

Sustainability Report (Continued)

SECTION 2

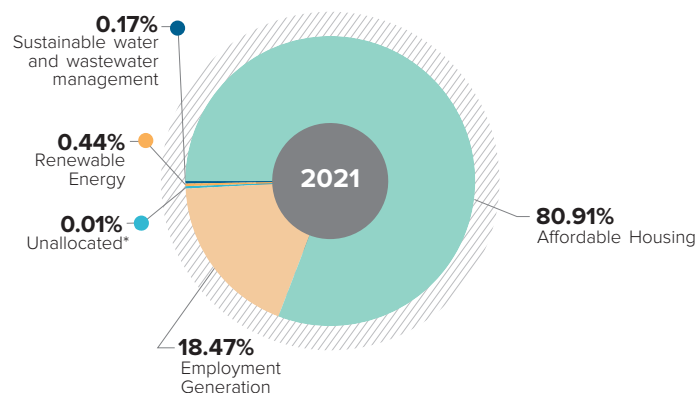
SUSTAINABILITY BONDS/ SUKUK PROGRESS REPORT

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 |
| | | | | TOTAL | 865 |




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 ³ /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 |
| TOTAL | | 864.95 | | | |

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

| Pillar | | |
|---|--------------------------|---|
|  | Use of Proceeds | <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 |
|  | Evaluation and Selection | <ul style="list-style-type: none"> • A set of Eligible Criteria ("EC") will be given to Financial Institutions/ Non-Financial Institutions which are designated as '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 |
|  | Management of Proceeds | <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 |

Sustainability Report *(Continued)*

| | | |
|---|-----------------|---|
|  | Reporting | <ul style="list-style-type: none"> • Publication of Annual Sustainability Progress Report as part of Cagamas Holdings Berhad's Annual Report • Allocation Reporting: <ul style="list-style-type: none"> • 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"> • 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 |
|  | External Review | <ul style="list-style-type: none"> • Obtained a second party opinion from RAM Sustainability Sdn Bhd ("RAM Sustainability") to confirm the validity of Cagamas Sustainability Bonds/ Sukuk Framework • 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 |

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.

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.





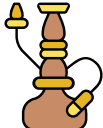

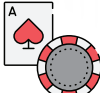
The Framework is aligned with the transparency and disclosure requirements of Securities Commission Malaysia's Sustainable & Responsible Investment ("SRI") Sukuk Framework, the ASEAN Green Bond Standards, the ASEAN Social Bond Standards, the ASEAN Sustainability Bond Standards and the globally recognised 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.



The full opinion can be found at Cagamas website: 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.