



**SUSTAINABILITY
REPORT**
(CONTINUED)

PART 2: SUSTAINABILITY BOND/ SUKUK REPORTING

Cagamas recognises its responsibilities towards the environment and the nation as sustainable development through affordable housing has always been the Company's core priority. The publication of Cagamas Sustainability Bond/ Sukuk Framework ("the Framework") in 2019, which is aligned with international standards, reaffirmed Cagamas' mission to increasing awareness in the community about the importance of sustainable development.

CAGAMAS SUSTAINABILITY FRAMEWORK

<p>Use of Proceeds</p>	<p>The proceeds of any Cagamas' sustainability bonds/ sukuk issuance Sustainability Bonds/ Sukuk will be used to purchase loans/ financing/ assets related to:</p> <ul style="list-style-type: none"> • Renewable Energy • Energy Efficiency • Green Buildings • Low Carbon and Low Emission Transportation • Sustainable Water and Wastewater Management • Affordable Housing • Employment Generation
<p>Process for Project Evaluation and Selection</p>	<ul style="list-style-type: none"> • A set of Eligible Criteria ("EC") will be given to Financial Institutions/ Non-Financial Institutions who are designated as the 'The Approved Seller'. • 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. • 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.
<p>Management of Proceeds</p>	<ul style="list-style-type: none"> • 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. • The portfolio of Eligible Loans/ Financing/ Assets purchased at inception will be maintained and monitored via the Company's internal loan administration system by Cagamas' Operations Department.
<p>Reporting</p>	<ul style="list-style-type: none"> • Cagamas will publish an annual Sustainability Bonds/ Sukuk progress report as part of Cagamas Berhad's Annual Report, which will provide information on allocation and impacts throughout the tenure of the Sustainability Bonds/ Sukuk. • Allocation Reporting: <ul style="list-style-type: none"> o Information will be provided on the amount that is equal to the net proceeds of the Sustainability Bonds/ Sukuk. • Impact Reporting: <ul style="list-style-type: none"> o 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.
<p>External Reviews</p>	<ul style="list-style-type: none"> • For any Sustainability Bonds/ Sukuk issuance under the Framework, the Company will engage an appropriate external assurance provider to independently confirm the Annual Sustainability Progress Report and opine on its conformity with the Framework. • 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.



SUSTAINABILITY REPORT

(CONTINUED)

A second opinion was obtained from RAM Sustainability Sdn Bhd (“RAM Sustainability”) to confirm that information provided in the report has been prepared in line with the Framework.

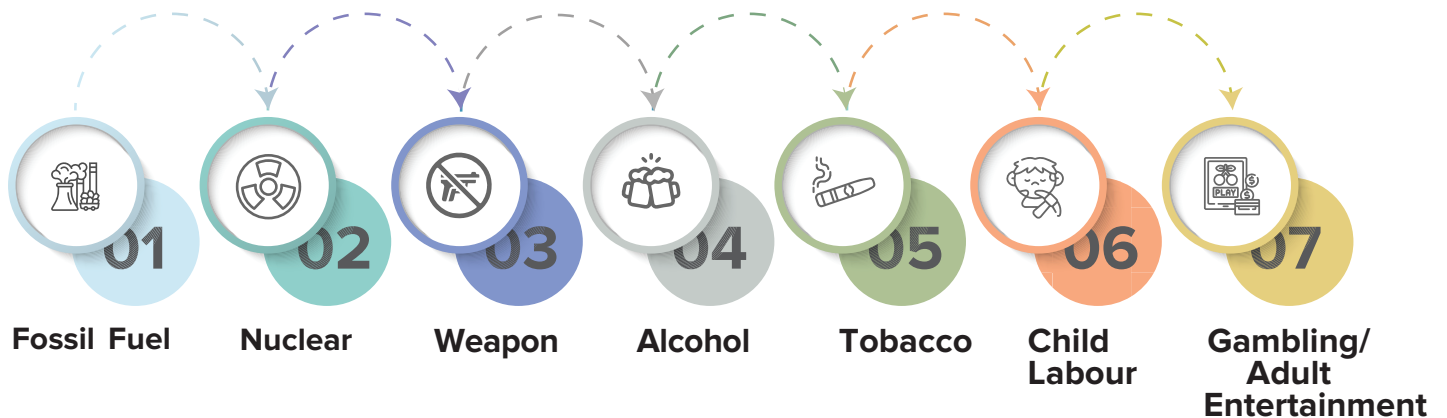
Among the five green solutions within the Framework, renewable energy and energy efficiency solutions carry the highest Environmental Benefit (“EB”) ratings of Tier-1. Meanwhile, Tier-1 Social Benefit (“SB”) ratings were assigned to the affordable housing and employment generation via Small and Medium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

SUMMARY

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. The Framework is aligned with the transparency and disclosure requirements of Securities Commission Malaysia’s Sustainable & 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. 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.



Excluded Use of Proceeds as stated in the Framework:





**SUSTAINABILITY
REPORT**
(CONTINUED)

CAGAMAS INAUGURAL SUSTAINABILITY PROGRESS REPORT

In 2020, aligned with the company’s commitment to support industry-led sustainable product offering, Cagamas successfully issued its inaugural and Malaysia’s first issuance of RM100 million ASEAN Sustainability SRI Sukuk (“SRI Sukuk”) for affordable housing and its first multi-tenured RM100 million ASEAN Sustainability Bonds (“ASEAN Sustainability Bonds”) for the SME sector.

The SRI Sukuk was assigned the highest Social Benefit (“SB”) rating of Tier-1 for affordable housing by RAM Sustainability under the Framework.

Meanwhile, the ASEAN Sustainability Bonds were assigned the highest Environmental Benefit (“EB”) and SB rating of Tier-1 correspondingly for renewable energy and employment generation via SMEs. Additionally, an EB Tier-2 rating was assigned for sustainable water and wastewater management.

Information on the Sustainability Bond/ Sukuk issuances in 2020 is set out below:

Cagamas Sustainability Bond/ Sukuk Issuances					
Facility Description	Stock Code	Issue date	Maturity date	Original Tenure	Issue Size (RM mil)
Sustainability Sukuk Cagamas	VG200270	26/10/2020	26/10/2023	3.0	100
Sustainability Cagamas MTN	UE200255	27/10/2020	28/10/2021	1.0	35
Sustainability Cagamas MTN	UF200254	27/10/2020	27/10/2022	2.0	20
Sustainability Cagamas MTN	UG200253	27/10/2020	27/4/2023	2.5	45
				Total	200



SUSTAINABILITY REPORT

(CONTINUED)

Information on the breakdown of the use of proceeds are illustrated in the following table:

Use of Proceeds			
No.	Purpose	RM mil	%
1.	Renewable Energy	0.26	0.13%
2.	Sustainable Water and Wastewater Management	0.64	0.32%
3.	Affordable Housing	99.95	49.98%
4.	Employment Generation	99.10	49.55%
5.	Unallocated	0.05	0.02%
	TOTAL	200.00	100.00%

Proceeds from the Sustainability Bond and Sukuk issuances were used to purchase loans/ financing related to renewable energy, sustainable water and wastewater management, affordable housing and employment generation via SMEs. Unallocated funds amounting to 0.02% from the total issuance proceeds are placed in money market instruments.

Details of the loans/ financing purchased are illustrated in the following table:

Details of Sustainability Loans/ Financing				
No.	Use of Proceeds	Descriptions	Impact	Impact Indicators
1.	Renewable Energy	Solar Photovoltaics system for rooftop installation	90kwp	Total installed capacity
2.	Sustainable Water and Wastewater Management	Effluent water treatment	10 - 25m ³ /day	Amount of wastewater treated
3.	Affordable Housing	Affordable Housing	564	Total affordable homes
4.	Employment Generation	Non-carbon emitting industrial hire purchase receivables for Small and Medium Enterprises	374	Total number of SMEs

CONCLUSION

Cagamas is committed to improve environmental sustainability for the assets we refinance, the communities we serve and the place we work.

Cagamas is focused on delivering its mandate by pursuing a sustainable business model to create positive environmental, social, and economic outcomes through financing of affordable housing initiatives. Cagamas believes that adhering to responsible business practices can provide numerous benefits to the company, our investors and the community.

Cagamas also endeavours to drive social and economic progress through innovative solutions, collaborations and partnerships as well as continue its journey to enhance its sustainability agenda to attain a positive societal impact, aligned with the company's mandate and overall objectives.