

SUSTAINABILITY REPORT

SECTION 1

CORPORATE SUSTAINABILITY REPORTING

This Sustainability Report marks Cagamas Holdings Berhad and its subsidiaries' ("the Group") fifth Sustainability Report. This report highlights the Group's continuous efforts in driving forward our sustainability agenda and covers the financial period from 1 January 2022 to 31 December 2022.

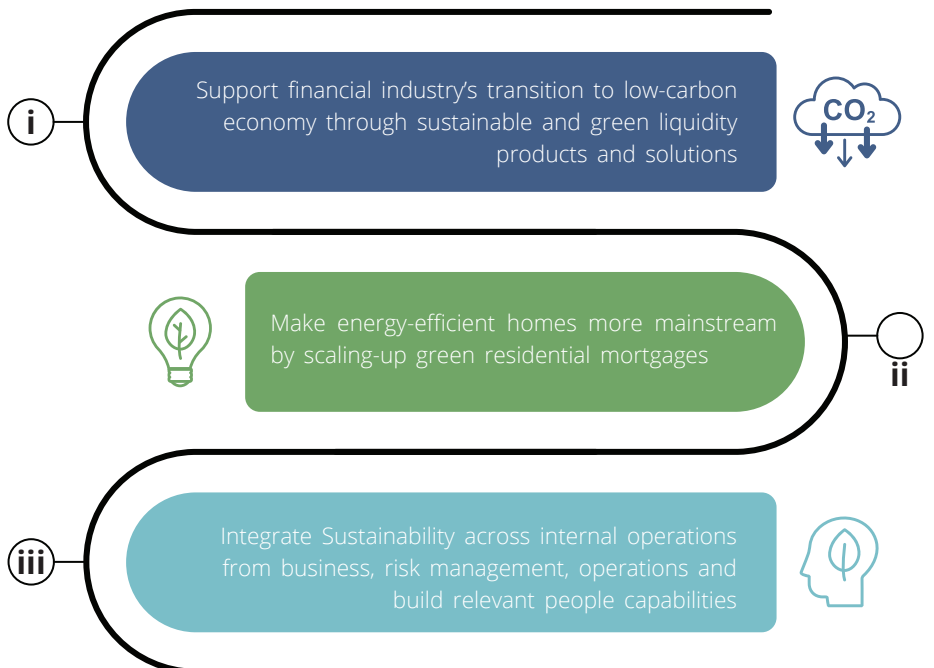
SUSTAINABILITY GOVERNANCE

Cagamas is committed to the highest standards of sustainability governance and regularly reviews its sustainability governance practices and disclosures. The Board of Directors of both Cagamas Holdings Berhad and Cagamas Berhad ("the Board") provide oversight on the progress of the Group's sustainability journey and execution, and develop and instill practical sustainability governance practices whilst meeting corporate objectives. The Management is responsible for the formulation and implementation of sustainability strategies and policies.

In line with this, Cagamas Sustainability Framework was introduced in 2020 to outline our approach in embedding sustainability across our business activities and operations, followed by the Cagamas Sustainability Bond/ Sukuk Framework, to provide guidance on the use of proceeds from our sustainability issuances. In congruence with the frameworks, Cagamas has established its Sustainability Investment Framework in 2022 which aims to integrate ESG factors as part of the evaluation and consideration to invest in sustainable assets.

SUSTAINABILITY STRATEGY

Cagamas has outlined its overall Sustainability strategy with the overarching aim to facilitate home owners and counterparties to manage climate change challenges as well as reducing impact from its own operations. Underpinning its strategy is its focus in the following strategic areas:













These focus areas are in line with Cagamas' commitment to achieve 10% of total assets to be sustainable and green by 2030.

SUSTAINABILITY REPORT *(continued)*

CONTRIBUTION TO SDG GOALS

The Group contributes to sustainable development through impactful actions centred around 4 thematic pillars namely promoting sustainable home ownership, becoming the employer of choice, and promoting positive societal and environmental impact. Each pillar and its respective focus areas positively contributes to the various sustainability development goals under United Nations Sustainable Development Goals (“UNSDGs”).

Pillar	Objectives	FY2022 Achievements & Progress	Contribution to the UNSDGs
 <p>Pillar 1: Promote Sustainable Home Ownership</p>	Promote sustainable home ownership to all Malaysians by supporting financial institutions’ liquidity requirements to grow their mortgage portfolios as well as through mortgage guarantee programs.	<ul style="list-style-type: none"> Purchased home financing in the secondary market totalling RM19.3 billion, equivalent to a total of 40,000 homes. Provided mortgage guarantees to 99,940 individuals/ households to own their first house through Skim Rumah Pertamaku and Skim Perumahan Belia since 2011, of which 88.2% are from the B40 segment. 	
 <p>Pillar 2: Employer of Choice</p>	Our employees are our greatest assets and play an important role in ensuring that we embed sustainable initiatives across the Group. We are committed to creating a conducive work environment and culture, meaningful work, career advancement and personal development opportunities.	<ul style="list-style-type: none"> 3,643 hours spent on learning and development, an average of 35 hours per employee. Introduced Cagamas Internship Programme, to provide graduates and students opportunities to explore careers in the financial industry. 	
 <p>Pillar 3: Positive Societal Impact</p>	We are committed to creating long-term positive societal impact in the communities that we are in through our community engagement initiatives, scholarship programme, zakat distribution and inclusive products and solutions.	<ul style="list-style-type: none"> Impacted the lives of 2,638 recipients through our Corporate Zakat Wakalah Programme and Corporate Social Responsibility projects. Contributed approximately RM960,000 on scholarships for 36 scholars since 2016. Launched Skim Saraan Bercagar Islamik, the world’s first Islamic reverse mortgage programme and purchased RM110.8 million of non-carbon emitting industrial hire purchase receivables, benefitting 862 SMEs. 	
 <p>Pillar 4: Positive Environmental Impact</p>	We aim to promote positive environmental impact by facilitating home owners and counterparties to manage the challenge of climate change through our products and solutions as well as reducing impact from our own operations.	<ul style="list-style-type: none"> Enhanced stakeholders’ awareness in the promotion of green home financing in Malaysia through the signing of Technical Assistance agreement with Asian Development Bank. Mobilised RM4.2 million towards renewable energy and sustainable water and waste management projects. 	  



PILLAR 1: PROMOTE SUSTAINABLE HOME OWNERSHIP

HOW CAGAMAS CREATES VALUE

As the National Mortgage Corporation of Malaysia, Cagamas continues to promote sustainable home ownership to all Malaysians by providing competitive funding to financial institutions through its PWR and PWOR schemes to expand their capacity for housing loans portfolio growth while enabling borrowers more affordable and accessible mortgages. Cagamas also facilitates first-time homebuyers, particularly those in the M40 and B40 income groups, to own homes through its mortgage guarantee schemes which provide a financial guarantee of up to 110% of the total loan and financing amount.

Cagamas remains committed to contribute and create positive impact through identified opportunities in sustainable home development including the continuous enhancements of its products and solutions including the promotion of green and affordable housing activities.

2022 KEY HIGHLIGHTS

Facilitating all Malaysians to achieve successful home ownership

The Group purchased home financing in the secondary market totalling RM19.3 billion, equivalent to a total of 40,000 homes in 2022. Since its inception in 1986, Cagamas has cumulatively purchased home financing in the secondary market totalling RM176.4 billion, equivalent to a total of 2.1 million homes.

Enabling access to home financing for low-to-middle income groups

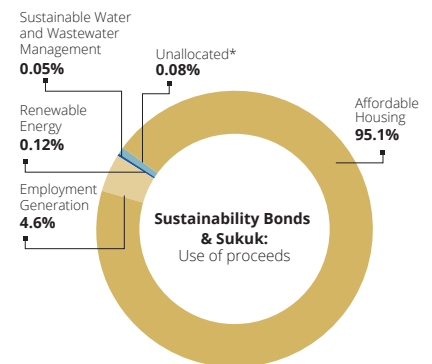
The Group also provided mortgage guarantees for housing loans and financing to first-time home buyers through Skim Rumah Pertamaku ("SRP") and Skim Perumahan Belia ("SPB") totalling RM22.9 billion since the schemes inception. This has enabled 99,940 individuals/ households to own their first house, of which 88.2% are from the B40 segment.

During the year, the Group has also intensified its developmental effort to promote greater awareness on financial accessibility for home ownership for the mid-to-lower income groups by partnering with the Kementerian Pembangunan Kerajaan Tempatan ("KPKT") for the Inisiatif Pembiayaan Perumahan Malaysia ("i-Biaya") under the Malaysian Family Home Ownership Programme ("HOPE").

Supporting the growth of affordable homes through Sustainability issuances

Cagamas was among the first main players in the market to push for the development of ESG through issuance of sustainability bonds and sukuk as part of its ongoing efforts to establish an emerging sustainable asset class.

To-date, Cagamas has cumulatively issued a total of RM2.5 billion of sustainability bonds and sukuk since 2020 with RM2.4 billion outstanding as of 31 December 2022. The proceeds from the issuances have been primarily allocated to eligible assets in line with the Cagamas' Sustainability Bond and Sukuk Framework, of which, 95.1% of the proceeds were channelled to affordable housing.



* Loans which do not fulfill eligible criteria and will be replaced with eligible sustainability loans in 2023

SUSTAINABILITY REPORT (continued)



**PILLAR 2:
EMPLOYER OF CHOICE**

HOW CAGAMAS CREATES VALUE

As employees are our greatest assets, Cagamas is committed to creating and maintaining a conducive work environment and culture, meaningful and challenging work, career advancement and personal development opportunities.

In 2022, we introduced our enhanced Core Values, known as C.A.R.E. (“Collaboration, Accountability, Resilience and Excellence”) which aim to provide guidance to all employees in supporting Cagamas’ vision and mission, as well as preparing Cagamas to transform to meet future demand in promoting home ownership in the country. In addition, the C.A.R.E values also aim to provide the foundation for our employees to embed sustainability practices in their day-to-day work.

2022 KEY HIGHLIGHTS

Safeguarding employee well-being

While the country ended its containment measures due to the Covid-19 pandemic early in the year, Cagamas continued to put in place robust business continuity and crisis plans and implemented safety measures to combat further spread of the virus. Effective from 9 May 2022, Cagamas had reverted to 100% work-in-office arrangement with continuous safety measures as the Company slowly transitioned into the endemic phase. These included requirement for weekly RTK self-test as an early detection to minimise the spread of Covid-19 in the office, supply of test-kits, hand sanitisers and facemasks to all staff, daily disinfection of high-touch items/ areas, and continuous advisory on Covid-19 to keep staff informed on the latest guidance and decisions by the Management. In consideration of the transition period towards the endemic phase, Cagamas also provided work-from-home flexibility for parents who needed to attend to their small children who contracted communicable diseases (including Covid-19 and HFMD).

Employee Learning & Development

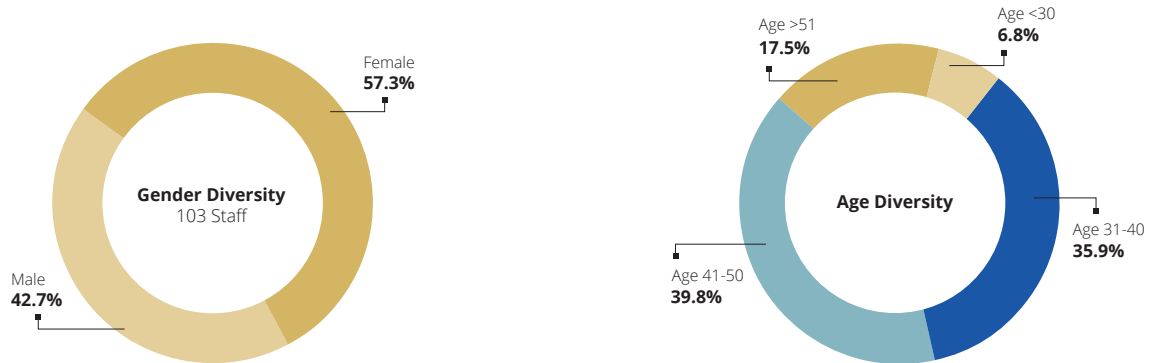
We remain focused on bringing out the best in our employees through learning and development enabling them to harness the skills they need to thrive and succeed. We also continue to invest in our people to ensure that we maintain a robust leadership and talent pipeline.

			Dec 2022
Employee Learning and Development		Total Staff Attended Training	104
		Total Training Hours	3,643
		Average Training Hours/ Staff	35 hours
Average Training Days/ Staff			4 days*

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

Promoting diversity, equity and inclusive values

We are committed towards promoting the values of diversity and inclusion within our organisation and proactively building an environment where each employee feels respected, valued, and empowered to have their voices heard.



Other key highlights

- 82% of the targeted workforce are qualified professionals certified to operate in the field of financial and capital markets
- A comprehensive succession plan and talent pipeline are in place to ensure continuity in key positions and to encourage individual career development and advancement
- In-line with the Company's digital transformation, a digital talent management portal (Talent Pulse) was rolled out in April 2022 to facilitate assessment for employees to identify competencies gap in order to proceed with talent development plans, for succession planning, talent movements and recruitment selection process.
- Introduced Cagamas Internship Programme, to provide both undergraduates and fresh graduates opportunities to explore careers in the financial industry.
- Signed the Memorandum of Understanding (MOU) on HR Exchange Programme with Korean Housing Finance Corporation ("KHFC") in September 2022.



**PILLAR 3:
POSITIVE SOCIETAL IMPACT**

HOW CAGAMAS CREATES VALUE

Cagamas is committed to create long-term positive societal impact through various community engagement initiatives that reflect the Group's commitment to giving back to society and ensuring sustainable communities' growth. Cagamas' social contribution and development initiatives include supporting access to quality education for underprivileged students through scholarship programmes, distribution of funds through zakat and social investments, as well as developing innovative products in our effort to promote a more inclusive and caring society.

SUSTAINABILITY REPORT *(continued)*

2022 KEY HIGHLIGHTS

Providing access to quality education to underprivileged students through Scholarship Programme

In developing the future workforce for the nation, specifically in the financial services industry, Cagamas has established its scholarship programme since 2016 to help students from low-income households in their pursuit of higher learning education and to ultimately alleviate the livelihoods of themselves and their families. Cagamas has contributed approximately RM960,000 in scholarships for 36 scholars to study various disciplines since 2016.

Supporting Communities through CSR Programmes and Zakat

Cagamas' Corporate Social Responsibility ("CSR") approach is centred on grant giving, educational programmes and employees volunteerism. In 2022, our initiatives were focused on improving the lives of the handicapped, underprivileged children living with autism as well as equipping women from the B40 categories with entrepreneurship skills through various charitable and non-governmental welfare organisations. During the year, Cagamas' CSR projects impacted the lives of more than 1,000 recipients with a total allocation of approximately RM146,000.



Incitement: Urban Hijau Edible Garden with Rumah Amal Cheshire Selangor (RACS)



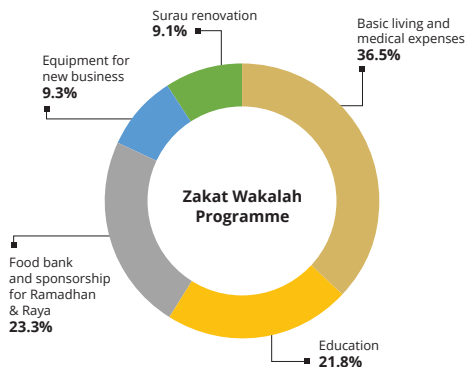
Hydrotherapy Programme for Underprivileged Autistic Children at IDEAS Autism Centre



Entrepreneurship Skill Development for Women (B40 category) with Women of Will (WoW)



Hippotherapy Programme for Underprivileged Autistic Children at IDEAS Autism Centre



In addition to the CSR programmes, Cagamas supports communities through its Zakat Wakalah Programme ("ZWP") which aims to uplift the livelihood of Asnaf (beneficiaries) through Islamic social finance. In 2022, the ZWP distributed over RM586,608 to various associations and charity homes impacting 1,638 individuals and 40 corporations for various purposes including providing financial assistance for cost of living expenses, medical costs and purchasing medical equipment, as well as distribution of food packs through the Pasca Covid-19 Food Bank. Moving forward, the ZWP will expand its distribution to include flood relief programmes and supporting sustainability of businesses.

Facilitating Retired Home Owners through Skim Saraan Bercagar

In 2022, Cagamas launched its suite of reverse mortgage products comprising of Skim Saraan Bercagar ("SSB") and Skim Saraan Bercagar Islamik ("SSB-i") which offer comprehensive solutions for retired home owners who may be affected by the current economic conditions resulting in insufficient savings, to help them maintain their standard of living. Retired home owners will receive fixed monthly cash payments during their lifetime while continuing to live in their existing homes. The fixed monthly cash payments will be able to supplement the retirement savings of retirees to help them maintain a decent standard of living in their retirement years.



PILLAR 4: POSITIVE ENVIRONMENTAL IMPACT

HOW CAGAMAS CREATES VALUE

As the National Mortgage Corporation, we aim to promote positive environmental impact by facilitating home owners and counterparties to manage the climate challenges through our products and solutions as well as reducing impact from our own operations.

2022 KEY HIGHLIGHTS

Promoting Green Home Financing In Malaysia

In September 2022, Cagamas in collaboration with the Asian Development Bank (“ADB”) signed a Technical Assistance (“TA”) agreement which aims to expand the green mortgage market to include B40, M40 and female-headed households. The TA research study aims to identify the challenges and constraints facing the industry in scaling up inclusive and green residential mortgages and provide recommendations and solutions based on the outcome of the study. The signing was held during the Developing and Financing Green Housing in Asia Conference, and witnessed by the Minister of Finance, Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz.



Signing of TA agreement between Cagamas and Asian Development Bank (ADB)

Channeling Liquidity Towards Green Projects

In addition to providing liquidity for the purpose of affordable housing, Cagamas also channelled its proceeds towards green projects in its effort to encourage the financial industry’s transition to low-carbon economy. As of December 2022, over RM4.2 million was mobilised towards renewable energy and sustainable water and waste management projects.

CONCLUSION

During the year, Cagamas has further strengthened its sustainability agenda by rolling out more robust initiatives across all areas – from promotion of sustainable home ownership and empowering local communities to raising stakeholders’ awareness on the scaling-up of green mortgages. Moving forward, the Group remains committed in generating positive results while creating sustainable value for its stakeholders and further progressing its sustainability agenda.

SUSTAINABILITY REPORT (continued)**SECTION 2**
ANNUAL SUSTAINABILITY PROGRESS REPORT

This report provides information on the outstanding Cagamas Sustainability Bonds/ Sukuk issuances, the use of proceeds and the impact analysis as at 31 December 2022.

1. Details of Sustainability Bond/ Sukuk

Facility Code	Facility Description	Stock Code	Issue date	Maturity date	Original Tenure	Issue Size (RM million)	Purchase Contract
201900073	Sustainability Cagamas MTN	UG200253	27/10/2020	27/04/2023	2.5	45	208012
201900073	Sustainability Cagamas MTN	UG210266	05/08/2021	05/08/2024	3.0	200	218014
201900073	Sustainability Cagamas MTN	UF210380	29/10/2021	30/10/2023	2.0	300	218019
201900073	Sustainability Cagamas MTN	UF210397	24/11/2021	24/11/2023	2.0	20	218023
201900073	Sustainability Cagamas MTN	UG210396	24/11/2021	24/05/2024	2.5	50	218023
201900073	Sustainability Cagamas MTN	UF220239	08/08/2022	08/08/2024	2.0	110	228017
201900073	Sustainability Cagamas MTN	UF220256	30/08/2022	08/08/2024	1.9	45	228023
201900073	Sustainability Cagamas MTN	UG220305	31/10/2022	31/10/2025	3.0	300	228028
201900074	Sustainability Sukuk Cagamas	VG200270	26/10/2020	26/10/2023	3.0	100	208013
201900074	Sustainability Sukuk Cagamas	VG210294	05/08/2021	05/08/2024	3.0	100	218015
201900074	Sustainability Sukuk Cagamas	VG220130	24/03/2022	24/03/2025	3.0	200	228005
201900074	Sustainability Sukuk Cagamas	VG220235	29/06/2022	30/06/2025	3.0	150	228012
201900074	Sustainability Sukuk Cagamas	VF220280	08/08/2022	08/08/2024	2.0	285	228020
201900074	Sustainability Sukuk Cagamas	VG220401	27/10/2022	27/10/2025	3.0	200	228029
201900074	Sustainability Sukuk Cagamas	VG220400	31/10/2022	31/10/2025	3.0	300	228030
Total						2,405	

2. Use of Proceeds

No.	Purpose	RM mil	%
1	Renewable Energy	2.93	0.12%
2	Energy Efficiency	0.00	0.00%
3	Green Buildings	0.00	0.00%
4	Low Carbon and Low Emission Transportation	0.00	0.00%
5	Sustainable Water and Wastewater Management	1.26	0.05%
6	Affordable Housing	2,288.18	95.14%
7	Employment Generation	110.81	4.61%
8	Unallocated*	1.82	0.08%
Total		2,405.00	100.00%

* Loans which do not fulfill eligible criteria and will be replaced with eligible sustainability loans in 2023

3. Details of Sustainability Loan/ Financing

No.	Use of Proceeds	Size (RM million)	Description	Impact	Impact Indicators
1	Renewable Energy	2.93	Solar PV System for Rooftop Installation	1,444	Total installed capacity (kwh)
2	Sustainable Water and Wastewater Management	1.26	Effluent water treatment	1,709	Amount of waste water treated (m3/day)
3	Affordable Housing	2,288.18	Affordable Housing	22,894	Total affordable homes
4	Employment Generation	110.81	Non-carbon emitting industrial hire purchase receivables for Small and Medium Enterprises	862	Number of SMEs
Total		2,403.18			

RAM Sustainability Sdn Bhd has provided an independent post-issuance annual review report on Cagamas' Sustainability Bond/ Sukuk issuances to confirm that the allocation of proceeds was carried out in accordance with Cagamas Sustainability Bond/ Sukuk Framework and that the impact information was accurately disclosed.