

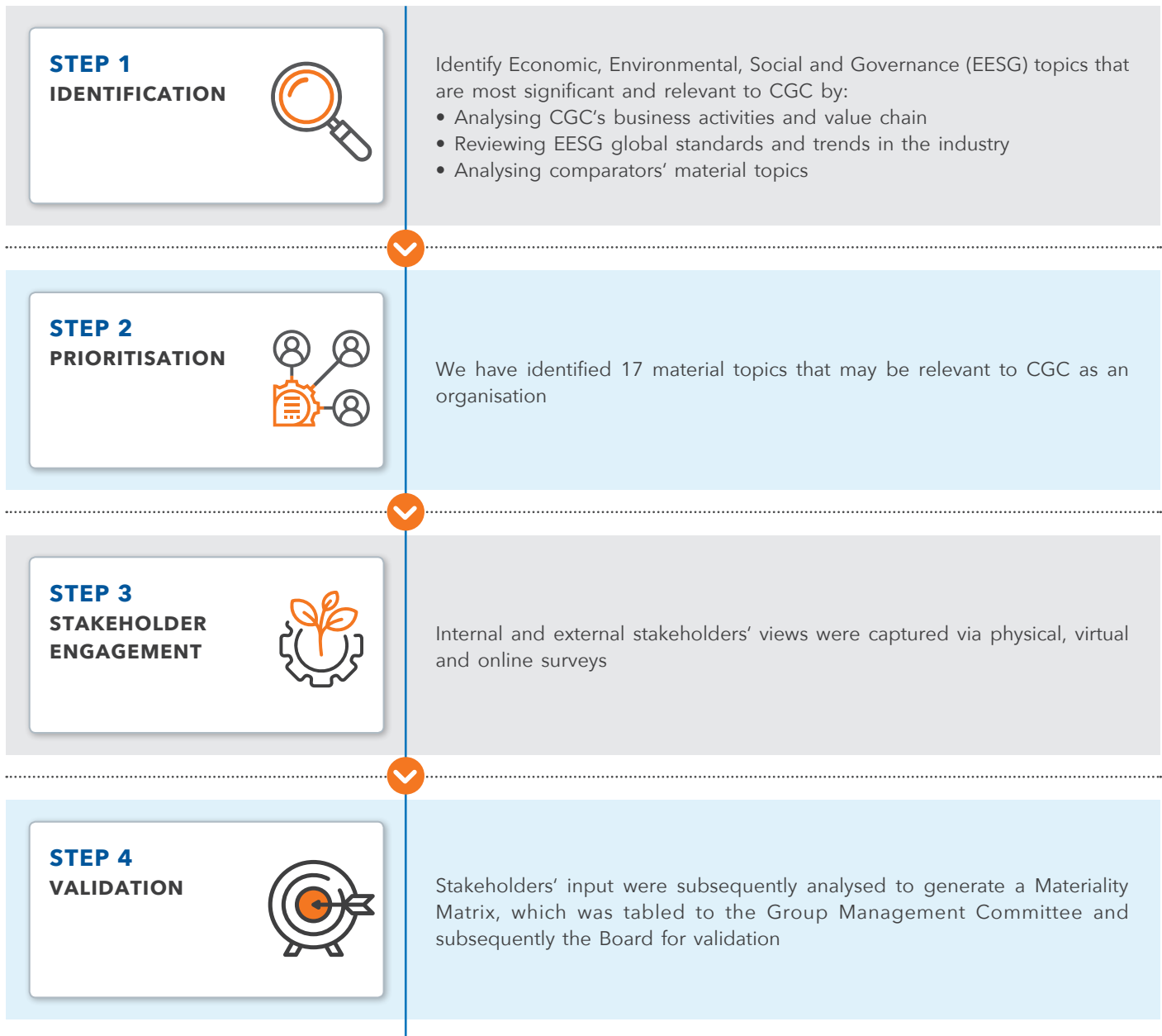
MATERIAL MATTERS

A solid understanding of industry trends, operating challenges and stakeholder expectations is essential to delivering long-term value. With that, we devise our strategies according to the material aspects of business growth and stakeholders’ needs. These material matters guide our Board and leadership team in building the company towards sustainable growth.

MATERIALITY METHODOLOGY

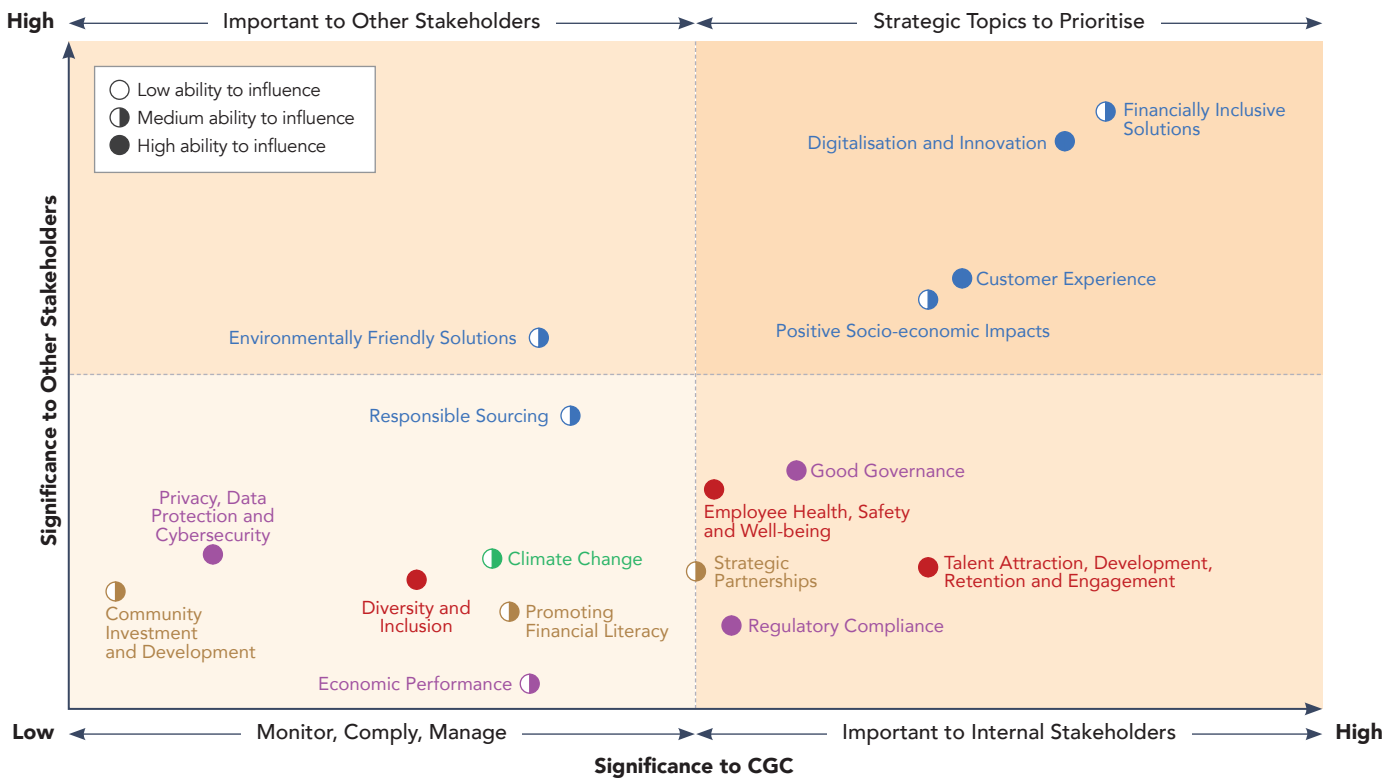
In Q4 2022, CGC undertook a materiality assessment exercise that involved internal and external stakeholders via virtual engagement, physical engagement and online surveys. The approach taken in 2022 ensured that we captured the diverse views of a broad range of stakeholders, including employees, Financial Institutions (FIs) and Non-Financial Institutions (NFIs) partners, regulators, Non-governmental Organisations (NGOs), suppliers and government agencies.

The materiality process comprises four key steps:



MATERIALITY MATRIX

A materiality matrix helps visualise the findings of a materiality assessment. Our materiality matrix sets out the issues that we and our stakeholders see as the most important. This helps us to stay alert to stakeholder concerns and expectations, as well as the issues that we believe present the greatest risks and opportunities for our business. It will be reviewed regularly to inform our external communication and reporting, and to help us allocate our resources where we can provide the most value to stakeholders.



Environmental	Economic	Social (Employees)	Governance
M1 Climate Change	M2 Digitalisation and Innovation	M8 Diversity and Inclusion	M14 Good Governance
	M3 Financially Inclusive Solutions	M9 Employee Health, Safety and Well-being	M15 Regulatory Compliance
	M4 Environmentally Friendly Solutions	M10 Talent Attraction, Development, Retention and Engagement	M16 Privacy, Data Protection and Cybersecurity
	M5 Responsible Sourcing		M17 Economic Performance
	M6 Positive Socio-economic Impacts	Social (Community)	
	M7 Customer Experience	M11 Promoting Financial Literacy	
		M12 Community Investment and Development	
		M13 Strategic Partnerships	

MATERIAL MATTERS

Our identified material matters represent our most significant impact on the economy, environment and people. To address these matters, we adopt a long-term management approach as part of our sustainability efforts. This allows us to minimise related risks and build on opportunities, thus generating sustainable value for our stakeholders.

F1 Unlocking Innovative Pathways to Finance

M2 Digitalisation and Innovation

M3 Financially Inclusive Solutions

WHY IS IT IMPORTANT

As digitalisation becomes increasingly prevalent among FIs, we must intensify our efforts to remain competitive in the market. Moreover, we should prioritise embedding ESG-related considerations into our financial solutions. This approach aligns with our 5-Year Strategic Plan and our vision to become an effective FI dedicated to promoting growth and development of competitive, dynamic MSMEs.

RISKS

- Failing to adapt leads to digital disruptions in the banking industry
- Loss of competitiveness

OPPORTUNITIES

- Strengthened technological resilience
- Creating new business opportunities by delivering innovative, sustainable finance products and services

Link to

Capitals



Strategy



Stakeholders



HOW WE RESPOND

We are dedicated to cultivating an environment that fosters innovative ideas, and continually seek new and improved ways to support MSMEs' growth. We firmly believe that innovation is critical to unlocking MSMEs' full potential. To support this we plan to expand our micro and priority guarantees through partnerships with other FIs. Additionally, we are digitalising our guarantee process to streamline the participation process for MSMEs and reduce any associated difficulties.

F2 Strengthening Customer Engagement

M7 Customer Experience

WHY IS IT IMPORTANT

As the financial industry is placing greater emphasis on customer-centricity, we are adopting an approach that involves fostering a more customer-centric culture within our organisation to enhance our customer experience.

RISKS

- Low customer loyalty due to lack of understanding of customers' needs or poor relationship management

OPPORTUNITIES

- Tap new market segments with products designed to meet specific socio-economic needs and maintaining long-term relationships to ensure customer satisfaction

Link to

Capitals



Strategy



Stakeholders



HOW WE RESPOND

Our commitment lies in establishing long-term relationships with our partners and customers. We recognise the importance of effective communication and engagement in fulfilling our customers' needs. Through close collaboration with our partners, we ensure that our customer engagement produces valuable results. In pursuit of this, we will develop comprehensive customer satisfaction metrics that consider feedback from both FIs and MSMEs.

F3 Managing CGC's Climate Impact

M1 Climate Change

<p>WHY IS IT IMPORTANT</p> <p>Climate change is a critical concern for both CGC and society as a whole. We are dedicated to demonstrating our commitment to reducing greenhouse gas (GHG) emissions and mitigating the impact of climate change.</p>	<table border="1"> <tr> <th style="background-color: #f4a460;">RISKS</th> </tr> <tr> <td> <ul style="list-style-type: none"> Companies disregarding EESG principles risk reputational damage, in an era of heightened social consciousness Failure to anticipate and mitigate physical risks in our operational footprint and supply chain could result in operational disruptions and losses </td> </tr> <tr> <th style="background-color: #34495e; color: white;">OPPORTUNITIES</th> </tr> <tr> <td> <ul style="list-style-type: none"> Building client trust by helping them manage their own climate risks Increasing efficiency and reducing costs from good environmental practices </td> </tr> </table>	RISKS	<ul style="list-style-type: none"> Companies disregarding EESG principles risk reputational damage, in an era of heightened social consciousness Failure to anticipate and mitigate physical risks in our operational footprint and supply chain could result in operational disruptions and losses 	OPPORTUNITIES	<ul style="list-style-type: none"> Building client trust by helping them manage their own climate risks Increasing efficiency and reducing costs from good environmental practices 	<p>Link to</p> <p>Capitals FC MC NC</p> <p>Strategy SO4</p> <p>Stakeholders ST2 ST4 ST6</p>
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HOW WE RESPOND						
<p>We are committed to reducing our environmental footprint - and addressing climate change - by implementing centralised data tracking to monitor our progress. This will allow us to establish a baseline for GHG emissions and identify areas for improvement through targeted initiatives.</p>						

F4 Introducing Environmentally Friendly Solutions

M4 Environmentally Friendly Solutions

<p>WHY IS IT IMPORTANT</p> <p>Our goal is to help MSMEs contribute to a low-carbon economy by aligning with the broader national agenda and positioning ourselves as a trusted partner.</p>	<table border="1"> <tr> <th style="background-color: #f4a460;">RISKS</th> </tr> <tr> <td> <ul style="list-style-type: none"> Heightened competition from FIs and non-FIs if we do not provide alternative sustainable or transitional solutions Financing of activities that may damage the environment and its surrounding communities </td> </tr> <tr> <th style="background-color: #34495e; color: white;">OPPORTUNITIES</th> </tr> <tr> <td> <ul style="list-style-type: none"> New business opportunities Contribute towards transitioning to a low-carbon economy </td> </tr> </table>	RISKS	<ul style="list-style-type: none"> Heightened competition from FIs and non-FIs if we do not provide alternative sustainable or transitional solutions Financing of activities that may damage the environment and its surrounding communities 	OPPORTUNITIES	<ul style="list-style-type: none"> New business opportunities Contribute towards transitioning to a low-carbon economy 	<p>Link to</p> <p>Capitals FC MC NC</p> <p>Strategy SO4</p> <p>Stakeholders ST1 ST2 ST6</p>
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OPPORTUNITIES						
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HOW WE RESPOND						
<p>To support MSMEs in reducing their environmental impact and promoting sustainable growth, we must promote environmentally friendly solutions that are sustainable, cost-effective and easy to adopt. Currently, CGC is promoting Green Technology Financing Scheme (GTFS 4.0), Low-Carbon Transition Facility (LCTF) and Portfolio Guarantee ESG (PG ESG). We are committed to conducting ongoing research and developing innovative solutions to continue supporting MSMEs in achieving their sustainability goals.</p>						

MATERIAL MATTERS

F5 Empowering MSMEs to Drive Growth

M6 Positive Socio-economic Impacts **M11** Promoting Financial Literacy **M13** Strategic Partnerships

WHY IS IT IMPORTANT

With a distinct role in the MSME ecosystem and being a provider of financial services across various industries, CGC recognises the importance of aligning our business direction with the national agenda and driving MSME growth and development. We are well-positioned to partner and coordinate with other financial institutions, development financial institutions and non-financial partners to adopt initiatives that promote sustainability. Furthermore, it is crucial for us to promote the importance of financial literacy to empower MSMEs so that they can transform themselves into drivers of economic growth.

RISKS

- Low customer loyalty due to lack of understanding of customers' needs or poor relationship management

OPPORTUNITIES

- Building and strengthening industry partnerships towards collaboratively building an ecosystem that enables MSMEs to develop and grow

Link to

Capitals



Strategy



Stakeholders



HOW WE RESPOND

At CGC, we are committed to empowering MSMEs through our financial services. Our CGC Developmental Programme® offers a range of services to help MSMEs improve their knowledge and networking. Looking ahead, we will be incorporating a sustainability module into the programme to help MSMEs adopt environmentally friendly practices. We will also be upskilling our subject matter experts to better serve MSMEs and provide more customised support. By doing so, we believe that we can create a more sustainable future for both MSMEs and the community at large.

F6 Supporting Local Socio-Economic Development

M12 Community Investment and Development

WHY IS IT IMPORTANT

We are committed to supporting community development through volunteering and business initiatives by promoting entrepreneurial activities. This includes providing mentorship and training programmes for aspiring entrepreneurs, partnering with local organisations to support community projects and encouraging our employees to volunteer. By doing so, we aim to create a positive impact on the communities we serve and promote sustainable economic growth.

RISKS

- Brand and reputational risk from a potential lack of engagement and inclusion of surrounding communities

OPPORTUNITIES

- Impactful CSR initiatives can increase visibility and can contribute towards a better reputation as a responsible institution

Link to

Capitals



Strategy



Stakeholders



HOW WE RESPOND

We strongly believe in investing in communities and promoting sustainable development to support local socio-economic growth. We have identified initiatives that can make a positive impact on the communities we serve. One such initiative is the CGC100 Youth Entrepreneurship Programme, which mentors and trains young people to become successful entrepreneurs. We are committed to empowering the next generation of entrepreneurs and supporting sustainable development in our communities.

F7 Enhancing Workforce Readiness

- M8** Diversity and Inclusion **M9** Employee Health, Safety and Well-being **M10** Talent Attraction, Development, Retention and Engagement

WHY IS IT IMPORTANT	RISKS	Link to
<p>Our employees are integral to the success of our organisation, and we are dedicated to supporting their health and well-being. Additionally, we will focus on talent development and retention to build a high-performing and purpose-driven team that is diverse and inclusive. By investing in our people, we believe that we can create a positive work environment and drive sustainable business growth.</p>	<ul style="list-style-type: none"> Inability to retain and attract the right talent for our business needs given the immense talent competition and evolving next-generation workforce trends Lower productivity and performance due to unmotivated employees 	<p>Capitals FC HC</p> <p>Strategy SO4</p> <p>Stakeholders ST4</p>
OPPORTUNITIES		
<ul style="list-style-type: none"> Design and enhance training and development programmes to build a next-generation workforce that drives transformational growth Become the employer of choice among top talents 		
HOW WE RESPOND		
<p>We believe that investing in the training and development of our workforce is crucial for achieving our goals. We also prioritise work-life balance and offer access to relevant health resources. To enhance the readiness of our employees, we are committed to strengthening our talent recruitment process and providing leadership coaching for women employees. We also recognise the importance of sustainability in our business and will ensure that key leaders and sustainability champions receive training in this area. To make sustainability training more accessible, we have incorporated it into our staff development programmes. By prioritising employee training and development, we can build a high-performing and sustainable organisation.</p>		

F8 Upholding Responsible Business Practices

- M5** Responsible Sourcing **M14** Good Governance **M15** Regulatory Compliance **M16** Privacy, Data Protection and Cybersecurity **M17** Economic Performance

WHY IS IT IMPORTANT	RISKS	Link to
<p>As a company committed to ethical and transparent business practices, we prioritise compliance with industry best practices, regulations and standards. We maintain strict ethical standards and safeguard stakeholders' data privacy by responsibly managing data. Moreover, we promote sustainability without compromising our financial stability.</p>	<ul style="list-style-type: none"> Irregularities or non-compliance could pose negative financial or non-financial implications, including negative reputation and trust Potential loss of customers arising from heightened threat of cyber attacks that result in personal data and financial losses Increased misconduct and non-compliance along the supply chain Poor financial performance will affect execution of strategies and reduce capacity to invest in growth 	<p>Capitals FC HC IC NC</p> <p>Strategy SO3 SO4</p> <p>Stakeholders ST1 ST2 ST4 ST5 ST6</p>
OPPORTUNITIES		
<ul style="list-style-type: none"> Regular engagements provide timely update on industry developments and regulations that help shape effective decision-making Collaborate with regulators and industry working groups to manage data privacy Increase efficiency and reduce cost through effective management of human rights and environmental issues Increase brand awareness and partnership opportunities 		
HOW WE RESPOND		
<p>As an organisation, we hold ourselves to the highest standards of ethical conduct and business practice. It is imperative for us to maintain strong compliance and governance frameworks, while conducting business in a responsible and ethical manner. Since embarking on our sustainability journey, we have put in place sustainability governance structures to manage and report sustainability related matters to both the Management and the Board on a regular basis. In addition, we are committed to developing responsible procurement guidelines to ensure that our vendors comply with our sustainability policy. As we continue to progress, we are also exploring the establishment of a plan to achieve an ESG-compliant investment portfolio, to further demonstrate our commitment to sustainability.</p>		