

# SUSTAINABILITY REPORT

This document outlines the ongoing commitment of Cagamas Holdings Berhad and its subsidiaries (the Group) to conduct its business in an ethical and responsible manner. This report highlights the Group’s sustainability methodology, key initiatives implemented and achievements in 2019.

## EMBEDDING SUSTAINABILITY

### Approach to Sustainability

In the context of the United Nations Sustainability Development Goals (UNSDG), the Group has identified 3 sustainability development goals that are of critical importance. These goals are aligned with the Group’s mandate to promote homeownership and contribute to nation development and the ability of the Group to support the economic well-being of its stakeholders.



### Sustainability Governance

The Board of Directors (Board) of Cagamas Holdings Berhad (the Company) is fully committed to ensuring that the Group maintains the highest standards in corporate governance, with a view to enhance shareholder value and protect the interests of all stakeholders. The Board understands that sound corporate governance promotes personal and corporate integrity and is essential for the long-term sustainable growth of the Group.

The establishment of the Sustainability Working Committee (SWC) in June 2018, marked a milestone in the corporate governance fundamentals of the Group. With the approval of the Sustainability Governance Structure on 17 May 2019, the Board will work with the SWC through the Management Executive Committee, to provide formal oversight of the Group’s corporate sustainability strategy. The successful execution of this strategy will require the Board to develop and instil best corporate governance practices whilst meeting its corporate objectives. The Board’s governance approach on sustainability will further strengthen the Group’s identity, values and culture.

### Structure of the Group’s Sustainability Governance



## SUSTAINABILITY REPORT

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### Corporate Governance Framework

The Board is fully committed to maintaining the highest standards of corporate governance for the Group with a view to enhancing value and protecting the interests of all stakeholders. To ensure effective corporate governance, the Board has put in place the following:

#### Board Effectiveness

- a. The Company and two subsidiaries, the Group's main operating entity, Cagamas Berhad (Cagamas) and Cagamas SRP Berhad (CSRP), adopted Board Charters in 2017 and 2018, based on the provisions of the Bank Negara Malaysia Corporate Governance 2016 policy document for financial institutions, as guiding principles.

- b. The attendance of Directors of the Company at board meetings is disclosed in the annual report.

The Company discloses all sponsored training attended by Directors in the annual report.

- c. An assessment of board effectiveness for the Company and Cagamas, is conducted by the Group Board Governance Committee on an annual basis.

#### Board Independence

- a. The Company and Cagamas have an Independent Non-Executive Chairman.
- b. Cagamas as the main operating entity is managed by a Chief Executive Officer (CEO). The responsibilities of the Chairman and CEO are clearly defined and disclosed in the annual report.
- c. The maximum tenure for an Independent Director is 9 years, except under exceptional circumstances as determined by the Boards.
- d. The Boards of the Company and Cagamas have a majority of Independent Directors.

- e. The Group Board Governance Committee's annual assessment of Board members of the Company and Cagamas, includes an assessment of independence.

- f. The Chair of the Group Board Audit Committee is held by an Independent Non-Executive Director who is different from the Chairman of the Company.

#### Board Diversity

- a. Directors of the Group are ethnically diverse.
- b. There is sufficient age diversity at the Boards of the Company and Cagamas. The Company's board members are aged between 52 and 77 years whilst Cagamas' board members are aged between 59 and 71 years.
- c. In terms of gender diversity, both the Company and Cagamas have two independent female Directors on their respective Boards.

#### Board Remuneration

- a. The Company's Board Charter requires a market survey on Directors' remuneration based on relevant institutions to be conducted every 3 years to ensure that the remuneration framework is sufficient to attract, retain and remunerate Directors for their contributions.
- b. Independent Non-Executive Directors make up the majority of the 3-member Group Board Governance Committee which is responsible for reviewing the remuneration of Non-Executive Directors.
- c. The aggregate remuneration of each individual Director of the Board of the Company is disclosed by name in the annual report.

## SUSTAINABILITY REPORT (CONTINUED)

### **Risk Management**

- a. The Board Risk Management Committee, which is responsible for providing the oversight of risk management for the Group, comprises 3 Independent Directors.
- b. The Group adopts the Enterprise Risk Management Framework which incorporates the best practices for risk management and details the roles and responsibilities of the 3 lines of defence in managing risk.

### **Anti-Bribery and Anti-Corruption**

- a. The Group adopted a No-Gift Policy that prohibits all employees from accepting or soliciting any gifts from current or potential customers, vendors or business partners.
- b. Procedures on declaration of personal interest require all new employees to make a declaration in writing that they do not have any close financial or personal relationships with the management. In addition, the fit and proper assessments on key employees are conducted, both prior to appointment and on an annual basis to ensure, amongst other matters, that such employees, have not been convicted of or involved in any bribery or corruption, nationally or internationally.
- c. The Vendor Code of Conduct requires the inclusion of anti-corruption clauses in procurement or tender contracts which reflects the Group's zero tolerance approach to bribery and corruption.
- d. The Anti-Money Laundering Policy stipulates the roles and responsibilities of the employees in ensuring compliance with the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 and provides guidance on the procedures necessary to prevent, detect and report money laundering and the financing of terrorism.
- e. The Anti-Bribery and Anti-corruption Policy (to be implemented by May 2020) is aligned with the following laws and guidelines:
  - (i) The Malaysian Anti-Corruption Commission Act 2009;
  - (ii) The UK Bribery Act 2010;
  - (iii) The US Foreign Corrupt Practices Act of 1977; and
  - (iv) The Guidelines on Adequate Procedures issued by the Prime Minister's Department.

### **Whistleblowing Policy**

- a. The Group has an established Whistleblowing Policy that allows both internal and external stakeholders to raise any concerns on any form of improper conduct. The policy is published on Cagamas' website.
- b. Whistle-blowers who report in good faith within the scope of the policy are protected from detrimental treatment as a direct consequence of such reports.

### **Auditor Independence**

- a. The Group Board Audit Committee is responsible to assess the suitability of external auditors in respect of performance, objectivity and independence based on the Group's External Auditor Policy and Guidelines.
- b. The Group's External Auditor Policy and Guidelines require that the partner-in-charge for the external audit be rotated every 5 financial years.
- c. Non-audit fees for Financial Year December 2019 represented 13.6% of total audit fees, well within the industry's best practice ratio of less than 50%.

### **Financial Reporting Transparency and Disclosure Quality**

- a. The external auditors have expressed that the financial statements provide a true and fair view of the financial position and performance of the Group. The external auditors have not made any qualifications or adverse comments in the last 3 years.
- b. Financial statements are published on Cagamas' website. The Group's Corporate Communications Policy ensures accurate, timely and relevant dissemination of information in response to stakeholders' needs.

## SUSTAINABILITY REPORT

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### Internal Materiality Assessment

Using the internal materiality assessment approach, 3 material sustainability pillars have been identified for the Group as tabulated below:

	PILLARS	RATIONALE	EFFORTS
	Pillar 1 <b>PROMOTING SUSTAINABLE HOME OWNERSHIP</b>	We are committed to facilitating sustainable home ownership for all Malaysians	<ul style="list-style-type: none"> <li>• Mortgage Multiplier</li> <li>• Sustainable Assets and Bonds/Sukuk</li> <li>• Affordable Homes</li> <li>• M40 and B40 schemes</li> <li>• New Initiatives – Home Equity Scheme and Rent-to-Own</li> </ul>
	Pillar 2 <b>EMPLOYER OF CHOICE</b>	We believe in providing an inclusive and engaging work environment for our people to excel	<ul style="list-style-type: none"> <li>• Employee engagement</li> <li>• Culture and Transformation</li> <li>• Safety and Health</li> <li>• Learning and Development</li> <li>• Conducive policies</li> </ul>
	Pillar 3 <b>POSITIVE SOCIETAL IMPACT</b>	We contribute towards sustainable efforts with a positive environmental impact	<ul style="list-style-type: none"> <li>• Corporate Social Responsibility and Zakat</li> <li>• Scholarship</li> <li>• Education publications</li> <li>• Public engagement and conferences</li> <li>• Environmental impact initiatives</li> </ul>

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## SUSTAINABILITY REPORT (CONTINUED)

### PILLAR 1: PROMOTING SUSTAINABLE HOME OWNERSHIP

#### 1.1 Promote Home Affordability:

##### *Housing loans/financing multiplier through the secondary mortgage market*

Since its inception in 1986, Cagamas has purchased housing loans/financing in the secondary market from financial institutions and non-financial institutions (Primary Lenders) amounting to RM158 billion, equivalent to 2 million houses in aggregate.

By providing liquidity to Primary Lenders, Cagamas intends to continuously promote sustainable home ownership amongst Malaysians.

##### *Provide reasonable pricing to Primary Lenders of housing loans/financing*

Cagamas accesses the capital markets through its bonds and sukuk issuances to obtain a competitive cost of funding to finance the purchase of eligible housing loans/financing from Primary Lenders. This enables Primary Lenders to expand their housing loans/financing portfolios at an affordable cost, leading to an increase in home ownership for Malaysians.

Since inception, Cagamas has issued highly rated papers worth MYR338 billion of which MYR300 billion have been successfully redeemed, without any technical default as at 31 December 2019.

Cagamas' credit rating is at par with Malaysia's sovereign rating with a global rating of A3 assigned by Moody's Investors Services. Meanwhile, both local rating agencies, namely RAM Rating Services Berhad and Malaysian Rating Corporation Berhad have assigned the highest domestic rating of AAA. Cagamas is steadfastly committed to maintaining its ratings in order to retain its ability to attract competitively priced funding.

##### *Adequate funding capacity to provide liquidity to Primary Lenders of housing loans/financing*

Cagamas has set up issuance facilities amounting to approximately RM100 billion comprising a USD5 billion Multi-Currency Bonds/Sukuk (EMTN) programme, a RM60 billion Conventional/Islamic Medium Term Notes (MTN/IMTN) programme and a RM20 billion Conventional/Islamic Commercial Papers (CP/ICP) programme in order to ensure the provision of liquidity to Primary Lenders of housing loans/financing.

##### *Robust investor base to fund our secondary mortgage market activities*

It is of paramount importance to have a ready pool of investors who are interested in Cagamas papers.

Consequently, Cagamas adopts a proactive investor engagement platform with regular non-deal roadshows and investors meetings to keep both domestic and foreign investors well informed on Cagamas' financial performance and key developments. These efforts ensure that Cagamas issuances fall within the requisite investment criteria and maintain a short lead time for assessment. Cagamas also works with several financial institutions to bring investors to Malaysia to showcase Cagamas, hence increasing the appeal of its bonds and sukuk issuances.

##### *Speed to raise funding is of the essence*

Cagamas needs to ensure that it is able to raise funding to purchase housing loans/financing from Primary Lenders in the shortest time span. The 'Registered Person' status granted by the Securities Commission pursuant to the Capital Markets and Services Act 2007 allows Cagamas to market and distribute its own debt securities directly to end investors without going through licensed institutions. This effectively enables Cagamas to raise funding expeditiously when required.

## SUSTAINABILITY REPORT

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### *Impeccable brand equity for Cagamas and its capital market issuances*

Cagamas has built an impeccable brand recognition for its bonds and sukuk as solid investment grade instruments in investment and fund management circles.

Cagamas has achieved many “firsts” for capital market transactions in Malaysia and beyond, garnering a string of impressive local and international awards and accolades since its inception in 1986. Some of the awards received in 2019, reflecting the Cagamas brand equity in the capital markets, include:

- (i) Top Issuance and Top Traded Amount (Conventional Category) by Bond Pricing Agency Malaysia;
- (ii) Islamic Issuer of the Year-Quasi-Sovereign and Best Local Currency Sukuk for its RM1.5 billion Commodity Murabahah by The Asset Triple A Islamic Finance; and
- (iii) Islamic Finance Advocacy Award (Capital Market) 2019 by Global Islamic Finance Awards.

### **1.2 Promote Home Accessibility:**

#### *Solutions to bridge access to home financing for the B40 and M40 segments*

The Group aspires to widen the access to home financing amongst Malaysians, in particular, the B40 and M40 segments.

CSRP offers “first loss” mortgage guarantees on residential mortgage portfolios of participating financial institutions through the Skim Rumah Pertamaku (My First Home Scheme; SRP) and the Skim Perumahan Belia (Youth Housing Scheme; SPB).

2019 was a stellar year for CSRP with approved guarantees rising to 15,493 as compared with 7,881 in 2018 as a result of greater public awareness of these schemes, through brand building exercises undertaken by CSRP. Since the inception of the SRP and SPB schemes, CSRP has provided guarantees amounting to RM6.9 billion enabling 33,236 individuals to own their first home, of which 11,078 (33%) are from the B40 segment.

### *Innovative affordable housing schemes*

The Group intends to provide innovative affordable home financing schemes to complement existing housing loans/financing products of Primary Lenders.

Cagamas is continuously exploring means to assist the B40 and M40 segments to purchase their first home. At this juncture, its Home Equity Scheme and financing products to facilitate Rent-to-Own schemes undertaken by Primary Lenders, private developers or the Government are being discussed and refined through engagement with stakeholders.

### **1.3 Strategic Collaboration**

The Group believes in disseminating knowledge and experience on home financing, affordable housing, access to housing finance, capital markets and the secondary housing industry amongst foreign counterparts with the objective of sharing expertise and learning best practices that can be deployed in Malaysia.

Cagamas was instrumental in the formation of both the Asian Secondary Mortgage Market Association in 2014, of which Cagamas was the founding Chair, and the International Secondary Mortgage Market Association in 2018, of which Cagamas is the current Chair. Both organisations promote the exchange of knowledge and experiences amongst its members.

Cagamas has also entered into collaborative arrangements with some of its Asian peers. Memoranda of Understanding have been signed with PT Sarana Multigriya Finansial (Indonesia), Secondary Mortgage Corporation (Thailand), Mongolian Mortgage Corporation (Mongolia), National Home Mortgage Finance Corporation (Philippines), Korea Housing Finance Corporation (Korea) and Japan Housing Finance Agency (Japan). These collaborative arrangements aim to enhance strategic cooperation in various areas, including research and knowledge related to housing finance, in addition to providing Cagamas a platform to explore business opportunities with its counterparts.

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## SUSTAINABILITY REPORT

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### 1.4 Responsible Financing

The Group intends to create a broader impact in the Environment, Social and Governance (ESG) ecosystem by giving Primary Lenders or the Government access to capital required to finance ESG compliant assets such as affordable homes for eligible Malaysians.

Cagamas has successfully incorporated its Bonds/Sukuk Sustainability Framework into the existing RM60 billion MTN/IMTN programme to allow for the issuance of sustainability bonds or sukuk. This will provide socially responsible investors avenues to invest in ESG compliant asset classes through Cagamas issuances and influence clients to undertake more environmentally friendly and socially responsible projects to promote homeownership and sustainable nation development.

## PILLAR 2: EMPLOYER OF CHOICE

Cagamas offers a holistic Employee Value Proposition (EVP) across all employee groups, which supports business strategies and objectives. Beyond competitive remuneration, the EVP includes providing a conducive work environment and culture, meaningful and challenging work, career advancement and personal development opportunities. The EVP is a key enabler in having the right talent, organisational culture and environment for the Group to deliver, grow and remain relevant.

### 2.1 Competitive Remuneration and Benefits

Cagamas provides a competitive total remuneration and benefits package. This includes a competitive salary and performance related bonus, comprehensive medical benefits, and intangible benefits such as career development opportunities and personal recognition. As a whole, the total remuneration and benefits package is designed to be competitive in the financial services industry so that along with other aspects of the EVP, Cagamas is able to attract, motivate and retain the right talent.

### 2.2 Continuous Learning and Development

Continuous learning and development of professional skills and competencies are of paramount importance to cultivate an engaged workforce, which is well equipped with the right mindset, behaviour and tools to be effective, agile and responsible. This proposition is aligned with one of Cagamas' core values, which is professionalism.

Currently, the mandatory corporate training target of 16 hours (equivalent to two (2) full days training) per annum is achieved through participation in both formal and informal learning activities. As at December 2019, all employees completed an average of 48 hours (equivalent to six (6) full days training), far exceeding the mandatory target.

Cagamas' learning and development plan is closely linked to Cagamas' succession planning and career development initiatives. Since 2012, high-potential staff have been enrolled in Leadership Development Programmes such as the Cambridge Summer School Programme by the Asian Banking School and the Leading Leaders and Emerging Leaders by the ICLIF Leadership and Governance Centre. In addition, staff are encouraged to pursue professional certifications to further enhance their competency and professional development. To date, 67% of staff in critical positions possess various professional certifications such as Chartered Banker, Certified Internal Auditor, Certification for Bank Auditors and Professional Credit Certification.

### 2.3 Robust Talent Management Practices

Cagamas aspires to attract, motivate and retain the right talent with the appropriate skills for all roles available within the organisation to ensure long-term success.

From recruiting talent for filling vacancies, Cagamas has evolved to talent acquisition, which is an ongoing strategy to find top talents, potential high performers and future leaders who can harmonise with the organisation's values and culture.

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## SUSTAINABILITY REPORT

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A robust Succession Planning Framework aligns current talent development with future leadership needs, business direction and goals. Successors have been identified for all management and critical positions. Nevertheless, Cagamas believes a truly effective succession management approach means not just identifying, but also assessing, developing and transitioning potential successors for senior and critical roles.

Staff capabilities and gaps are comprehensively assessed through latest human resource assessment tools and methodologies as well as through critical qualitative talent factors such as staff performance and supervisors' assessment of the employees' readiness for expanded roles. Individualised development plans are also crafted for high-potential staff to chart their internal mobility and growth, to create future leaders.

### 2.4 Conducive Work Environment and Culture

Cagamas aspires to create a workplace that offers more than just a career and seeks to foster a sense of belonging and connection through workforce inclusivity.

In May 2019, Cagamas launched Enhanced Flexible Working Hours, to create a more caring working environment which empowers staff to manage the demands of work and life better.

The organisation also fosters teamwork and open communication through regular Townhall and Chief Executive Officer Focus Group Sessions which provide a platform to not only disseminate key messages but also to facilitate open communication between management and other employees.

The Cagamas Sports and Recreational Club (CSRC) provides employees opportunities to practise work-life balance through outdoor activities involving family members such as family day and movie night. CSRC also promotes a healthy lifestyle by arranging annual friendly futsal, badminton and table tennis tournaments with business counterparts.

Cagamas endeavours to ensure the safety and health of all employees. The Safety, Health and Environment (SHE) Committee that was set up in June 2000, implements the Occupational, Safety and Health (OSH) policy, guidelines and practices as well as ensures compliance with the national OSH regulations. SHE's primary role is to foster a safe working environment and operating culture in the

organisation leading to an accident-free workplace and healthy practices for staff. Since 2010, no workplace incident has been reported.

Since 2013, engagement talks which cover various themes, such as the Health and Safety Awareness Programme, have been conducted annually. Activities and engagement talks conducted throughout 2019 include:

- (i) Cardiopulmonary Resuscitation and First Aid Class on Wounds, Bleeding, Choking, Fracture and Burns
- (ii) Talk on Office Safety, Office Housekeeping and Office Ergonomics
- (iii) Talk and Consultation by Nutritionist on Healthy Diet
- (iv) Talk and Consultation by Yoga Specialist on Body Posture and Relief Stress
- (v) Eye Test and Consultation on Eye Care

### 2.5 Comprehensive Organisational and Employee Policies and Practices

Cagamas is fully committed to enhancing and protecting the interests of its employees. A conducive working environment is provided for employees through a comprehensive set of employee policies and practices that cultivate trust, respect and assurance.

Cagamas' Core Values and Code of Conduct require employees to practise high levels of integrity and trust and to hold themselves and each other accountable. Open and honest communication are encouraged, and employees are free to report violations.

Recognising the importance of continuously enhancing good organisational and employee policies and practices to deliver sustainable performance, various related policies are regularly reviewed to ensure that they reflect changes in the legislative and regulatory developments of the nation, including the following:

- a. Guidelines on Workplace Sexual Harassment
 

Cagamas is fully committed to providing and creating a harassment free work environment in which employees are engaged, motivated and able to contribute to their fullest potential. The Guidelines on Workplace Sexual Harassment are in place to prevent and protect employees from sexual harassment.



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b. Guidelines on Grievance and Complaint

These guidelines provide an avenue for employees to raise their grievances in respect of work-related issues and ensure the resolution of such issues in a fair and thorough manner.

c. Guidelines on Misconduct and Staff Disciplinary

To maintain satisfactory norms of behaviour and conduct, these guidelines provide standards of conduct and job performance and a consistent and fair method of dealing with breaches.

d. Personal Data Protection

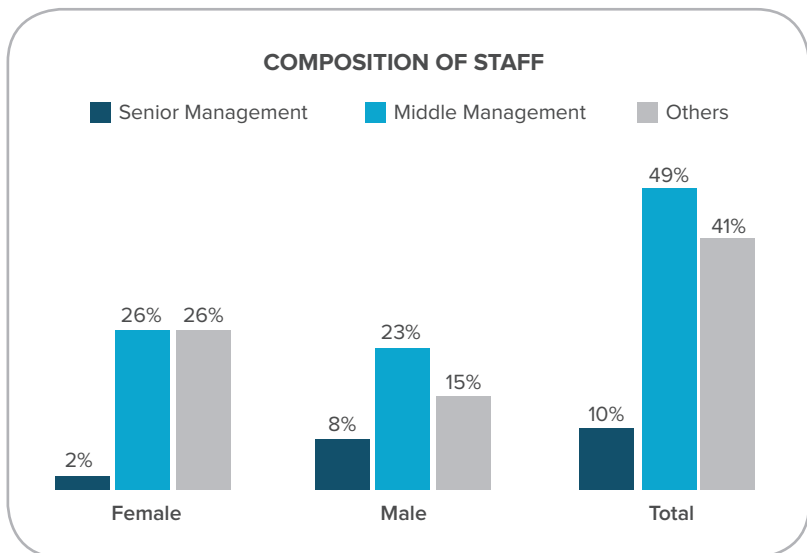
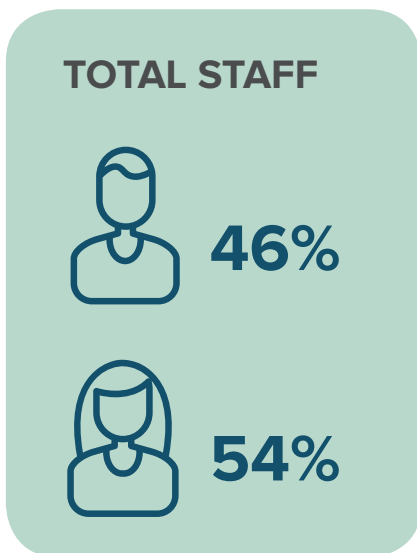
Information is an asset and therefore employees are required to ensure the security of personal data (including sensitive data) obtained from clients and staff. In compliance with the Personal Data Protection Act 2010, Cagamas is committed to properly managing entrusted personal data and using the said data only for relevant and appropriate business purposes.

**2.6 Diversity, Inclusion and Non-Discrimination**

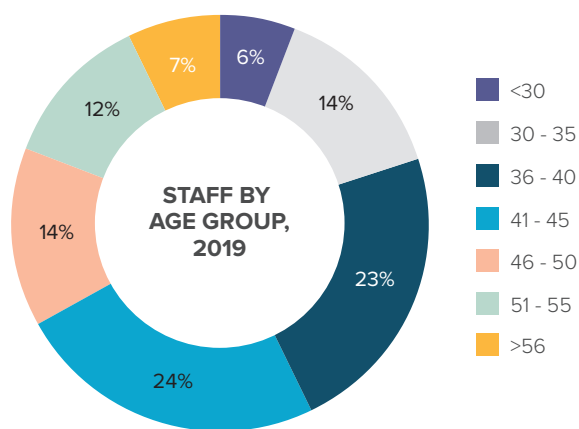
Cagamas strongly believes in equal opportunity at work, embraces diversity and is against all forms of discrimination in its efforts to recruit, develop and retain a workforce with the widest possible range of competencies and skill sets. Cagamas recognises that a diverse mix of backgrounds, skills and experiences helps to promote new ideas and provide the organisation with a competitive advantage.

In order to achieve this goal, the right to work and advancement on the basis of merit, ability, potential and experience, that is free from prejudice, is practised without discrimination of any person based on age, gender, race, religion and disability. Gender equality is at the core of this principle, and in 2019, 47% of staff in leadership positions (middle management levels and above) in Cagamas, were female.

As at 31 December 2019, the organisation comprised a total of 103 staff with a good mix of gender and age, as set out below:



## SUSTAINABILITY REPORT (CONTINUED)



### PILLAR 3: POSITIVE SOCIETAL IMPACT

#### 3.1 Energy and Waste Management

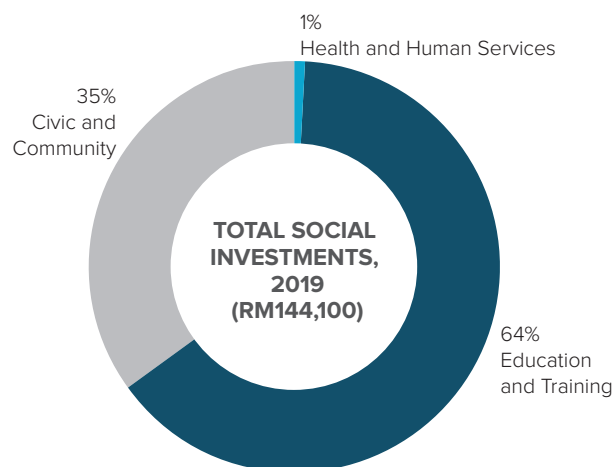
*In 2019, Cagamas committed to minimising its environmental impact through the following activities:*

- Reduce its electricity consumption by:
  - Replacing downlight halogen bulbs with energy-saving LED lights.
  - Substituting multiple printers with energy efficient multi-function printers.
  - Switching off office lights and computers during lunch time.
- Improved Waste Management:
  - Provided digital devices to Board members and management for submission of board papers, approval memoranda and other documents to reduce usage of paper.
  - Introduced the 3Rs concept of Reuse, Reduce and Recycle to all employees. Recycle bins have been placed at strategic locations.
  - Implemented material usage management process to control the usage of input materials such as printing paper.

#### 3.2 Social Contribution and Development

*Cagamas advocates Corporate Social Responsibility (CSR) to create a positive societal impact on local communities resulting in a more inclusive and caring society through the following means:*

- Education and Training – Raise equitable education for highest-need schools and communities through scholarships and teaching programmes.
- Civic and Community – Provide sustainable basic facilities for underprivileged communities and empower single mothers with the ability to generate sustainable income for the family.
- Health and Human Services – Funding support for vulnerable groups through charitable and non-governmental welfare organisations.



*Raising education equity for highest-need schools and communities: abbreviation at the end of Teach for Malaysia (TFM)*

According to the Malaysia Education Blueprint 2013-2025, more than two-thirds of students in most under-performing schools in Malaysia come from challenging socioeconomic backgrounds where 1 in 5 Malaysian students fail to complete secondary school.

## SUSTAINABILITY REPORT (CONTINUED)

Cagamas has been in partnership with TFM to sponsor one amongst the crop of top graduates and young professionals recruited to teach in high-need B40 schools for 2 years with the intention to drive long-term systemic change.

Since 2017, Cagamas' partnership with TFM has enabled recruitment, training and support for 3 teachers (TFM Fellows) who impacted 450 students located in rural locations across Malaysia. During the TFM Week in 2019, a staff volunteered to co-teach financial literacy with a TFM Fellow in a rural secondary school in Semporna, Sabah.

### **Impacting lives within the under privileged communities**

In its inaugural volunteer programme, Cagamas partnered with Incitement Malaysia, the local chapter of the global organisation, Liter of Light, that provides solar-powered lights to remote areas throughout the world. A total of 20 staff participated in the two-day programme to build and install 30 solar powered streetlights for an Orang Asli settlement which houses over 150 villagers in 25 homes in Kampung Sungai Sekin, Kuala Lipis, Pahang Darul Makmur.

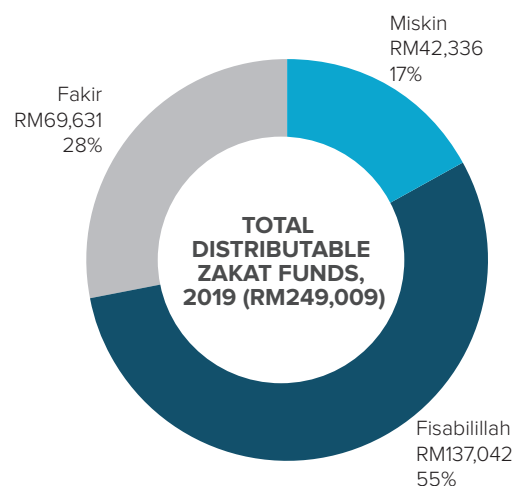
### **Cagamas Scholarship Programme**

To develop a future workforce for the nation, specifically in the financial services industry, and build a sustainable pipeline of talents, Cagamas has established a scholarship fund since 2016 to help students by removing barriers to education.

Since 2016, Cagamas has expended RM494,000 on scholarships for 15 scholars from lower income households to study various disciplines in local public universities. A mentorship programme with Cagamas' management enables these scholars to leverage on their respective mentor's experience for career guidance and knowledge.

### **3.3 Zakat Contributions**

Cagamas continues to serve multiple communities through its business zakat contribution and has established a Zakat Wakalah Programme (ZWP). In 2019, the ZWP allocated zakat funds amounting to RM249,009 to eligible recipients including associations and charity homes throughout Malaysia according to the three asnaf categories of *Fakir*<sup>1</sup>, *Miskin*<sup>2</sup>, and *Fisabilillah*<sup>3</sup>.



<sup>1</sup> A person who does not have any property or employment and is receiving income from any source which is not more than 50% of his/her and dependants' daily needs and less than 50% of his/her and dependants' living expenses.

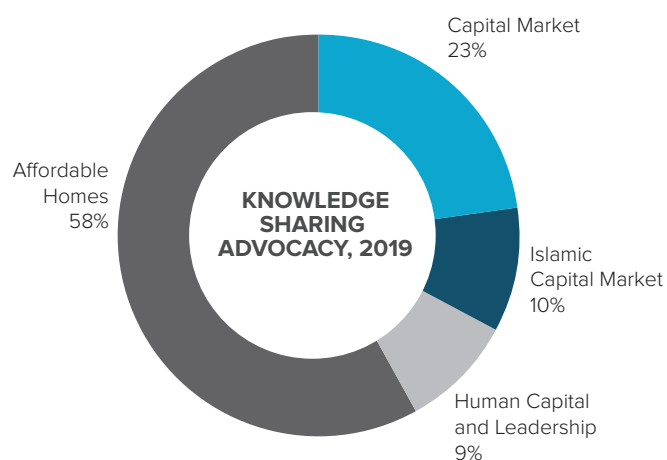
<sup>2</sup> A person who has employment or income which only meets part of his/her basic needs but is not sufficient to support his/her daily needs and dependants.

<sup>3</sup> Any person or organisation which is involved in an activity or activities to uphold, preserve and preach the Islamic religion and its well-being.

## SUSTAINABILITY REPORT (CONTINUED)

### 3.4 Advocate in Knowledge Sharing

The Group advocates knowledge sharing in the spheres of homeownership, conventional and Islamic capital markets and human capital development. This is primarily carried out through conferences and collaborative publications.



#### **Knowledge sharing through speaking engagements, sponsorship and stakeholder collaboration**

Cagamas regularly collaborates with its stakeholders to share the Cagamas experience in the areas of homeownership financing, conventional and Islamic capital markets, Islamic finance and other areas relevant to the secondary mortgage market. In 2019, Cagamas co-organised, participated in and sponsored various industry conferences and roundtables organised by its stakeholders, both locally and abroad.

#### **a. Co-organised the Constructing and Financing Affordable Housing across Asia Conference**

In 2019, Cagamas and the World Bank co-organised the “Constructing and Financing Affordable Housing across Asia” conference, which was held on 2 and 3 April 2019 in Kuala Lumpur. Aimed at creating a platform for the exchange of views, the session offered an opportunity for industry experts to deliberate on issues relating to affordable housing, both locally and

internationally. The conference brought together more than 450 participants from over 30 countries globally and was supported by 40 high-calibre speakers. Cagamas participated in two panel sessions on Connecting Capital Markets and Affordable Housing Delivery and Ask Me Anything – Closing Session.

#### **b. Engagement with industry players, regulators and policy makers**

##### **Housing Finance Conferences**

- (i) *35<sup>th</sup> Annual African Union of Housing Finance (AUHF) Conference and the 31<sup>st</sup> International Union for Housing Finance (IUHF) World Congress (Cape Town, South Africa)*

Cagamas participated in the 35<sup>th</sup> Annual AUHF Conference and the 31<sup>st</sup> IUHF World Congress, jointly organised by AUHF and IUHF, which were held in Cape Town, South Africa, in the panel discussion on Targeting Liquidity: Connecting the Capital Market with Affordable Housing.

- (ii) *Home Ownership Campaign – Malaysia Property Exposition 2019*

Cagamas’ representative spoke on the Skim Rumah Pertamaku at this event, organised by the Real Estate and Housing Developers’ Association Malaysia.

##### **Capital Market and Islamic Finance Conferences**

- (i) *Financial Sector Conference (Riyadh, Saudi Arabia)*

Cagamas’ representative participated as a panellist on the topic of Mortgages: Bolstering Industry Appetite and in the Innovation Huddle on Bolstering Home Ownership, at this conference, organised and co-hosted by the Ministry of Finance of Saudi Arabia, the Saudi Arabian Monetary Authority and the Saudi Capital Market Authority.

## SUSTAINABILITY REPORT (CONTINUED)

(ii) *RAM-SIDC Bond Conference 2019*

Cagamas' representative spoke at the panel session on New Frontiers to Deepen Market: Risk, Tenure & Investors, at this conference, organised by RAM Holdings Berhad and the Securities Industry Development Corporation.

(iii) *IFSB-AMERC of IOSCO Joint High-Level Seminar (Abu Dhabi, United Arab Emirates)*

Cagamas' representative spoke at the panel session on Sukuk in Addressing Developmental Goals: Prospects and Challenge, at this seminar, jointly organised by the Islamic Financial Services Board and IOCV-IOSCO in Abu Dhabi, United Arab Emirates.

(iv) *Malaysian Bond & Sukuk Conference: Capital Markets for a Sustainable Future*

Cagamas' representative participated as a panellist at the session on Malaysian Bond and Sukuk Markets: Where Are We Now?, at this two-day conference, which was co-organised by the Malaysian Rating Corporation Berhad, Amanie Academy and Amanie Media.

Cagamas' representatives also participated as speakers/panellists in various other conferences on the topics of housing finance, capital market and Islamic finance, organised by renowned organisations, both locally and internationally.

**c. Supported Multilateral and Regulatory Agencies through sponsorship of industry and leadership conferences**

(i) *10<sup>th</sup> Islamic Financial Services Board Summit organised by Islamic Financial Services Board*

The conference covered topics on the global financial regulatory reforms, the development of Islamic financial markets and innovation and inclusive growth in the Islamic financial system.

(ii) *Leadership Summit Asia organised by The ICLIF Leadership & Governance Centre*

The conference covered topics on leadership energy and life experiences of prominent leaders from around the world. Charismatic speakers such as Aron Ralston, Stefan Olander and Datuk Nicol David were featured at the conference.

Cagamas also sponsored various other conferences on the topics of housing finance, capital market and Islamic finance, organised by reputable organisations, both locally and internationally.

### 3.5 Educational and Industry Publications

The Company strongly advocates promoting greater understanding and knowledge of home ownership and capital markets, both conventional and Islamic, to benefit the industry and the community. The Company has collaborated with various higher learning institutions and think-tanks to produce industry-relevant publications featuring compelling analysis of current developments and case studies.

"Housing the Nation: A Definitive Study", published in 1997 in conjunction with Cagamas' 10th anniversary, was the first book to compile writings on various aspects of housing in Malaysia in a single comprehensive volume. The publication provided a perspective on the housing market, financing housing development and home ownership, the secondary mortgage market, Government housing policies and challenges faced by segments of society.

To commemorate Cagamas' 25th anniversary, "Housing the Nation: Policies, Issues and Prospects" was published in 2014, documenting the new realities of the housing sector and views on housing policies. The contributions of Cagamas to meet the need for homeownership, to promote a secondary mortgage and debt capital market, and its initiatives to drive Islamic finance were elaborated on in this publication, taking into account perspectives on the

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## **SUSTAINABILITY REPORT**

**(CONTINUED)**

state of the housing market, Government policies, challenges and future trends and directions. Both publications of “Housing the Nation” were produced in collaboration with the Institute of Strategic and International Studies Malaysia.

Aside from producing its own publications, Cagamas as an advocate for Islamic finance, was involved in 9 publications covering topics ranging from the Islamic financial system, Islamic finance principles and the growth and development of Islamic finance in Malaysia. These publications have been distributed on a complimentary basis to more than 2,000 targeted stakeholders including local and university libraries and academicians in local institutions of higher learning and internationally renowned foreign universities. Cagamas believes these publications will help provide a sustainable pipeline of institutional knowledge for future generations.

The World Bank has regarded Cagamas as the largest and most successful liquidity facility provider in its 2009 publication entitled “Housing Finance Policy in Emerging Markets”. As such, the Asian Institute of Finance has collaborated with Cagamas to produce a case study on Cagamas’ journey to build a sustainable business model that weathers rapid change in market conditions. This case study provides an invaluable insight for aspiring nations who seek to model their respective secondary mortgage corporations along the lines of the Cagamas business model.

### **BUILDING A SUSTAINABLE FUTURE**

The Group recognises the need to create long-term shared values and embed sustainability into its business to secure a sustainable future for the Group and its stakeholders.

Sustainability is a journey and the Group will endeavour to continuously enhance its sustainability agenda and capabilities to ensure efficient use of resources, to enable its business to be conducted in a responsible manner and to attain a positive societal impact across the nation.

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## SUSTAINABILITY REPORT (CONTINUED)

### CORPORATE SOCIAL RESPONSIBILITY (CSR) & ZAKAT WAKALAH PROGRAMME (ZWP)

#### January

##### ZWP – Back to School

Cagamas, under its ZWP – Back to School, contributed school kits consisting of a school bag and a school uniform set in addition to socks and shoes for 167 underprivileged students under the ‘Fisabilillah’ category from Sekolah Menengah Kebangsaan Padang Tembak for the new school term.



#### March

##### Zakat Contribution to Asnaf Students from Sekolah Kebangsaan Paloh Pintu Gang, Kota Bharu, Kelantan

Cagamas, under its ZWP, provided financial assistance to 30 urban poor students under the ‘Asnaf’ category from Sekolah Kebangsaan Paloh Pintu Gang, Kota Bharu, Kelantan, to purchase their school essentials.



## SUSTAINABILITY REPORT (CONTINUED)

### July

#### Teach For Malaysia (TFM) Week – Impacting Lives: Co-Teaching with TFM in Semporna, Sabah

Cagamas assigned a member of its management team to co-teach an English lesson during TFM Week in Semporna, Sabah. TFM Week is one of TFM's most significant events where key influencers, including corporate figures, celebrities and members of the civil service spend time as "teachers" for a day, co-teaching a lesson in school with a TFM teacher (Fellow). Cagamas has partnered with TFM for the past 3 years as part of the Cagamas' CSR programme, and this is the second time that it has participated in TFM Week.



### August

#### ZWP – Contribution to Single Mothers

Cagamas, under its ZWP, in collaboration with Persatuan Nadi Inspirasi Wanita, contributed towards the purchase of business equipment to assist 80 single mothers in their micro-businesses. Single mothers under this programme will use the new equipment to generate and improve on production output that will result in higher income generation. Cagamas presented the contributions at an event held at Kampung Gajah, Perak Darul Ridzuan.





## SUSTAINABILITY REPORT (CONTINUED)

### November

#### Sponsorship of a TFM Fellow

Cagamas continued its partnership with TFM for the third consecutive year. This enabled TFM to recruit and fund a TFM Fellow to be trained as a teacher as well as provide support for another Fellow to be equipped to teach in high-need B40 schools in Malaysia. The TFM programme is intended to drive long-term systemic changes to improve the quality of education for the B40 segment. Raising education equity in these schools is in line with Cagamas' sustainable CSR agenda and the United Nations Shared Development Goal 11 of Sustainable Cities and Communities.



#### Incitement Malaysia: Liter of Light Programme

As part of its sustainable CSR agenda, Cagamas collaborated with Incitement Malaysia to organise its inaugural volunteer programme through the Liter of Light social project, which provides cost-effective, solar-powered lights to underprivileged communities in Malaysia who have no access to electricity. A total of 20 volunteers from Cagamas participated in the two-day programme to build and install 30 solar powered streetlights for an orang asli community in Kampung Sungai Sekin, Kuala Lipis, Pahang Darul Makmur.



## SUSTAINABILITY REPORT (CONTINUED)



### Bursa Bull Charge 2019

Cagamas participated in the Bursa Bull Charge 2019, organised by Bursa Malaysia Berhad as part of its CSR activity. The funds collected by the organiser were channelled to selected charity homes and associations under Yayasan Bursa Malaysia.



## SUSTAINABILITY REPORT (CONTINUED)

### December

#### Danajamin Mighty Run 2019

Cagamas participated in the Danajamin Mighty Run 2019, organised by Danajamin Nasional Berhad as part of its CSR activity. The funds collected by the organiser were channelled to the National Autism Society of Malaysia.



#### CSR Collaboration with Amanah Ikhtiar Malaysia (AIM)



Cagamas supported B40 single mother entrepreneurs with business capital goods aid in collaboration with AIM under the Cagamas' CSR initiative. The initiative aims to empower single mothers from the low-income group to increase their household income through entrepreneurship. A total of 20 single mothers from Kelantan received items such as sewing machines, commercial refrigerators and a sugar cane juicer that will be used to generate income to support their families.