

MATERIAL MATTERS

MATERIAL MATTERS

A clear understanding of industry trends, operational challenges and stakeholder expectations is critical to delivering long-term value. At CGC, we shape our strategies around material aspects that influence business performance and stakeholder needs. These material matters serve as a compass for our Board and Leadership Team in driving sustainable growth.

MATERIALITY METHODOLOGY

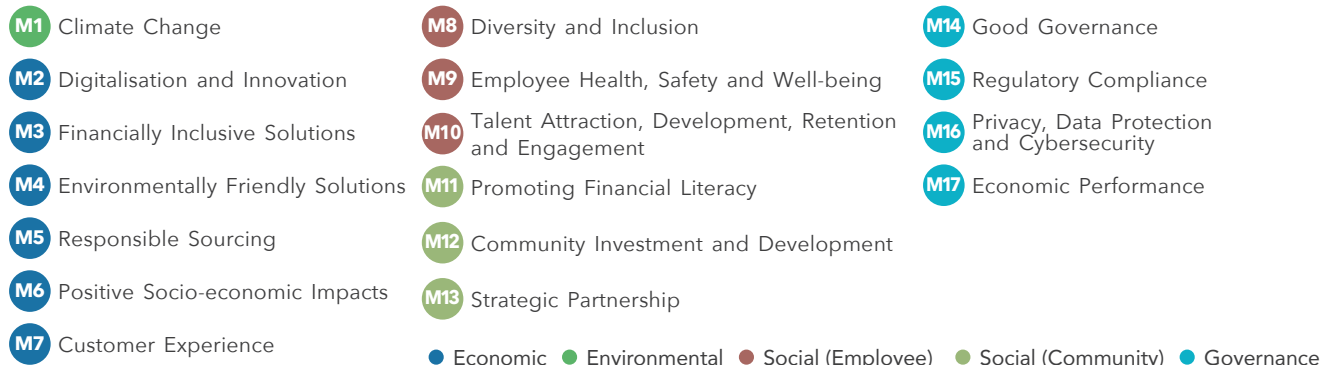
In Q4 2022, we conducted a comprehensive materiality assessment exercise involving both internal and external stakeholders through a combination of virtual sessions, physical engagement and online surveys. This inclusive approach allowed us to gather diverse perspectives across our stakeholder base, including employees, Financial Institutions (FIs) and Non-Financial Institutions (NFIs) partners, regulators, Non-Governmental Organisations (NGOs), suppliers and government agencies.

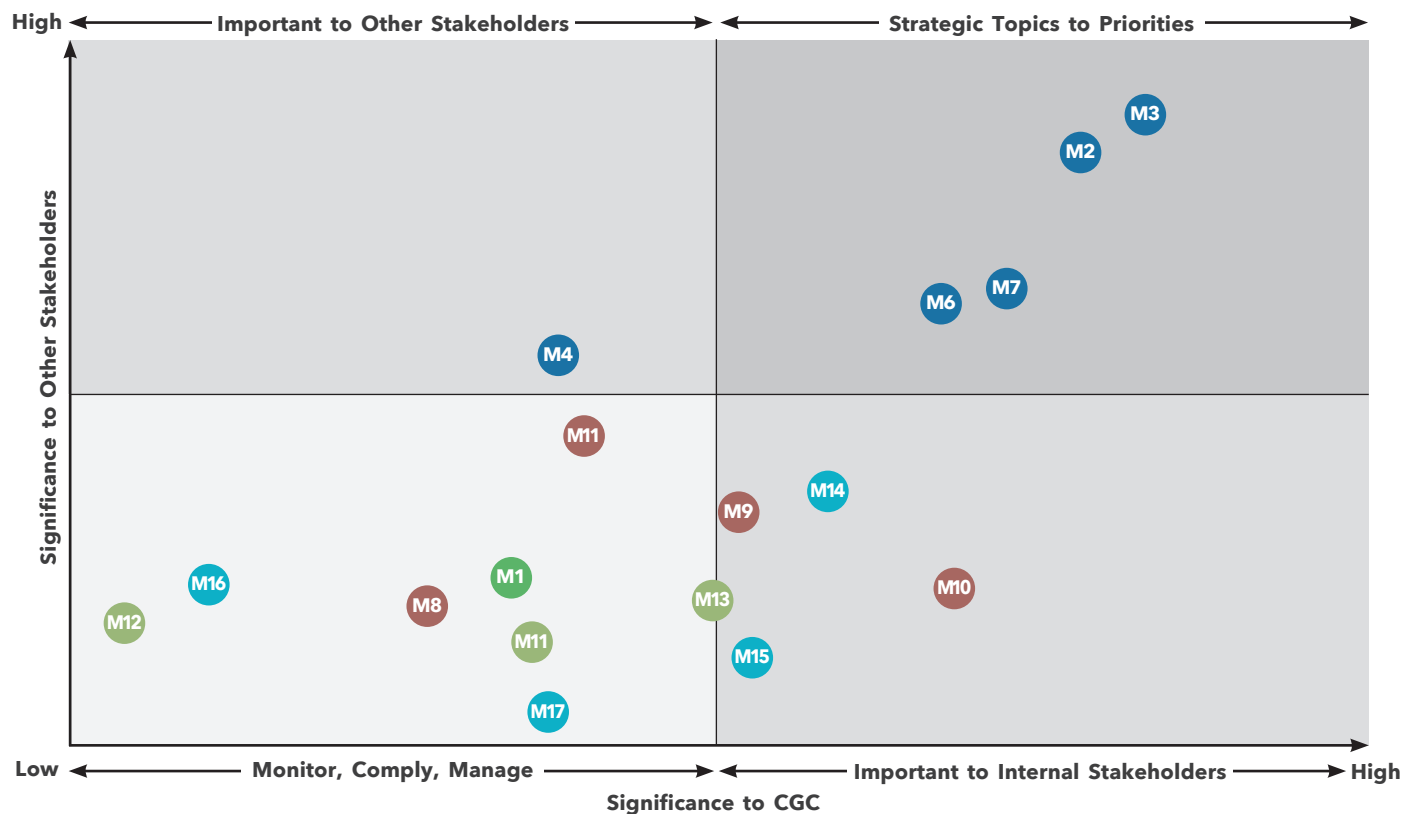
Our materiality determination process comprises of four key steps:



MATERIALITY MATRIX

We utilise a materiality matrix to visualise and contextualise the outcomes of our materiality assessment. It illustrates how the identified material issues align with both our business priorities and stakeholder expectations, enabling us to stay responsive to emerging concerns while pinpointing the areas of greatest risk and opportunity. The matrix is reviewed regularly to inform external communication and reporting, while guiding the allocation of resources to provide the most value to stakeholders.





MATERIAL MATTERS

Creating sustainable value hinges on how effectively we manage our material matters. To ensure our efforts and resources are well directed, we have established eight sustainability focus areas that reflect core aspects of our business and directly support the management of all material topics. By recognising the risks and opportunities linked to each sustainability focus area, our leadership is better equipped to integrate material considerations into strategic planning—ensuring every decision contributes to long-term value creation for our diverse stakeholders.

Sustainability Focus Areas	Link to Material Topics
Unlocking Innovative Pathways	M2 M3
Strengthening Customer Engagement	M7
Managing CGC's Climate Impact	M1
Introducing Environmentally Friendly Solutions	M4
Empowering MSMEs to Drive Growth	M6 M11 M13
Supporting Local Socio-Economic Development	M12
Enhancing Workforce Readiness	M8 M9 M10
Upholding Responsible Business Practices	M5 M14 M15 M16 M17

MATERIAL MATTERS

SF1: UNLOCKING INNOVATIVE PATHWAYS TO FINANCE M2 M3

DESCRIPTION

Expanding financial access for unserved, underserved and strategic segments by enhancing digital infrastructure and employee skills, developing tailored MSMEs' products, collaborating with industry peers, and growing our product portfolio.

WHY IT IS 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 DFI dedicated to promoting the growth and development of competitive, dynamic MSMEs.

RISKS

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

OPPORTUNITIES

- Strengthen our technological resilience
- Create new business opportunities by delivering innovative, sustainable finance products and services

RESPONSE/APPROACH

We are dedicated to cultivating an innovation-driven environment and continually seek new and improved ways to support MSME growth. We firmly believe that innovation is critical to unlocking the full potential of MSMEs. To support this, we plan to continually expand our micro and priority guarantees through partnerships with other FIs. Additionally, we are digitalising our guarantee processes to streamline the application procedure and reduce barriers to access.

SF2: STRENGTHENING CUSTOMER ENGAGEMENT M7

DESCRIPTION

Increasing direct engagement with MSMEs by dedicating resources to scale up the CGC Developmental Programme®, while collaborating with industry players to enhance and co-develop new modules for the programme.

WHY IT IS IMPORTANT

As the financial industry places greater emphasis on customer-centricity, we are cultivating a more customer-focused culture within our organisation to elevate the overall customer experience.

RISKS

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

OPPORTUNITIES

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

RESPONSE/APPROACH

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 efforts deliver meaningful outcomes. To support this, we are developing comprehensive customer satisfaction metrics that incorporate feedback from both FIs and MSMEs.

Capitals



Strategy



UNSDG



Stakeholders



Capitals



Strategy



UNSDG



Stakeholders



SF3: MANAGING CGC'S CLIMATE IMPACT **M1**
DESCRIPTION

Optimising resource consumption through tracking mechanisms, enhancing operational efficiency through digitalisation, and supporting sustainable internal practices by developing robust environmental policies.

WHY IT IS IMPORTANT

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.

RISKS

- 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

- Build greater client trust by helping them manage their climate risks
- Increase efficiency and reduce costs through efficient practices that safeguard the environment

RESPONSE/APPROACH

We are committed to reducing our environmental footprint and driving climate action by implementing centralised data tracking systems to closely monitor performance and progress. This will enable us to establish a baseline for GHG emissions and identify areas for improvement through targeted, data-driven initiatives.

Capitals

Strategy

UNSDG

Stakeholders

SF4: INTRODUCING ENVIRONMENTALLY FRIENDLY SOLUTIONS **M4**
DESCRIPTION

Supporting MSMEs' transition to a low-carbon economy by upskilling employees in sustainability, developing environmental policies, and enhancing partnerships to expand our range of green products.

WHY IT IS IMPORTANT

Our goal is to support MSMEs in contributing to a low-carbon economy by aligning with national priorities and positioning CGC as a trusted partner in their sustainability journey.

RISKS

- Heightened competition from FIs and non-FIs if we do not provide alternative sustainable or transitional solutions
- Inadvertent financing of activities that may negatively impact the environment and surrounding communities

OPPORTUNITIES

- Capture new business opportunities
- Contribute towards the transition to a low-carbon economy

RESPONSE/APPROACH

To support MSMEs in reducing their environmental impact and promoting sustainable growth, we promote environmentally friendly financing solutions that are sustainable, cost-effective, and easy to adopt. At present, CGC is actively promoting the Green Technology Financing Scheme (GTFS 4.0), Low-Carbon Transition Facility (LCTF), and Portfolio Guarantee ESG (PG ESG). We remain committed to ongoing research and innovation to develop solutions that help MSMEs achieve their sustainability ambitions.

Capitals

Strategy

UNSDG

Stakeholders


MATERIAL MATTERS

SF5: EMPOWERING MSMEs TO DRIVE GROWTH

M6 M11 M13

DESCRIPTION

Enhancing the capabilities of our advisory team through targeted training, integrating digital platforms with partners, and strengthening strategic partnerships to offer comprehensive support services to MSMEs.

WHY IT IS IMPORTANT

With a distinct role in the MSME ecosystem and as a provider of financial services across various industries, CGC recognises the importance of aligning our business direction with the national agenda of 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 and develop financial literacy amongst MSMEs, empowering their transformation into drivers of economic growth.

RISKS

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

OPPORTUNITIES

- Build and strengthen industry partnerships towards collaboratively building an ecosystem that empowers MSMEs to develop and grow

RESPONSE/APPROACH

At CGC, we are committed to empowering MSMEs through financial and non-financial support. Our CGC Developmental Programme® offers a range of services to help MSMEs improve their capabilities and provide networking opportunities. 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.

Capitals



Strategy



UNSDG



Stakeholders



SF6: SUPPORTING LOCAL SOCIO-ECONOMIC DEVELOPMENT

M12

DESCRIPTION

Empowering sustainable entrepreneurs by providing capital funding and forging strategic partnerships that support financing and capacity-building for long-term growth.

WHY IT IS IMPORTANT

We are committed to advancing community development by promoting entrepreneurship and encouraging volunteerism. This includes offering mentorship and training for aspiring entrepreneurs, collaborating with local organisations on community initiatives, and engaging our employees in volunteer activities. Through these efforts, we aim to create lasting, positive impact and contribute to sustainable economic growth in the communities we serve.

RISKS

- Brand and reputational damage arising from a potential lack of engagement and community inclusion initiatives

OPPORTUNITIES

- Increase visibility and impact through CSR initiatives, contributing towards an improved reputation as a responsible DFI

RESPONSE/APPROACH

We strongly believe in investing in communities and promoting sustainable development to support local socio-economic growth. Amongst our wide-ranging efforts, a key initiative is the CGC100 Youth Entrepreneurship Programme, which equips young individuals with the mentorship and training needed to succeed as entrepreneurs. Through such initiatives, we are committed to empowering the next generation and fostering long-term, inclusive growth in the communities we serve.

Capitals

Strategy

UNSDG

Stakeholders


MATERIAL MATTERS

SF7: ENHANCING WORKFORCE READINESS

M8 M9 M10

DESCRIPTION

Upskilling employees and fostering a culture of diversity and inclusion by strengthening corporate policies and practices.

WHY IT IS IMPORTANT

Our employees are central to our success, and we are committed to supporting their health, well-being, and professional growth. We focus on talent development and retention to build a high-performing, purpose-driven, and inclusive workforce. By investing in our people, we aim to foster a positive work culture and drive sustainable business growth.

RISKS

- Inability to retain and attract the right talent for our business needs amidst immense competition and evolving next-generation workforce trends
- Lower productivity and performance due to unmotivated employees

OPPORTUNITIES

- Build a next-generation workforce that drives transformational growth by designing enhanced training and development programmes
- Become the employer of choice among top talents

RESPONSE/APPROACH

We believe that investing in the training and development of our workforce is crucial for achieving our goals. We prioritise work-life balance and offer access to relevant health resources to support overall well-being. To strengthen our talent pipeline, we are enhancing our recruitment process and offering leadership coaching for women employees. Recognising the importance of sustainability, we ensure that key leaders and sustainability champions receive dedicated training, with such training integrated into our staff development programmes. By placing employee growth at the core, we aim to build a high-performing and future-ready organisation.

Capitals



Strategy

SO4

UNSDG



Stakeholders

ST4

SF8: UPHOLDING RESPONSIBLE BUSINESS PRACTICES M5 M14 M15 M16 M17

DESCRIPTION

Integrating sustainability into our policies and enhancing accountability through periodic internal reporting.

WHY IT IS IMPORTANT

As a company that supports the development of other businesses, it is vital that we set an exemplary standard in ethical and transparent business practices, while prioritising compliance with industry best practices, regulations and standards. We uphold strict ethical standards and safeguard stakeholders' privacy by responsibly managing data. At the same time, we are dedicated to advancing sustainability without compromising our financial stability.

RISKS

- Irregularities or non-compliance could pose negative financial or non-financial implications, potentially impacting reputation and trust
- Potential loss of customers arising from cyber-attacks that result in personal data and financial losses
- Misconduct and non-compliance along our supply chain
- Poor financial performance may affect the execution of strategies and reduce our capacity to invest in growth

OPPORTUNITIES

- Gain timely updates on industry developments and regulations through regular engagements, contributing to more effective decision-making
- Collaborate with regulators and industry working groups to manage data privacy
- Increase efficiency and reduce costs through effective management of human rights and environmental issues
- Increase brand awareness and partnership opportunities through responsible and respected business practices

RESPONSE/APPROACH

As an organisation, we uphold the highest standards of ethical conduct and responsible business practices. Strong compliance and governance frameworks are essential to how we operate. Since beginning our sustainability journey, we have established dedicated governance structures to oversee and report on sustainability matters to both Management and the Board. We also adopt responsible procurement to ensure our vendors align with our sustainability commitments. Looking ahead, we are exploring plans to establish an ESG-compliant investment portfolio as part of our continued commitment to sustainability.

Capitals



Strategy



UNSDG



Stakeholders

