appropriate external assurance provider to independently confirm the Annual Sustainability Progress Report and opine on its conformity with the Framework</li> <li>• The Annual Sustainability Progress Report and post-issuance annual review report will be made available to the public on the Cagamas’ website and the reporting cycle will be in conjunction with the Company’s annual report</li> </ul>





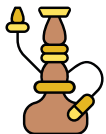

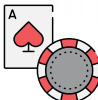
**SECOND OPINION FROM RAM SUSTAINABILITY**

Among the five green solutions within the Framework, renewable energy and energy efficiency solutions carry the highest Environmental Benefit (“EB”) ratings of Tier-1. Meanwhile, Tier-1 Social Benefit (“SB”) ratings were assigned to the affordable housing and employment generation via Small and Medium Enterprise (SME) solutions.

<p><b>Summary</b></p> <p>RAM Sustainability’s second opinion on the Framework concludes that it provides clarity on important aspects such as the intended use of proceeds, project evaluation and selection, management of proceeds and reporting commitments.</p> <p>The Framework is aligned with the transparency and disclosure requirements of Securities Commission Malaysia’s Sustainable &amp; Responsible Investment (“SRI”) Sukuk Framework, the ASEAN Green Bond Standards, the ASEAN Social Bond Standards, the ASEAN Sustainability Bond Standards and the globally recognised Green Bond Principles, Social Bond Principles and Sustainability Bond Guidelines.</p> <p>In our view, Cagamas’ Proposed Sustainability Bonds/ SRI Sukuk will create a positive environmental and social impact by financing projects and solutions that are essential for a sustainable future.</p>	
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The full opinion can be found at Cagamas website: [www.cagamas.com.my](http://www.cagamas.com.my)

Excluded Use of Proceeds as Stated In The Framework:

Fossil Fuel	Nuclear	Weapon	Alcohol
			
Tobacco	Child Labour	Gambling/ Adult Entertainment	
			

**CONCLUSION**

During the year under review, Cagamas further strengthened its foothold in sustainability by rolling out more robust initiatives across all areas – from promotion of sustainable home ownership to empowering local communities. Moving forward, the Group remains committed to generating positive results while creating sustainable value for its stakeholders and further progressing its sustainability agenda.